From Traditional Retailing to E-tailing: The Death and Rebirth of the Hypermarket Format?

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Abstract

E-tailing is slowly but undeniably developing in France for convenience goods. Even if its significance in the next few years will not be as promising as was hoped for, it should represent a new distribution channel partially competing with traditional retailing. This is verified by the fact that the hypermarket format, symbol of the French retailing industry's world success, has entered a phase of decline. From this observation, the paper suggests using a part of or whole hypermarkets by transforming them into logistical infrastructures for e-tailing. Two alternative models are proposed, which could serve as a basis for reflection for future research on the connection between traditional retailing and e-tailing.

Keywords

e-tailing, France, hypermarket, logistics, traditional retailing

Introduction

The United States is often presented as the natural home of the major innovations that have occurred in retailing throughout the 20th century, both for retail formats and marketing techniques. But among the "inventors of modern retailing", to refer to Thil's (1966/2000) famous terms, the central place occupied by European entrepreneurs should not be overlooked. Is it possible to forget that the hard discount format, with ever increasing sales in Europe since the early 2000s, was introduced by the Albrecht brothers, creators of Aldi in completely devastated post-war Germany? This is also true of the hypermarket format, a purely French invention at the beginning of the 1960s, whose international success for the last forty years is the major vehicle for growth of the Carrefour group, now the world's second largest retailer after Wal-Mart.

Hypermarkets are undeniably the symbol of an economic revolution which led France, then other European countries, towards a mass retailing based on discount positioning. A recent biography of the creator of Carrefour tells how he was quite obsessed with selling food and non-food products at low price, refusing the principle of balance between low profit margins and high profit margins, as suggested by Bernardo Trujillo, NCR's famous guru (Paturle 2005). Over time, following the model of the wheel of retailing, the hypermarket format continually went beyond discount positioning by offering an increasing number of consumer services (Filser & Paché 2005). Consequently, price levels went up and resulted in a "midlife crisis" which may be fatal. Currently, only one retail format has a real low price strategy for food products: the hard discount store. This in any case is what French consumers think, progressively abandoning the hypermarket format to buy their convenience goods.

We would like to suggest a possible "way out of this crisis" for the hypermarket format by referring to recent developments in online shopping. Most French companies owning hypermarkets are involved –with more or less success– in e-tailing strategies (Barth & Augé 2002; Bonet et al. 2003), but none of them has analyzed the connection between hypermarkets and online shopping. Of course, store picking vs. warehouse picking to deliver to e-consumers is regularly mentioned, but there is never any mention of the possible use of part of the hypermarket space for the exclusive management of fulfillment operations for e-tailing activity. In other words, if the hypermarket format is at the end of its life cycle, couldn't we imagine dividing stores into two distinct entities: one dedicated to sales in store and another dedicated to home delivery?

The idea may seem preposterous, even stupid, to some specialists. But French hypermarkets have an enormous edge in terms of location, very close to urban areas where the majority of e-consumers live, and in sufficient numbers to cover the whole of France. From this observation, the authors will explore the possibility of a gradual transition from traditional retailing to e-tailing and suggest the existence of two models (scenarii). Assessing the relative pertinence of each model is not on the agenda for the time being, just determining their profile. Further research with forecasting analysis tools will be required to go further, hence the structure chosen for this paper. In a first part, the authors propose a general background on the trends in the food retailing industry in France, focusing particularly on the nature of "re-enchantment strategies" to attempt to save the hypermarket format. In a second part, the authors introduce the two models questioning the principles of the Square Root Law. In a third part, they indicate several managerial implications associated with both proposed models.

General background

According to many observers of traditional retailing, the hypermarket model, created in 1963 by the Carrefour group, has been running out of steam for some time, after four decades of uninterrupted growth. Sales have been stagnant since 2000, and at the beginning of 2002, its market share started declining to the profit of alternative retail formats such as small hypermarkets, supermarkets, and above all, hard discount stores. The Leclerc co-operative, leader on the small hypermarket format, and its partner the Système U co-operative, largely positioned on the supermarket format, have thus gained between them more than two per cent of market share in two years! As for hard discounters, they are leading an aggressive policy of low prices with significant success. In short, the French retailing industry is experiencing an in-depth transformation, under the pressure of new consumer behaviors, and some of the large retailers are trying to find solutions based on original but risky marketing strategies.

The French retailing industry at the cross-roads

The disaffection for hypermarkets, those "temples of consumption", questions the Latin model described by Ducrocq (2002). It is largely explained by the erosion of the concept at three levels: (1) self-service has spread to almost all retail formats; (2) the differences in prices between the hypermarket format and the other retail format no longer seems significant; and (3) the competitive advantage of the "everything under the same roof" concept has gradually weakened. This third point seems particularly important to us because it corresponds to a powerful trend. Consumers increasingly and systematically avoid commercial gigantism, looking for smaller stores, either devoid of luxury and ostentatious services (hard discount stores), or more user-friendly, with a pleasant ambiance (new generation supermarkets). Recent works conducted on store management emphasize the importance of atmosphere variables as an element of satisfaction and loyalty: use of light shows, of fragrances or music, "staging" of the product assortment, etc. (Rieunier et al. 2004).

This move towards a more qualitative marketing may mean that the large French retailers have reached the limits of "traffic retailing" in Chétochine's (1998) sense. "Traffic retailing" implies that consumers make an effort to travel, sometimes quite far (the first "traffic store" is the hypermarket by essence); its survival consequently relies on trading areas of ten to fifty kilometers around the store. According to some observers, France has entered the age of "flow retailing", based on the social and geographical proximity of consumers, as is the case in the United Kingdom, in Germany or even in the United States. The large Carrefour hypermarkets, lacking traffic, are implementing a number of mutations to preserve their assets (peri-urban situation with large car parks, combination with shopping malls, etc.).

Among the most advanced strategies of the hypermarket format, should be noted the (more or less disorganized) response to consumers' demand for cut-price products. This takes the form of a widening of the product assortment, particularly in the food product families. There is no doubt that the large French food retailers are trying to regain the initiative in terms of cut-price strategy, including developing the hard discount format, under the influence of their German competitors Lidl and Aldi. Although the phenomenon is not really new for Carrefour (with *Ed*), Casino (with *Leader Price*) and the Intermarché co-operative (with *CDM*, then *Netto*), it is more recent for Auchan, with the creation of *Au Marché Vrac*. In 2003, this retail format represented in France 75 per cent of openings of all supermarkets (Mermet 2004). There were 3,000 hard discount stores in France at the beginning of 2004 (with many implantations in the north and the northeast of the country); they all belong to the supermarket format since their sales areas are below 2,000 m^2. For the time being, the Leclerc and Système U co-operatives alone seem to resist, but for how long?

The basic concept of hard discount stores relies on four main factors: low prices, almost no branded products, a limited product assortment and a Spartan presentation (Filser et al. 2001). Apart from saving money, spatial proximity and the highly functional nature of the retail format are the major motivations for shopping there. As for their usual customers, these include not only low-income families experiencing difficulties in making ends meet; a large number of them belong to well-to-do classes who wish to save substantial money and buy their convenience goods as quickly as possible (something no longer possible in the hypermarket format). This leads Chétochine (2005) to distinguish between *homo-consomatio*, who consumes, and *homo-cliens*, who buys. Chétochine (2005) adds that inside the store, consumers are driven by two antagonistic and interactive forces: the need to find a product (what they have come for) and the credit in purchasing time (the time they have implicitly given themselves to shop).

It is clear that, depending on the type of purchase, either "pleasure" or "chore", these two forces influence each other in a very different way. For instance, for convenience goods, the credit in purchasing time is often low and the need to find the product high; for large retailers, this means minimizing stock-outs. But in other cases, it is possible to observe a complete inversion of the two forces. This is what Chétochine (2005) says about consumer behavior at Ikea: the purpose is often to stroll looking for a potential good bargain. Consumer frustration is thus particularly high when they have to spend time for their "chore" purchases, and disappears when they are looking for small personal pleasures inside stores specializing in clothes, household equipment, etc. We recognize here Tauber's (1972) classification on the diversity of store frequentation motivations, reminding us that the utilitarian dimension is more often than not combined with a leisure dimension.

Consumers between disenchantment and re-enchantment

In France, hypermarkets have lost their status as the cheapest retail format, and therefore their image of discounters. But it is not certain that they have definitively entered the final phase of their life cycle. Yet this possibility is now being considered by the managers of most French large food retailers. To counteract the trend and try to reverse it, they have embarked on rethinking marketing and costly innovations to remodel the formula of "everything under the same roof", which produced the glory days of the hypermarket format. The objective is to lure back consumers into hypermarkets, and to make them want to buy and enjoy the experience. But a sustained sociological evolution, not a circumstantial one, is altering the game. French consumers are proving increasingly suspicious of firms in their perception of the product and service offer (Mermet 2004). They have the feeling of being regularly "ripped-off" by manufacturers and even more so by large retailers (artificial increase of prices, dubious quality of private labels, etc.).

In this climate of increasing mistrust, French consumers seem "*tired of their retailing industry*" (Chétochine 1998), and are becoming particularly unwilling to waste time with useless and not very pleasant activities. Thus, *homo-cliens* objects to waiting at checkout counters (about 25 per cent of the time spent in a store), or looking for parking space for several minutes. In other words, if the hypermarket format can more or less satisfy the needs and desires of *homo-consomatio,* for example with a larger and deeper product assortment, its organization into interminable aisles and the planned layout of products in order to lengthen the time spent by consumers in store, represent a major constraint for *homo-cliens* who sums it up in: "*they are stealing my time*" (Chétochine 2005).

We have to face the facts: French consumers make an absolute priority of looking for more simplicity in stores. On the offer side, the explosion of the size of product assortments (more than 100,000 references in a large hypermarket) no longer allows for a clear identification of differences in quality and prices inside the product mix, and this ends up exasperating consumers. On the demand side, the trend seems opposite: the time spent shopping in stores is constantly decreasing (about 45 minutes in 2003), although the French never had as much time at their disposal, since leisure time has increased five-fold over a century. It is easy to see that such developments do little to favor the discovery of new products, particularly innovative branded products. Consumers prefer a reduced product offer, inside which they can quickly find the product suiting them.

The desire for a simplified presentation of the product assortment in stores can also be seen when using or implementing specialty goods requiring advice and training. Consumers flatly reject tedious and/or unintelligible instructions for use in favor of more interactive training or even self-training systems. Consumers no longer want to waste precious time in tasks which give them no satisfaction; on the contrary, they try to transform their wasted time into quality time (Mermet 2004). As a consequence, an exhaustive offer of products is no longer the first service required. Some large retailers are already attempting to react to these developments in demand by reducing their ranges and selecting generic products for their customers, easy to compare and to choose. The demand for a simple and legible product offer is therefore quite real, and hard discount stores have got the message.

The symbol of the post-modern era now experienced by most western countries, consumption is also part of a quest for a kind of inner balance: "*to consume is no longer a matter of just having, it must also mean being*" (Mermet 2004). For a large majority of French people, getting some pleasure out of purchasing (hedonistic dimension) becomes just as important as satisfying primary needs (utilitarian dimension). So, through the multiplying of polysensorial offers, stores could become the fundamental "re-enchantment" tools of Ritzer's (2005) theory. This is what many large retailers are betting on, aware of the new situation. What is it all about? Consumers are to be "re-enchanted" by transforming their actions in stores into a playful and gratifying experience (Filser et al. 2001; Hetzel 2002; Ritzer 2005), consisting of discoveries and surprises: increasing the number of commercial events, creation of recreation areas, holding festive events, organizing conferences, etc. In other words, in order to stop the drain, the hypermarket format must change from a "retailer way of thinking" to a "customer way of thinking".

Large retailers are currently in a situation of competitive strategy, no longer in a situation of differentiation strategy, precisely because consumers do not see any real difference between the product assortments. Re-enchantment offers tools for escaping the vicious circle. Offering alluring sensations to visitors, and above all being able to renew them, makes it possible to build increased loyalty, not to a simple point of sale, but to an *agora* with gratifying experiences through a riot of *extravaganzas* and *simulations* (Ritzer 2005). Consumers want to enjoy the here and now as much as possible (the *carpe diem* syndrome) and expect large retailers to provide entertainment, excitement and sensations, but also a number of services. The works of the *Institut Français du Merchandising* propose a prospective view of this direction in retailing (Remili 2004). By emphasizing their environment, products are "dramatically staged" in order to make the transition from functional consuming to a really hedonistic activity.

Characteristics and challenges of the two scenarii

Without ignoring the importance of the re-enchantment strategies, the paper explores other ways for overcoming the critical stage that the hypermarket format is experiencing, by logistical rather than marketing means. It is important at first to note that the French have become more rational in their purchases. The proportion of impulse purchases at large retailers' is strongly declining. According to the figures presented by Mermet (2004), 43 per cent of consumers buying their products in hypermarkets resort to a list of basic products which they constantly refer to for efficiency and quickness. From this we infer the possibility of a complete transformation of the hypermarket format into two independent structures: (1) a neighborhood logistical structure working for grocery and e-grocery retailing (for “chore” purchases); (2) a neighborhood logistical structure working for durables and electronic goods retailing (for “pleasure” purchases).

The environment of both scenarii

How will the large retailers manage the end of the life cycle of the hypermarket format in the next few years? It is not a question of settling this once and for all, but of proposing some perspectives of evolution by suggesting the use of scenarii. Several alternatives are indeed possible and, first, we wish to present their main characteristics. Second, it would be then possible to undertake in-depth research providing quantification of the probability of each scenario emerging. For this, it will obviously be necessary to use the methodology of the forecasting analysis, as described by Godet (2004). This implies in particular a series of interviews with experts in the retailing industry, academic research and the consulting sector. Let us add that the emphasis will only be laid on the store, by eliminating from our analysis the technical problems of product reception by the consumer. This question has been largely discussed in academic literature, in particular with the investment in unattented reception boxes, when people are not at home to receive deliveries (Punakivi & Tanskanen 2002; Yrjölä 2003).

Purchases on the Internet are currently growing strongly in France; they increased by 62 per cent in 2004 compared to the previous year. This is explained by three main reasons: one, by the rapid evolution of the equipment and internet connection rate of households (33 per cent at the end of 2003, probably about 50 per cent in 2007). Two, by the progressive disappearance of the reluctance to pay by credit card on the Internet. Finally, by the possibility of making purchases at one’s convenience, at any time of the day or night, from any PC or third generation mobile phone. This success seems to be the direct consequence of the desire to transgress the conventional economic system, whose rules are established by the large retailers and where consumers feel trapped. The Internet as a “digital marketing channel” is certainly a good way for consumers to assert themselves and to recover the initiative in BtoC relationships.

In terms of the new environment, which is largely favorable for electronic commerce, it must be emphasized that large retailers benefiting from a former reputation generally acquired in the “real world”, and applying a mixed strategy of the *bricks & click* type, have a non-negligible asset at their disposal: reassuring e-consumers reluctant to trust in a purely electronic and dematerialized interface. Stores that exist in more or less large numbers also have a great attraction when e-customers feel the need to see, touch or smell specific products. From a logistical point of view, since large retailers may use their store networks to physically contact e-consumers and limit distribution costs, the competitive advantage should not be ignored. Is not the Tesco business model, acting today as a reference in e-grocery (Delaney-Klinger et al. 2003; Roberts et al. 2003), based on efficient home deliveries from supermarkets? However, it should be noted that for the last two years, the large British retailers seem to be gradually switching to warehouse picking in densely populated urban areas.

The use of store networks is consequently a credible alternative to logistical systems based on deliveries managed from warehouse networks (Yrjölä 2003). For the hypermarket format, this is a novel form of crisis, which so far has not attracted any researcher's attention. Two scenarii seem likely, each corresponding to the creation of two distinct areas under the same roof, and each corresponding to both modes of consumption mentioned above: "chore" purchases and "pleasure" purchases. The first scenario offers a solution for convenience goods purchases: grocery, cleaning materials, hygiene, fruit & vegetables, fresh & frozen products, etc. These are basic products that any supermarket offers to its customers, with however a smaller assortment than in a hypermarket. The second scenario offers a solution for purchasing specialty goods, such as technical products and consumer durables (household appliances, clothing, sportswear, gardening, etc.), that consumers wish to acquire in a more user-friendly and pleasant atmosphere.

Description of both scenarii

The first scenario, called *SS & OFS model*, is based on the presence of a shelf space (SS) and an order fulfillment space (OFS). The SS is for consumers who still wish to go to stores to buy their grocery products. But the OFS is for e-consumers who prefer receiving their products at home or possibly prefer picking products ordered and prepared in store, for reasons of facility and cost. This first scenario implies a logistics of "massification" by pallet-load towards a new "store-warehouse" format, with final distribution of products to the shelf space, organized on the model of the hard discount format, or to the order fulfillment space. It is based on the fact that only warehouse picking is sustainable in the long term (see Figure 1), but its organization will have to be decentralized as close as possible to urban areas. The SS & OFS model offers an e-grocery solution relying on a hypermarket, which may please *homo-cliens* (no more waiting at checkout counters); automatic replenishment at home can also be done rather easily on the basis of the sales history when standardized convenience goods are concerned. This probably explains the interest created by the application of VMI techniques to e-grocery (Småros & Holmstrom 2000).

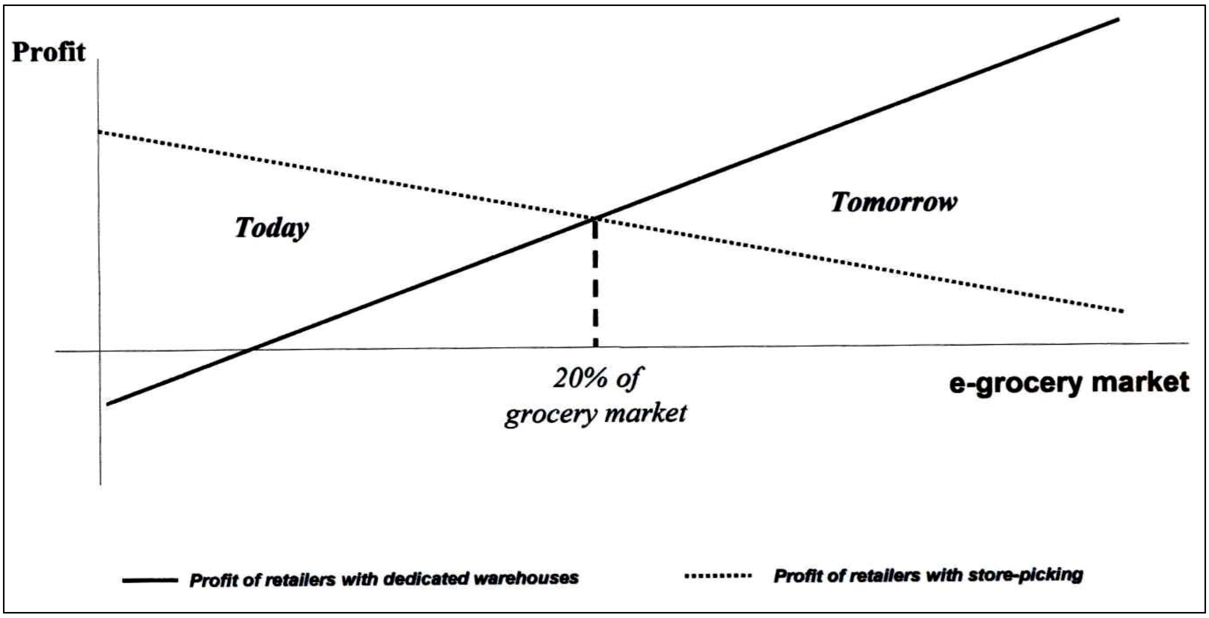

Figure 1. The switch from store picking to warehouse picking (Hafsa et al. 2002)

The second scenario, called *DS & OFS model*, is based on the presence of a discovery space (DS) and again, an order fulfillment space (see Figure 2). The DS is for consumers wishing to discover products through staging (as the large Swedish retailer Ikea has such flair for doing for furniture and household appliances), and to order while they are walking through the DS. There are no longer any trolleys or shelves in the DS. Consumers use a pocket computer terminal (such as the *Personal Shopping Assistant* [PSA] developed by Nixdorf) acting as virtual trolley, which avoids going through checkout counters (see Loebbecke 2004). The DS looks more like a showroom than a conventional store in which products are placed on shelves. The OFS is again meant for consumers wishing to leave the hypermarket with their products prepared while they are exploring the DS, but also for those other customers and e-consumers, who prefer receiving their products directly at home. This second scenario also implies resorting to the inbound logistics of "massification' by pallet-load only towards the OFS. In the DS, large retailers need only one sample or a reduced number of samples of each reference.

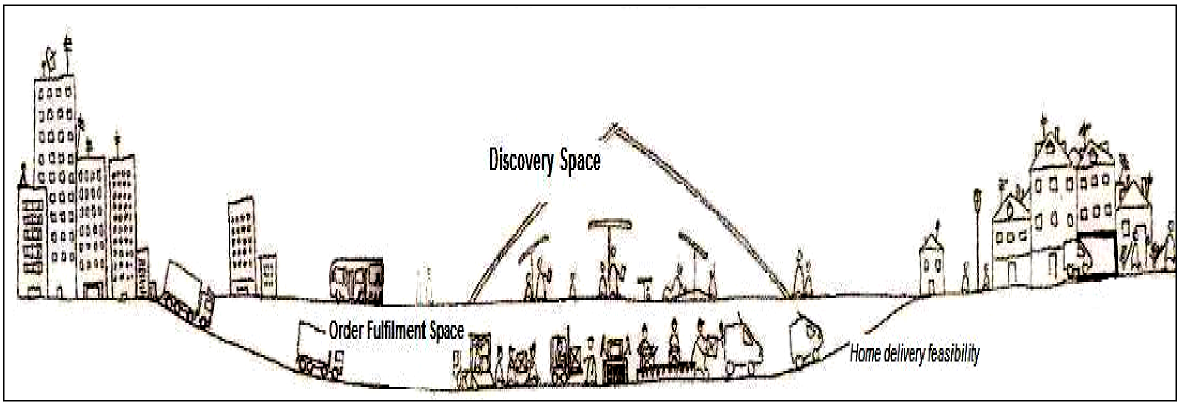

Figure 2. The DS & OFS model scenario (adapted from Remili 2004)

The introduction of the DS goes some way towards the expected mutation of the marketing mix. As we saw, consumers have become very demanding faced with the abundance of products offered and the industry's traditional approach to market segmentation is not or no longer relevant (Billon & Tardieu 2002). The 4P of the marketing mix, as formalized by McCarthy (1993), are no longer enough to develop a real customized offer. The so-called "7P" grid, repeating McCarthy's (1993) variables, completed with physical evidence, process design and participant variables (Billon & Tardieu 2002), seems to be a formula better suited to our environment:

- The "physical evidence" variable corresponds to staging products in reference to the design and layout of the store, but also to the commercial and festive events of the re-enchantment strategies described above. This variable is the essential objective of the DS, its *raison d'être*.

- The "process design" variable means the whole process of offering consumers a greater value than that of competitors. This includes the stores' replenishment process and the implementation of postponement operations. This variable concerns the OFS, as far as it principally integrates logistical activities.

- The "participant" variable refers to the way of considering the consumers' active participation, in other words the role they will be called to play in the buying process. This variable concerns the DS, with a central issue: will the DS layout help consumers or not to make better use of the sales space? We come again across the well-known issues of marketing on the importance of the environmental design (Cova & Cova 2001).

The limits of the Square Root Law

Although large French food retailers are experiencing unpromising results in e-tailing, particularly because of their difficulty in implementing efficient logistics (Bonet et al. 2003), the hypermarket model offers many advantages for serving as a basis for e-grocery logistics by using proximity effects. As soon as they were created at the beginning of the 1960s, and throughout their growth in the 1970s and 1980s, hypermarkets were located at the periphery of urban areas. The Royer Act (1973), forbidding the creation of large stores in large towns, had the direct effect of encouraging large retailers to implant hypermarkets outside cities, and the indirect effect of a reduction in the commercial activity in the city centers. In fact, the Royer Act gave a major advantage to the hypermarket format, in the sense that it was able to take advantage of road infrastructures enabling customers to get there in a few minutes (Benoun & Heliès-Hassid 2003).

Table 1. Some characteristics of the major large French food retailers (2004)

	Worldwide annual turnover (billion Euros)	**Number of hypermarkets, supermarkets & hard discount stores in France**	**Number of hypermarkets in France**	**Total sales area of hypermarkets in France**	**Average sales area by hypermarket in France**
Auchan	40.5	509	121	1,142,000 m^2	9,438 m^2
Carrefour	81.4	2,272	305	2,169,000 m^2	7,112 m^2
Casino	23.2	1,718	114	802,000 m^2	7,039 m^2
Cora	10.0	209	57	523,000 m^2	9,172 m^2
Leclerc	28.4	522	391	2,079,000 m^2	5,317 m^2
Système U	14.7	849	43	190,800 m^2	4,437 m^2

There are now about 1,320 hypermarkets in France, uniformly spread throughout the country, and owned in their majority by six large retailers: Auchan, Carrefour, Casino, Cora, the Leclerc co-operative and the Système U co-operative (see Table 1). They have a great homogeneity in terms of their regional coverage (Durand 2005). Ease of access and parking for an increasingly car-owning population, but not within city centers, are essential characteristics that partly explain the success of the hypermarket format (Filser et al. 2001). This situation is undoubtedly a serious logistical asset assuming there will be a development of online sales and home delivery. Moreover, these characteristics may well represent in the long term the key-factors for the success of e-grocery logistics, in particular for the Leclerc co-operative whose product assortment remains centered on grocery products and whose interest would be to choose the first scenario in priority. But for Carrefour, Casino and

Auchan, whose territorial coverage is less dense, and for whom the proportion of food products in the assortment is constantly decreasing, it would probably be better to choose the second scenario. This is in any case a supposition worth discussing, with respect to a number of operational factors.

Hypermarkets are in fact geographically located mainly to optimize access by consumers when shopping, according to well-known models (for a review, see Filser et al. 2001). If the reasoning is reversed, i.e. for product flows going to the homes of e-consumers, after order fulfillment (outbound logistics from hypermarkets), hypermarkets are just are well located: a few minutes from the urban areas to be served, and close to excellent road infrastructures. After the operations of order fulfillment (carried out in the OFS), it is possible to consider a scheduled departure of home delivery vehicles, on the same roads as used by consumers going shopping in the SS or in the DS by car. Commercial location is here consistent with logistical location, whereas for the last twenty years, large European food retailers have tried to dissociate OFS and SS, by generalizing the development of RDC networks where products are stored before delivery to stores (Fernie & Sparks 2004). The theory of inventory centralization, based among others on the Square Root Law (Starr & Miller 1962; Maister 1976), established from the cost of holding inventories in warehouses, could therefore be partially questioned. As Figure 3 shows, the move from ten stores with a warehouse in the back office towards a completely centralized system using only one warehouse (RDC) for the ten stores reduces the inventory requirement by 68 per cent (McKinnon 1989). But is that the case in an e-grocery context?

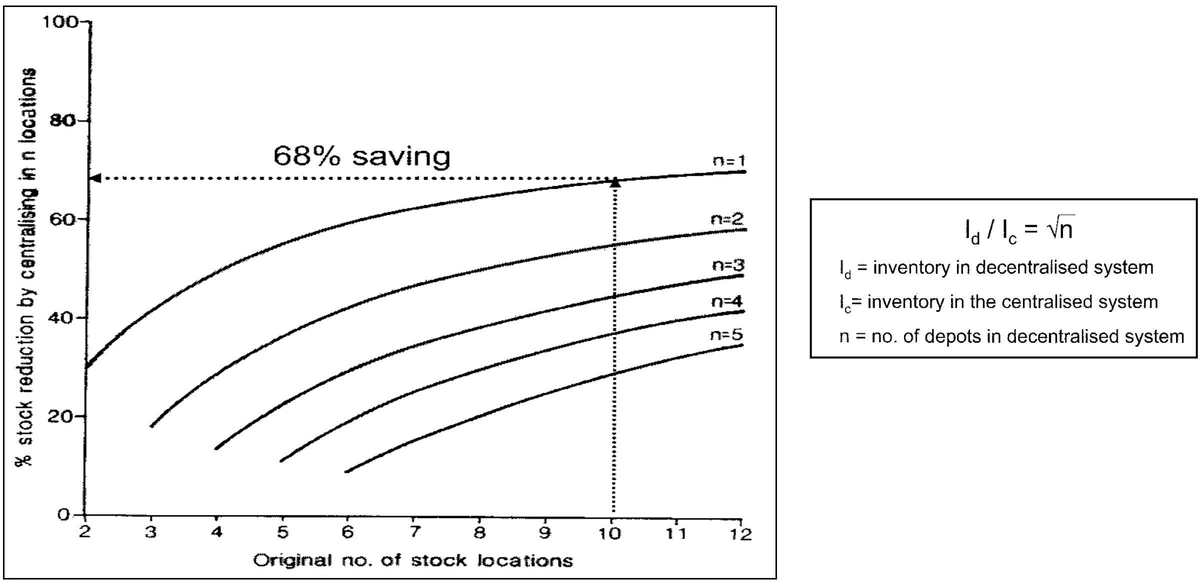

Figure 3. Inventory savings from a centralization process (McKinnon 1989)

Managerial implications

If the implementation of the two scenarii involves questioning the Square Root Law, it is because stocks will be redistributed (and no longer centralized) over the different stores. This would be going back to the time when hypermarkets often had large fulfillment spaces (FS), whereas since the 1990s, they are progressively disappearing under the pressure of the quick response rule. In the SS & OFS and the DS & OFS models, the cost of holding inventories in the different OFS (one for each SS or one for each DS) would obviously be greater than the optimal carrying cost in a central warehouse. It is however possible that this logistical overcost would be largely offset by a better attractiveness of the hypermarket format at two levels: (1) a strong originality of the DS concept (as the strategy developed by Ikea, coupling a DS to an OFS accessible to consumers, bears proof); (2) the quick development of a presence on the Internet so as to conquer new customers increasingly reluctant to go to stores.

The other major issue is also to determine whether large food retailers will be able to manage an OFS and an SS, or an OFS and a DS in the same area, as they are two distinct skills. The answer is yes, if we refer to their previous experience in store management. The development of the hypermarket format has effectively been based on the presence in stores of both an SS and an FS. The FS's mission was to store products arriving from suppliers' factories, before stacking them on shelves. But unlike an OFS as we imagine it, there was no order picking in a FS, just an inventory management on behalf of the SS. Thus, in the Carrefour group's hypermarkets as early as the 1970s, the FS often represented up to 50 per cent of the total space, each FS in each store being equipped with sophisticated handling materials. The situation was similar with Promodès, in spite of a strong logistics culture resulting from their original wholesaler's know-how (Sordet & Wantz 2005). Now, the expertise required for order picking is of a completely different nature, and it is not certain that large retailers can quickly assimilate it at managerial level. The e-fulfillment operation relies on extremely sophisticated e-fulfillment processes, based on a perfect chain of slotting, picking, sorting, packaging and delivery activities (Tarn et al. 2003).

In the framework of traditional French hypermarkets, the FS was dedicated to a single SS; the instore logistics is then based on a sequential process of eight steps, from the delivery of the products to the processing of the transaction (see Kotzab & Teller 2005). But in our first scenario, there are two order picking spaces: one in the SS, where consumers fill their trolleys themselves, and the other in the OFS, where a picker prepares an order for an e-consumer. In this case, the OFS is completely dedicated to an order fulfillment activity for e-grocery retailing: (1) order picking on the one hand; (2) home delivery on the other. If the mission of the FS was completely oriented towards the SS (shelf replenishment) before, the mission of the OFS is completely oriented towards e-consumers (order picking), not at all towards a directly supplied SS (product rotation may for that matter be very different between the OFS and the SS). For matters of logistical optimization, particularly of reduction of transport costs, it is possible to imagine that both replenishment systems, of the SS and the OFS, be completely synchronized (identical delivery round).

In the second scenario, there is only one order picking space. Consumers do not pick products in the DS: they look at them and discover them staged and displayed and with their PSAs, they order those interesting them. Orders are then forwarded through remote connection to the OFS, where they are progressively prepared. When consumers leave the DS, they pay for their orders and then can go to the OFS to pick up their purchases, unless they opt for home delivery for reasons of facility (cumbersome products, health problems, etc.). If a consumer is already familiar with the DS, he can do without another visit to the hypermarket, and just order through the Internet. The role of the OFS is ambivalent in nature. It is dedicated at the same time to the DS and always to an order fulfillment activity for e-tailing, with systematic order picking and episodic home delivery if consumers require it. Two possibilities can be envisaged: (1) consumers present in the DS who do not wish to leave with the products they have bought; (2) e-consumers, some of whom prefer picking up their order directly in the store. But it is possible to reflect on the possible transfer of logistical competences, from traditional retailing (an FS for a SS) to a new form of retailing (an OFS for a DS), and to e-tailing (an OFS for home delivery).

Conclusions

For several years now, the French retailing industry has undeniably been marking time in terms of growth (Dioux & Dupuis 2005). Traffic retailing is meeting with less success, and we may well be at a crucial turn of its existence. Consumers seem to be finding a renewed interest in convenience stores, which would mean a return to both flow retailing and a supremacy of the "customer civilization" over the "product civilization". In this changing context, it can be questioned whether the conventional hypermarket format is not condemned in the short term, a questioning shared by numerous specialists. According to Ducrocq (2002), after a period of "*genetic manipulation*" marked by a sophistication of marketing techniques, a centralization of decision-making processes and a globalization of strategies, the Latin retailing industry seems to be entering a new era by turning its back on the Anglo-Saxon model and its standardized "recipes". Still according to Ducrocq (2002), the French retailing industry will shortly experience a new commercial revolution coming from below, i.e. consumers, and not from above, i.e. top management. In this perspective, the transformation of the concept of "everything for everyone", the leitmotiv of the founders of the hypermarket format (Paturle 2005), into a concept of "everything for you", closer to Ritzer's (2005) re-enchantment strategies, should *a priori* result at first in a complete redefinition of the retailer/consumer relationship.

However, large retailers must not get their types of activity wrong, they must distinguish between primary (convenience goods) and secondary (specialty goods) retailing. A mix of both activities appears delicate as the consumers' state of mind is not the same when they make their weekly purchases of convenience goods, a chore to which they wish to dedicate as little time as possible, and when they stroll with pleasure in a megastore such as Ikea, without necessarily having a precise idea of what they want to buy. It seems likely that the Leclerc co-operative, not always present in the hard discount market and also very discreet in the e-grocery market, may privilege the first scenario; which would mean a progressive transformation of its hypermarkets into SS & OFS, the food discount positioning remaining its core business. But Carrefour, Auchan and Casino, having hard discount stores at their disposal and also present –for the first two– in the e-grocery market, should privilege the second scenario; which would mean playing the card of innovation by transforming their hypermarkets into DS & OFS, as their stores' large surface area would fit well. Further research alone will cast more light onto this in-depth economic mutation, which will undoubtedly radically change consumer behavior.

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