

## Distribution management in the hypermarket system

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**Abstract.** *Due to its complexity, the issue of goods distribution must be approached in a much broader context, to highlight the consistency and prospects of such a sector, taking into account the diversity of all its forms – retail, wholesale, medium trade, etc. And on the other hand, the need to correctly evaluate the decisive role both in the development of production, but also in the modernization and promotion of consumption, so that it is close to all forms and sectors of the market. In such a sense, it is necessary to start from the exchange of goods and their role in the economic evolution of each country or community. The organization of the exchange of goods, in the realization of which trade is involved, is one of the basic acts of society. That act, which involves the whole social structure, through all or more spontaneous actions, in fact defines the place of the economy in the context of social life, specialization and the increasingly rigorous delimitation of the fields of action both in the case of national borders and worldwide. The multitude of collective or private entrepreneurs, who produce or sell products, the increase in the number of consumers or businesses in need of products, the emergence of representative buyers, but also various categories of intermediaries, over time have led to the emergence of an optimal framework for development and development exchanges.*

**Keywords:** development, economy, hypermarket, management, strategy

### Introduction

Distribution is perhaps the most mysterious element of the marketing mix but opting for certain distribution channels is of great importance (Orzan et al., 2020).

Trying to support all participants in the flow of products, the paper seeks to clarify only some of the problems related to the notion of commercial distribution, approached from the point of view (Carter & Easton, 2011). It thus facilitates the decision-making processes regarding the stability of the circuits in which the products are involved, both in terms of the fundamental ways of choosing the distribution channels by various manufacturers, but also the establishment of their related logistics, as well as their integration systems. wholesalers, retailers in order to ensure the network of units and the forms of proper marketing of goods in each area of execution and all points intended for consumption (Nastase et al., 2020).

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Distributors have often been treated as traders, so manufacturers have offered them certain payments based on discount amounts: basic discounts, plus various others that involve performance criteria, the sales target being the most common (Fargnoli, 2014).

This approach, fundamentally wrong, leads to the creation of frequent tensions between producers and distributors, to an inconsistent quality of distributions, and finally to the division of business relations: hence a mobile perpetuum between these distributors, which changes periodically suppliers (Radulescu et al., 2020). All these inconveniences could be avoided if we understand from the very beginning that the distributor is, fundamentally, the service provider: distribution, shelf price control, shelf arrangement and implementation of promotions (Grewal, D. et al., 2017).

Therefore, comparisons are made with other areas that are purely service-providing (such as the healthcare, hotel, or transportation industries), and are very useful in resolving the conflict situation, or in identifying various solutions to problems related to availability of goods to final consumers (Lee, & Vachon, 2016).

The notion of distribution defines the set of means and operations that ensure the provision to end consumers or users of services and goods provided through manufacturing companies (Kozlenkova et al., (2015). Or, in other words, distribution is the process by which services and goods are made available to final consumers or intermediaries, ensuring their time, size, etc. facilities, according to the requirements they manifest in the market (Bodislav et al., 2020).

The operations and means designated by the term of distribution are classified into two broad categories, which can be recorded by notions such as "physical distribution" and commercial distribution (Maslarić et al., 2012). Physical distribution consists in making, from a material point of view, goods and services available to final consumers, using means of transport and storage. In the literature, physical distribution is also known as commercial logistics (Negescu Oancea, et al., 2020). In turn, commercial distribution involves the transfer of ownership of products from producers to consumers. Business dealing with mail order or retail trade, etc (Profiroiu et al., 2020).

## Literature review

In the context of globalization, the issue of digitalization is also worth discussing, which of course makes its mark in the presence and on this commercial field.

Hagberg et al. (2016) discuss the creation of new forms of exchange or retailer-customer interfaces and the integration of existing channels. Dennis et al. (2014) discusses about three typical channels for their performance: traditional or physical, interaction with computers on the web and mobile devices. For example, Levy et al., 2019, but also other authors identified a new distribution channel, namely social retail through social networking sites.

The harmonious integration of distribution channels is in full accordance with the increase of customer satisfaction and loyalty (Frasquet and Miquel, 2017). That technology can be used to collect data in an omnichannel environment (Grewal et al., 2017).

An important emphasis is placed on quantities that can arise from the integration of mobile devices, such as increased redemption (Beck & Rygl, 2015) or the ability of retailers to design and redesign existing opportunity processes (Giuffrida et al., 2019; Groß, 2015).

Karakaya et al., 2016 highlighted the importance of a business model (MB) for conducting an analysis of organizational challenges related to external change. Therefore, the MB perspective can provide meaningful information about new management activities.

However, various contributions have given rise to a variety of ideas and definitions about what BM is and is not (Ghezzi, 2014). Digitization has been identified as an external engine of new forms of value creation (Amit & Zott, 2001), where it has been the exploitation of complementarities between retail channels identified as one of those new forms (Sorescu et al., 2011).

Sorescu et al. (2011) argued that how products are sold are important to the retail BM, and that in retail, there is a direct interaction with the end customer. Logistics, from the perspective of the consumer goods sector, is important for the following reasons: the existence of fierce competition, both between producers and retailers, the existence of a wide range of goods supplied in the retail space, the relatively low price of products (Massa et al., 2017). The challenges that the logistics faces in the retail sector are numerous and are focused on finding the balance between the requests for availability of products in the sales area and the lowest possible logistics cost (Radulescu et al., 2020).

## Methodology

The material and methods used for the purpose of this paper, consists of research, forays into the literature; evaluation through the research and design triangle, analysis and interpretation of data from the literature, as well as statistical calculations. Documentation remains a key element in reporting on the issues raised by organic farming and its implications for the conservation of natural resources and ecosystems for future generations.

The research methods used in the paper are the following: documentation, especially theoretical documentation through the analysis of the literature, in this sense being studied numerous books, studies, national and international articles; statistical methods, such as classification, synthesis, graphical representation of investigated events and phenomena; comparative analysis.

The empirical study presented in this article is a deductive research that is based, first of all, on treating the existing theory and following the way in which the theoretical aspects can be put into practice in logistics and distribution at hypermarkets internationally and especially in Romania.

## Results and discussion

### The evolution of international distribution

Careful analysis of the ideas and concepts promoted by the leading specialists and leaders of the various specialized commissions and committees of the U.E. facilitates the shaping of trade policy elements, which, operationalized and structured, become extremely useful for orienting distribution in Romania, being able to provide both macro-commercial scientific frameworks and business support by micro-trade structures, regardless of size and nature. Such elements refer to: increasing the role of distribution in the tertiary sector, changing the collaboration systems between large forms of distribution and small and medium enterprises, outlining distribution strategies and changing the ratio of concentrated forces in the field of distribution.

Therefore, the problem of work organization within a company has increased in complexity because, along with various other factors (proposed mission, strategies built, period spent on its own cycle, market position, technologies used) the structural organization of a particular company it remains dependent on its size, being represented by the number of employees (Watson et al., 2015).

Thus, in the first place regarding the specificity of all trade policies promoted within the European Union, we will place the aspects related to the amplification of the distribution purpose within the tertiary sector (Radulescu et al., 2020). Such an approach takes into account the strong growth of the tertiary sector, on the one hand, by moving contemporary society from the industrial economy to the information economy and centralizing all services or in other words, thinking of services as fundamental elements of the economy, and on the other hand, the shaping of the distribution sectors as essential mechanisms of the European Union economy, ensuring and managing both the distribution of general services, but also of tourist services as products and objects of market acts (Mogos et al., 2021).

One of the concerns in the field of distribution of the European Union is to ensure proper competition, which will contribute both to the continuous improvement of the quality and structure of services and products, to maintaining fair prices and ensuring certain purchasing facilities, and to global development. of trade in single European markets. In the context of this competitive pressure, companies with a distribution profile are obliged to constantly develop innovative strategies and continuously diversify the activities carried out, the product offer, the information and the prices that are necessary for the dialogue with consumers (Taticchi et al., 2013).

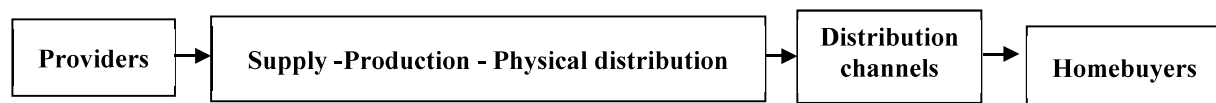
### **The physical distribution system in the case of a network of stores**

The transition of products from producer to consumer or user requires the development of chains of loading-unloading, transport activities; storage- storage, handling; conditioning-reception; preparation of documents attesting the transfer of ownership, quality, entry-exit from warehouses, sale of products, etc. These activities are called physical distribution or "distribution logistics". The physical distribution system is aimed at reconciling the space and time that separates production from consumption, through transport and storage.

In addition to these two functions, the addition of ordering and delivery is added. Traditional physical distribution began with products at the manufacturing site and tried low-cost solutions to ship these goods to customers (Markman & Krause, 2016).

However, nowadays, market operators prefer market logistics, which starts with market analysis and reverses the flow of a product to the level of the factory in which it was made (Kumar, 2008).

Logistics analyzes not only the flow of goods from the producer to the customer, but also the flow of products from suppliers to producers (Grant et al., 2015).



**Figure 1. The supply chain and the value streams from the supplier to the end user**

Source: Ph. Kotler, 1991. Managementul marketingului.

Within a network of stores, the emphasis is on logistics for several reasons: physical distribution is an important element in serving customers, services and customer satisfaction, thus becoming the cornerstone of the marketing strategy of many companies organized in the form of a network. magazine; logistics is an important cost element for most store chains. Improper physical distribution leads to high costs; the exponential growth of the variety of products imposed the need for an improved management of the logistics activity, especially through the formation of specialized compartments (transport, supply).

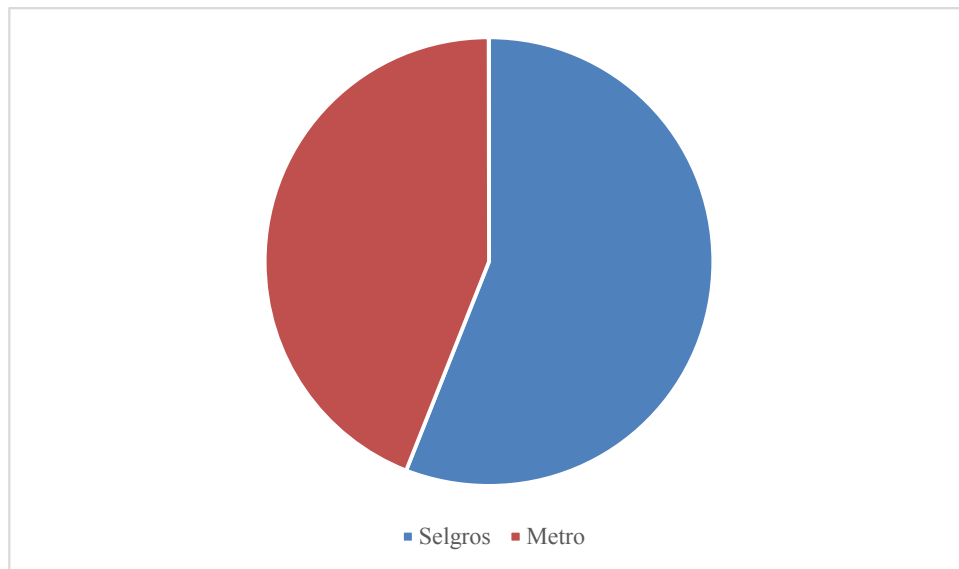
Any distribution system is based on its institutional subsystems organized by the participants in the process of marketing the goods, namely: producers of intermediate distribution goods (independent wholesale and retail trade enterprises, integrated commercial enterprises), distribution auxiliaries (distribution enterprises). transport and storage, purchasing auxiliaries), end-users (Hosseini, et al., 2018).

The role of the retailer in a distribution circuit is to analyze the demands of its consumers, finding and storing the goods they want, at the right time and in the way they want. In another sense, the retailer fulfills two main functions: buying and resale of goods to final consumers (Balu et al., 2021).

### **The situation of food distribution with predominance in Romania**

The role of the retailer in a distribution circuit is to analyze the demands of its consumers, finding and storing the goods they want, at the right time and in the way they want. In another sense, the retailer fulfills two main functions: buying and resale of goods to final consumers. It is a system of organizing business activity in which companies combine both the functions of retail and wholesale.

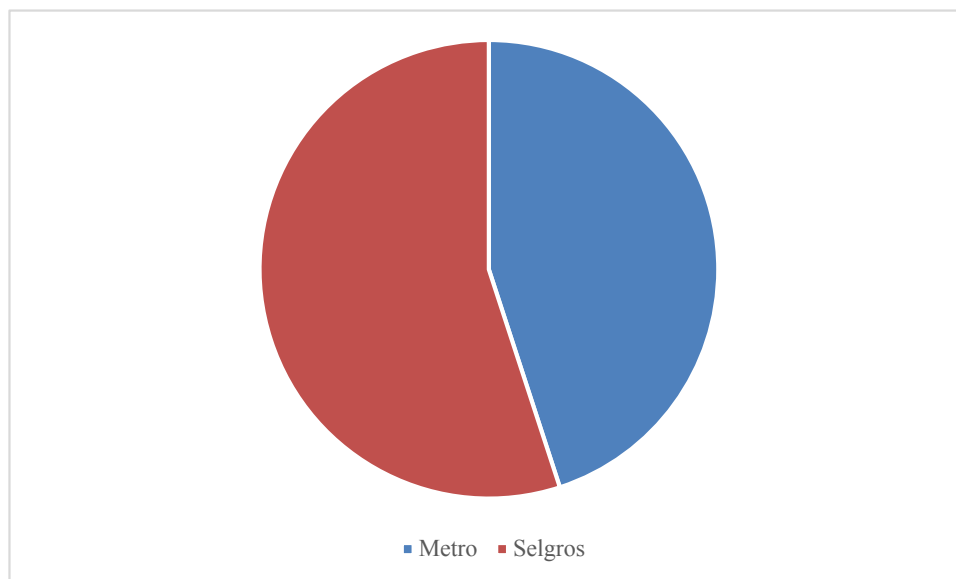
Based on the interactive application of analysis of all international retailers in our country and the information collected, the graph of the situation of trade with food predominance was further represented.



**Figure 2. Number of Cash & Carry units in Romania**

Source: [www.gfk-ro.com](http://www.gfk-ro.com).

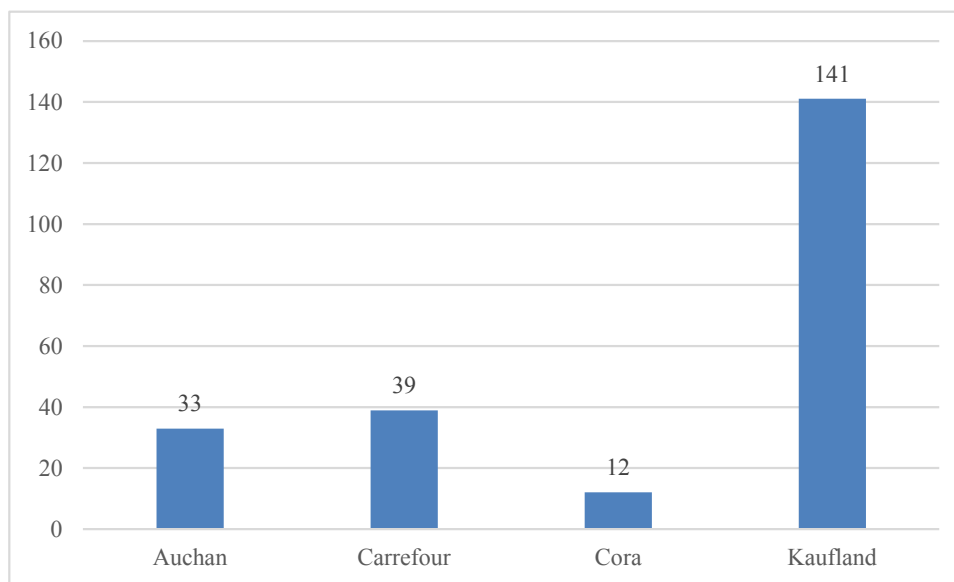
Chain networks were analyzed, such as: hypermarket, Cash & Carry, supermarket and discount in terms of the number of stores that are owned, as well as in terms of the percentages owned in each of the markets that are analyzed.



**Figure 3. Percentage of distribution on the Cash & Carry market in Romania**

Source: [www.gfk-ro.com](http://www.gfk-ro.com).

The most important store chains in the Cash & Carry area are represented by Metro and Selgros, with offices that have known a continuous development, based on a growing demand. Although both brands offer a wide range of wholesale products, you can see an advance as a percentage of the distribution of the Metro retailer on the market.

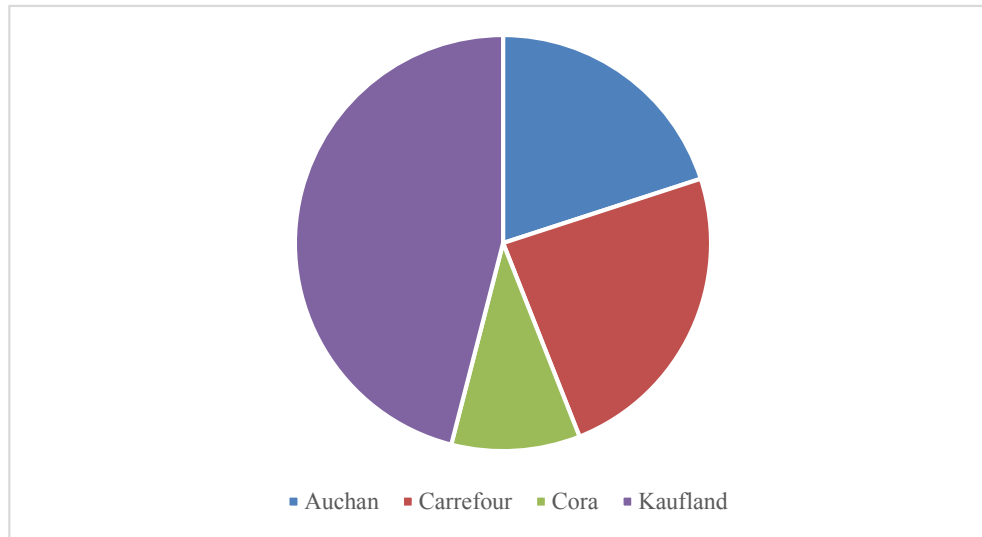


**Figure 4. Number of Hypermarket units in Romania**

Source: [www.gfk-ro.com](http://www.gfk-ro.com).

Based on the graph above, it can be seen that although we have been in a global health crisis for about 2 years and in places and food, most hypermarket units have followed a permanent

upward trend, opening new points. Kaufland is at the top, followed by French competitors Auchan and Carrefour.



**Figure 5. Percentage of distribution on the Hypermarket market in Romania**

Source: [www.gfk-ro.com](http://www.gfk-ro.com).

In recent years, the transition has been made from non-competitive distribution, which is based on a single distributor, to the competitive distribution system. In this sense, modern forms of trade have appeared and developed in Romania, such as supermarkets, hypermarkets, cash & carry stores, retailers taking control of the market.

This was the basis for the development of modern trade and the rise of the purchasing power of Romanians, which are new challenges for producers, but also for all distributors, who must achieve the balance between consumer needs and profitability of their own business. So we can talk about a period in which things are moving fast, the competition is becoming more intense from one month to the next and no one has much time to think.

## Conclusion

In the modern economy, where evolution is based on the free functioning of market mechanisms, the process of distribution must be like a process that can contribute to the promotion of general economic progress. In such a framework of interpretation, distribution goes beyond the mere movement of goods, associating or adding to it a range of ever-increasing services, as well as active influences of production, based on the thorough knowledge of all consumers. Attention must be drawn to the concept of distribution, which should not be confused with that of the movement of goods. The movement of goods refers to the physical movement from producers to consumers, the concept of distribution envisages a broader process, which begins when the product is ready to be launched on the market and ends once with the consumption of the act of sale to the final consumers.

In addition to the advantages it offers, the organization in the form of a network of stores also has a number of disadvantages. Lack of flexibility is often a problem, as stores are run from the center. Changes in the system and the way it operates are slowly progressing, and communication in large companies can be a problem, a hindrance.

Within the store network we can talk about a permanent change in its size, by closing or opening stores. One of the most difficult decisions to make in such a trade organization is the location of the points of sale. The success of the company depends on this, especially due to the fact that the costs of building or renting the facilities for running the business have a significant impact on the profits of the organization. Distribution logistics or physical distribution has to overcome the difference in space and time between the production and consumption of goods. It covers all the activities necessary to bring the products from their point of completion from the manufacturing company to the point of sale.

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