Knowledge of the differences among points of sale

The large organized distribution (often abbreviated GDO) is the modern retail system through a network of supermarkets and other chains of middlemen of various kinds. It represents the evolution of the single supermarket, which in turn constitutes the development of the traditional store.

It consists of:

• Large Distribution (GD) that sees chains consisting of several sales outlets (real sales branches) spread across the country and all controlled by a parent company (Coop, Carrefour)

• Organized Distributions (DOs) involving the aggregation of small entities (several points of sale legally independent from one another) aggregated to increase their contractual power and by consorting with buying groups or voluntary unions of retailers and wholesalers , try to face the market with greater security

Supermarket chains and hypermarkets, which are normally grouped under the terms of "large surfaces", may belong to a proprietary group (this is more typical of the Large Distribution) or to be part of consortium associations (in the form of Purchasing Groups or Voluntary Unions of Retailers and Wholesalers), where individual supermarkets, while presenting themselves under a common brand, retain their individuality and conduct of the exercise (this is more typical of Organized Distribution).

Fundamental is the difference between Large Distribution (GD) and Organized Distribution (DO) structures.

The GD provides large centralized facilities controlled by a single proprietary subject, managing almost always direct sales outlets. The most important players on the Italian market are currently Coop, Esselunga, Selex, Carrefour, Auchan, MD, Pam Panorama, Bennet, Eurospin.

DO (otherwise referred to as DA - Associated Distribution) foresees the aggregation of small subjects according to the logic of the union is the force: by consorting into buying groups, small and medium-sized retailers can obtain economic concessions in terms of supply, resulting from the greater contractual power to suppliers and, often, by jumping the wholesaler ring, they are able to propose the goods at more competitive prices. Adding to this is the benefits of exploiting the brand and gaining support in terms of know-how and strategic co-ordination. Sometimes, the individual members of the group also receive adequate tax assistance. In our country the most important groups are Conad, Crai, Despar, VéGé Group and Sigma. In addition to buying groups, they are part of the DO, also the so-called voluntary unions of retailers and wholesalers where, instead of jumping the wholesaler ring, individual traders, in a well-organized manner, have more contractual power in the comparison of a true wholesaler of trust: an example is given by A & O supermarkets.

The GD has, however, radically changed its growth strategies, so much so that it can only be overcome and, ultimately, overcome the dominant position of the DO. A decisive aspect that has caused the "change of leadership" is to be found in the structural characteristics of the two operators. In fact, the classical network structure of the DO revealed some weaknesses due to the negotiation relationships with the suppliers. Occasionally there are cases of "negotiation overlap" due to the size (and consequently contractual and economic) growth of individual members of the same group who are no longer claiming greater independence from the central, also for strategic issues and of governance. The supply relationships and the economic conditions that they are able to achieve in fact represent a voice of absolute centrality in the economic result of a commercial enterprise. Also, the heterogeneity of sales formats often underestimated by the DO and which penalizes the unit's control and coordination capability.

Important are also the so-called private labels, ie brand names that can be sold only within the group or chain.

In general, in Italy, the Large Distributed Organization (both of GD and of DO) suffers a remarkable weakness of national chains that are overshadowed by the power of foreign colossies, particularly in the discount and hypermarket sectors, dominated by German groups and French. Superstore Supermarkets, Supermarkets and Superstars only dominate the Italian groups. Insufficient capillary dissemination on national territory results in almost no absence of Italian insignia in foreign markets, while Germany and France dominate their national chains. The only groups that have coverage throughout the Italian territory are Conad, Selex, MD and Eurospin. In addition to Esselunga, which is active only in the supermarket sector and only in the center-north (although it is also expanding in the center of Italy), Iper, Bennet and Panorama are also well-known in the hypermarket sector. two are supplied from the same Intermedia buying center and are extremely similar, but have so far spread widely only in limited and different areas of the country without ever competing; their possible merger, similar to what happened in the development of the chains of the Alps, would lead to the creation of a group with a greater number of hypermarkets in Italy (though not covering the entire territory), even in front of Coop. However, it seems a reality quite far from being realized.

In addition, the two types of distributors include consumer cooperatives and retail cooperatives. The former see in the main actor Coop Italia, while the second Sigma and Conad, all three based in Bologna. As a rule, cooperative systems are still included within the Large Distributions (GD) groups.