"THE WHEEL OF RETAILING: STILL ROLLIN' AFTER ALL THESE YEARS"

Stephen Brown
University of Ulster

ABSTRACT

In the thirty years since Hollander's seminal critique, the "wheel of retailing" theory has generated an inordinate number of publications and not a little controversy. This paper reviews the substantial body of literature stimulated by Hollander's original commentary, using Ansoff's product-market matrix as a conceptual framework. The current state of knowledge on the evolution of retailing institutions is synthesised and future avenues of research activity are pointed out.

Approximately thirty years ago, the Journal of Marketing published a paper that ranks among the classics of marketing thought. Frequently anthologised (Cunningham and Cunningham 1988) and widely cited (Robinson and Smith 1980), "The Wheel of Retailing" by Stanley C Hollander sought to challenge the then prevailing orthodoxy on the evolution of retailing institutions. According to McNair (1958) and his manifold precursors (Brown 1988), new forms of retailing, such as department stores and supermarkets, commenced as cut-price, low cost, narrow margin operations which gradually traded up. Eventually they matured as high cost, high margin institutions with a sales policy based on quality goods and services rather than price appeal. This, in turn, opened the way for the next low cost innovator: and so the "wheel" revolved (Figure 1).

Hollander (1960a), however, questioned this view of retailing evolution, arguing; firstly, that not every institution developed in the hypothesised manner. Automatic vending machines and planned shopping centres, for example, entered the market with a high cost, high margin, high price proposition and, if anything, subsequently traded down rather than up. Secondly, he contended that the concept was culture bound and could not be uncritically applied outside the confines of the United States, or at least the developed world. In fact, the available evidence suggested that conforming American institutions, such as the supermarket, did not evolve as the theory predicted when transposed to contrasting commercial milieux. Thirdly, he maintained that even though there were many examples of institutions exhibiting wheel like tendencies, McNair's model described but failed adequately
to explain the evolution of retailing. To this end, Hollander posited a compendium of possible causes of the wheel pattern, including managerial deterioration, imperfect competition, secular trends and statistical inconsistencies (Table 1). Of these, he considered secular trends to be the most plausible, though the paucity of data on prices, margins and specific retail institutions made detailed analysis extremely difficult, if not impossible.

Despite Hollander's strictures and several vigorous rebuttals over the years (eg Goldman 1975, 1978; Hirschman and Stampfl 1980; D'Amico 1983; Savitt 1988), the wheel theory remains a perennial favourite of marketing scholars and seems to be as firmly entrenched as ever. Like the rhythmic pattern of development it seeks to describe, the concept periodically surfaces in the mainstream marketing journals (eg May 1989; Savitt 1989). It is de rigeur in the opening chapters of most retailing textbooks (Hollander's excepted!) and hardly a conference season goes by without some scholarly cogitation on the evolution of retailing institutions. Indeed, a recent analysis of marketing thought concluded that as the wheel is one of the few theories that our discipline can claim to have originated, it "should be nurtured and developed rather than abandoned for borrowed concepts from economics, psychology, or sociology" (Sheth, Gardner and Garrett 1988 p.187,189).
### Table 1: The Hypothesised Causes of the Wheel Pattern

<table>
<thead>
<tr>
<th>Cause</th>
<th>Rationale</th>
<th>Evidence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail Personalities</td>
<td>Deterioration of managerial ability through time. Aggressive cost-conscious entrepreneurs evolve into slothful merchant princes.</td>
<td>Nieschlag, Dreesman, Gable and Topol</td>
</tr>
<tr>
<td>Misguidance</td>
<td>Retailers are led astray by the blandishments of suppliers and trade magazines that encourage merchants to acquire elaborate fixtures and fittings.</td>
<td>Regan, McGoldrick.</td>
</tr>
<tr>
<td>Imperfect Competition</td>
<td>Fearful of retaliation, retailers avoid direct price competition. They prefer to compete on customer services. An incremental ratchet-like process of cost and margin increases thus ensues.</td>
<td>Hall et al, Doody, Swan, Allvine.</td>
</tr>
<tr>
<td>Excess Capacity</td>
<td>As a retailing format expands, the available business is spread ever more thinly. In these circumstances, price cutting is suicidal and retailers opt for non-price competition.</td>
<td>McNair, Entenber, Oxenfeldt.</td>
</tr>
<tr>
<td>Secular Trends</td>
<td>Increasing overall standards of living persuades retailers to upgrade their offerings in line with rising consumer expectations.</td>
<td>Hollander, Duncan, Bartels Davidson et al.</td>
</tr>
<tr>
<td>Illusion</td>
<td>Scrambled merchandising and the addition of higher margin lines may give a spurious impression of trading up, even though margins on the original merchandise may be unaltered.</td>
<td>Bucklin.</td>
</tr>
</tbody>
</table>

Source: Adapted from Hollander (1960a).

Before responding to this call to action, however, it may be prudent to explore the history of the wheel and examine its current state of repair. This paper, therefore, will attempt to: firstly, assess the importance of Hollander's original discourse; secondly, summarize the substantial body of research that his investigation set in train; thirdly, synthesize the current state of knowledge on retail institutional change; and, fourthly, suggest a future research agenda. The objective, it must be stressed, is not to present an exegesis on retailing evolution - such exercises are available elsewhere - but to educe, in a logical fashion, the salient features of this not insignificant corpus of marketing thought.
HOLLANDER'S ACHIEVEMENT

It is one of the quirks of marketing scholarship that, whatever his other achievements - and they are many - Stanley C Hollander will forever be associated with the wheel theory. Along with Malcolm P McNair, he is revered as the primum mobile of the wheel of retailing (the terminology, incidently, was coined by Hollander. McNair (1958) never used the words "wheel of retailing"). Yet as noted in the introduction, the principal objective of his paper was to expose the limitations of McNair's model, or as Rassuli (1988, p.92) puts it, to "reject naive hypotheses about repetition".

This very act of refutation, however, only served to stimulate interest in a theory that had, in actual fact, been around for a considerable length of time. McNair, for instance, had outlined the basic concept some thirty years beforehand (McNair 1931), as had several other authors in the intervening decades (Lewis 1945; Nieschlag 1954; see also Dickinson 1981). Indeed, the underlying conceptual framework was circulating somewhat earlier still, in the guise of the style, or fashion, cycle (Cherington 1924; Tosdal 1925; Nystrom 1928), Kleppner's (1925) advertising "spiral" (see Muhs 1985) and, if one is prepared to subscribe to the influence of the intellectual climate of the times, Spengler's (1923) celebrated cyclical interpretation of the history of civilizations.

With the exception, naturally, of the intellectual climate, the majority of these antecedents were either exceedingly succinct, a paragraph or two at most, or all but inaccessible to an English-speaking readership (Fullerton 1986). Thus, by discussing the theory at length, in one of the premier marketing journals, Hollander succeeded in bringing the concept to the attention of a very wide audience. Interestingly, he did so at a time when the intellectual climate, thanks to Toynbee's (1954) monumental A Study of History, was once again characterized by a recurrence of the cyclical view of history. In point of fact, Hollander actually refers - in true Toynbeean fashion - to the rise and fall of civilizations in his classic wheel paper.

More importantly, perhaps, by focussing scholarly attention on the wheel theory and its limitations, Hollander succeeded in stimulating academic interest in the evolution of retailing institutions and effectively set the agenda for future research (Nevett and Fullerton 1988). Much of the subsequent discussion has been devoted to the wheel's applicability to various retailing institutions, its utility within different cultural contexts and the possible causes of the trading up process. A very substantial body of research - over three hundred published papers - now exists on the dynamics of institutional innovation and development and, besides the wheel, a host of alternative models of retail change have been advocated.
economic ecology or "natural selection" prevails, whereby only the fittest retailing species, those with the ability to adapt to changing environmental circumstances, are likely to survive and prosper in the long term (Gist 1968, 1971; Dreesmann 1968; Markin and Duncan 1981; Etgar 1984).

Whereas the environmental-cum-ecological approach emphasizes the relationship between retailing organizations and their operational milieux, the conflict based standpoint endeavours to explain retail change in terms of the, often bitter, rivalry between new and established retailing institutions (Swan 1974; Dickinson 1983). Once again, a wide variety of models of this interactive process exist, most notably Gist's (1968) dialectical theory, which emphasizes the mutual adaptation between old and new institutions (Maronick and Walker 1975; Kaufman 1985), and the crisis-response model, which predicts four distinct stages from the emergence of a novel retailing format to the resolution of the inter-institutional conflict (Stern and El-Ansary 1977; Dawson 1979).

**Market Development**

Although the wheel theory was formulated with respect to the evolution of retailing institutions in the United States, the process of conceptual technology transfer has resulted in its utilization in a wide variety of national settings. In the main, these studies reveal that the characteristic cut price-trading up pattern is supported, at least for certain retailing institutions, by the experiences of developed nations like Australia (Blizzard 1976), Great Britain (Gibbs 1987; Scott 1989), Belgium (Knee and Walters 1985; Michel and Van der Eycken 1974), Germany (Nieschlag 1954, 1959; Nieschlag and Kuhn 1980), Norway (Arndt 1972b), Denmark (Agergaard, Olsen and Allpass 1970), Italy (Lugli 1987) and, to a lesser extent, France (Filser 1984) and Finland (Makinin 1986).

While the wheel has considerable relevance to the evolution of retailing institutions in high level economies, this is most certainly not the case in the developing world (Bucklin 1976; Savitt 1982). Studies in Turkey (Kaynak 1979; Kaynak and Cavusgil 1982), Israel (Goldman 1974, 1981, 1982), China (Mun 1988), Guatemala (Ortiz-Buonomofina 1987), Saudi Arabia (Alawi 1986; Yavas and Tuncalp 1986), Malaysia (Zain and Rejab 1989) and Hong Kong (Ho and Lau 1988), amongst others, conclusively demonstrate that retailing innovations tend to enter at the high end of the cost spectrum, appeal to high income groups in the host country and only gradually trade down. This has been described as a "reversed" wheel of retailing (Mun 1988), though Hollander (1970), in an apposite homage to the fashion theory source of the wheel, preferred to term it the "trickle down" hypothesis.
operation; there were significant variations on each theme.

Besides the unending debate over the wheel's applicability to innovative retailing institutions, the theory has also been applied to the evolution of individual retail organizations (Teeple 1979) and the advent of conglomerate or multi-format retailing (Tinsley, Brooks and D'Amico 1978). As with most wheel related developments, however, these adaptations are not without their critics (Hollander 1986a). Nevertheless, such is the versatility of the model that it has even been extended to elements of the retail marketing mix, such as store location (Holmes and Hoskins 1977), own brands (Hawes and Crittenden 1979) and trading stamps (Fox 1968), and, indeed, beyond the retailing arena itself. Wheels of marketing (Peckam 1981), wholesaling (Bucklin 1972) and segmentation (Stone 1989) have all been identified, a "wheel of retailing textbooks" exists (Brown 1990b) and, to cite another instance of its pervasiveness, Michael Porter's (1990) recent book, The Competitive Advantage of Nations, bears the unmistakable, if unacknowledged, stamp of the wheel theory.

**Product Development**

Inspirational and provocative though it has undoubtedly been, the wheel theory is not a comprehensive conceptualization of retail change. Apart from its acknowledged inability to account for the evolution of every retailing institution in the USA, it describes but a single aspect of change - an institution's progress along the price-quality continuum. Accordingly, the post wheel literature abounds with attempts to formulate alternative theories of retailing change. Broadly speaking, these can be divided into two basic categories; those that are related to the wheel, in that they employ a similar cyclical analogy, and those that do not rely upon the recurrence of past patterns. The best known examples of the former are the retail accordion, which hypothesises perpetual alternation between generalist and specialist outlets (Hollander 1966, 1981), and the retail life cycle, which like the PLC upon which it is based, predicts an institution's inexorable progress through the immutable stages of birth, growth, maturity and decline (Davidson 1970; Davidson, Bates and Bass 1976).

The non-cyclical frameworks, by contrast, see the evolution of retailing institutions either in terms of the influence of the external environment, or as a consequence of the inter-institutional conflict that occurs when innovative types of retailing appear. According to the environmental approach, new forms of retailing are a manifestation of changes in underlying economic, social, demographic, legal and technological conditions (Hall, Knapp and Winsten 1961; Duncan 1965; Arndt 1972a; Meloche, di Benedetto and Yudelson 1988). Some proponents of this perspective have gone so far as to suggest that a form of
SUBSEQUENT RESEARCH

Like any body of academic thought, the not inconsiderable literature surrounding the wheel theory can be organized in a variety of ways, ranging from the chronological to the thematic. Alternatively, an extant conceptual framework can be utilised, such as the manifold taxonomies of marketing thought (Hunt 1983; Sheth, Gardner and Garrett 1988), the ubiquitous life cycle model (Hunt and Goolsby 1988), or even the wheel of retailing itself (Brown 1988). While all such approaches are imperfect, they are necessary in order to present a diverse literature in a coherent fashion. For the purposes of this particular paper, therefore, Ansoff's (1957) famous product-market matrix will be pressed into service. As a conceptual framework, it is simple, familiar to most readers, hitherto unused in a literature reviewing capacity and, somehow appropriately, an exact contemporary of one of the best known expositions of the wheel theory, McNair's (1957) presentation at the University of Pittsburgh. Most importantly, however, it is singularly apt. Marketing theories, after all, are just as prone to evolution, modification and development than the phenomena they purport to explain. Indeed, it is arguable that, like business organizations, theories must grow and change if they are to remain relevant and avoid obsolescence.

As illustrated in Figure 2, the Ansoff framework suggests that the wheel of retailing literature can be classified into four basic (and nine detailed) categories: market penetration, attempts to apply the original wheel theory to all manner of retailing institutions in the United States; product development, endeavours to formulate alternative theories of American retailing evolution; market development, applications of the wheel theory outside the United States; and diversification, the development of alternative conceptual conjectures in non-American contexts.

**Market Penetration**

As outlined earlier, the original wheel of retailing model pertained to the evolution of department stores and chain stores in the United States of America. Since then, the concept has been tested against all manner of retailing institutions. These studies demonstrate that there is considerable, albeit largely anecdotal, evidence that many innovations in United States retailing began, as the wheel suggests, by selling merchandise at below "average" prices and progressively evolved into higher cost, quality orientated modes of distribution. Examples include: variety stores, mail order houses, supermarkets, discount stores, catalogue showrooms, warehouse clubs, box stores, off-price shops and shopping centres, home shopping networks, a number of retail services, such as hotels, gas stations and fast food outlets, and, to cap it all, itinerant street vendors (Hollander 1960b; Brand 1963; Oxenfeldt 1960;
These exercises have also shown, however, that a considerable number of American retail innovations did not evolve as the wheel theory predicts. Boutiques, convenience stores, auto dealers, superspecialists, certain chain stores and, as initially noted by Hollander (1960a), planned shopping centres, automatic vending machines and branch department stores all entered the market on a high cost basis (Hollander 1962, 1980; May 1988; Moyer and Whitmore 1976; Thomas, Anderson and Jolson 1988). Goldman (1975), moreover, has made the point that not every department store, supermarket or discounter began life as a cut price...
At a lower level of spatial resolution, the wheel theory has also been applied to the spread of retail innovations at the intra-national or regional scale. There are numerous studies of the growth and spread of retail institutions within national and regional markets (Cohen 1972; Dawson 1984; Lord 1984), not to mention manifold analyses of the geographical diffusion of individual retailing firms, such as Asda, Carrefour, IKEA and the Gubay group (Jones 1981; Burt 1986; Martenson 1981; Lord et al 1988). In addition, Jeffreys (1985) has noted cycles of expansion and contraction in the internationalization of retailing, though the conceptual source of his hypothesis was not expressly cited.

Diversification

Given the wheel's acknowledged lack of comprehensiveness and its inability to explain the evolution of every retailing institution, either in the developed or - especially - the developing world, it is not surprising that a variety of alternative conceptual constructs have been championed. Besides the numerous non-United States applications of above mentioned models like the retail accordion, the retail life cycle, environmental analogies, dialectical theory, crisis-response, etc. (eg Blizzard 1976; Dawson 1979, 1988; Kellerman 1988; McGoldrick 1990; Nooteboom 1984), several original contributions to the debate have also appeared.

Once more, these insights can be subdivided into those that employ the cyclical metaphor and those that eschew repetition. It is fair to say, however, that with the exception of catastrophe theory, which stresses sudden, discontinuous processes of retailing change (Wilson and Oulton 1983; Dawson 1987) and various attempts to interpret the interrelationship between old and new retail institutions in terms of Hotelling's (1929) renowned "principle of minimum differentiation" (Nielsen 1966; Goldman 1975; Main and Zaninotto 1989), the bulk of these contributions have been cyclical in character. The polarization principle, for example, intimates that an alternating pattern of large and small retail establishments is discernable (Dreesmann 1968; Kirby 1976, 1986; Dawson 1985; Filser 1986); a "three wheels of retailing" framework has been developed in order to accommodate the emergence of both high and low cost institutions (Izraeli 1973); a "spiral" or organizational evolution has been posited for prominent European retailers (Dawson and Burt 1987); and, Schiller's (1985) much-cited model of retail decentralization distinguishes three post-war "waves" of suburbanization in the United Kingdom - grocery superstores, followed by retail warehouses, followed by regional shopping centres.

If the developed world outside the United States has proved a relatively rich source of theoretical insights, the same cannot
be said for the developing world. Apart from the trickle down hypothesis and Goldman's (1974, 1981, 1982) analysis of the stages of supermarket evolution, most of the (copious) studies of third world retailing have been content to conclude that, firstly, the wheel does not apply therein and, secondly, that this is due to the contrasts in environmental circumstances. Indeed, these two points are combined in perhaps the best known contribution, Kaynak's (1979) "refined" wheel of retailing. This states, in effect, that the wheel can only revolve when environmental conditions permit (Kaynak 1988; Kaynak and Rice 1988).

SYNTHESIS

Despite the voluminous literature that has been stimulated by the wheel theory and the abundance of alternative theories of change, none of these approaches is perfect (Table 2). True, all manner of interesting "combination" theories have been posited, most notably McNair and May's (1976, 1978) melding of the environmental and conflict based perspectives; the spatial analysis of an amalgamated wheel and accordion undertaken by Deiderick and Dodge (1983); Betancourt and Gautschi's (1986) micro-economic model of institutional evolution; Martenson's (1981) attempt to integrate the life cycle and crisis-response concepts in her "combined dynamic" hypothesis; and, perhaps most importantly of all, Aggergaard, Olsen and Alpass's (1970) celebrated "theory of spiral movement". Useful though they are, however, these "middle range" (Rosenbloom and Schiffman 1981, p.168) theories have yet to be successfully integrated into a comprehensive conceptualization of retail institutional change.

<table>
<thead>
<tr>
<th>CONCEPTUAL FRAMEWORK</th>
<th>SOURCE</th>
<th>EXAMPLES</th>
<th>STRENGTHS</th>
<th>WEAKNESSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>CYCLES</td>
<td>HISTORICAL SCIENCES</td>
<td>WHEEL OF RETAILING, RETAIL ACCORDION.</td>
<td>SIMPLE, EASILY REMEMBERED, USEFUL YARDSTICK STRESSES INEVITABILITY OF CHANGE.</td>
<td>DETERMINISTIC, INFLEXIBLE FOCUS ON PATTERN NOT PROCESS, MANAGEMENT PORTRAYED AS POWERLESS, IGNORES INFLUENCE OF COMPETITIVE AND SOCIO-ECONOMIC ENVIRONMENT.</td>
</tr>
<tr>
<td>CONFLICT</td>
<td>BEHAVIOURAL SCIENCES</td>
<td>DIALECTICAL THEORY, CRISIS-RESPONSE.</td>
<td>EMPHASISES INTERACTION AND MUTUAL ADAPTATION THAT OCCURS IN WAKE OF INNOVATION, STRESSES ROLE OF MANAGER AS DECISION MAKER.</td>
<td>DETERMINISTIC, OUTCOMES PREORDAINED IGNORES WIDER ENVIRONMENTAL CONTEXT.</td>
</tr>
<tr>
<td>ENVIRONMENT</td>
<td>NATURAL SCIENCES</td>
<td>ECOLOGICAL ANALOGY CATASTROPHIC THEORY.</td>
<td>FLEXIBLE, FOCUS ON &quot;UNCONTROLLABLES&quot;, APPLICABLE TO WIDE VARIETY OF SOCIO-ECONOMIC CONTEXTS.</td>
<td>DANGER OF ANALOGY WITH PHYSICAL SCIENCES, IGNORES IMPORTANCE OF HUMAN DECISION TAKING.</td>
</tr>
</tbody>
</table>
Although the formulation of a comprehensive theory remains a significant challenge to retail theorists, it is nonetheless possible to sketch from the existing literature a tentative picture of the nature of retail evolution (Figure 3). It is clear from their simultaneous emergence in often widely separated locations, that most innovations stem from changes in the retailing environment, be they technological changes (motor cars, satellite TV), economic changes (inflation, interest rates), legislative changes (shop hours, fair trade), demographic changes (age structure, household size), social changes (working women, "green" consumers) or whatever. The opportunities thus created are seized by perceptive (and highly motivated) individuals, who, despite their relative lack of capital resources and the fact that they are often "outsiders" with comparatively little experience of the specific retail sector, manage to establish a new form of retailing operation. This, more often than not, involves the sale of a narrow range of cut price, no frills goods from spartan premises in insalubrious locations.

Being in tune with prevailing consumer preferences, the sudden and often overwhelming success of the new retailing format persuades the founders to open additional outlets and expand the range of goods and services on offer, thereby capitalizing upon its rapidly developing customer franchise. By the same token, this manifest success, with its extremely high levels of space and labor productivity, also encourages a host of imitators, many of which adopt minor nomenclatural variations on the original. More ominously, it attracts the attention of the established institutions that once dismissed the newcomer as a minor irritant but now recognise the need to respond to the very real threat that this new form of retailing represents. These responses come in a variety of (often unsuccessful) formats, though imitating or adapting salient features of the challenging institution is a particularly common reaction.

Established institutions thus raise the competitive stakes - and all round standards - and if the new retailing format is to survive it, in turn, must respond to this challenge. However, as a result of the rapid proliferation of the concept, the blurring of the distinction between the old and new institutions and the accompanying loss of the innovation's initial competitive advantage, cutting prices further is neither apposite nor possible. On the one hand, the extraordinary volumes of trade, enormous catchment areas and high levels of productivity, which once permitted and indeed sustained the original's low margin - high turnover sales policy, simply no longer exist. On the other hand, shoppers have come to expect the higher standards that now prevail - possibly as a consequence of growing affluence - and appear to respond to incremental improvements in the service offer.

Although virtually unavoidable and all but irreversible, this gradual process of trading up is both profitable and in line with
consumer expectations. What is more, it may well be the preferred strategy of those, by now older and possibly mellow, pioneers whose operations have not succumbed along the way or been acquired by established retailing organizations. Consumer expectations and the retailing environment, however, are in a constant state of change and inevitably a combination of circumstances creates conditions conducive to the appearance of a new breed of cut price specialists. After ignoring the newcomers, the mature institutions respond by emphasizing either the qualitative differences between the two or dropping the lines under threat, or, alternatively, by matching the competitor's prices and/or converting outlets to the new format. Regardless of the nature of the response, the net effect is a fragmentation of the original retailing proposition.

Retail institutional change, in short, appears to be the outcome of external environmental influences and a cycle-like sequence of inter- and intra-type competition. These hypotheses, however, remain to be tested formally, though a recent study has shown that the evolution of the retail warehouse in the United Kingdom is in line with the pattern just described (Brown 1990a).
FUTURE RESEARCH

More than thirty years have now passed since Hollander focussed academic attention on the wheel theory and initiated a debate which, even today, remains resolutely unresolved. Indeed, on reviewing the literature, one is tempted to conclude that the concept's principal achievement is its ability to polarise scholarly opinion. At one extreme, the wheel has been described as "powerful and fascinating" (Stern and El-ansary 1977, p.243), "the dominant concept in retailing" (Greyser 1976, p.iii) and "the most comprehensive theory of innovation yet developed" (McCammon 1963, p.488). At the other extreme, it has been castigated for having "limited clarity" (Savitt 1988, p.38), being "vaguely conceived" (Gripsund 1986, p.252) and for failing to "meet the criteria for formal theory" (Hirschman and Stampfl 1980, p.72). In truth, neither perspective is entirely correct. The wheel has manifold weaknesses but it possesses significant strengths, not least its continuing and powerful hold upon the imaginations of marketing academics (see Brown 1991).

It is arguable, therefore, that rather than reject the wheel and its derivatives - as many have suggested - it may be more useful to endeavour to build upon the extant body of knowledge. The first task facing such researchers is to integrate the innumerable existing insights, outlined above, into a comprehensive theory of change. As illustrated in Figure 3, this conceptualisation must; firstly, embrace the environmental circumstances which give rise to the initial breakthrough, sustain its growth and set limits on its development; secondly, incorporate the competitive context - inter-type followed by intra-type - which drives the evolution of the innovation and all affected organizations; and, thirdly, depict the changing nature of the institution, in terms of its range of merchandise, pricing and service policies and geographical extent, as it progresses through its evolutionary cycle.

Formulation of a comprehensive model of retail institutional change is insufficient in itself however. The second task therefore is to test the theory empirically and, moreover, to test it in a variety of spatial settings, the developing world in particular (Kacker 1988). For far too long contributors to this conceptual genre have been content to devote their energies to esoteric elaborations of the model rather than empirical investigations of its validity. As Savitt (1989) rightly points out, much of the research on retail change is characterised by an absence of systematic study, though there are some noteworthy, albeit too few, exceptions to this rule (e.g. Martenson 1981; Bucklin 1983).

A priority though they undoubtedly are, empirical studies of retail institutions have long been hampered by the paucity of available data. It is thus arguable that the third and most important research task is to abandon the analysis of vaguely defined
"institutions" and to concentrate instead upon the evolution of individual retail firms (see Savitt 1984). Given the imitative nature of the retailing industry, the undoubted managerial and strategic insights that might accrue from such studies (Omura 1986; Dodge and Deiderick 1988), the fact that a substantial amount of so-called "institutional" research has relied heavily upon the experiences of individual firms (e.g. Goldman 1975) and, perhaps most importantly, the wealth of untapped bibliographical material that already exists on retail organizations (Goodall 1987; Becker and Larson 1987), the firm specific approach appears to offer the greatest potential for future research activity.

A fourth and final issue worth exploring in some detail is the cause or causes of the trading up phenomenon. It seems remarkable that in the thirtysomething years since Hollander's (1960a) celebrated critique of the wheel theory, very few additions to his inventory of possible causal factors have appeared (Table 1). Bucklin (1983), admittedly, demonstrated the importance of rising labor costs, several authors have warned of the ossifying effects of scientific management systems (Dickinson 1983; Dawson and Burt 1987), and Berens (1980) has posited an undercapitalization hypothesis, which maintains that the cut price, no frills ethos of fledgling retail institutions is a result of necessity rather than desire on the part of the tyro merchant prince. Nevertheless, it is surprising that the majority of ensuing commentators have plumbed for one or more of Hollander's original "causes" of the wheel pattern, even those, such as the malign influence of suppliers which he considered somewhat implausible. As with the applicability of the wheel theory itself, it is clear that more - and more detailed - research is necessary.

CONCLUSION

Recently described as the "most popular topic area in the entire marketing literature" (Savitt 1989, p.336), the theories of retail institutional change have generated an enormous amount of research and not a little controversy. This paper has examined the extensive literature that flowed from Hollander's (1960a) classic commentary on the wheel theory, using Ansoff's product-market matrix as a conceptual template. A simple model that synthesizes the current state of knowledge on retail change was also presented and some future research priorities were identified. It remains to be seen, of course, whether these research issues will be addressed. Such was the eclecticism of the literature in the last thirty years that contributions in the next thirty will doubtless be equally diverse. One thing is virtually certain, however, thirty years from now the wheel of retailing will still be rollin' along.
REFERENCES

Due to space limitations, the references listed below comprise those not cited in Brown (1988).


Spengler, O., 1923, Der Untergang des Abendlandes, Munich: Beck.


