

Research note

Retail exchanges: a research agenda

*Leigh Sparks and
Beverly A. Wagner*

The authors

Leigh Sparks is Professor of Retail Studies and **Beverly A. Wagner** is a Lecturer, both in the Department of Marketing, University of Stirling, Stirling, UK.

Keywords

Channel relationships, Supply-chain management, E-commerce

Abstract

The nature of logistics and supply chain management has dramatically changed as a result of new information technology. Information is now critical in supply systems and information technology has allowed companies to transform their dealings with customers and suppliers. The development of retail exchanges is stimulating further change in supply chains and buyer-supplier relationships in the retail sector. This paper briefly considers concepts such as QR, ECR and CPFR utilised by the retail sector to promote supply-chain efficiencies. It then goes on to explore the impact of retail exchanges and outlines progress so far. Finally, research issues arising from the retail exchanges are set in the context of research questions and propositions to further understanding of the impact of retail exchanges on supply chain management and the retail industry as a whole.

Electronic access

The Emerald Research Register for this journal is available at
<http://www.emeraldinsight.com/researchregister>

The current issue and full text archive of this journal is available at
<http://www.emeraldinsight.com/1359-8546.htm>

Supply Chain Management: An International Journal
Volume 8 · Number 1 · 2003 · pp. 17-25
© MCB UP Limited · ISSN 1359-8546
DOI 10.1108/13598540310463323

Introduction

Recent years have witnessed a transformation of the retail landscape (Dawson, 2000; 2001) and the way in which retailers manage their supply chains has been altered fundamentally (Sparks, 1998; Fernie and Sparks, 1998). At the same time, the nature and extent of these supply chains has also changed. Retailer activity has become more global in its scope. Logistics and other activities have to be managed over greater distances than ever before. The nature of retail competition itself has changed, with an increase in business range and concentration. From being a local activity, retailing for some companies has progressed through the national level, to an international and, in certain cases, a global scale.

As these organisations grow and seek to enhance their activities and reduce costs, they search for the most appropriate management methods, tools and activities to bring this about. For some, it has evolved into almost a virtual organisation with outsourcing being its prime activity (e.g. Benetton, Tommy Hilfiger). Some elements of the business, for example, supply or production can be readily outsourced (e.g. Tesco), whereas some activities remain internal. In either case, closer relations among a network of contractors becomes essential. The nature of these retailer relationships varies. Some are more collaborative or associative than transaction focused (Dawson and Shaw, 1990). In all cases, however, the need to control costs, yet provide requisite service on this scale becomes a key focus of attention. An array of relatively new concepts has been introduced into the management of retail supply chains in an attempt to improve performance. For example, concepts such as quick response (QR), (Fernie, 1994; Fiorito *et al.*, 1995; Kincade *et al.*, 2001), efficient consumer response (ECR) (Kurt Salmon Associates, 1993; McMichael *et al.*, 2000) and collaborative planning, forecasting and replenishment (CPFR) (Angeles, 2000) have become common, though the benefits arising from them are sometimes questioned (Kotzab, 1999). To some extent, these are tools within a wider potential re-structuring of supply chains, through the introduction of electronic markets or retail exchanges.

Such exchanges are characterised by the retailers' direct access to distributors and

suppliers, enabling businesses to interact via a neutral intermediary (the exchange) to conduct either one-to-one or multiple transactions. Thus, suppliers gain access to more buyers, and buyers can contact many suppliers. Such exchanges also hold out the hope of a more efficient supply system, through better and more rapid communications facilitating improvements in planning, deployment of transport fleets, warehouse management and procurement procedures (WWRE, 2000). Although these could provide members with cost and service benefits in line with their global ambitions, they might also change the nature of some business relationships.

Quick response (QR), efficient consumer response (ECR) and collaborative planning, forecasting and replenishment (CPFR) are customer-focused strategies that encourage strong relationships between the retailer and the buyer. Strategic alignment can only be achieved by the full co-operation of retailers, suppliers and distributors, working towards mutual goals of reduced cost and greater efficiency. Joint problem solving requires close interaction among the channel partners and an atmosphere of trust that innovative solutions and better ways of working can be devised. Now, with the advent of the Internet, retail exchanges are open to anyone who wishes to use them and are designed to facilitate the transaction of goods and services necessary to operate retail enterprises of all sizes. Table I compares QR, ECR, CPFR and the retail exchange.

Retail exchanges

The basic principle behind the exchanges is to allow a market space where competitors, suppliers, etc., can co-operate to set standards and approaches and allow new methods of business to evolve. By utilising common tools and standards, opportunities for efficiency, wider sourcing and new markets emerge. Proponents of exchanges see them as having considerable power to improve the supply chain and the end product for the consumer. Two major retail exchanges have been developed:

- (1) GlobalNetXchange (GNX) initiated by Carrefour and Sears Roebuck, but now with membership including Kroger, Metro, Coles Myer, PPR and Sainsbury.

- (2) WorldWide Retail Exchange (WWRE) operated by a consortium of retailers including, among others, Ahold, Auchan, Best Buy, Casino, Delhaize, Gap, JC Penney, Jusco, Kingfisher, Kmart, Marks & Spencer, Safeway (UK and USA), Target, Tesco, Dixons, Dansk, Edeka, Dairy Farm, El Corte Ingles.

GNX claims to be a globally-integrated retail supply chain network, leveraging the Internet to seamlessly connect trading partners across extended retail supply chains. This open network changes the way retailers collaborate with their global supply chain partners to satisfy demand, quickly and profitably. Table II suggests how this is achieved. The links with CPFR are clear. In addition, however, the exchange supports a range of auctions and complex bid/quote processes. With supplier and retailer catalogues on-line, searching, sourcing and spot purchasing are made easier.

The WWRE enables Web-based transactions among retailers and suppliers operating in the food, general merchandise, textile/home and drugstore sectors. WWRE sees exchanges as revolutionising trading relations in a number of ways. First, by the creation of open systems in which firms can establish short- or long-term relations with one or more partners. Second, buyers and suppliers who previously had trouble reaching each other can be connected. Suppliers can gain access to more buyers. Buyers can participate easily and view items from multiple suppliers. Third, the electronic interface will lower transaction costs for both buyer and seller. Finally, this transparency is likely to drive down prices by rapidly developing and implementing new e-business models and advanced technologies.

Since 1999, manufacturers and retailers have spent approximately \$1 billion on IT in attempts to make the supply chain more collaborative, but as yet with limited positive results (July, 2002). A considerable proportion of this money has been spent on various retail exchanges, such as GNX and WWRE. The main reason for lack of progress is that, in an electronic world, data must be correct and consistent. Businesses have trouble internally with poor or non-standardised information. According to commentators, lack of a common product language has reduced the success of exchanges, leading companies to stick to

Table I Summary comparison of QR, ECR, CPFR and retail exchanges

Dimension	QR	ECR	CPFR	Retail Exchange
Focus	Apparel industry	Grocery industry	Retail industry	Retail industry
Technology	EDI, EPOS, Bar coding	EDI, EPOS, Bar coding	Dedicated intra and extranet	Internet Public
Goal	Reduced cycle times Reduced inventory Efficient management of disturbances in the supply chain More efficient planning of the supply chain			
Pre-requisite	Strategic partnering Compatible management information systems Real-time information management			Internet access Internal and external IT capabilities
Behaviour	Teamwork Continuous improvement Joint problem solving Supply chain transparency			Transactional Promotes co-operation – but not evident so far
Levels	Strategic – Partner selection Tactical – Implementation across boundaries Operational – Process interface efficiency			Strategic, tactical and operational – but not clear the extent to which any of these levels have been influenced to date
Trade-off	Balance between autonomy and control			Loss of differentiation vs efficiency and reduced costs Loss of intellectual property vs capability development and innovation

Table II GNX methods of integration

Method	
Collaborative demand forecasting	Retailers and suppliers can improve forecast accuracy by enabling collaborative demand planning processes. Trading partners can share their production and demand forecasts via demand planning tools. These will deliver automatic consolidation of forecasts, comparison of demand and production forecasts, and identify exceptional conditions. Exceptions can be reviewed by the entire supply chain, and the appropriate adjustments to both production and demand forecasts made instantaneously
Collaborative supply planning	Trading partners can reduce inventory and improve cycle times by sharing production schedules and proactively resolving problems. This sharing of information allows manufacturers to compare production and capacity schedules and identify unusual conditions. Exceptions can be reviewed and schedules can be adjusted appropriately in order to create synchronized supply plans
Global inventory visibility	Suppliers and other trading partners are able to share information about current inventory levels in order to rapidly fulfill urgent needs for critical purchases. Inventory levels may be published by product and location when the need arises; trading partners can then search these locations to determine where inventory is available
Collaborative order promising	Members can improve customer service across a “virtual supply chain” by instituting collaborative order processing. Trading partners can request an availability check for a product or service. This request can then be forwarded automatically to the identified supplier. GlobalNetXchange provides the trading partner with accurate availability date and source of supply

Source: GNX Web site www.globalnetxchange.com

Abstracts & keywords

Purchasing and supply chain management practices in Botswana

Kabossa A.B. Msimangira

Keywords Supply chain management, Botswana

Discusses supply chain management practices, with emphasis on purchasing, in Botswana (a developing country). Focuses on problems facing business operations and how to improve the situation. Presents the views of purchasing personnel from public and private organizations and of students taking purchasing and supply chain management courses. Discovers that purchasing has not been recognized as a profession, which has led to lack of motivation in purchasing sections' personnel. Further, purchasing policies on external relationships and image are non-existent in most organizations. Claims that managers need to change their thinking about the purchasing and supply function – to see it as strategic and not clerical; and purchasing and supplies personnel require training in supply chain management.

Procurement best practice in the food industry: supplier clustering as a source of strategic competitive advantage

Ray Ryder and Andrew Fearne

Keywords Food industry, Purchasing, Business-process engineering, Supply-chain management, Organizational restructuring

Looks at the way in which a pizza manufacturing company, supplying both branded and own-label products to the Irish and UK retail markets, undertook a major restructuring of its procurement and manufacturing processes. Numerous sub-processing activities were having adverse effects on capability utilization and manufacturing efficiency

at a time of increasing demand. Process re-engineering was required. Illustrates the approaches taken towards two projects: first, cheese supply and, second, packaging. Notes there was a steep learning curve for the management and operations staff and also resistance to change from within the firm and from some suppliers. Provides a list of critically important points learned from the experience.

Retail exchanges: a research agenda

Leigh Sparks and Beverly A. Wagner

Keywords Channel relationships, Supply-chain management, E-commerce

The nature of logistics and supply chain management has dramatically changed as a result of new information technology. Information is now critical in supply systems and information technology has allowed companies to transform their dealings with customers and suppliers. The development of retail exchanges is stimulating further change in supply chains and buyer-supplier relationships in the retail sector. This paper briefly considers concepts such as QR, ECR and CPFR utilised by the retail sector to promote supply-chain efficiencies. It then goes on to explore the impact of retail exchanges and outlines progress so far. Finally, research issues arising from the retail exchanges are set in the context of research questions and propositions to further understanding of the impact of retail exchanges on supply chain management and the retail industry as a whole.

Complementors: fellow travellers in contract manufacture

John Noonan and Michael Wallace

Keywords Manufacturing, Supplier relations, Supply-chain management, Contracting out

Two major markets exist in manufacturing and both are rapidly changing. On the one hand, there are the traditional original equipment manufacturers (OEMs) who build their own end-user products. Fewer and fewer of the vital components within the products sold are original. Instead, a structured network of supplier companies builds the components. These contract manufacturers may have a number of OEMs as clients and keep their manufacturing processes running full-time by shifting jobs back and forth among client's orders as demand requires. In recent years, more and more is required of the contract manufacturer. As well as working with traditional external forces the contract manufacturer now has to contend with the concept of complementors. This paper describes research into the concept of the complementor and proposes the complementor impact model for contract manufacturers. This new model demonstrates how contract manufacturers may capitalise relationships with fellow complementors. In doing so they themselves become superior complementors.

conventional buying methods or build proprietary networks for e-business (*The Grocer*, 2002).

At any given time, up to 30 per cent of information in the “catalogue” (product listings) that retailers use to order products from manufacturers is incorrect, which means that 10-15 per cent of products are not available when the consumer wants them. Traditionally, vendor-managed inventory has been used to ease this problem (*The McKinsey Quarterly*, 2002). The manufacturer gets information on what is selling, so that he knows when more products have to be put on the shelves. Retailers and manufacturers have worked together to develop forecasts, which manufacturers would build into a CPFR model. So far, retail exchanges have not been able to realise this.

Suppliers are also wary of further involvement in e-marketplaces. Disillusioned by pricing and other concessions, they are still waiting to see the promised volume and liquidity levels. What has changed is the emergence of private exchanges, namely invitation-only networks that connect a single company to its customers, suppliers or both (are we talking about EDI and ECR again?). Private exchanges provide secure, one-to-one communication, and enhance shared supply chain processes, such as inventory planning, production planning and order fulfillment. McKinsey research suggests that private exchanges can offer competitive advantages to most large suppliers if companies understand what these networks offer and what they demand in return (*The McKinsey Quarterly*, 2002). However, this will also cause the smaller supplier real problems.

A few retailers, e.g. Wal-Mart, have had the will and the finance to create priority supply chain information systems and the power to force suppliers to adopt them (July, 2002). Wal-Mart gains a major competitive advantage from the efficiency of its electronic product information, ordering, supply chain management and delivery systems. Wal-Mart requires every manufacturer to manage its own in-store inventory and uses EDI networks and its private collaborative trading hub, “retail link”, to consolidate global purchasing. It brings 10,000 suppliers online to communicate sales and inventory data. Wal-Mart also uses its networks to manage its supply chain and logistics.

Thus, it could be argued that the real value of exchanges so far, has been to allow retailers to validate the value of their private exchanges. Sainsbury is also working on software solutions to build collaborative applications into its private exchange, independent of GNX (*The Grocer*, 2002). Table III compares public and consortia exchanges with private exchanges.

Fundamentally, e-marketplaces change the relationship dynamics between buyers and sellers from one-to-one to many-to-many. Over the past year, 2001-2002, WWRE and GNX have developed, and launched, a series of technology solutions to promote co-operation in the exchange environment. Table IV summarises the solutions and services now offered by WWRE.

GNX provides similar solutions using slightly different descriptions; for example, negotiations tool, CPFR: collaborative product design, and perishable exchange. GNX and WWRE seem to be focusing on process change within its members' organisations, encouraging them to take the collaborative exchange concept on board and use the exchange applications to drive change management (*Retail Week*, 2002). However, these “new” solutions do appear to resemble the four tenets of ECR: efficient assortment; efficient store replenishment, efficient store promotion and efficient product introduction.

Are we seeing old wine in new bottles? A recent investigation by Eng Yong and Spickett-Jones (2002) reported that current internet exchanges are more suitable for commodity-based products and services, and that key issues concerning collaborative planning, forecasting and replenishment have been impeded by short-term focus of transaction-based activities in e-marketplaces. This situation was also apparent prior to the introduction of the Internet exchange. Academic literature emphasised that the main reasons why predecessors such as ECR and CPFR were inhibited was because the fundamental close relationship, essential for co-operative behaviour between buyer and supplier, did not exist (Kotzab, 1999; Perry and Sohal, 2000; Angeles, 2000). Furthermore, the Internet so far has been confined to internal processes and not yet been used to exploit opportunities beyond the traditional ownership of supply chains or involved collaboration with external firms to reach new markets and synchronize product

Table III Comparison of public, consortia and private exchanges

	Public e-markets	Consortia exchanges	Private exchange
Ownership	By third party	Jointly by 2 + industry incumbents	By one company
Access	Public	Equity holders and selected trading partners	Invitation only
Examples of functionality	Procurement through on-line catalogues, auctions	Procurement through online catalogues, auctions Recent expansion into inventory management	Collaborative value chain processes
Main source of value	Price savings from aggregation, discovery	Price savings from standardisation, discovery	Savings in value chain process, total cost of ownership
Business processes	Standardised Non-proprietary	Standardised, non-proprietary	Customised proprietary
Relationship with trading partners	One-off, sporadic	One-off, sporadic	Long-term committed
Examples	Fastparts.com	WWRE; GNX	Wal-Mart

Source: Mckinseyquarterly.com

Table IV Summary of solutions and services offered by WWRE

Solution/service	Function
CPFR	Collaborative planning develops mutually agreed forecasts based on the best data available to both parties. Results have been improved trading relationships and streamline processes
World trade logistics	WTL address trade compliance, logistics costs estimation and analysis. Designed to streamline and automate global supply chain trade logistics operations in one centralised location
Surplus goods exchange	The SGE offers efficient, low-cost and neutral end-to-end online trading process that integrates all aspects of freight logistics, financial settlement and dispute resolution
WISP	Worldwide indirect sourcing and procurement (WISP)
Design and planning management	Supporting collaborative new product development
WWRE university	Offers online course registration, career development tools, training materials

Source: worldwideretailexchange.org

planning and promotional activities (Eng Yong and Spickett-Jones, 2002).

Emerging strategies and new competitive dynamics

Retail exchanges bring into question the universal trade-off between richness and reach. Richness means the quality of information, defined by the user such as accuracy, bandwidth, currency, customisation, interactivity, relevance and security. Reach means the number of people who participate in the sharing of that information. Until recently it has been

impossible to share simultaneously richness and reach (Evans and Wurster, 2000, p. 23). The Internet has changed this and the aim of retail exchanges is to exploit the opportunities presented in terms of both richness (greater collaboration) and reach (opening up new markets for both large and small suppliers). However, this goal will remain uncertain until common standards are available that will enable everybody to communicate with everyone else at zero cost. It is this, according to Evans and Wurster (2000), that constitutes the sea change. When proprietary EDI systems can be superseded by industry-wide extranets and everyone can exchange rich information without the constraints of reach,

the channel choices for marketers, supply chains and the boundaries of organisations will all be thrown into question (Evans and Wurster, 2000, pp. 30-37). In order to improve our understanding we need to look at all the players, that is the buyer, the intermediary and the seller and consider strategies they might employ and the competitive advantage to be gained from deploying such strategies. Competitive strategies for buyers, sellers and intermediaries in an e-marketplace can be summarised in Table V.

Retailers are large enough to force radical changes along the supply channel. But this can only be effective if all parties in that channel are developing at the same pace; that is, the supply channel is only as strong as its weakest link. Some suppliers, particularly the SME, may not have the structures, systems and procedures to support radical supply chain change and may be thrown by the wayside. Such ruthlessness may damage retailers' supply base. Traditionally, supply chain management has been sub-optimised because parties in the channel are not able to articulate the architecture of their supply chain. It still remains doubtful if retailers have really thought through the implications of retail exchanges in the longer term for themselves and the consequences on their supply channel partners.

Research issues arising

Retail exchanges are intuitively compelling, but it is still not really clear how they are going to affect retail industry competitiveness and their influence on the supply base. From an academic point of view, it is important that we examine the theoretical foundations appropriate to retail exchanges. Instead of attempting to develop new theories to support

e-marketplace strategies, we could look at the lessons from the past. Transaction cost economics, network theory, evolutionary, process and chaos theories, to name but a few, enable academics to investigate retail exchanges from a multitude of dimensions. Longitudinal studies, using cross-disciplinary perspectives will, in time, build a clearer picture of their impact on an increasingly unpredictable and dynamic competitive world.

Researchers investigating their impact from this fundamental standpoint will have to begin from basics so as to build depth of knowledge and breadth of understanding. Four basic questions arise:

- (1) *Will the exchanges simply reflect the traditional marketplace?* We need to consider the changing nature of relationships in retailing and supply chains. The ways in which these changed in the 1990s and the move away from transactional approaches, is well documented. Any description of major retail supply chains has to consider relationships and partnering as a key focus. It is also clear that as these changes have progressed, so the depth and nature of the relationships have also changed. But what do retail exchanges do to these relations? Although exchanges are in the context of electronic marketplaces there are some personal elements to them, particularly as regard to the establishment, but they are essentially impersonal, transactional-based operations. To a great extent, retail exchanges could be perceived as a retrograde step back to the previous method of operations, albeit that the scale and scope of the transactions differ. Our agreed understanding of buyer/supplier relations in supply chains may need to be reconfigured and this leads to our second question.

Table V Emerging competitive strategies for buyers, sellers and intermediaries

Channel member	Strategy	Competitive advantage
Sellers	Reach more customers and circumvent retailers	Long-term benefit is in their product and strategic importance to the retailer
Intermediaries	Earn transaction commissions and fees for added value services	Delivery of services that provide competitive advantage to buyer
Buyers	Best rewards go to buyers	Price
	Ability to compare prices easily	Use and amount of consumer specific information
	Compel suppliers to compete	Maximise supply chain efficiency

- (2) *How will the exchange affect co-operation between trading partners?* Exchanges not only enable relationships to form and to continue, but also offer a ready ground for testing prices, quantities and specifications. The fact that exchanges may be easy to use, and could become the business norm, might expose business relationships to broader scrutiny. What is not yet apparent is the extent to which buyers or suppliers are willing to use such exchanges compared to traditional business practices. The fact that the exchanges are controlled by a group of competitors, adds further to the complexities surrounding business relations in the retail industry.

Developing this point, we may need to consider new concepts when discussing such buyer/supplier relationships and how supply chain management can be developed. We traditionally think of horizontal customer/supplier co-operation as being most common and easiest to attain, while vertical dimensions involving co-operation between competitors appear less likely. However, as competition becomes rooted in the efficiency of the supply chain, industry players come to recognise that it is necessary to co-operate with competitors. This means companies assess the strength of core competencies and identifying and outsourcing activities that do not add value to the organisation's core activity. Furthermore, the danger of falling foul of EU anti-competition law leads to our third question.

- (3) *How can businesses participate in the exchange to create value for themselves and prevent it shifting to competitors?* These exchanges have the potential to be exclusive clubs for big companies. On the other hand, exchanges have the potential to alter existing relationship practices, but in which direction? While there have been declarations about openness, they are unlikely to be substantive. In all cases, though the *raison d'être* for exchanges is one of price reduction from scale efficiencies, smaller local firms may find it tough to break in. The impact of these exchanges is therefore likely to accelerate tendencies towards concentration. This will occur at the buyer and the supplier level, but is also likely to impact on those

physically and virtually handling the transactions. We need to question the effect of exchanges on notions such as scale for all parties in the retail supply chain. Will they become simply mechanisms to enable the big to get even bigger or is this an ideal platform for large-scale industry-wide, supply-chain process improvements? Of course, this can be done by identifying appropriate areas to co-operate that will not impinge on anti-competitive behaviour; for example, compete at retail but co-operate in logistical activities that enhance supply-chain efficiencies. This is what retail exchanges purport to do already, nevertheless they are still attracting EU examination. Given the degree of uncertainty surrounding retail exchanges, we pose one final question in this research note.

- (4) *How should companies evaluate whether and when to participate in an e-marketplace?* Many optimistic promises in the technology and retail supply field have yet to be fulfilled. It is therefore not clear at this time what the real benefits of the exchanges are. It is evident from literature that although originators and supporters of the retail exchanges continue to finance and support projects, it is apparent that many continue to wait and see, while others are developing their own private exchanges. Given the pace of change, perhaps this question is already being answered!

Reflecting further on the foregoing questions, it may be useful for the researcher to look at strategic options that the buyer or supplier might evaluate when considering retail exchange participation. Four scenarios are briefly considered in the next section.

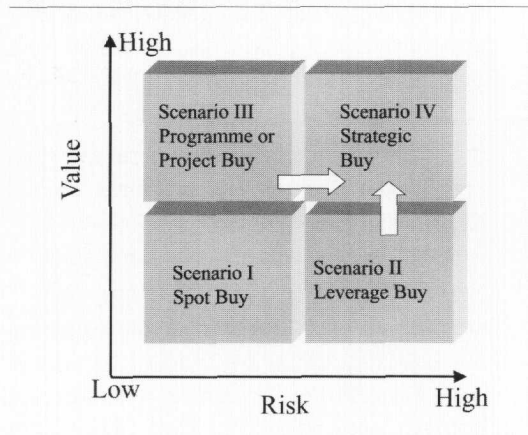
Buyer/supplier scenarios

Using a simple portfolio matrix, it is possible to consider scenarios that begin to explain buyer and supplier options in the e-marketplace and also to establish some propositions to guide research (see Figure 1).

Scenario I

Spot buying. On a transactional buying basis, current retail exchange activity mainly utilise

Figure 1 Buyer/supplier strategic scenarios



low price transactions in interconnected and easily accessible networks. Lower administration costs favour the exchange through catalogue buying and auctions. Economic theory and market behaviour assert that firms will choose transactions that economise on administration (co-ordination) costs. This leads to our first proposition:

P1. There will be a continuing shift to the electronic marketplace by large retailers who exploit low cost transactional commodity buying.

The danger here may be that suppliers do not impose rigorous cost/benefit analysis and consequently make goods available at lower than cost. Given that overheads are often allocated on an average basis, the true cost of supplying the retailer may be difficult to calculate and supplier margins will be eroded to meet the price agreed.

P2. Supplier margins will be eroded through aggressive buying and their long-term sustainability questioned.

Scenario II

This may be described as leverage buying. Buyers systematise processes even further and concentrate on marketing at the consumer end of retailing.

P3. Too much buyer power could bias the market towards preferred suppliers reducing overall effects of competition.

P4. Suppliers are forced by buyers to comply, weaker suppliers cannot compete, and fewer larger suppliers remain

Scenario III

Project or programme buying driven by the customers' needs for local specialised

produce. While small and medium-sized suppliers will be involved here; many do not have the infrastructure or resources to meet large retailer demands. The retailer is expected to operate in a co-operative environment on a one-to-one basis with the supplier which may require a change of mind-set and behaviour on the part of the buyer.

Both Scenario II and III suppliers have the potential to move into the fourth quadrant if they attain greater strategic importance to the retailer.

P5. The buyer runs the risk of ruining his supply base and relationships already built up over many years.

P6. Local specialised suppliers may not be able to respond quickly enough for the buyer.

Scenario IV

Strategic buying and partnering remains the main source of competitive advantage. Exchanges have introduced CPFR and other collaborative solutions. However, as it has been argued earlier, these solutions are only compatible in private exchanges.

P7. Retailers who wish to continue this strategy will create their own exchange.

Summary

So far, retail exchanges are not yet proven and raise more questions than providing satisfactory answers. Experiments thus far have been publicly hailed as successes, although in trade writings about exchanges, often the same examples are used. It remains the case that despite a number of high profile retailers joining exchanges, many are waiting on the sidelines until advantages become clearer. In such an atmosphere, undertaking research is difficult, with problems of access and confidentiality arising. Nonetheless, what is certain is that these exchanges raise issues that deserve academic scrutiny. As retailing is different operationally to many other sectors, we might expect differences in the approach to the subject of supply and exchanges. Also we need to clearly establish what these differences are. It is therefore our responsibility to probe and sometimes it is the simple questions that lead us to the most profound answers.

References

- Angeles, R. (2000), "Revisiting the role of the Internet-EDI in the current electronic scene", *Logistics information Management*, Vol. 13 No. 1, pp. 45-57.
- Business Wire* (2002), 28 April.
- Eng Yong, T. and Spickett-Jones, G. (2002), "An investigation of the concept of e-marketplace in supply chain management", paper presented at the BAM International Conference, London.
- Evans, P. and Wurster, T.S. (2000), *Blown to Bits: How the New Economics of Information Transforms Strategy*, Harvard Business School Press, Boston, MA.
- Dawson, J.A. (2000), "Retailing at century end; competing in volatile markets", *Industrial Marketing Management*, Vol. 29, pp. 37-44.
- Dawson, J.A. (2001), "Is there a new commerce in Europe?", *International Review of Retail and Distribution Management*, Vol. 11, pp. 287-99
- Dawson, J.A. and Shaw, S. (1990), "The changing character of retailer-supplier relationships", in Fernie, J. (Ed.), *Retail Distribution Management*, Kogan Page, London.
- Fernie, J. (1994), "Quick Response: an international perspective", *International Journal of Physical Distribution & Logistics Management*, Vol. 24 No. 6, pp. 38-46.
- Fernie, J. and Sparks, L. (Eds) (1998), *Logistics and Retail Management*, Kogan Page, London.
- Fiorito, S., May, E. and Straughn, K. (1995), "Quick response in retailing: components and implementation", *International Journal of Retail & Distribution Management*, Vol. 23 No. 5, pp. 12-21.
- Hoffman, W., Keedy, J. and Roberts, K. (2002), "The unexpected return of B2B", *The McKinsey Quarterly*, No. 3, available at: www.mckinseyquarterly.com
- Karolefski, J. (2002). "Trading exchanges", *Food Logistics*, 15 May, pp. 15-18.
- Kincade, D.H., Vass, D. and Cassill, N.L. (2001), "Implementation of technology and relationships to supply chain performance: apparel manufacturers' perspectives", *International Review of Retail and Distribution Management*, Vol. 11, p. 301-27.
- Kotzab, H. (1999), "Improving supply chain performance by efficient consumer response? A critical comparison of existing ECR approaches", *Journal of Business and Industrial Marketing*, Vol. 14 No. 5/6, pp. 364-7.
- Kurt Salmon Associates (1993), *Economic Consumer Response: Enhancing Customer Value in the Grocery Industry*, Washington, DC.
- McMichael, H., Mackay, D. and Altmann, G. (2000), "Quick response in the Australian TCF industry: a case study of supplier response", *International Journal of Physical Distribution & Logistics Management*, Vol. 30 No. 7/8, pp. 611-26.
- Perry, M. and Sohal, A.S. (2000), "Quick response practices and technologies in developing supply chains", *International Journal of Physical Distribution & Logistics*, Vol. 30 No. 7/8, pp. 627-39.
- Retail Week* (2002), "GNX helps build on basics", 22 March.
- Sparks, L. (1998), "The retail logistics transformation", in Fernie, J. and Sparks L. (Eds), *Logistics and Retail Management*, Kogan Page, London, pp. 1-22.
- The Grocer* (2002), "B2B exchanges must make strides in supply chain services", 18 May.
- WWRE (2000), *Information Pack for Potential Members*, WWRE, July, Washington.