

there are now only two major category specialists left in consumer electronics (Circuit City and Best Buy), three dominant warehouse clubs (Sam's Club [Wal-Mart], Costco, and BJ's Wholesale Club), and three in office supplies (Office Depot, Staples, and OfficeMax). The dominance of the supermarket industry by strong regional firms like Publix (Florida) and HEB (Texas) is being challenged by national operators like Wal-Mart, Kroger, Ahold USA, Albertson's, and Safeway.³

Globalization

Historically, retailing has been a local business. Stores were owned and operated by people living in the community and patronized by local residents. Today, however, some retailing concepts that are successful in their country of origin have successfully developed a global presence. The reasons why some retail concepts work globally, and why some do not, are usually dependent on what provides their sustainable competitive advantage in their home country. For instance, Wal-Mart and France's Carrefour have efficient distribution and communication systems that allow them to offer great customer value. Sweden's IKEA furniture stores are popular with younger, well-educated adults who are furnishing their first homes and apartments. McDonald's and KFC appeal to hungry people everywhere. For every successful global retailer, there is another that has failed. In Chapter 5, we examine global retailing success factors.

Sephora

RETAILING VIEW



Sephora, France's leading perfume and cosmetic chain—a division of luxury-goods conglomerate LVMH (Louis Vuitton–Moët Hennessy)—is changing the way cosmetics are sold in the United States. In the United States, prestige cosmetics are typically sold in department stores. Each brand has a separate counter with a commissioned salesperson stationed behind the counter to help customers.

Sephora is a cosmetic and perfume specialty store offering a deep assortment in a self-service, 9,000-square-foot format. The 70-plus U.S. stores have over 13,000 SKUs, including 365 different, private-label lipsticks. Merchandise is grouped by product category with the brands displayed alphabetically so customers can locate them easily. Video walls and interactive kiosks provide extensive product and use information.

Customers are free to shop and experiment on their own. Sampling is encouraged. Salespeople, wearing a single black glove (to better display stylish perfume boxes), are available to assist customers. However, the salespeople are paid a flat salary by Sephora, not a commission by the manufacturer. The low-key atmosphere results in customers spending more time shopping.

Sources: www.hoovers.com/premium/profile/4/0,2147,41804,00.html; "Sephora: Retail Store of the Year," *Chain Store Age*, Feb-



Sephora avoids the hard sell, encouraging shoppers to sample the makeup and fragrances.

ruary 1, 2001, pp. RS15-15RSOY; Barry Janoff, "Market Makeover," *Progressive Grocer*, February 2000, p. 91; and "Selling Open Sell," *Women's Wear Daily Eye on Fragrance Supplement*, June 1999, p. 4.

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