

THE EGYPTIAN RETAILING INDUSTRY

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ABSTRACT

Egypt is the largest market in the Arab world. A population of more than 84 million citizens makes Egypt a lucrative market in the Middle East. The U.S. retail market differs greatly in comparison to the Egyptian retail market. This paper presents an analysis of the Egyptian retailing industry. The U.S. will be used as a basis for comparison. Results of a survey distributed to 31 large U.S. retailers are presented. The survey assesses interest by U.S. companies to invest in Egypt.

Keywords: *Egypt, Retailing, International Retailing, Retail Management, Retailer Survey*

1. INTRODUCTION

Egypt is the largest market in the Arab world. A population of more than 84 million citizens makes Egypt a lucrative market in the Middle East. About 42% of the population is under the age of twenty (Cairo Festival City hopes to capitalize on Egyptian retail sector, 2008). Cairo, Egypt's capital, has about 17 million residents. Alexandria, the second largest city, has over 4 million people. *Egypt Retail Report* forecasts the country's retail sales to grow from EGP147.80bn (US\$27.22bn) in 2010 to EGP208.37bn (US\$38.37bn) by 2014 (Egypt Retail Report Q4 2010). According to the Al-Futtaim Group, there will be an increase in per capita income by 7.2% between 2007-2012. This will lead to an increase in demand for luxury products and necessitates more modern retail technology. This shift will attract the attention of international brands for the Egyptian retailing market. Egypt's GDP was US \$226 Billion in 2010. Between 2010 and 2014, GDP per capita, is predicted to rise by 63.9% to U.S. \$4,463.

The Egyptian retail market is growing because of the large youth population who are accepting a more westernized lifestyle. The youth generation in Egypt is educated, open-minded and technologically savvy. It is evident that changes occurring in Egypt are not only economic but political as well.

The emergence of a more affluent middle class and the trend toward accepting modern retailing concepts that match their lifestyles is also driving shopping behavior. In addition, more people own cars in Egypt. The average car ownership is 23 cars per 1000 people, which indicates that the country is in a steady rate of growth (Business Monitor International, 2010). Egypt is ranked 13th in terms of the most attractive retail market worldwide. It is one of the most promising and fastest expanding markets in its region. In 2009 Egypt was ranked 15th in global retailing (Consumer survey reveals Egyptian retail purchasing habits, 2010). Thus, the economy is lucrative for foreign investment.

This paper presents an analysis of the Egyptian retailing industry. U.S. retail practices are used for comparisons. Several areas will be addressed including fragmentation vs. concentration, international investment, modernization, Internet retailing, branded product practices, customer service and site selection. Results of a survey distributed to 31 large U.S. retailers are also presented. The survey assesses interest by U.S. companies to invest in Egypt.

2. EGYPTIAN RETAILING

The U.S. retail market differs greatly in comparison to the Egyptian retail market. First, the Egyptian retail market is fragmented in comparison to the concentrated U.S. market. Egypt is shifting toward concentration while the U.S. has a well-established concentrated market. In Egypt the market is dominated by small retailers while in the U.S. large retailers capture the majority of market share.

New modern retailing systems and large retailers created disintermediation in the Egyptian distribution network. Independent small grocery stores used to buy their supplies from giant food retailers instead of wholesalers. Thus these larger retailers sold to small independent retailers as well as the ultimate user.

Another unique characteristic in the Egyptian retailing system is the scarcity of department or general merchandise discount stores. In Egypt most large food retailers are discounters. Although there are some specialty retailers and category killers, their prices are perceived as high. Toys R Us, Radio Shack and Virgin megastores are upscale retailers in Egypt. International retailers that specialize in furniture and home appliances do not exist yet in Egypt. The boom of new cities in Egypt occupied by affluent people is an opportunity for furniture stores. IKEA the European furniture retailer announced it is opening soon in Egypt.

Egypt is an attractive market for many reasons. The inflation rate is about 10% but is expected to drop due to reform programs and political stabilization (Egypt: Retail sector to reach \$ 25.33 billion, 2011).

2.1 Fragmentation to Concentration

Egypt's economic reform program and exposure to global activities has led to a new lifestyle and more modern shopping habits in the country. These changes have helped to transition the Egyptian retailing sector from fragmentation, in which there are many individual and small retailers selling lower end items, toward retail concentration.

Several positive changes are occurring that make the retail landscape appealing and indicate a shift from fragmentation to concentration. First the growth rate is in an upward trend. In addition the youth population and rising middle class will seek more modern products. Finally the consumer base is poised for growth (Egypt: Retail sector to reach \$ 25.33 billion, 2011). Signs of retail growth in Egypt are evident. City Stars Egypt, the largest retail space in Egypt (with around 150.000 sq meters and a value around \$800 million) opened in 2004. The Dandy Mega Mall and Maadi City Center, both large retail centers, have opened in recent years. Many other planned shopping sites are under construction with a balanced tenet mix which appears to mimic the U.S. retail market.

3. INTERNATIONAL INVESTMENT IN EGYPT

The move toward retail concentration encourages international retail investment in Egypt. Retail internationalization occurs when a retail establishment transfers a retail concept (idea, physical presence) to another country, in this case Egypt. International retailers must develop rapport with local suppliers and other members of the distribution network. This is in addition to understanding the culture and consumers of the new environment. Egypt is expected to witness a friendlier business environment which will better fit investors' preferences.

Today there are several international retailers located in Egypt including

- Aldo (footwear) which has four stores in Cairo and one in Alexandria.
- Bershka, located in 50 countries and the youngest brand of the Inditex group, is operating in Egypt selling fashion clothes, shoes and accessories to the 13 – 25 year old market (Bershka, 2011)
- Bianco, a trendy footwear brand from Denmark is currently operating in Egypt and has two outlets in El Obour City and City Stars Mall.
- The French Connection, a clothing retailer, chose Egypt as one of its Middle Eastern locations.
- H&M, located in Cairo.
- Radio Shack is the biggest electronics retail chain in Egypt. The first outlet was opened in Cairo in August of 1998.
- Zara and Mango, the Spanish apparel provider.

- Clarks, the UK specialty footwear and leather goods provider, opened recently in City Stars Mall.
- Esprit, located in Cairo.

Other retailers scheduled to open in Egypt include the UK Marks & Spencer which is expected to open in The Dandy Mega Mall (Consumer survey reveals Egyptian retail purchasing habits, 2010). IKEA, the Swedish furniture store, announced its opening in Cairo. This introduces big box specialty furniture retailing to Egypt.

Grocery chains are also experiencing success in Egypt. Carrefour, Spinneys and the locally owned Hyper One are opening stores (Egypt: Retail sector to reach \$ 25.33 billion, 2011). There is a potential for more retail expansion since the market is undersupplied (Economic Update Egypt: The rise of retail Egypt, 2011).

3.1 Retail Modernization

When it comes to retail internationalization, large international retailers like Carrefour, Ahold, Tesco, Wal-Mart and Metro have already begun operating in emerging economies with locations in Asia, South America, Eastern Europe, and the Middle East, often locating where food retailing is dominated by family-owned stores and other small retailing formats (Goldman, Ramaswami and Krider, 2002). In some emerging countries modernization, especially in food retailing, is accepted while in others it is not. Many studies of emerging economies have indicated that modern retailing techniques may have failed as customers preferred a more traditional format in food shopping (Goldman, 1981; Guerion, 1964; Kaynak, 1985). This may be related to the age of the customer in those countries. In Egypt, indications show that modernization of food retailing is being accepted. Prior studies in developing countries showed that large supermarkets were accepted mainly by the affluent. The time-starved upper classes prefer the one stop shopping that larger retail formats provide (Goldman, Ramaswami and Krider 2002). In the Egyptian retailing market, low income residents visit the larger food stores to benefit from the store's economies of scale which brings down the price of goods and services.

The use of credit cards is greatly increasing Egyptian shoppers' purchasing power (D'Andrea, Marcotte and Morrison, 2010). E-commerce growth is expected to increase as Egyptian youth buying power increases. When customers knowledge increases demands for service quality increases too. Increasing access to the Internet enables Egyptians to customize orders and obtain products which were previously inaccessible. A movement towards dual household income is increasing Egyptians buying power. Consequently middle income Egyptian families have more discretionary income than the past. Families are increasingly buying updated appliances such as bigger refrigerators.

There are many obstacles to the modernization of retailing in Egypt. New retail establishments are opening in crowded areas with no parking facilities. Out-of-stock situations are experienced daily in many stores. Returning merchandise is neither a pleasant nor an easy task for customers. Telephone services numbers are not usually working and if occasionally customers are often placed on hold for extended periods. Consumers often receive conflicting messages from retailers, resulting in frustration.

4.0 INTERNET RETAILING

There is a room for growth in the e-commerce sector in Egypt especially with the younger segments. There have been some successes in this area. For example, Otlob.com a very successful fast food home delivery intermediary, has been offering services in Egypt since the late 1990s. Although not all potential consumers have access to the Internet, there are indications that adoption will not be difficult. Already customer self service techniques that use technology are being aggressively used, especially in the service sector domain. Banks' clients now are used to automated teller machines, official paper documents are now being handled on the Internet, airline companies and agencies are providing their services online. Consumers are ready for the technology revolution that the Internet provides.

There are many barriers for nations to overcome in order to take full advantage of the networked economy. According to Chaffey (2009) there are several barriers to Internet usage from consumers' perspectives such as

- No perceived benefit
- Lack of trust
- Security problems
- Lack of skills
- Cost

In addition, in many developing countries, English is not as commonly spoken, which is another barrier to Internet usage. In addition there are political concerns. The Internet has been used by a variety of groups with diverse agendas, from secular liberals through to trade unionists and Islamists. In general new media have contributed to the advancement of civil society and the promotion of accountability.

In Egypt the government has taken positive steps to encourage Internet usage especially to switch the dialup connection to the faster Asymmetric Digital Subscriber Line (ADSL) connectivity. About 61% of the Egyptian households connecting to the Internet at home used an ADSL connection in 2008, compared to 56% in 2007. As a result, the number of Internet subscribers in Egypt as of March 2008 is approximately 482 thousand subscribers. There are still many Egyptians not using the Internet. Reasons cited are: they don't know how to use it (64%) they believe that there is no need for it (30%) or denial of a contract (9.5%) (The Future of Internet Economy in Egypt... Statistical Profile, May 2008).

4.1 Technology

Businesses are technologically ready. According to "The Future of Internet Economy in Egypt... Statistical Profile May 2008," 93.3% of the Egyptian enterprises use the Internet for communicating with other enterprises. Sending and receiving emails is the most common purpose of using the Internet among Egyptian enterprises. Fifty-nine percent (59%) of the Egyptian enterprises use the Internet either to get information from governmental authorities or to obtain information regarding research activities. A little over one-fourth of the Egyptian companies (26.8%) use the Internet to deal with the banking sector in terms of conducting financial services. There is much room for growth in the business sector's use of the Internet.

5. GROWTH OF BRANDED PRODUCTS

Well-known private brands improve customer segmentation and sharpen the competitive advantages of firms. This also creates or increases customer loyalty. Generally private brands lower the store's prices and sometimes hurt the national brand (Groznik and Heese, 2010). Once multinational companies implemented marketing programs, Egyptians were attracted to new private brands available at the larger retailers and at a few independent retailers. The youth segment is attracted to fashion clothing advertisements produced by national brands such as Zara, Guess, and Mango, among others. Printed advertisements are placed in high quality magazines like "Egypt Today", "Kalam el nass" and "Kol el nass". Modern billboards are also being utilized (The Egyptian retail market, 2010).

In the past, smaller retailers carried generic grocery items. These unbranded products started to disappear from the market as the Egyptian economy began to develop. Within the economic reform context, large international retailers launched branded manufactured packaged products in the Egyptian market. Multinational brands developed a presence in the larger central shopping centers (The Egyptian retail market, 2010). Branded products need explanation to highlight their unique selling propositions. Egyptians are far from branding concepts like brand flagships and brand museums where customers are emotionally affiliated to brands (Hollenbeck, Candice, Peters, and Zinkhan, 2008). Most low income Egyptians are not educated and can't differentiate between branded and generic items.

6. SMALL STORES ARE STILL RELEVANT

In the past, small grocers and independent stores dominated the grocery market and were the primary source of products. Today the large store format dominates the U.S. and Europe as supermarkets and hypermarkets take the majority of market share. Although the trend is spreading, the variation among emerging market countries of the split of market share between small and big box retailers is large. Egypt is currently experiencing the growth of large supermarkets and the loss of domination by small retailers. Some Egyptians are culturally loyal to small independent retailers due to the ease of transactions. This loyalty is not as strong as in the past due to the lower prices offered by larger food retailers.

In the current Egyptian landscape, small retailers must adapt to the changes to remain relevant. There are several actions these retailers can take. One action is connecting with the local community to discover wants and needs. Small independent retailers can also develop niches. In doing so, they can better cater to customers and develop a competitive advantage. "On-the-Run", one of Egypt's successful convenience store retailers, has begun to expand in Egypt catering to the youth segment. Some rural and poor neighborhood retailers in Egypt are sustaining their customer base by providing informal credit lines where retail operator's record debts in a notebook. Informal credit is seen by these small neighborhood stores as a method of creating consumer loyalty (D'Andrea, Aleman, and Stengel, 2006).

For smaller retailers, convenient locations and customer patronage loyalty are competitive advantages which allow them to compete with larger retailers (Moyer, 1962). Egyptians tend to be loyal to small independent retailers based on the simplicity of products that they sell in addition to the "connection" people feel with these small traditional stores.

6.1 Relationship Marketing Important

Relationship building is another way to establish loyalty. Establishing rapport with customers and delivering excellent customer service increases customers' switching costs (Adjei, Griffith and Noble, 2009). Customer Relationship Management can be used to better identify the needs of the current customer base and attract new customers. It is difficult to assess the impact of CRM programs in isolation of other relevant variables (Grewal and Levy, 2007). Nevertheless, CRM programs will help smaller retailers to compete and the landscape evolves.

Relationships with suppliers, and the quality of these ties, boost a retailer's value delivery network and improve customer satisfaction. Because the Egyptian market is currently fragmented, Egyptian retailers must find ways to create relationships with their suppliers that help take advantage of economies of scale, JIT inventory and other Western retailing practices. To compete with retail chains, independent retailers should collaborate together to form cooperatives to increase their buying power with suppliers (Runyan and Droke, 2008).

7. THE LOW INCOME SEGMENT

In Egypt, like most of the other developing countries, low income consumers represent the bulk of purchasing power in the market. Food retailers like Carrefour started to capture market share by attracting the attention of lower income customers. A positive relationship between retail concentration and price has been found in several studies (Lamm 1981; Cotterill 1999). Others have found that concentration lowers price (Bucklin 1986; Aalto-Setälä, 2002).

Education is needed to teach consumers modern marketing methods. Most low income Egyptians don't differentiate between branded and non-branded packaged items, especially when it comes to food and electronics. The pricing of branded vs. non-branded products is not well understood. In emerging markets customers don't realize the full benefits of products; some even don't know how to access different providers' offerings. Store employees also suffer from the same lack of knowledge (D'Andrea, Marcotte and Morrison, 2010).

Different strategies are being employed, especially in the food sector, where the emphasis is on price reduction in order to gain market share or market entry. Many Egyptian low income customers don't understand value-based quality or even the concept of paying more for customer service. Large retailers are able to offer assortment and variety with lower prices, but often at the expense of services and convenient locations (Leszczyc, Sinha and Sahgal, 2004). In developed nations, store quality is defined by location, price assortment, fast checkout, friendly and courteous service, weekly specials and pleasant shopping environments (Goldman, Ramaswami and Krider 2002). These concepts have not reached their potential when it comes to the Egyptian retail landscape.

Low income Egyptians often frequent larger stores based on their belief these stores provide entertainment. The Egyptians often socialize in these stores and because they may have travelled far to get to the store, they will spend a good portion of the day at the stores. We suggest that retailers change the format of stores from selling basic necessities to become knowledge and learning centers that add to the experience of shopping. This will help the retailer connect with the lower income segments.

8. CUSTOMER SERVICE

The quality of customer service provided by retailers is low. For example, many retailers are opening in crowded areas with no parking facilities. Out of stock situations are experienced daily in many stores. Usually returning merchandise is neither pleasant or an easy task for customers. It is very common in Egypt to find customer service telephone numbers not working and when they are, long wait times are the norm. Customers are accustomed to hearing conflicting messages from retail employees. Serving two customers simultaneously is a technique practiced to annoy customers. This is in part due to the culture since Egyptians use a polychronic information processing approach (Hill, 2009) which tolerates multi-tasking.

Related to customer service are Customer Relationship Management (CRM) programs. These programs are widely practiced in the U.S. are not widely used in Egypt. Different retailers in Egypt especially the small independent retailers are not aware of the benefits of CRM and are not willing to sacrifice part of their profits to finance any CRM activities. Egyptian retailers are convinced that proven existing practices are better than new and untested marketing techniques.

9. SITE SELECTION

Site selection is an important issue for the Egyptian retail market segment. Currently, larger retailers often find that it is best to open their stores in isolated locations to benefit from the space and the availability of cheaper land. Location should be addressed not only with the dimension of proximity to customers, but also from the perspective of proximity to other stores. Some retail types will benefit from locating nearby each other and other types may face challenges by locating too close to one another (Grewal, Levy, and Kumar, 2009).

In Cairo, although real estate is scarce, there is a trend toward larger stores (Aalto-Setälä, 2002). New cities are emerging to accommodate the wealthy Egyptians who prefer larger houses. The government is offering land for sale in cities where the affluent live. Most of the larger retailers select sites near these cities.

Retailers have many opportunities in developing countries but they face many challenges as well. Maintaining customer satisfaction, offering safe credit transactions, and getting people to and from the stores are among many challenges faced in Egypt and other emerging markets (D'Andrea, Marcotte and Morrison, 2010). To attract the lower and middle income consumers who may not yet own cars, large food retailers which are located in isolated areas can be more successful by offering promotional cards with transportation discounts, or other offers that defray costs associated with travel to a retailer.

Again, marketing and retailing "tools" may help to increase store patronage. For example, retailers can develop affinity cards, or membership cards for their retail outlets. They may also use other techniques

that can be inserted into the Customer Relationship Management (CRM) programs. The key is to develop customer loyalty. If a large retailer is close to their customers' neighborhoods then the loyalty cards may be attractive to them. Proximity to low and average income customers is needed because the costs associated with travel is prohibitive (Demoulin and Zidda, 2009).

10. CULTURE

The United States is often described as individualistic in orientation (Hofstede 1984; Triandis 1995). Consequently, Americans are said to focus primarily on individual traits and attributes and to view personal independence as an important value.

Egyptians are collectivist and value group membership and loyalty over individual orientations (Hofstede 1984). In Egypt 97% of the population are Egyptians. The major religion in Egypt is Muslim (90%). Family ties in Egypt are strong and family support is evident.

Egyptians have been culturally loyal to small, independent retailers due to the simplicity of retail transactions. Although there has been a history of loyalty, this loyalty is waning due to the increase of large food retailers who offer products and services at lower prices than the current Egyptian retailers. In terms of their retailing behaviors, a recent study ("Consumer Survey reveals Egyptian retail purchase habits, 2010) indicated that forty percent (40 %) of the Egyptian consumers relied heavily on the advice of friends and acquaintances when purchasing apparel. An additional fifteen percent (15 %) chose retail stores based upon the store's brand name, while only ten percent (10 %) utilized sales promotions, discounts, store location and other factors when looking to make a purchase.

11. RESEARCH INSTRUMENT

In order to assess motivational factors that attract U.S. retailers to invest overseas, a survey was developed and administered. The sample was derived from a population of large and medium-sized retailers who may have an interest in retailing in Egypt. Respondents to the questionnaire were minimally store managers, with most of the responses coming from the corporate offices of larger retailers. Of particular importance was retail investment interest in Egypt.

11.1 Results

The survey was completed by executives of 31 large U.S. retailers, mainly located in the Eastern United States. Approximately thirteen percent (12.9%) came from conventional supermarkets, while 9.7% were from superstores, 3.2% combination stores, 16.1% super centers and hypermarkets, 3.2% warehouse clubs and stores, 9.7% convenience stores, 6.5% limited-line stores, 9.7% discount stores, 19.4% specialty stores, and 9.7% off-price retailers.

Sixty-seven point seven (67.7%) of the respondents indicated that they have business activities overseas. By rank order, the factors firms consider when investing overseas included 36.4% indicating that the economic factor is the most important, 4.8% indicated that the cultural factor was the most important, 14.3% said customers' characteristics, 4.8% indicated the supply chain and logistics, 13.6% said political, 52.4% indicated that it was the time to break-even. As for the regions of operations abroad 96.8% operate in the U.S., 64.5% operate in Europe, 16.1% operate in Africa, 38.7% operate in Asia, 19.4% operate in the Middle East, and 12.9% operate in Australia. When asked what challenges these organizations faced overseas, 59.3% chose the economic environment, 14.8% indicated supply chain and logistics difficulties, 11.5% chose some political challenges, 23.1% chose insufficient profits, and 19.2% chose labor issues.

When asked if they think their organization may decide to invest in Egypt 87.7% said yes while 32.3% have already studied the Egyptian market. Within this context 32.3% indicated that the Egyptian market is somewhat attractive.

Firms considered different motives for overseas presence 12.9% said it was the lack of, or a positive political stability that they were studying, 50% indicated they would look for sufficient customer demand, 41.9% were interested in the economic environment, and 3.3% cultural aspects. The results of adjusting the merchandize carried overseas when compared to home country merchandize showed 14.3% of the respondents making major adjustments, 57.1% would consider some adjustment, and 28.6% would do very little adjusting.. Merchandise mix adjustments entail expenses in which 21.4% indicated as major expenses 67.9% went for moderate expenses while 10.7% indicated that merchandise adjustments wouldn't create additional major expenses.

Only 8.0% of respondents indicated that U.S. executives would manage their overseas branches, while 88.0% indicated locals and United States citizens would be responsible for overseas management; four percent (4 %) indicated that they would outsource this task. The foreign market cultural importance was selected by 64.5% of the sample as very important, 25.8% as important, and 9.7% as of little importance.

When the respondents were asked about the relevant concepts to address the retailing industry in Egypt, 83.9% chose the market situation analysis; 90.3% identified firms' strategy; 83.9% marked firms' information system; 93.5% selected the target market; 83.9% said market location; 90.3% checked the merchandise buying and handling logistics, 83.9% identified laws, 83.9% chose human resource management, 90.3% said pricing, 83.9% integrated marketing communication, 87.1% chose customer services, and 29.0% selected others. Note that multiple responses were allowed.

Ninety-six point seven (96.7%) percent of the respondents thought there was a solid correlation between the above mentioned factors and the amount of value delivered to customers, and 3.3% think there is a somewhat solid correlation. Concurrently, 96.7% of the respondents indicated there is a solid correlation between the same mentioned factors and the ability to achieve a firm's retailing business objectives while 3.3% of the respondents said it was a somewhat solid correlation choice. Ranking the reasons behind the shift from a fragmented to a concentrated retailing market resulted showed that 61.3% felt buying power is the most important, 6.7% chose the cultural variable as the most important, 23.3% referred to the sufficient infrastructure as the most important and 10.0% indicated the political regimes were the most important. Respondents' who deal directly with producers represented 3.2%, and indirectly through intermediaries represented 6.5 percent. A full 90.3 percent do business with producers and through intermediates.

When the respondents were queried as to their feelings toward their employee's knowledge of their retail operations, answers were varied indicating that 58.1% strongly agree their employees are fully aware and 41.9% somewhat agree. When asked about satisfying customers' needs or exceeding their expectations; 22.6% said their firm meet customers' needs, 32.3% said they go a little beyond meeting customers' needs, and 45.2% said they usually excite their customers by doing the unexpected. When asked which marketing strategy they applied in the United States, 3.3% of the respondents said they utilize a mass market approach, 53.3% segment, while 43.3% use a mix of the two approaches. If respondent's firms have an overseas presence, 20.0% are applying the mass market approach overseas, 10.0% apply the segmented approach, and 70.0% are applying a mix of the two approaches.

Investigating the preferable geographical location abroad resulted in 32.3% of the respondents choosing "free standing or isolated location", 22.6% prefer planned malls, 6.5% chose central secondary neighborhood business districts-strip shopping district, and 38.7% prefer a mix of all. Fifty one point six (51.6%) of the subjects indicated that the absence of department, discount, category killers stores in Egypt is an opportunity for their firms, while 48.4% didn't think so. For advertising budgets, 32.3% chose to develop their advertising budget based on objectives and tasks, 3.2% imitate the market leader, 3.2% said they use the best guess method, and 61.3% chose a mix of different approaches.

11.2 Discussion

The break-even time and the economic environment are the most important factors identified by respondents in overseas investment. As previously discussed Egypt's marketing, economic, and political

reforms are narrowing the investment gaps between Egypt as a developing country and the U.S. as a developed one. The analysis regarding global market location indicated that 64.5% of the respondents operate in Europe, and 19.4% operate in the Middle East. Egypt is very close to Europe located in North Africa which is a good fit with the logistics activities applied by U.S. firms. Cultural proximity to the western life style is another plus for U.S. firms. No one can predict the stability of the political climate in Egypt. However, when queried, only 11.5% of the respondents chose political challenges as a concern. Ninety percent (90%) of the respondents indicated they would invest in Egypt and 32% have already investigated the Egyptian market and found it attractive.

The Egyptian retailing market is unique since it has an intense intertype competition. Surprisingly 71% of the respondents indicated that the intertype competition is intense in the U.S. as well. This may indicate that the Egyptian market's competitive environment may be similar, in practice, with that of the United States.

Respondents (93.5%) of this study said they utilize pricing as a tactical execution in the U.S. in order to respond to intertype competition. If these retailers invested in Egypt then price tactics are likely to dominate the Egyptian retailing food market. Respondents (83.9%) also indicated a preference for using convenient facilities as their competitive advantage. When asked about customer value and what it meant to them, the respondents (66.7%) indicated customer value should be defined as value based on delivering outstanding customer service (that is providing service that is superior to their competitors and meets their target markets needs and wants). This understanding fits well with the Egyptian market needs.

Respondents (57.1%) are willing to make some merchandize mix adjustments to meet Egyptian customers' preferences. Major merchandise mix adjustments may not be necessary required due to cultural "sameness" in some shopping behaviors between Americans and Egyptians.

Foreign investment contributes in helping cover the human gap between developing and developed countries. In this regard respondents (88.0%) indicated they usually hire a mix of local and U.S. executives in foreign markets to facilitate overseas operations.

Seventy-seven point eight percent (77.8%) of respondents felt U.S. retailing techniques will work in Egypt. The following table shows additional responses in regard to U.S. retailing operations in Egypt.

IMPORTANCE OF SELECTED RETAIL PRACTICES

Ranked Order	Technical Knowhow Component	Percentage
1	<ul style="list-style-type: none"> • Target Market Evaluating And Understanding the Customer 	93.5%
2	<ul style="list-style-type: none"> • Merchandise Buying and Handling Logistics Issues • Your Firm Strategy • Pricing 	90.3%
3	<ul style="list-style-type: none"> • Customer Services 	87.1%
4	<ul style="list-style-type: none"> • Market Situation Analysis • Your Firm Information System • Market Location Selection • Laws • Human Resource Management • Integrated Communication 	83.9%

The above mentioned factors are components Egyptian retailers consider in their operations. Respondents (96.7%) indicated a solid correlation between each of the above factors, the amount of value delivered to customers and the ability to achieve retailing objectives. All respondents (100.0%) agreed that employees are either fully or somewhat aware of their firms' strategy, mission, vision, and tactics and are working as an integrated team to serve the overall direction of their firms.

All of the above components should work as an integrated seamless mechanism to deliver customer value. This assumption is supported as indicated by the survey results. As previously discussed, Egyptian retailers merely satisfy customers' needs. When customer satisfaction issues were raised, 45.2% of the respondents indicated exciting customers by doing the unexpected is a common practice.

Additionally, 70.0% of the respondents apply a mix of mass and segmented marketing strategies overseas to generate better customer satisfaction. More than 50% of respondents indicated the absence of department, discount, and category killer stores in Egypt does represent an opportunity for their firms.

12. CONCLUSION

Because of new lifestyles and better economic conditions, the Egyptian retailing market is moving from one that was fragmented, to one that is concentrated. This trend is attracting the attention of international retailers for potential investment. The concentrated shift is resulting in modern business and retailing practices in Egypt. This movement is being driven by Egypt's youth segment. In addition of bricks-and-mortar changes, Egypt is also seeing changes in their e-tailing operations. E-tailing and additional e-commerce and m-commerce business development is contribute to the development of brand awareness among Egypt's youth market, thus driving an interest in the development of additional modern retailing practices and facilities. Customer service and improvements in their site selection practices will help small, independent retailers survive in a market moving toward concentration. The current Egyptian retailing landscape is providing business opportunity for international retailers. It is expected, based upon the survey results that the Egyptian retail market will expand. United States retailers have a clear investment opportunity in a country that is moving toward modernization and development.

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