PESTEL OF THE LARGE DISTRIBUTION

Introduction to cryptography

The large distribution is part of the most important sectors at the economic level for the French territory and a fortiori for the whole world. In 2020, there are more than 44000 food sales outlets listed and at least 10900 municipalities in France have at least one general grocery store.

The main brands present on the territory are Leclerc, Auchan, U, Intermarché, Carrefour and Casino. They alone hold 85% of the market share. Hard discounters are also part of this landscape, with an increase in customer numbers in these stores of more than 60% over a period of 10 years. The sector's turnover exceeds €210 billion, with more than 700,000 employees, 89% of whom are directly employed on permanent contracts. The wage bill was €15.7 billion in 2020.

1) PESTEL analysis of the retail sector

Politics

The political domain engages the stability of States and the ease of exchanging with the international for all that concerns certain types of products. Indeed, large distributions work regularly with foreign countries to be able to have in their rays a great number of references and thus satisfy consumers.

Note that each country has its own rules and the distributions must take account of various laws and regulations before bringing a product especially.

'Economic'

The large distribution has necessarily a great influence on the economy of a country, since food products are part of the essentials for all consumers.

It is a sector where competition is very high, but which also attracts a large number of customers every day, regardless of the brands. The health crisis did not affect this type of business, which remained open since they were obviously considered essential businesses.

If customers tend to desert for some of them the too large hypermarkets in favor of smaller sales spaces, it remains that the brands in the sector do not know particular difficulties.

sociological

The clientele in the large distribution is very vast, there is no particular targeting on the part of the brands. The most important thing therefore is to be able to satisfy everyone and also to fight against competitors.

The behavior of consumers towards large-scale retail trade is different from that analyzed in the other sectors. In 2020, more than 80% of customers go to the supermarket closest to their home.

Most loyal customers with a loyalty card that allows them to accumulate points and earn discounts on all kinds of products.

Technological

As in all other sectors of activity, large-scale distribution has been forced to adapt to technological innovations. Automated checkouts or click and collect, everything is done to facilitate shopping and customer travel.

Since the beginning of the health crisis, click and collect has taken on considerable importance in customers' purchasing habits.

Hypermarkets are increasingly competing with specialized stores by highlighting sales areas dedicated to technology, with specially present sales advisors to help customers in their choices.

The large distribution wants to be in 2020 closer to the needs and expectations of consumers, with an increased presence on the net and more particularly on social networks. These last ones make it possible to fight always more effectively against competitors while keeping a permanent interaction with Internet users.

Ecological

1) The large distribution, like a majority of others companies, made these last years a big effort to adapt itself to the ecological demand of partners as well as customers. Indeed, the organic products appeared in the shelves there are some years and references do not cease increasing still today. Consumers are very in demand on this type of product which little by little, extended to all fields of activity, food certainly, but also household products and textile.

On the other hand, bags become reusable at will by the customer and many brands deliver cardboard boxes for click and collect.

Legal

At the legal level, large distributions are subject to laws that protect consumers. Opening hours and days are regulated in order not to operate too unfair competition against other small businesses.

The terms of withdrawal regarding technological products or household appliances are the same as in specialized stores.

The obligation of transparency in the origins of products is also in place.

REFERENCES

According to Nielsen, sales in the large distribution sector increased by +2.5% in value and +1.7% in volume over the year 2020. This is a good performance for this sector which has been suffering from declining sales since 2014. The increase in sales is mainly due to the rise in prices (+3.8%) and not to an increase in volumes sold (-2%). The large distribution sector is thus continuing its transformation, with more and more stores being closed or converted into other types of businesses (supermarkets, hypermarkets, etc.).