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# 'Retail revolution in China' – transformation processes in the world's largest grocery retailing market

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**Abstract**

Constituting the world's largest grocery retailing market, China's retail landscape has changed radically over the last 50 years. The article discusses retail transformations, outlining the history of growth and the internationalization process in detail. The paper aims to explore the liberalization of the Chinese economy from a retail perspective, thereby revealing the extent of the transformation. It focuses particularly on two areas: Firstly, deregulation with respect to retailing, as well as impacts of foreign retailers on the retail sector and thus the geographical expansion of modern retailing. Secondly, the article intends to test how well the Economic Transition Model by Bradshaw (1996) suits the Chinese context, while presenting a framework for understanding the factors that appear to trigger changes in the retail landscape. The article is based on interviews with senior executives and retail specialists conducted in China in 2015. It concludes by outlining a brief research agenda for work on retail transitions in China.

**Zusammenfassung**

Als größter Lebensmitteleinzelhandelsmarkt der Welt hat sich Chinas Handelslandschaft in den letzten 50 Jahren radikal gewandelt. Der Artikel diskutiert die Veränderungen des Einzelhandels und zeigt den historischen Wachstumsverlauf sowie die Internationalisierung des Marktes auf. Die Liberalisierung der chinesischen Wirtschaft wird dabei gezielt aus Sicht des Einzelhandels erläutert und das Ausmaß der Transformation aufgezeigt. Der Artikel konzentriert sich insbesondere auf zwei Bereiche: Deregulierung im Einzelhandel sowie Auswirkungen ausländischer Einzelhändler und die damit einhergehende geographische Expansion des modernen Einzelhandels. Im Rahmen dessen soll getestet werden wie gut das Economic Transition Model von Bradshaw (1996) dem chinesischen Kontext entspricht und gleichzeitig ein Rahmen zum Verständnis der Faktoren geboten werden, welche die Veränderungen in der Einzelhandelslandschaft auszulösen scheinen. Der Artikel basiert auf im Frühjahr 2015 in China durchgeführten Interviews mit Führungskräften und Einzelhandelspezialisten. Abschließend wird eine kurze Forschungsagenda bezüglich der Transformationsprozesse im chinesischen Einzelhandel skizziert.

**Keywords** China, retail, transition, internationalization, geographical expansion, modern retailing

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## **1. Introduction**

The People's Republic of China (subsequently 'PRC' or 'China') represents the world's biggest grocery market. A significant change in the nation's retail landscape has occurred over the last 50 years and China has undergone a 'retail revolution' (Farrell et al. 2006: 69; Atsmon et al. 2012: 5; Davis 2013: 353). Generally, various factors contribute to changes in the retail sector, including technological developments, shifts in consumer behavior and lifestyles, the presence of global retailers, presence of national brands, supplier networks, as well as government legislation (Colla 2004). The wheel of retailing concept and accordion theories (McNair 1958; Hollander 1966) have been used to explain retail evolution in developing economies. The well-established wheel of retailing, as described by McNair (1958: 17-18) provides a useful framework in which retail change and structural change may be described. However, as Alexander (1997: 111) correctly points out, the framework does not offer a universal explanation and not every retail format follows the same logic. Similarly, Markin and Duncan (1981) concluded that an ecological-adaptive model is a better exemplification of how retailing institutions adapt and transform. From the perspective of developing countries, it is argued that Western theories of retail evolution have limited relevance, mainly because they focus on competitive dynamics among modern retail formats, while in China the transition process is marked, inter alia, by modern retailing making inroads into a huge and unestablished, respectively traditional retailing landscape. Hence, to conceptualize the retail evolution in the world's most populous country an examination of the development of retailing as well as the impact of the modern sector on the traditional retail sector is required instead of a focus on competition across different formats within the modern sector.

The purpose of this paper is two-fold: first, the article outlines the main parameters of China's liberalization history from a retail perspective, while elucidating the regulatory and institutional contexts of China's retail market. Consequently, it examines the forces of change that are responsible for the retail transition in China; the various facets of the new retail economy are then analyzed to reveal the extent of the transformation. Second, the internationalization process is discussed in more detail, while highlighting the most essential key points and providing a review of the variable impacts of international players on the

domestic market. Furthermore, the article intends to test how well the Economic Transition Model by Bradshaw (1996) applies to the Chinese context, and to reveal the distinctive Chinese characteristics as a contribution to China-specific theories. As this paper is written from the perspective of a geographer, the paper specifically draws upon the disciplines of economic geography. To estimate the developments and effects related to the economic liberalization of the Chinese retail industry and therewith the internationalization process, empirical evidence was gathered from twelve in-depth interviews conducted in 2015 with senior executives and retail specialists. The interviews include eight grocery retailers listed in the top 20 grocery chains in the PRC. Semi-structured interviews were the method of choice for this study, as the author aimed to gather in-depth opinions from various perspectives (international and Chinese grocery retailers). This aim called for a non-standardized interview design which could be customized to the background and expertise of the respective interviewee. To ensure a certain degree of comparability between interviewee statements, interviews were conducted around a set of guiding questions, such as:

- What are the main factors for change in the Chinese retail market?
- Which role did the involvement of transnational companies in the Chinese grocery retail transition play?

By recapitulating the phenomenal 'retail revolution' from its early beginnings onwards, the paper provides a solid foundation for the examination of the transformation processes of the Chinese grocery retail market. Finally, the article concludes by outlining a brief research agenda for work on retail transitions in China.

## **2. Transition processes in China's retail sector**

It is well accepted that major transformations in retailing structures occur in periods of rapid economic development (Reardon and Berdegué 2002). The presence of global retailers has played a significant role in triggering the transformation of the retail landscape in several countries. While in some countries, as e.g. Malaysia and Thailand, foreign retailers have played a central and driving role in retail transformations, in others their role has been very limited (e.g. the Philippines and Vietnam). At the same time, those processes

of international retailer's entry and development are themselves heavily shaped by the pre-existing competitive, regulatory, and consumer conditions within different national markets, as revealed in the following sections. Starting with an elaboration on the changing regulatory and institutional environments for retail foreign direct investment (FDI) in China by outlining the country's economic liberalization process from a retail perspective, the article reveals China's transition from state-controlled to modern retailing.

2.1 Deregulation: from state-controlled to modern retailing

When the PRC was formed in 1949, it was operating as a planned economy, and most of the industries, including retailing, were monopolized by state government (Schmitt 1999: 77-78; Senauer and Reardon 2011: 277). With private business ownership prohibited and retail marketplaces eliminated, China's retail sector was reduced to a "simple yet rigid distribution system" (Wang and Zhang 2005: 42). Retail chains at that time were absent. Only four department stores, which were opened between 1917 and 1936, in the very same road, existed in Shanghai (Hang and Godley 2009: 389-390), mainly serving foreign visitors and offering non-food items. The country's production and distribution at that time were conducted exclusively by the state government, and strictly controlled by the three-tier system (see Fig. 1). Products were distributed by the Ministry of Commerce (MOFCOM) according to the "need and equal availability" (Jinglun 2003: 158). Although consisting of around one million retail stores (allocation outlets), due to shortages of goods, the needs of approximately one billion people were never met (Zhen 2007: 69). Consequently, this mode of distribution increased operational costs due to the complete absence of market forces and operated on the basis of resource allocation rather than market demands (Jiang and Prater 2002: 783-784).

In 1979, three years after Mao Zedong's death, however, policies dramatically changed. In order to enhance economic development, the role of the private sector was redefined through a wide range of growth supporting policies (Davis 2000: 1-4). Accordingly, from 1979 onwards under Deng Xiaoping, a series of steps were taken in order to deregulate the retailing sector.

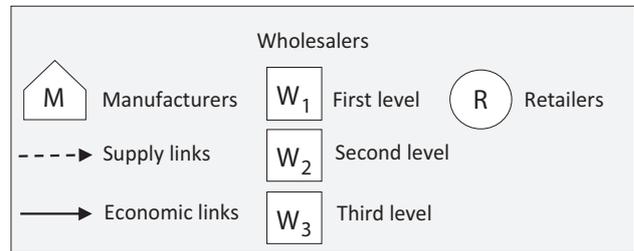
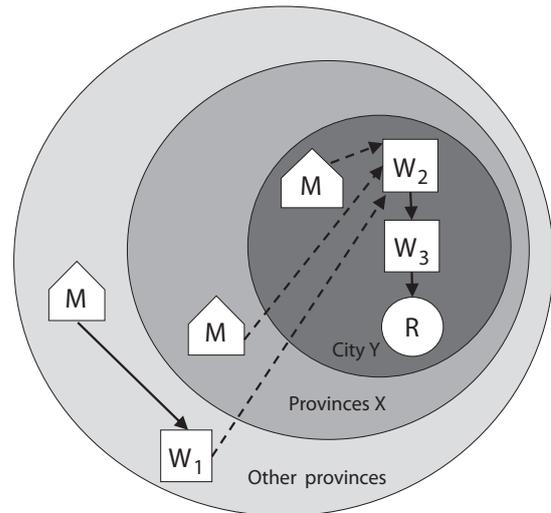


Fig. 1 Distribution Channels in the Centrally Planned Economy before 1978. Source: Own elaboration after Jinglun 2003: 158

Special Economic Zones (SEZs) and Open Coastal Cities (OCCs) were initiated, where Economic and Technological Development Zones (ETDZ) were established as production, trade and foreign investment centers (Liefner and Wei 2014: 4-5). In 1985, the Chinese government decided to further expand the open coastal areas out-spreading the entire section of the country into an open coastal belt, further extending the Open Coastal Economic Area (OCEA) to more than 260 cities and counties. These economic zones served as a mechanism for opening China's market to the outside world and as an example for guiding the strategic economic development of the entire country. Foreign firms were offered preferential tax and administrative treatment and given an unusually free hand in their operations. Nevertheless, maintaining a food rationing system until the early 1990s, China's food retailing landscape was mainly shaped by small fresh markets, selling limited amounts of produce and animal-sourced foods (Veek 2000: 1-2; Bai et al. 2006: 3; Zhai et al. 2014: 16). Before the above-mentioned new policy, Bowles (1998: 30) defined the Chinese retail sector as dominated by state-owned department stores on the one hand, and small neighborhood stores on the other. With the disappearance of the rationing

system, state controlled stores closed down and made way for a modern retailing system that was beginning to take shape (Zhai et al. 2014: 16-17). Due to economic growth during the 1990s, the supermarkets' focus had shifted to local customers (Lo et al. 2001: 68-71).

As described above, individuals were permitted entry into the distribution system as early as the late 1970s, thereby heralding retail liberalization. Nevertheless, major reforms were not implemented until the early 1990s, clearing the path for the transition from state enterprises to private or stock companies, the creation of domestic retail chains and the opening to foreign retailers. In 1990, stock markets in Shanghai and then Shenzhen were opened, allowing both state and private firms to gain access to equity funding. Another major urban reform was the mass privatization of housing around that time (Sternquist and Qiao 1995: 21; Whyte 2012: 232). Although not directly influencing the retailing sector, it is argued that the reforms mentioned paved the way for suitable conditions to prevail which allowed the development of a modern retailing sector. Further, this article argues that the key starting point of the grocery retailing sector dates to 1992, mainly because several policy changes were instituted by the Chinese government. Under favorable economic conditions, the grocery retailing industry experienced major growth from 1991 onwards, with new supermarkets in Shanghai opening every other day. In July 1992, the State Council of the PRC brought into force 'the Written Instructions Concerning Issues of Utilizing Foreign Capital in Commercial Retailing Sectors' (Chuang et al. 2011: 446), meaning that from 1992 onwards, international retailers were allowed to enter the market under State Council provisional regulations; however, only by holding a non-controlling stake in a Joint Venture (JV) with a local company (Bowles 1998: 30; Davis 2013: 353; Wang 2003: 122; Goldman 2000: 2; Wang et al. 2008: 12). Furthermore, the government of Shanghai made significant changes in 1993, only one year after the creation of favorable state deregulation, including the announcement of the end of the ration coupons and the launching of a comprehensive ownership reform of state- and collectively-owned retail companies. While small retail stores were either sold or contracted to private operators, large- and medium-sized enterprises (around 700 of them) were granted business decision-making autonomy and 19 JV companies were established (Wang and Zhang 2005: 53). A so-called readjustment stage in 1993 primarily reveals the consequences of growing competition, forcing small re-

tailers to withdraw due to unsuccessful positioning or deficient location. In response, several actions to encourage the development of modern grocery retailing were taken by the China Chamber of International Commerce (CCOIC), later known as China Council for the Promotion of International Trade (CCPIT), which founded the Self-Service Stores Association (SSSA). In 1994, Dairy Farm, Yaohan Liancheng and Guangnan Holdings joined the scene, opening up supermarkets in a number of big cities, such as Shanghai and Beijing.

Several major foreign retailers including Yaohan, Carrefour, Makro, and others have set up JV operations in SEZs, mainly Guangzhou and Shanghai (German et al. 1996: 21). French Carrefour, the first Western grocery retailer, opened the first hypermarket in China in 1995 (Hang and Godley 2009: 393). With the establishment of SEZs, the long protected retail sector was opened up to overseas investment, with foreign grocery retailers gaining permission to conduct business on the Chinese market. However, the author agrees with Ho and Leigh's (1994: 32) argument that China's retail sector could not truly be considered open at that time, because no foreign-financed enterprises are allowed to go further inland into regions outside of the SEZs, a conclusion shared by Hingley et al. (2008: 4).

## 2.2 Foreign retailers: transforming the retail landscape?

As one might expect, such forms of state regulation as discussed in the previous chapter – despite the staged approaches to liberalizing retail FDI – have significantly hampered the entry and expansion of foreign retailers. In regard to the Chinese retailing sector, government regulations have heavily influenced or almost dictated the geographical spread of foreign retailers, as revealed in *Figure 2*. It illustrates the location of headquarters of the first major foreign grocery retailers, allowing an explicit conclusion to be drawn regarding the geographical distribution within the internationalization process in the PRC. Headquarters are all concentrated along the east coast of China, mainly in Shanghai, where consequently the first stores were opened.

In the PRC, regional differences are evident as urban-rural and coastal-hinterland distinctions (Sternquist and Chen 2006). They include not only variances in population density, income, rental costs and legal frameworks, but also consumer preference (Frank et al. 2014), con-

sequently increasing the challenges of modern retailing. As already observed by *Tacconelli and Wrigley* (2009: 56-57), China's retail environment is highly heterogeneous, with major differences in retail structures across regions. Not only directed governmental regulations the expansion of modern retailing, but one response by modern retailers has been to concentrate efforts in major cities due to market-based logic, thereby further accentuating regional disparities in Chinese retailing. Hence, it is argued in this article that the retailing sector contributed to the fact that the liberalization of China's markets coevally reveals an uneven regional development, which has been discussed, inter alia, by *Fan* (1997) and *Whyte* (2012: 231), who argue that "the tide of economic development is lifting almost all Chinese boats, but at unequal speeds."

A significant portion of the Chinese liberalization measures, as described above, were essentially part of China's World Trade Organization (WTO) accession process. The long negotiation process towards WTO membership began in 1987 (*Walmsley and Hertel* 2001: 1019; *Breslin* 2003: 3), with economic liberalization used as a way to gain credibility with its negotiation partners. Still, the PRC did not allow full liberalization until 2005. Four years after the official WTO-entry, the formal restrictions for foreign companies were finally lifted (*Walmsley and Hertel* 2001: 1020, *Jiang and Prater* 2002: 793; *Au-Yeung* 2003: 152). Importantly, by 11<sup>th</sup> December 2004, the PRC government issued the Administrative Measure for Foreign Investment in Commercial Sectors, which primarily allowed foreign investors to establish retail enterprises without geographic limitations (*Liu* 2007: 398; *Wang* 2007: 326; *Hingley et al.* 2008: 7; *Chuang et al.* 2011: 446; *Zhu Yi* 2012: 134; *Davis* 2013: 354).



Fig. 2 Selected foreign grocery retailers' headquarters and entry locations until 2000 on the basis of early phases of post-Mao regional policy. Source: extended on basis of *Hardaker* 2017: 60

In 2005, 1,027 retailers won permission from MOFCOM to do business in China, tripling the combined total of permissions of the previous twelve years (Tacconelli and Wrigely 2009: 59). Undoubtedly, due to trade and investment liberalization under the WTO, greater competition between Chinese and foreign firms was facilitated (Lo et al. 2001: 71; Agarwal and Wu 2004: 297; Wang et al. 2010: 436). From 1995-2004, during the ten years preceding liberalization, Carrefour for example opened 53 stores, compared to 54 within the three years following the full WTO-entry from 2005 to 2007. Walmart opened 57 stores, ten stores more than the grocery retailer had opened up in the pre-liberalization period (Tacconelli and Wrigely 2009: 59). According to Jinglun (2003), there were more than 51,000 supermarkets in China, leading to the expression of a retail revolution (Taylor 2003; Hanser 2005; Wang 2011). The entrance of individual retailers into the distribution system in cities and urban areas, the abandonment of the state's monopoly in procurement of commodities and the relaxation of fixed prices, all contributed towards a liberal grocery retailing sector in China. These steps "greatly boosted the initiative to increase production, variety, and quality, which in turn improved the supply of consumer goods in retail stores" (Wang and Zhang 2005: 52), which is also reflected in the rate of modern grocery retailing expansion, which "in China has been nothing short of phenomenal", increasing from 0% in the 1990s to almost 70% in 2010 (Senauer and Reardon 2011: 279).

Despite these drastic changes, it was pointed out earlier that the role of international players decreased over time, as illustrated in Table 1.

Taking over a lead role in the 1990s, it was foreign retailers who introduced new formats and techniques (Wang and Zhang 2005: 58; Hingley et al. 2008: 4-5), yet, giving up their advantages to domestic retailers over time (Hardaker 2017: 64). However, it remains open to question as to what extent and in which ways international retailers contributed to the retail markets transformation processes. Therefore, the article now moves to consider the impacts on the expansion of international retailers on the Chinese market. Foreign retailers are typically associated with certain advantages such as the modernization of food retail, the provision of an expanded variety of products and services and the introduction of competition that is assumed to contribute to market efficiency (Maruyama and Trung 2011). All interviewees reveal consent in regard to the introduction of modern retailing by international retailers. As one retail analyst and consultant put it:

The international players have exerted a relatively strong influence upon modern trade by introducing several new formats. They have set examples and showed how it works. They introduced and built up capabilities. (Interview with Retail Analyst I 2015)

Table 1 The liberalization of the grocery retail industry in China and the role of international players. Source: Hardaker 2017: 64

	Main Reforms	Role of International Players
<b>Stage I</b> <b>1978-1986</b>	Four SEZs along the coast (Shenzhen, Xiamen, Zuhai and Shantou); extension to 14 SEZ due to successful business	No international players operate in China
<b>Stage II</b> <b>1986-1992</b>	Tax reliefs for export firms Hainan becomes fifth SEZ	No international players operate in China
<b>Stage III</b> <b>1992-1995</b>	Six cities (Beijing, Shanghai, Tianjin, Guangzhou, Dalian, Qingdao) and five SEZs allowed to 'experiment' with retail FDI	First international retailers enter the Chinese market New formats and new technologies are introduced Leading role of international players
<b>Stage IV</b> <b>1995-2001</b>	Foreign retailers allowed to develop chains in Beijing through JV (with the Chinese partner controlling the majority of stakes) The wholesaling sector also opened up to the foreign investors	More international retailers enter China Relatively slow expansion Leaders in technology and know-how
<b>Stage V</b> <b>2001-2004</b>	WTO-entry Retail FDI permitted in all provincial capitals	Expansion accelerates after WTO-entry Chinese retailers catching up
<b>Stage VI</b> <b>2004-onward</b>	Lifting of all remaining restrictions in April 2004	Fierce Chinese competition Tesco withdraws from the Chinese market Chinese retailers taking the lead

Pointing out the Chinese ability to quickly learn from their Western competitors, he further depicts the importance of different strategies adopted by international companies, which could be monitored:

Walmart and Carrefour play a very important role as to teach Chinese companies retail business (...). (Interview with major Chinese Retailer 2015)

Besides money and successful management style, as mentioned by the interviewed expert of China Chain Store Association (CCFA) (Interview with CCFA 2015), international retailers also brought something new to the market in more recent years. As compared to small traditional retailers, large foreign retailers are considered to be more capable in improving the health and safety conditions of production systems, thereby alleviating the food and safety concerns of consumers that have been exacerbated by ongoing food crises. This is reaffirmed by one of the interviewees, the Commercial Director of ParkNShop (Interview with Major Hong Kong Retailer 2015):

Chinese consumers are very much quality and food safety conscious, with all the food scandals and the fake products, more than in any other country that I have worked in.

Former Head of Business Development at Metro China, claims that:

(...) the level of food safety increased through the international players, as higher standards through own academies [...] have been established. (Interview Retail Consultant 2015)

Another retail expert also highlights the impact on food safety, referring to co-operation between farmers and companies. Furthermore, she indicates the talent and management which was brought to China through international retailers (Interview with Professor for Retailing 2015). Indeed, international players educated their Chinese counterparts, who hired their staff from foreign companies, as stated by the CEO of Auchan China (Interview with Major International Retailer I 2015). All interviewees agree on foreign retailer's distinctive influence on China's retail transition. Figure 3 provides an overview of the most mentioned contribution factors to retail transition in the PRC.

Although modern retail has regionally transformed the retailing landscape, the extent of the transformation seems to vary. The large majority of interviewees is of the opinion that traditional wet markets will continue to exist. The retail expert from Shanghai City Supermarket points out the importance of trust which supports the Chinese customer's shopping at wet markets where they have "personal relationships and are familiar with the store vendor who they trust" (Interview with Chinese Retailer 2015). Back in 2000, in Goldman's (2000: 1) study on the Shanghai grocery retail sector, it is concluded that even "consumers who regularly shop in supermarkets continue to purchase fresh food in traditional outlets." This applies still today. Moreover, the Chinese consumers' fondness for fresh products is named by all interviewees. Consequently, there remains a pervasive need for wet markets in China even against the backdrop of foreign retail expansion, part of the reason for this also relates to the role of low-income working classes in creating



Fig. 3 Summary of international retailers' contribution to retail transition in China. Source: own elaboration on basis of interviews

a continual demand for the low food prices that can only be found in wet markets. Retail analyst and consultant Mr. Qui (Interview with *Retail Analyst* 2015) highlights very competitive prices, "as sometimes 100 stands sell the same".

Consequently, modern retail also faces challenges from traditional domestic retailers, laying great emphasis on the embeddedness of traditional retail due to various cultural, social and economic factors; a fact that has been acknowledged *inter alia* for the Vietnamese retail market (*Figuié and Moustier* 2009; *Maruyama and Trung* 2011). It is therefore argued that modern retailing introduced by foreign retailers has not totally transformed the Chinese retailing landscape. Instead of replacing traditional retailing, these modern formats co-exist with the less developed rural as well as traditional market.

### 2.3 Economic transition model with Chinese characteristics

As discussed above, several factors, mainly the governmental policy implementations and therewith the opening of the domestic retailing sector to foreign retailers, contributed to the transition of the Chinese retail sector. As the article intends to test how well the Economic Transition Model by *Bradshaw* (1996) suits the Chinese context, it is presenting a framework enabling an understanding of the factors that appear to trigger changes in the retail landscape.

The post-socialist states, of which China is one, are often referred to as transitional economies, meaning that these states have been undergoing the shift from a planned to a market economy. *Batra* (1999: 5-8) suggests several 'baseline conditions' for transitional economies which include, *inter alia*, low consumer incomes by Western standards, the presence of a 'dual economy' structure, geographical disparities as well as protectionism. Yet, *Sternquist and Qiao* (1995: 27-28) allude one essential difference between China and former Union of Soviet Socialist Republics (USSR) as well as erstwhile socialist countries. These approached the development of a market economy in contrasting ways. While in the former USSR, the political system was changed first, the PRC primarily altered the economic system towards a free market before leaving the political security of a communist/socialist system.

Based on the experiences of the former Soviet Union and the Eastern and Central European countries, *Bradshaw* (1996) theorized a model of economic transition for the post-socialist states. While not retail specific, this paper considers the model as a useful framework for examining the retail transformation in China. *Bradshaw* (1996) identifies four dimensions in the economic transition process: (1) Macroeconomic stabilization; (2) Liberalization; (3) Privatization; and (4) Internationalization. These dimensions have no particular sequence and often take place simultaneously. It is argued that the model does not only suit the Chinese context in general, but is applicable for China's retailing transition. The extended model considers the essential steps throughout Chinese retail history, as discussed in this paper, and interprets the four dimensions as illustrated in *Figure 4*.

### 3. Conclusion

This article sought to provide insight into the highly significant and yet relatively under-studied processes of retail transformation that occurred and are still occurring across the world's largest retail market. Since the PRC's foundation in 1949 and the beginning of a dramatic policy change from 1973 onwards, transformation from state-controlled to modern grocery retailing has taken place with unparalleled speed. At the heart of these transformations stands the economic liberalization which formed the basis for macroeconomic stabilization and the opening up of the domestic retail sector. The implementation of SEZs and a wide range of retail regulations have advanced the prior rigid distribution system and created a retail landscape non-existent before the 1990s. Yet, the Chinese government continued to heavily restrict international retailers and dictate their geographical expansion within the Chinese market. Consequently, the transition processes triggered by foreign retailers have been heavily influenced by governmental regulations. Nevertheless, with the first foreign retailers entering the Chinese market in the early 1990s, further changes towards a modern retailing landscape were set in motion. Based on interviews with retail experts, the article argues for a number of contributions on the part of international retailers that facilitated the retail transition, including the introduction of new formats, the improvement of technology as well as the increase of food safety and quality. Consequently, it is argued that they play a catalytic role in the retail transition process. This argument is supported by the

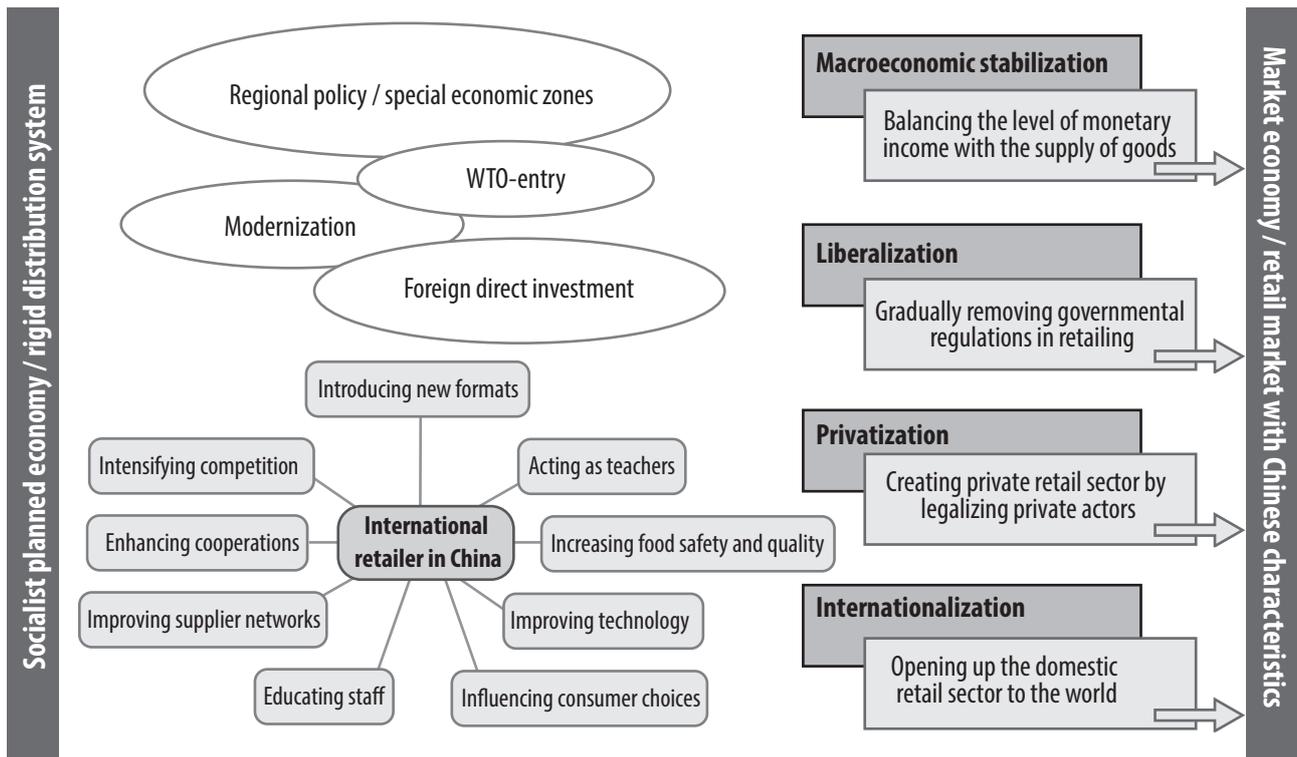


Fig. 4 Four Dimensions of the Retail Transition Process for China. Source: own extended illustration, adopted from Bradshaw 1996: 267

application of the Economic Transition Model by Bradshaw (1996). The model was adapted to the Chinese context, and therewith presents a framework for understanding the factors that triggered changes in the retail landscape.

However, the ongoing transitions involve more actors than just retailers, but also huge number of consumers, government institutions, suppliers and farmers across China. The complicated connections of different retailer strategies, political conditions, regulatory frameworks, consumer cultures and supply network structures serve to construct a unique Chinese retail market that, while exhibiting a general tendency toward formalization and consolidation, also reveals highly significant regional differences in terms of the pace and nature of change. That being said, and as this paper has shown, there is existing research on these topics but its coverage is currently uneven and partial. More research is urgently needed on all these aspects of retail transitions in China. From a geographical perspective, it is important to position our understanding of national market conditions alongside processes operating at other spatial scales. In terms of sourcing, for example, do retailers establish regional sourcing patterns serving multiple markets within China, and how does this vary across different kinds of commo-

ties? Besides, to what extent are there important international variations in processes of retail change? Consumer habits and tastes heavily diverge across different sub-national regions, as well as between urban and rural contexts. Equally, retailers do respond to these differences with spatially variable strategies and formats, as seen in the activities of French retailer Carrefour in the Chinese market. In the context of slowing economic growth and the geographical transition of economic power regions, it will be of interest as to how and where international retailers will enter and thrive in the Chinese market in the future.

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- Major Chinese Retailer* 2015: Mr. Ran, Retail Expert – Director of Strategy Planning
- Major Hong Kong Retailer* 2015: Mr. Kraaijeveld, Commercial Director at ParkNShop
- Major International Retailer* 2015: Vice President
- Major International Retailer I* 2015: CEO China
- Major International Retailer II* 2015: Mr. Simon, Retail Expert – 7-Eleven – CEO South China
- Major International Retailer III* 2015: Retail Expert – National Expansion Director
- Professor for Retailing* 2015: Mrs. Zhu Yi, Retail Professor
- Retail Analyst I* 2015: Mr. Stocker, Retail Expert and Consultant
- Retail Analyst* 2015: Mr. Qui, Retail Analyst and Consultant
- Retail Consultant* 2015: Mr. Kampf, Retail Expert and Freelance Consultant