SALES/PROFIT PREDICTION OF A SUPERMARKET

ABSTRACT

The purpose of this study is to describe the determinants of profitability in terms of the strategic profitability model, depicting the "route" to high profitability in grocery retail stores located in market areas possessing dissimilar competitive conditions. Different physical characteristics (e.g. store formats) have traditionally been used as control criteria, but it is argued in this paper that management principles in retail chains should be based on different clusters of stores, formed from local competitive conditions.

The research results are derived from local competitive conditions and the performance of supermarkets, and controlled by one retail chain. The findings show that the "route" to profitability significantly differs between the clusters. Practical implications – Supermarkets under different competitive conditions have different critical success factors and would probably be better managed, supported and evaluated on a different basis, i.e. retail chains need to adjust their approach to their supermarkets depending on local competitive conditions.