

Get some definition

In this era of retail channel blurring, common definitions are more important than ever to provide a framework for analysis and planning.

By Scott Taylor

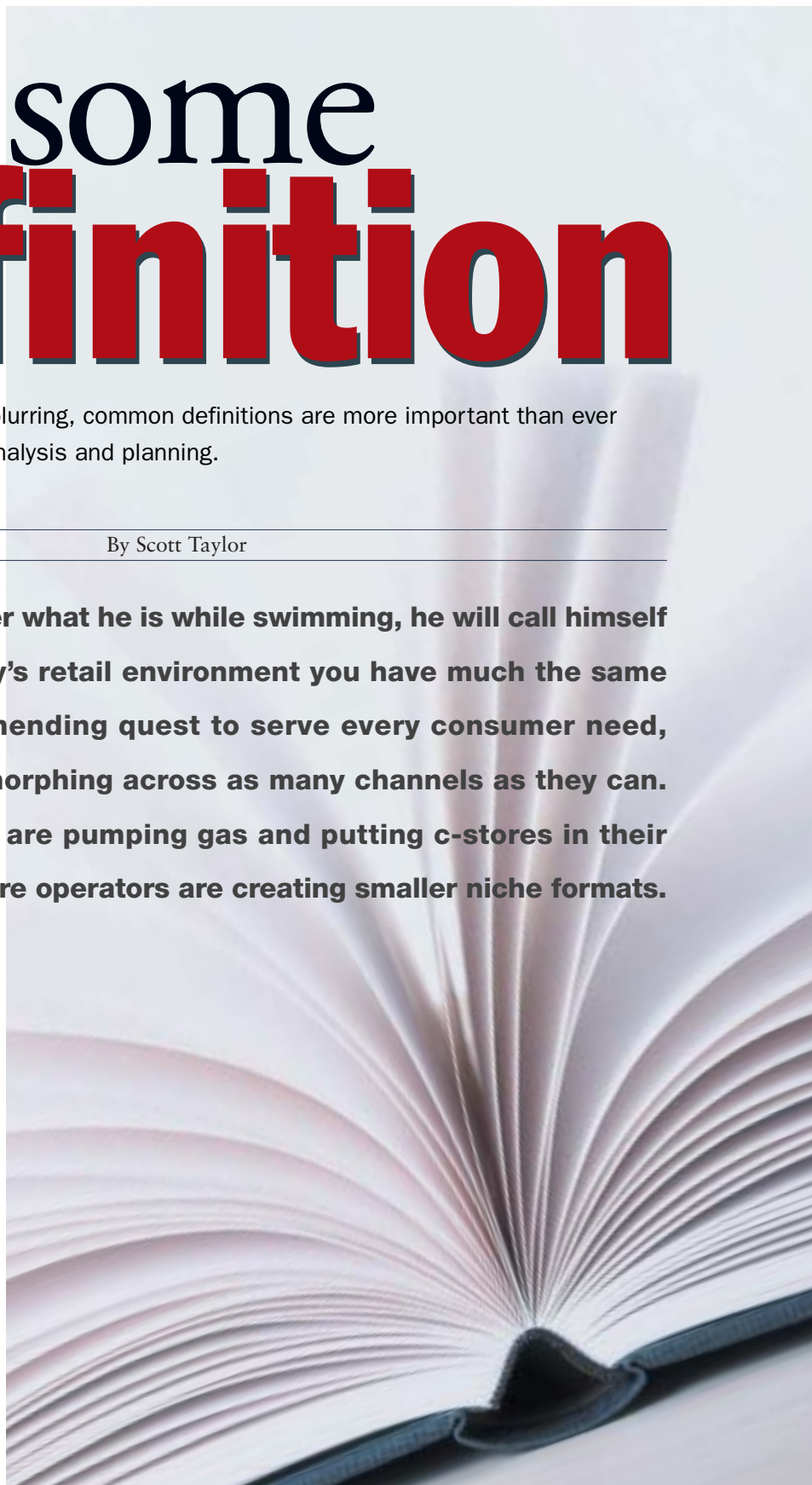
If you ask a tiger what he is while swimming, he will call himself a fish. In today's retail environment you have much the same thing. In an unending quest to serve every consumer need, retailers are morphing across as many channels as they can. Supermarkets are pumping gas and putting c-stores in their parking lots. Mega-store operators are creating smaller niche formats.

Dollar stores are opening at a dime a dozen. Chain druggists have aisles of groceries, including fresh milk near the door—making their locations more convenient than most convenience stores.

Channels have never been so blurred as they are today. Categories may once have defined the format, but now blurring has given way to *schmearing*. Look at the supermarket front end, once the exclusive domain of candy, magazines, razors, and batteries. Now you'll find carbonated beverages, salty snacks, cookies, and even CDs. Who would have thought that M&Ms would fight for space with Eminem?

Yet common definitions are still relevant. You need structure; you need a framework for analysis and planning. And it cannot be your own. Are you guilty of statements like "I am the leader in my category," with your category defined as you and everyone smaller than you?

All business analyses require comparison of like things. The big picture analysis includes looking at sales year to year, quar-



ter to quarter, month to month, week to week, and day to day. That's pretty easy—the definitions of year, quarter, week, and day are universally understood.

For retail, we've boiled the world down to three basic levels: store, account, and market.

Store: A store is an individual place of business where a consumer can go and buy something. There are different

types of stores in different channels and sub-channels, they have different hierarchies, but they're all stores.

Account: An account is an entity that a store reports to or that another account reports to. It can be a buying office, a distribution center, a holding company, or a supply point—every level in the hierarchy above store.

Market: A market is any configuration of standardized geography. There

are media markets (DMAs for television, for example), scanner markets (like ACNielsen Scantrack), trading areas (retailer-defined geographies), and sales territories (manufacturer-defined geographies).

But before you resign yourself to calling everything a "store," rest assured that hard and fast lines are being drawn and still need to be. VNU Business Publications, in partnership with

TDLinx, is reestablishing the lines between channels. This service will give you some of the benchmarks you need to measure your performance. When you are going in every direction, it is important to know if you are also moving forward.

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Redefining Retail

The following tables are drawn from the TDLinx database. Each is a current snapshot of one of the classes of trade fighting for a bigger share of the dollars spent on consumer goods in America. Most impinge on turf once considered to belong almost exclusively to grocery stores, and grocers have responded by aggressively selling products formerly viewed as the stock in trade of some of these new competitors.

Taken together, they represent a retailing universe in which, as TDLinx's Scott Taylor says in the accompanying column, "channels have never been so blurred as they are today."

The tables use TDLinx definitions for six trade classes and 27 retail formats, and provide numbers of stores, sales figures, and total square footage for each.

Grocery trade class

Includes stores selling food and nonfood items, including dry groceries, canned goods, and perishables.

Format	No. of stores	Sales (000)	Sq. ft. (000)
Supermarket	28,408	\$342,356,768	852,408
Supercenter	1,831	61,994,660	110,580
Superette/small grocery	12,179	16,427,736	84,654
Limited/gourmet	2,655	15,265,952	37,152
Military commissary	185	5,541,120	5,926
Warehouse	562	4,096,040	11,094

A **supermarket** is a full-line, self-service grocery store for annual sales of \$2 million or more. A **supercenter** is a retail unit with a full-line supermarket and a full-line discount merchandiser under one roof. A **superette** is a grocery store with annual sales between \$1 million and \$2 million. A **small grocery store** has sales below \$1 million. A **limited assortment or gourmet store** has a limited selection of items in a reduced number of categories. A **commissary** is a grocery store operated by the Defense Department within a military installation. A **warehouse store** is a grocery store with limited service that eliminates frills and concentrates on price appeal.

Mass merchandiser trade class

Includes high-volume stores selling everyday household goods with at least two of the following sold in large quantity and with extensive selection: food, HBC, paper products.

Format	No. of stores	Sales (000)	Sq. ft. (000)
Conventional	5,260	\$130,054,080	447,022
Dollar	15,954	18,527,340	142,295
Military exchange	247	8,758,412	16,369
General merchandise	350	1,225,380	8,274

Conventional mass merchandisers, also known as discount stores, offer competitively priced items, primarily apparel and home goods, in a departmentalized format. **Dollar stores** are mass merchandisers that focus on fast turnover of inexpensive consumables, including HBC, cleaning supplies, dry foods, candy,

and numerous other items. A **military exchange** is a mass merchandise store operated by the Army and Air Force Exchange Service within a military installation. A **general merchandise** store is a fast-turn, high-volume mass merchandiser carrying a basic assortment of everyday merchandise.

Convenience store trade class

Includes small stores (between 200 and 3,000 square feet and 500 and 1,500 SKUs) selling beverages, snacks, and tobacco, plus limited grocery items and often gasoline.

Format	No. of stores	Sales (000)	Sq. ft. (000)
Conventional	129,918	\$246,576,824	283,354

Drug store trade class

Includes stores that sell prescription pharmacy items and HBC products.

Format	No. of stores	Sales (000)	Sq. ft. (000)
Conventional	39,218	\$117,872,664	246,453
Deep Discount	202	1,231,100	3,833

Wholesale club trade class

Includes membership club stores distributing packaged and bulk foods and general merchandise.

Format	No. of stores	Sales (000)	Sq. ft. (000)
Conventional	983	\$63,567,920	116,124

Category killer trade class

Includes large format (big box) retailers that focus on a single or small group of related merchandise categories and offer a broad selection of goods at low margins.

Format	No. of stores	Sales (000)	Sq. ft. (000)
Department store	5,531	\$109,115,760	540,940
Home improvement	14,903	100,178,832	374,234
Consumer electronics	8,644	39,997,100	60,953
Office supplies	2,858	17,853,420	61,148
Auto aftermarket	8,666	13,427,856	51,144
Cards/gifts/books	1,710	9,242,220	43,684
Toy	2,173	8,356,400	26,906
Sporting goods	989	8,326,032	36,033
Computer store	380	7,371,260	7,245
Apparel/accessories	1,594	6,441,708	51,302
Home/bed/bath	864	5,931,640	25,383
Pet supplies	1,409	4,486,820	16,609
Craft/hobby	1,389	3,523,780	29,193

Source: TDLinx