

“Transformation of Economies by Innovation Cycles of Trade”

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Abstract:

National Economies in Europe have been kicked by innovation cycles since 1800 in roughly rhythms of 25 years creating new impetus concerning the destinations for sourcing or distributing of products, the organizational structure of wholesale and retail, the store formats, the technologies of logistics and sale. Key words changed from „colonial products“ towards globalization of sources and partly in the USA and West-Europe towards an affluent society, Papa&Mama service stores were transformed via self-service to supermarkets/hypermarkets, down-town department-stores got new competition by suburban shopping-centers, brick-and-stone business has to be upgraded into omnichannel business to survive m-commerce having started already in the second decade of the year 2000. Taken a period of about 200 years for this development one could classify those permanent changes as a trade evolution.

For the countries of the former COMECON the period of trade innovations had however mainly started only in the Post Socialism era: those countries had to change from government planning of production and distribution mainly via state-owned shops or cooperative businesses towards „trade functions“ of competitive sourcing via newly organized wholesale-companies and selling to individual retail at the sales-level. Learning in those countries about competition and transforming socialistic distribution towards market economy within about two decades of total disruption could be called an “Innovation Tornado” in comparison with those traders who had been introduced to the latest state of art of modern mass distribution step by step via several cycles.

Taken those disruptions of the last 25 years as a revolution – the challenges of the coming period 2025 – 2050 will “beam” the total supply chain from farm to fork into an innovation orbit. Digitalization by chips and QR-Codes, tracing/tracking by block chains stored in Clouds, dominance of algorithms/artificial intelligence (AI) instead of human decisions in ordering, storing, distribution - but also input from the retail data banks for just-in time production will become standards. Production, Retail, Distribution, Banks and Governments will be interconnected by the Internet of Things (IoT) and wholesale/retail will be more like patchworks institutionalized, described in their „functional processes“ in new Retail Knowledge Consortiums (RKC) where shareholders might be also data- and technology-providers, internet-platform owners, logistic companies and traditional wholesalers/retailers. Trade will be no longer a separated discipline, but it will be an important innovation driver which needs holistic management knowledge.

Key Words: Disruptions, Holistic Management, Innovation Cycles, Internet of Things, Mass Distribution, Retail Knowledge Consortium, Total Supply Chain