



SPECIALIZED BUSINESS STRATEGIES VERSUS THE SUPERMARKETS The case of "Carne y Punto"

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Abstract

Small and specialized companies are finding it very difficult to be competitive and survive in phenomena such as globalization and the expansion of large supermarket chains. They must face the evolution of the consumer, taking into account their new preferences and lifestyle. It is important to study the segment of supermarkets and specialty stores as well as knowing the projection of the main consumers in the coming years.

Keywords: *Strategy, Supermarkets, Specialty Stores, Resource-Based View.*

JEL D11, D21, L66

Resumen

Las empresas pequeñas y especializadas están encontrando muchas dificultades para ser competitivas y sobrevivir ante los fenómenos como la globalización y la extensión de las grandes cadenas de supermercados. Además, deben enfrentarse a la evolución del consumidor, tomando en cuenta sus nuevas preferencias y estilo de vida. Es importante estudiar el segmento de los supermercados y de las tiendas especializadas, así como conocer la proyección de sus principales consumidores en los próximos años.

Palabras clave: *Estrategias, supermercados, negocios especializados, teoría de recursos y capacidades.*

1. INTRODUCTION

Today it can find plenty of specialty shops competing against supermarket chains. This article will identify the main features of the specialized business and its competitors: supermarkets, as well as important elements that determine their permanence or not within a market. One of the key concepts that define the success of a company is the customer loyalty, and commitment to the store. Based on this Bustos and Gonzalez (2005) identify the traditional literature from two perspectives of store loyalty:

- A. Behavioral
- B. Attitudinal.

The first talks about consumer behavior oriented toward a brand, product or store owners and operationalized mainly through repeated purchase patterns or relative volume of buying the same brands or products in the same stores. The second concerns the behavior further cash patronage, incorporating attitudinal elements implicit in the purchase such as feelings and positive affections toward a brand, product or supplier.

Fidelity is a value that is sown in customers from within the business. This feature is the result of hard work on the part of managers to retain their customers and form a close relationship with them. Peng (2010) noted in his basic proposal of resources and capabilities that these elements may help the company to choose and implement its strategies appropriately. Fidelity could be defined as a consequence of an action or performance of the company because the customer might be true for continuous business innovation or because a good reputation.

Andreu and Bigné (2004) claim that satisfaction, despite being a requirement for loyalty does not guarantee the commitment of customers. It is necessary to have affective responses. Arrondo, Berné, Miigica and Rivera (2002) noted that consumer loyalty has cognitive and affective background, i.e. a combination of reasoning with the emotional aspect.

2. JUSTIFICATION

Given the situations that specialized business face every day, which are often family-owned, it is important to conduct a study in which are analyzed the current circumstances of these businesses and discuss future challenges. Also, it is important to propose a series of recommendations to help them make decisions and develop a competitive advantage over larger supermarket chains in the country.

3. ASSUMPTION

Currently, consumers' specialized businesses are mainly women, housewives who have more time available on weekdays. It is believed that in the coming years, the role of women will be modified by the increasing integration of the economically active population of Jalisco and Mexico.

4. CONCEPTUAL THEORETICAL FRAMEWORK

Competition between supermarkets and specialty shops is visible in Mexico. There are a number of reasons why the supermarket is a preferred choice for consumers, from the comfort in knowing that there are found all consumer products for home to peace of mind when shopping in an evening or even at night time. However, specialize shops also have some advantages.

Molla and Vallet (2006) note that the success of specialty shops should:

- A. The growing pluralism of society and the consequent fragmentation of buyers according to factors such as fashion, different lifestyles and buying motivation.
- B. The existence of dominant sets of goods that summarizes the needs of buyers of a restricted segment, as defined according to the classification, end user or lifestyle.
- C. Linking closely interrelated goods in outlets with attractive environments and very consistent with these goods.
- D. To accept risks creating new commercial vehicles and supplies of its own brand to exploit emerging market sectors.
- E. To applying a business approach based on the increasing use of market segmentation and selection, product specialization, the use of new information technologies and management on point of sale and customer relationships.

As both types of business is consistent with wanting to capture the attention of their customers, ones with market related or advertising strategies and others with a horizontal differentiation, adding value to their products which is not necessarily perceived by a naked eye. Berdegué and Reardon (2003) identified four groups of food retailing in Latin America:

- A. Small stores with any service are those who tend to be "independent", ranging from "kiosks", small stalls on the roads with traffic, even small shops all-traditional service, whether that sell a variety of food and specializing in fish, meat, fruit and vegetables or baked goods.
- B. Traditional markets are those ranging from "open markets" in the city center with rows of small retailers and a mix of retail and wholesale, to the "fair trades".
- C. Small grocery stores related between them tending to form chains, ranging from the "discount stores" to "convenience store" as small stores that can be found at the gas stations.
- D. Large supermarkets: whether large or independent chains, these stores are classified as "supermarkets" or larger "hypermarkets". They tend to have a much higher proportion of food sales regarding their total sales compared with the hypermarkets.

Vazquez, Rodriguez and Diaz (1996) indicate the dimensions of the quality of specialty shops.

- A. Dimension 1 Tangibles: Appearance of physical facilities, equipment, personnel and communication materials.
- B. Dimension 2 Reliability: Ability to perform the promised service reliably and carefully.
- C. Dimension 3. Responsiveness: Availability and willingness of employees to help customers and provide the service.

- D. Dimension 4. Security: Skills and attention shown by the employees and their ability to inspire trust and confidence.
- E. Dimension 5. Empathy: Individualized attention offered by businesses to consumers

5. Contextual framework

In this study it is analyzed the company "carne y Punto" which is a small, family and specialized company dedicated to the sale of animal products such as meat, milk and sausages. It has twenty-five employees in three locations in the same area. It was founded on January 2, 2004 by Angel Gonzalez Ruvalcaba, in Zapopan, Jalisco. Its 5 best seller products are analyzed which are breaded chicken, steak, beef, small comb, chicken and ground beef. Its main clients are housewives, aged between 25 and 45 years, most do their shopping during the week and last about 15 to 40 minutes in the business. Below it is shown a SWOT Matrix Office (Figure 1).

The monthly demand is approximately:

- 1) 20 cattle or 6,000 kg of beef.
- 2) Pulp 750kg chicken
- 3) 830kg of chicken carcass
- 4) 40 pigs.

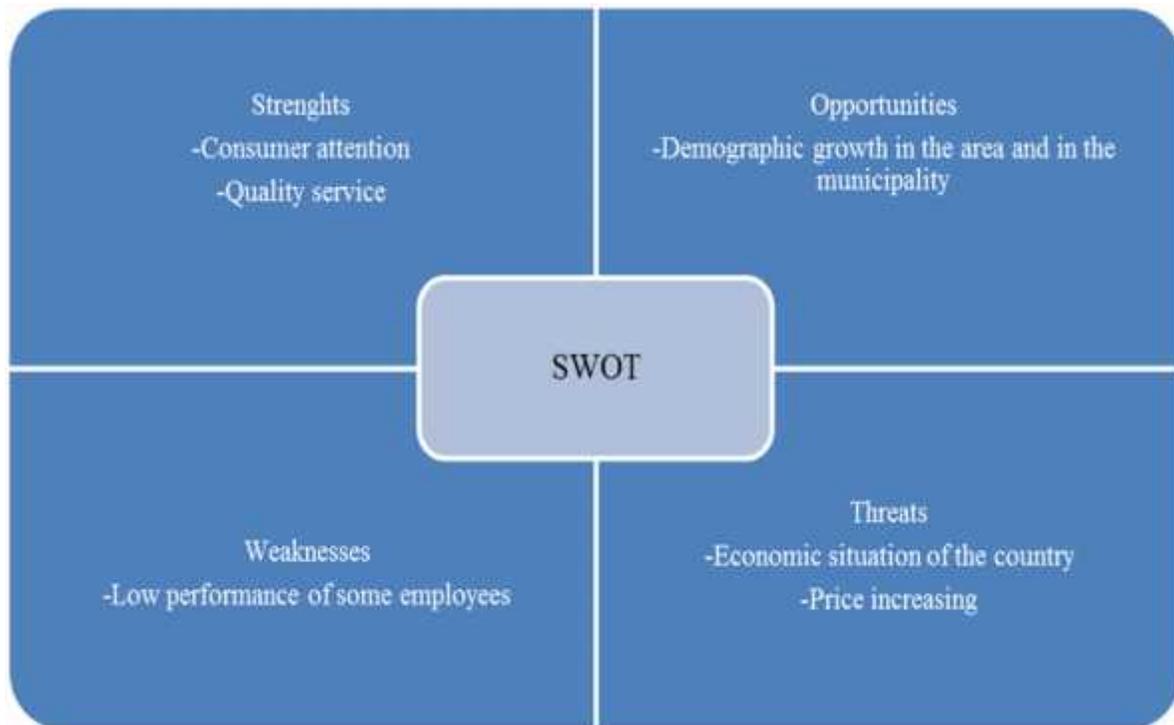


Figure 1. SWOT Matrix

Source: Prepared.

Its competitive advantage is mainly the personal attention, quality products, the guarantee in any situation of customer dissatisfaction in that the product is replaced by another or the money back. Also, it is taken orders and delivery service.

6. Research method

The projection of the female population will be analyzed in the state of Jalisco and the projection of integration of women in the economically active population in Jalisco and during the next twenty years. This is done in order to know the status of the main consumers of specialized businesses.

7. ANALYSIS RESULTS

A. Projection of population growth

Table 1 show that the main consumers of specialty shops, women and housewives, between about 25 and 45 and the analyzed business will be increasing in the State of Jalisco. This means that there are a growing number of potential consumers from 2010 to 2030.

Table 1. Projection of the population in Jalisco

Jalisco: mid-year population of women by age, 2010-2030					
Years old	2010	2015	2020	2025	2030
25	65,837	69,256	70,178	69,394	69,322
26	64,897	68,323	70,034	69,410	69,194
27	64,005	67,177	69,863	69,322	68,864
28	63,263	66,135	69,463	69,261	68,480
29	62,650	65,531	68,854	69,171	68,222
30	62,085	64,898	68,095	68,984	68,226
31	61,389	64,004	67,188	68,847	68,261
32	60,461	63,160	66,083	68,683	68,194
33	59,317	62,457	65,090	68,301	68,150
34	58,135	61,872	64,514	67,715	68,076
35	57,091	61,328	63,900	66,978	67,907
36	56,058	60,651	63,032	66,094	67,779
37	54,923	59,742	62,214	65,020	67,623
38	53,715	58,613	61,530	64,061	67,254
39	52,427	57,442	60,957	63,502	66,683
40	51,029	56,399	60,420	62,900	65,960
41	49,530	55,360	59,746	62,044	65,085
42	48,001	54,216	58,839	61,235	64,025
43	46,474	52,998	57,714	60,556	63,079
44	44,972	51,701	56,546	59,980	62,521
45	43,510	50,290	55,498	59,436	61,911

Source: Based on data from CONAPO

B. Admission of women to the labor force

Figure 2 shows that the entry of women into the PEA is noticeably higher during each year that passes.

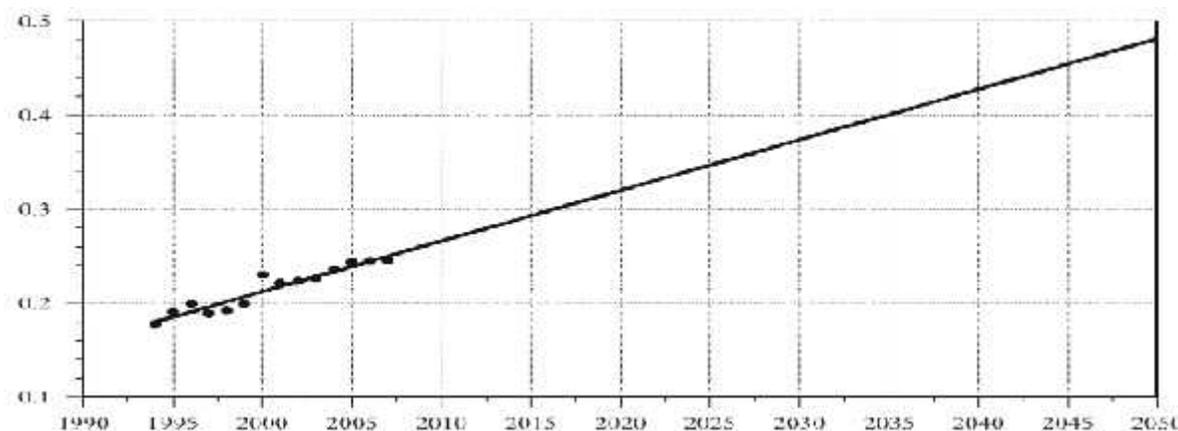


Figure 2. Average income of women rate the PEA, 1994-2050.

Source: CONAPO

C. Projection of PEA in Jalisco. women

Table 2. Economically active midyear by state and sex Population, 2005-2030.

Entidad federativa	2005	2010	2015	2020	2025	2030
Mujeres						
República Mexicana	15 461 028	16 916 598	19 047 681	20 950 529	22 508 057	23 752 448
Jalisco	1 132 380	1 188 200	1 320 124	1 429 285	1 513 575	1 578 537

Source: Partida, V. CONAPO (2008)

Table 2 shows that the population of economically active women will be increasing over the years and in 2030 reached 1,578,537 women.

D. Income and comparison of men and women in the economically active population

Table 3. Revenue * quinquennial economic activity by state and gender, 2005-2030

Entidad federativa	2005 2010	2010 2015	2015 2020	2020 2025	2025 2030
Hombres					
República Mexicana	6 440 379	7 354 506	7 445 930	7 394 725	7 387 646
Jalisco	436 604	495 340	496 509	488 825	484 091
Mujeres					
República Mexicana	9 718 634	10 975 219	11 616 056	12 001 498	12 224 350
Jalisco	668 796	757 978	786 971	800 386	804 129

* Incluye inmigrantes interestatales e internacionales económicamente activos.

Source: Partida, V. CONAPO (2008)

In table 3 it can be observed the trend of the Five Year's income to the economic activity by state and sex Income. For men, this trend is going down while for women will increase up to 804,129 new women integrated economic activity in the state between 2025 and 2030. This information reveals that many of those now are the main consumers of specialized micro, in 20 years they will become economically active and your time will be more limited.

8. CONCLUSIONS AND RECOMMENDATIONS

As we observed in this analysis, the population growth is inevitable, so its evolution over the years, consumers will be changing and adopting new customs and new lifestyles.

The proposal to specialized business is to consider the information presented here and integrate to its strategic plans, and to achieve a decision-making based on accurate, and real data. As it has been observed in the population projections over the next 10, 20 and 30 years the number of women in Jalisco will increase, who represent the largest consumer segment of the specialized business by the role they play as homemakers. Many of

these women are rapidly integrating the economically active population and therefore spend less time shopping from home and food. Specialized business should provide a service in line with this new lifestyle. With this information it can be realized that specialized businesses must implement new strategies for their next model of consumers and to keep current.

The recommendations formulated are:

- A. Extension of schedule with the intention that working housewives at home and whose schedule is evening can make their purchases at night.
- B. Streamlining of service, train employees to optimize the time of purchase for clients that will be satisfied with their purchases and with care.
- C. Sale of pre-cooked products for situations where the customer has not enough time to cook food.
- D. Attractive packages for consumer products during the week, which would be useful for those clients who can only go once or twice a week.
- E. Develop and strengthen a competitive advantage that would be strong enough for consumers to feel a genuine commitment to the store, a close relationship with them and keep it for as long as possible.
- F. Finally, identify resources and capabilities (tangible and intangible) that are there in the company and of each one of the employees. In this way to learn more about the organization and redefine the elements of SWOT analysis. With this, the company will have enough information for a comprehensive decision making.

All of these proposals with the intention of adapting to the new role those women play in the coming years and retain their loyalty and commitment. Besides, with the satisfaction of these customers will start the best free advertising for this kind of business is called "word of mouth".

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