Hypermarket Format:

Any Future or a Real Need to Be Changed?

An Empirical Study of the French, Spanish and Italian markets.

Rozenn PERRIGOT
ESC Rennes School of Business
CREM UMR CNRS 6211
2, rue Robert d'Arbrissel
CS 76522
35065 Rennes Cedex
FRANCE
rozenn.perrigot@esc-rennes.fr

Gérard CLIQUET
Institute of Management of Rennes (IGR-IAE)
University of Rennes 1
CREM UMR CNRS 6211
11, rue Jean Macé
CS 70803
35708 Rennes Cedex
FRANCE
gerard.cliquet@univ-rennes1.fr

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Abstract:

The hypermarket appeared first in France at the beginning of the sixties as a synthesis of the main features of modern retailing. But in France, the decline of this retail format seems to have begun and Spain could follow quickly. In the same time, the German hard-discounters continue their invasion. According to the retail life cycle theory, this paper displays curves to demonstrate the evolution of this retail concept in France, Spain and Italy and tries to evoke some managerial and strategic issues. The retail wheel seems to go on turning!

Keywords: France, hypermarket, Italy, retail life cycle, Spain, wheel of retailing.

1. Introduction

The history of modern retailing began more than 150 years ago. The first retailing formats began to outcompete the traditional small and independent shops. For instance, many department stores followed several decades later by variety stores appeared in Europe (France, UK, Germany and Italy) but also in the United States and Japan. After a long period of success, these formats are now in the decline stage in most of these countries (Cliquet, 2000).

Another important retailing format appeared in the French territory at the beginning of the 1960's: the hypermarket format. The first hypermarket proposed a large assortment of food and non food products in a floor space over 2,500 m². This new format radically changed the French retail landscape and enables the French retailers to conquest the world, becoming one of the most powerful countries in the retailing sector. Nevertheless, even if this format is still developing in some countries such as China, it seems to face some difficulties in France (Cliquet, 2000) and other countries such as Spain (Cuesta Valiño, 2004).

Despite the economic importance of the hypermarket format, very few papers have been published about this retailing topic if we except a special issue on large retailing format in the *Journal of Retailing and Consumer Services* published in 2000.

The purpose of the present paper is therefore to explore the evolution of the hypermarket format since its appearance in 1963 in the French market and to consider its future when we see that hypermarkets seem to have reached the saturation point in France (Cliquet, 2000). Moreover, because the hypermarket format has been a tool for the French retailers to penetrate foreign markets, we analyze the evolution of this format in two other European countries: Spain and Italy. Indeed, the hypermarket format successively appeared France, Spain and Italy and is now facing different situations in these three markets.

The paper is organized as follows. In section 2, the hypermarket format is presented with a focus on its origins. Section 3 defines the concept of retail life cycle. In section 4, we describe the research design of the empirical study. Results concerning the French, Spanish and Italian markets are displayed in section 5. Finally, the discussion is exposed in section 6 before concluding in section 7.

2. Hypermarket format

2. 1. Hypermarket's definition

The basic principle of a hypermarket is expressed in French as *"Tout sous le même toit"* which means "Everything under the same roof". The precepts and techniques which enabled the French retailers to define the hypermarket retail concept are the following:

- a large floor space for the widest assortment of products associated to a large parking lot,
- a discount price policy linked to networking techniques,
- self-service techniques based on effective merchandising and sales promotion methods.

2. 2. Hypermarket's origins and history

The question this second sub-section is supposed to answer deals with the history of all these precepts and techniques. Where do they stem from? Who defined them and where were they implemented first? Retailing history is still a discipline in progress and it is always difficult to know who implemented such and such technique for the first time. Nevertheless, the most well-known facts enable to describe the hypermarket history.

At the end of the 1950's and at the beginning of the 1960's, many French retailers came to Dayton (Ohio) to listen to Bernardo Trujillo, director of the *International Management Systems Seminars* (Tordjman, 1988). One of his arguments during his seminars on modern retailing was: "No parking, no business". Most of these French retailers came back to France very enthusiastic. A new concept then was launched in the French market: the hypermarket.

The hypermarket was defined as a retail concept with a floorspace over 2,500 m². Every kind of products was supposed to be sold through self-service techniques even though there are today exceptions (e.g.: cheese, fish or deli). Despite several bank support refusals, the families Fournier, Badin, and Defforey, native from Annecy (Alps), decided to open the first hypermarket. It was in the Southern suburb of Paris (Sainte-Geneviève des Bois) in 1963 under the name *Carrefour*: its size was exactly 2,500 m². This first hypermarket was immediately a big success.

Ten years after, there were more than 250 hypermarkets in France. Today, there are more than 1,300 hypermarkets in this country. And the group *Carrefour*, composed of several chains[1], is now the second world largest retailer after *Wal-Mart*. This public company has more than 10,000 stores in the world today located in more than 30 countries. *Carrefour* began its internationalization process very early in the 1970's (Spain and Brazil). The group is present of course in Europe but also in South and Central America, and in North Africa. In Asia, *Carrefour* is very successful in China and Thailand but not in Japan where they located only four hypermarkets at this time.

Some other stories can be quoted as well. For instance, Gérard Mulliez developed, from Northern France, the chain of hypermarkets *Auchan* from the end of the 1960's as a private company[2]. The family Bouriez, from Eastern France, opened *Cora* hypermarkets and became a public company. Another big French retailer, *Casino* who started his development at the beginning of the 20th century through small grocery stores in Saint-Etienne in Central France, located many supermarkets and hypermarkets from the end of the sixties. They bought *Rallye*, a western French retail company supermarkets and hypermarkets) in 1994. And, it must be precised that *Leclerc*, a very important and pioneer retailer in France[3], has transformed most

[1] *Carrefour* is the brand name for hypermarkets, *Champion* for supermarkets, *Shopi* and *Huit-à-8* for convenience stores and *ED* and *DIA* for hard-discount stores.
[2] It is still a private company.
[3] Edouard Leclerc, a former seminarist, opened his first store in Landerneau (Brittany in the very West part of France) in 1949 (Thil, 1964). This store was located in a very basic site in a small town. It was a real revolution focused on discount prices and development through a chain of retailers in which no one could own more than

of his supermarkets into hypermarkets and is now associated to *System U* (*Marché U*, *Super U* and *Hyper U*) through a common central purchasing unit. Some dissidents from *Leclerc*, behind Jean-Pierre Le Roch, created *Intermarché* in 1969 as an association of retailers with different principles close to a franchise system.

2. 3. Hypermarket present figures

In the French context, we can now speak about the Big Six: *Carrefour*, *Leclerc* (+ *System U*), *Intermarché*, *Casino*, *Auchan* and *Cora* (cf. Table 1).

Retail groups	Number of hypermarkets
Auchan	136 (Auchan 121 + Atac 15)
Carrefour	251 (Carrefour 215 + Hyper Champion 36)
Casino	114 (Géant)
Cora	57 (Cora)
Intermarché	123 (Intermarché)
Leclerc + System U	517 (Centre Leclerc 425 + Hyper U 40 + Super U 52)
Total	1198

Table 1: The biggest French retailers in 2004
Source: Atlas de la distribution, LSA 2004.

Considering figures in Table 1 and total numbers of hypermarkets in France in 2004, we can say that most (about 95%) of the 1259 hypermarkets belong to the Big Six. That means that they are a few smaller companies running hypermarkets in France and among them very few are independent retailers compared to the situation 30 years ago (Langeard and Peterson, 1975).

France is today the country where the large format has been the most developed in the world through the concept of hypermarket. The largest hypermarket can be found in Portet-sur-Garonne (near Toulouse) with its 25,000 m², it has been opened at the beginning of the 1970's. Today, it is considered as too big and the maximum size is about 15,000 m².

French retail companies have successfully located hypermarkets in many foreign countries except in the USA and in Northern Europe (UK, Germany). Nevertheless, beside this apparent success of the hypermarket format, a detailed focus on its evolution will demonstrate that some difficulties have already risen in some countries and will arise soon in other countries. In order to better understand its evolution, the concept of life cycle with its four main stages is described in the next section.

3. The concept of life cycle

two stores, a certain proportion of profit should be given to the employees and a low level of gross margin fixed by the organization should be respected.

In biology, the concept of life cycle deals with human being birth, development, maturity and decline. This life cycle concept has been transferred to marketing in the 1950's. More specifically, the product life analysis contributed to improve new product pricing policy (Dean, 1950) and then the concept was applied to "major forms of retailing" for defining adapted strategies to change and sustaining profits at each stage (Davidson *et al.*, 1976).

The four stages can be summarized as follows:

- During the **early growth** or **innovation stage**, the store size and assortment width are reduced compared to the levels they can reach during the next stages. Implantations, store lay-out, equipments, marketing policies are tested for a period of time, and environmental conditions should be favourable. Direct competition is very weak and at the worst the new format can cause suspicion among other retailers. This stage can be very short: about four or five years for the supermarket and hypermarket formats in France, or relatively long: more than ten years for the hard discount in Germany.
- During the accelerated **development stage**, the main features of the stores are specified. Competition is developing. Some fascias are imposing themselves in the market whereas some new entrants are already exited from the market after unsuccessful attempts. Good locations are still available and profitability is satisfactory for companies which keep a good control on operations and well manage how to progressively make these operations evolving.
- During the **maturity stage**, the growth rate, in terms of number of stores, selling space, market share, sales in constant currency, varies between + 5% and – 5% per year. The store features are stabilized at this stage. The number of fascias is decreasing in the market because of external growth strategies implemented by the largest retail groups. The maturity stage length depends on macro-environmental factors.
- During the **decline stage**, the most dynamic retailing companies, when they do exist, regroup fascias to build large retail groups able to capture margins which can be saved. Sometimes, only one company stay alive as it is the case of variety stores in France (Cliquet, 2000) with *Monoprix* belonging to both (50%-50%) to *Galeries Lafayette* group and *Casino* group.

But is the retail life cycle an acceptable concept? Despite defenders (Levitt, 1965), the product life cycle is considered questionable (Vandaele, 1986). Some researchers think that there is not one product life cycle model but several (Rink and Swan, 1979) whereas others assert that it is impossible to observe any true product life cycle model, except due to hazard (Dhalla and Yuspeh, 1976). Suppose such a curve can be drawn: The French car maker Renault could show product life cycle curves for instance as far as its model R19 was concerned, but ... at the end of the car model life. During the life of a product, we actually never know regarding a product life cycle curve whether this curve will go on increasing, or stop growing, or even begin to decline. Every scenario is possible at any time.

The retail life cycle can be approached differently. The outlet is the product of the retail company (Dicke, 1992). But this specific "product" is located very concretely in a delineated space. So we can assert that there a maximum corresponding to a saturation point on the retail life cycle curve of a defined concept. This point has already been shown for variety stores in France (Cliquet, 2000) and more recently for both supermarkets and hypermarkets in France (Cliquet and Perrigot, 2005) through the implementation of quadratic and/or cubic functions. This retail life cycle curve is displayed in Figure 1.

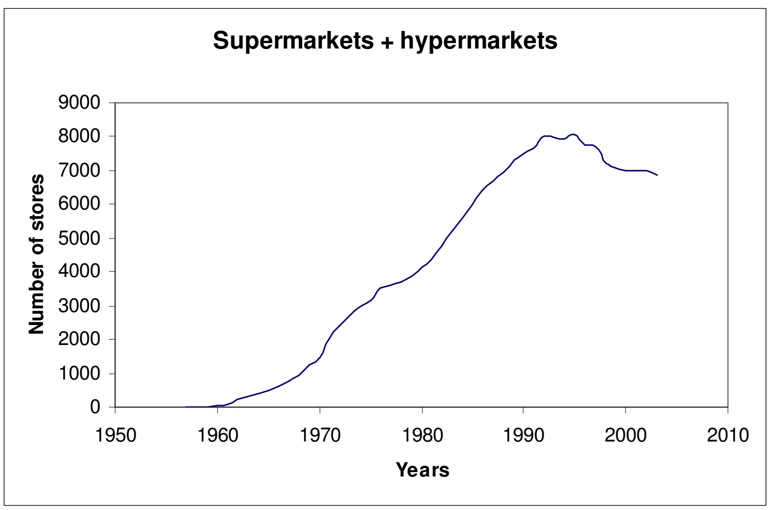

Figure 1: "Supermarkets + Hypermarkets" evolution in France

It should be said that supermarkets and hypermarkets have been treated together because many supermarkets, considered in France as a self-service grocery store between 400 and 2500 m², were transformed into hypermarkets defined in France as a food retail format over 2500 m² (indeed with a consistent proportion of non food products). These transformations were especially due to *E. Leclerc* retail group. Through such operations, hypermarkets seemed to maintain a certain rate of new openings in the market whereas it was only by transformations of supermarkets. The retail life cycle curve of supermarkets was decreasing quicker than it should because of these transformations.

The retail life cycle presented in this section will help us to analyze the evolution of the hypermarket format in three countries: France, Spain and Italy in which this format appeared successively.

4. Research design

4. 1. Data

The three following European markets were chosen to analyze the evolution of the hypermarket format along time: France, Spain and Italy. They represent countries in which the hypermarket format is arrived at different stages on the life cycle. Moreover, during a recent and informal interview with a French big retailer, it was revealed that these three countries are considered very similar in terms of consumer characteristics.

As far as data collection is concerned, two main data sources were used to account the number of hypermarkets present in France each year, and also, the annual number of hypermarket openings since the hypermarket concept birth in France, i.e. 1963. The first data source was an article published in the *Journal of Retailing* (Langeard and Peterson, 1975). It provided us with the figures for the period 1963-1973. The second data source consisted in annual documents edited by the *Direction of the Retail, Craft Industry and Service Firms* of the *French Ministry of Economy, Finances and Industry*. The figures were obtained for the period 1974-2003. So, the whole French data covers the period: 196-2003. For the Spanish market, the figures were those of the *General Direction of the Interior Business* published in the Spanish journal *Distribución Actualidad* (n°319, Octubre 2003). The Spanish data set covers the evolution of the hypermarket format since its appearance in Spain: 1973-2004.

Italian data stemmed from reports about the structure of the retail system published by the *Ministry of Industry, Retail and Craft*. They concern the period: 1992-2004. Unfortunately, at this time, we do not have access to the previous figures.

4. 2. Variables

The longitudinal analysis required focusing for each year on the particular variable: "total number of hypermarkets present in the considered country". For the French and Spanish markets, we added another variable: "number of hypermarket openings during the year" that was not available for the Italian context. Table 2 displays these variables.

Years	# hyp. France	# hyp. openings France	# hyp. Spain	# hyp. openings Spain	# hyp. Italia
1963	1	1	0	0	0
1964	3	2	0	0	0
1965	7	4	0	0	0
1966	17	5	0	0	0
1967	23	11	0	0	0
1968	39	16	0	0	0
1969	89	50	0	0	0
1970	123	35	0	0	0
1971	158	34	0	0	0
1972	223	65	0	0	0
1973	275	51	1	1	N/A
1974	303	34	3	2	N/A
1975	323	21	7	4	N/A
1976	362	39	13	6	N/A
1977	395	33	19	6	N/A
1978	419	24	20	1	N/A
1979	450	33	24	4	N/A
1980	484	35	29	5	N/A
1981	529	46	34	5	N/A
1982	572	44	42	8	N/A
1983	611	41	44	2	N/A
1984	653	43	47	3	N/A
1985	694	40	59	12	N/A
1986	751	45	69	10	N/A
1987	792	27	79	10	N/A
1988	848	36	86	7	N/A
1989	894	31	97	15	N/A
1990	933	21	110	13	N/A
1991	965	14	130	20	N/A
1992	1001	21	157	27	182
1993	1036	15	185	28	182
1994	1064	13	204	19	203
1995	1092	14	223	19	210
1996	1109	11	236	15	225
1997	1119	7	256	20	230
1998	1126	3	273	17	240
1999	1133	0	281	8	251
2000	1154	0	291	10	304
2001	1179	3	301	10	349
2002	1207	2	315	14	359
2003	1235	N/A	332	17	381
2004	N/A	N/A	340	8	388

Table 2: Hypermarkets figures in France, Spain and Italy

4. 3. Methodology

Regression analyses were run to model the life cycle graphs of the hypermarket format life cycle graphs. Specifically, both quadratic and cubic models were computed from the hypermarket cumulative numbers in the three markets.

The basic form of the quadratic model is as follows: $Y = aX^2 + bX + c$.

A quadratic curve can be represented as below (Figure 2).

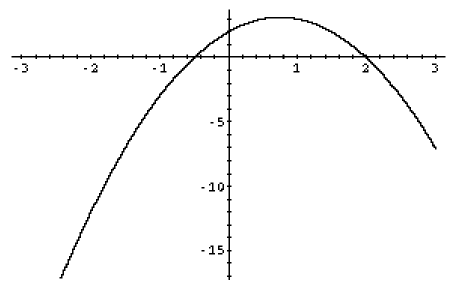

Figure 2: An example of quadratic curve

The basic form of the cubic model is the following: $Y = aX^3 + bX^2 + cX + d$.

An example of cubic curve can be represented such as in Figure 3.

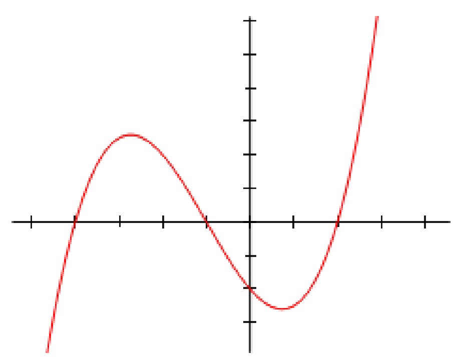

Figure 3: An example of cubic curve

5. Results

The results are successively presented for the French, Spanish and Italian markets. Indeed, we observed that the hypermarket format has already reached the saturation point in France, is close to reach it in Spain, and is still in the development stage in Italy.

5. 1. Results for the French market

5. 1. 1. Evolution of the total number of hypermarkets in France

The R² (0.98944 for the quadratic model and 0.99766 for the cubic model) and the F values show that the models can be considered accurate for prediction purposes (cf. Table 3). But all variables are not significant at the 0.05 level. Indeed, the variable Time**2 is only significant at the level 0.10 in the quadratic model. This means that only a linear curve is shown on the SPSS graph (cf. Figure 4). The graph in Figure 4 indicates that the number of hypermarkets has already reached the saturation point in the French market. Moreover, the cubic model seems to predict a future decline of the hypermarket format.

Quadratic model		**Cubic model**	
Regression results		*Regression results*	
Multiple R	0.99471	Multiple R	0.99883
R square	0.98944	R square	0.99766
Adjusted R squared	0.98889	Adjusted R squared	0.99747
Standard error	44.35926	Standard error	21.15685
Analysis of variance	*Sum of squares (DF)*	*Analysis of variance*	*Sum of squares (DF)*
Regression	7,009,060.2 (2)	Regression	7,067,272.8 (3)
Residuals	74,774.3 (29)	Residuals	16,561.7 (37)
F =	1,780.98886***	F =	5,262.94278***
Variables in the equation	*Beta*	*Variables in the equation*	*Beta*
Time	1.148243***	Time	-0.452066***
Time**2	-0.156916*	Time**2	3.528841***
		Time**3	-2.139428***

Table 3: Quadratic and cubic models for the number of hypermarkets in France

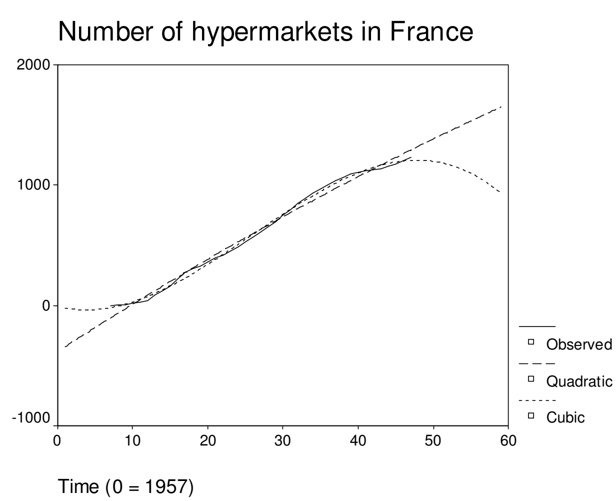

Figure 4: Curves representing the number of hypermarkets in France

5. 1. 2. Evolution of the hypermarket openings in France

A complementary curve can be useful to analyze the hypermarket evolution in France: this representing the evolution of the annual number of hypermarket openings (cf. Figure 5 in which quadratic and cubic curves are also displayed). Both quadratic and cubic models are run. Details about these models are given in Table 4. They can be considered accurate for prediction purposes because of the R^2 (respectively 0.66028 and 0.72549) and the F values. The cubic model appears more relevant than the quadratic model because of the higher value of the R^2. Moreover, all the variables are significant at the 0.01 level. The curves represented in Figure 5 indicate that the number of hypermarket openings is also declining in the French territory.

Quadratic model		**Cubic model**	
Regression results		Regression results	
Multiple R	0.81258	Multiple R	0.85176
R square	0.66028	R square	0.72549
Adjusted R squared	0.64192	Adjusted R squared	0.70262
Standard error	10.38998	Standard error	9.46856
Analysis of variance	*Sum of squares (DF)*	*Analysis of variance*	*Sum of squares (DF)*
Regression	7,763.2843 (2)	Regression	8,529.9714 (3)
Residuals	3,994.2157 (37)	Residuals	3,227.5286 (36)
F =	35.95719***	F =	31.71456***
Variables in the equation	*Beta*	*Variables in the equation*	*Beta*
Time	3.588545***	Time	8.158964***
Time**2	-3.958690***	Time**2	-14.466316***
		Time**3	6.089714***

Table 4: Quadratic and cubic models for the number of hypermarket openings in France

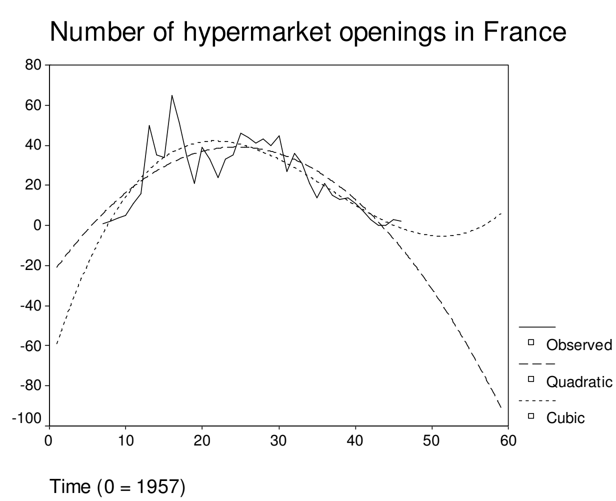

Figure 5: Curves representing the number of hypermarket openings in France

Both analyses - this regarding the total number of hypermarkets and this about the number of hypermarket openings - show that the hypermarket format is facing some difficulties in the

French market. The saturation point has been already reached and very few new hypermarkets will be opened in the next years in France.

5. 2. Results for the Spanish market

5. 2. 1. Evolution of the total number of hypermarkets in Spain

The R^2 (0.98581 for the quadratic model and 0.99193 for the cubic model) and the F values show that the models can be considered accurate for prediction purposes (cf. Table 5). Moreover, all variables are significant at the 0.01 level. It is not obvious from the graph of Figure 6that the number of hypermarkets is reaching the saturation point in the Spanish market. Nevertheless, according to the prediction of the two models, this saturation point could be reached soon (within the ten next years).

Quadratic model		**Cubic model**	
Regression results		*Regression results*	
Multiple R	0.99288	Multiple R	0.99596
R square	0.98581	R square	0.99193
Adjusted R squared	0.98483	Adjusted R squared	0.99106
Standard error	14.25676	Standard error	10.94128
Analysis of variance	*Sum of squares (DF)*	*Analysis of variance*	*Sum of squares (DF)*
Regression	409,441.32 (2)	Regression	411,983.79 (3)
Residuals	5,894.40 (29)	Residuals	3,351.93 (28)
F =	1,007.20976***	F =	1,147.15553***
Variables in the equation	*Beta*	*Variables in the equation*	*Beta*
Time	-0.660583***	Time	-5.386***
Time**2	1.644723***	Time**2	5.599***
		Time**3	4.920***

Table 5: Quadratic and cubic models for the number of hypermarkets in Spain

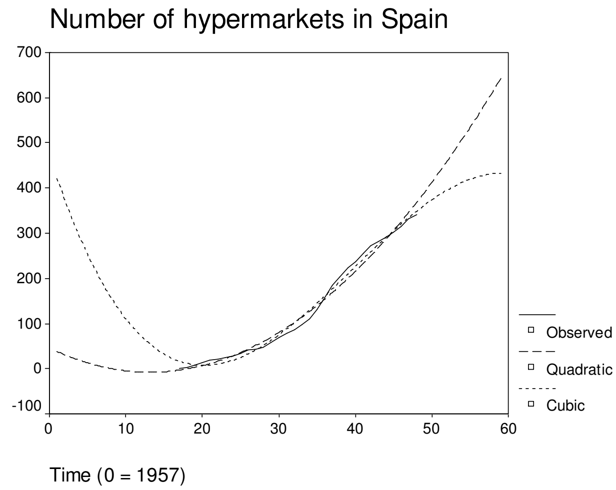

Figure 6: Curves representing the number of hypermarkets in Spain

5. 2. 2. Evolution of the hypermarket openings in Spain

As already mentioned in the French context, a complementary curve can be useful to analyze the hypermarket evolution in Spain: this representing the annual number of hypermarket openings (cf. Figure 7 in which quadratic and cubic curves are also displayed). Both quadratic and cubic models are run. Details about these models are given in Table 6. They can be considered accurate for prediction purposes even if the R^2 values are lower than the previous analysis (respectively 0.52668 and 0.65414) and the F values. The cubic model appears more relevant because of the higher value of the R^2. Moreover, all the variables are significant at the 0.05 level. The curves represented in Figure 7 show a future decline for the number of hypermarket openings in the Spanish market.

Quadratic model		**Cubic model**	
Regression results		*Regression results*	
Multiple R	0.72573	Multiple R	0.80879
R square	0.52668	R square	0.65414
Adjusted R squared	0.49404	Adjusted R squared	0.61709
Standard error	5.18136	Standard error	4.50749
Analysis of variance	*Sum of squares (DF)*	*Analysis of variance*	*Sum of squares (DF)*
Regression	866.32743 (2)	Regression	1,075.9865 (3)
Residuals	778.54757 (29)	Residuals	568.8885 (28)
F =	16.13485***	F =	17.65291***
Variables in the equation	*Beta*	*Variables in the equation*	*Beta*
Time	3.555353***	Time	-12.607014**
Time**2	-2.955715***	Time**2	31.284042***
		Time**3	-18.322668***

Table 6: Quadratic and cubic models for the number of hypermarket openings in Spain

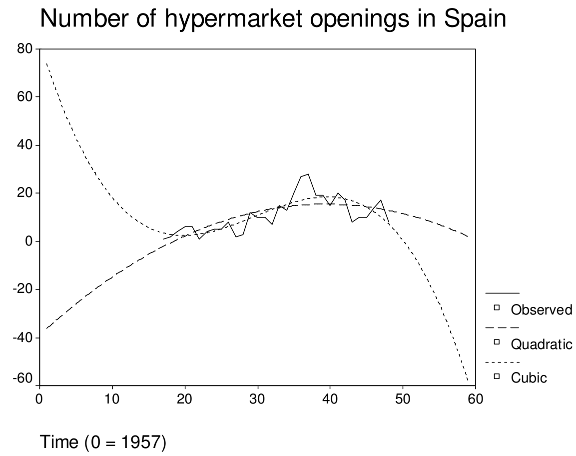

Figure 7: Curves representing the number of hypermarket openings in Spain

Even if the conclusion is not obvious from the first analysis, the hypermarket format will have to face the saturation point in Spain within the ten next years. Furthermore, the second analysis tends to confirm that the number of hypermarket openings will considerably decrease in the future.

5. 3. Results for the Italian market

The R^2 (0. 96774 for the quadratic model and 0. 96711 for the cubic model) and the F values show that the models can be considered accurate for prediction purposes (cf. Table 7). Moreover, all variables are significant at the 0.10 level. For the moment, the hypermarket format is still developing in the Italian market as shown in Figure 8.

Quadratic model		**Cubic model**	
<u>Regression results</u>		<u>Regression results</u>	
Multiple R	0.98374	Multiple R	0.98342
R square	0.96774	R square	0.96711
Adjusted R squared	0.96129	Adjusted R squared	0.96053
Standard error	15.02880	Standard error	15.17552
<u>Analysis of variance</u>	*Sum of squares (DF)*	*<u>Analysis of variance</u>*	*Sum of squares (DF)*
Regression	67,764.581 (2)	Regression	67,720.266 (2)
Residuals	2,258.649(10)	Residuals	2,302.964 (10)
F =	150.01129***	F =	147.02847***

Variables in the equation	Beta	Variables in the equation	Beta
Time	-3.651611**	Time	-1.330439*
Time**2	4.621902***	Time**2	Not included in the equation
		Time**3	2.304220**

Table 7: Quadratic and cubic models for the number of hypermarkets in Spain

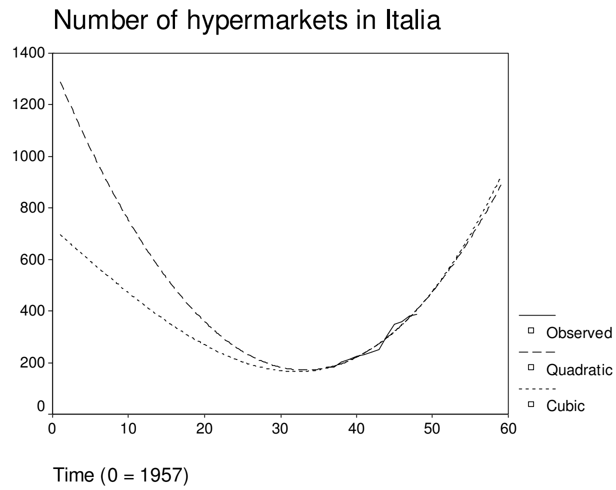

Figure 8: Curves representing the number of hypermarkets in Italy

For the moment, the hypermarket format is still in the development stage in the Italian market. The retailers have therefore some opportunities to cover the Italian territory with the hypermarket format.

6. Discussion

Several theoretical points can be underlined from this present research dealing with the evolution of the hypermarket format in France, Spain and Italy. First, very few marketing papers have exposed the history of the retailing in France (outside France). Only two papers (Langeard and Peterson, 1975; Cliquet, 2000) focused on the evolution of various retail formats. It is time to go further in the research dealing with the hypermarket format because problems are appearing in France despite its success in many other countries (USA, China). Moreover, it is interesting to confirm that retail stores have a life cycle (Davidson *et al.*, 1976) like products as several curves plotted in this paper have highlighted it. Another article assessed this retail life cycle in Europe (Flavian *et al.*, 2002). Finally, the comparison of three European countries - France, Spain and Italy - as far as the hypermarket birth and evolution are concerned, is interesting not only for retailing history issues but also for managerial and strategic purposes.

The methodological contribution of this paper concerns its longitudinal aspect. We tried to draw the evolution of the hypermarket format in France (since the appearance of this format: 1963), in Spain (from the appearance of this format: 1973) and in Italy (from 1985) through regression analyses. Specifically, quadratic and cubic models were used in a perspective of prediction purpose. The use of quadratic and cubic models enabled us to assess the existence of a retail life cycle for hypermarkets in three European countries.

As far as the managerial implications are concerned, the results of this empirical study should alarm hypermarkets operators. Indeed, the hypermarket format has already reached the saturation point and is beginning to face the decline stage in the French market, is reaching the saturation point in Spain whereas it is still developing in Italy. One of the main conclusions we can draw from this study consists in a prediction of a hypermarket concept ending within the next years. Hypermarket operators, such as *Leclerc*, *Carrefour*, etc., must react and react quickly! What can be modified in this concept in order to favor its durability in the domestic market and also abroad? What kinds of new formats can be created and developed to take over or to reinforce hypermarket presence?

This paper has some limits. Indeed, we showed the decline of the hypermarket format in France and its difficulties in Spain. We actually draw a pessimistic future for this kind of stores. Nevertheless, we did not introduce explanatory variables in the life cycle modeling process. One track for future research could consist in highlighting the possible reasons of this hypermarket decline. Several ways could be explored: consumer behavior changes more oriented towards services, legislation, hard-discount competition, etc.

7. Conclusion

The present research highlighted the existence of difficulties to be faced by the hypermarket operators. Indeed, the maturity stage has been already reached in the French (perhaps even the decline stage) and Spanish markets. In these countries, the retailers have to transform the hypermarket format in order to face the hard-discounter competition and attract again the consumers. But, at the same time, the retailers have to develop this format in some countries for which this format is still attracting (Italy, China, etc.). The difficulties faced in the domestic market and in some other countries will perhaps help them to better adapt their format to the consumer attempts and to differentiate themselves from the hard-discount chains. It could be a new turn of the retailing wheel (Hollander, 1960).

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