

**STORES INSTEAD OF FACTORIES. FROM DEINDUSTRIALIZATION TO MODERN TRADE -
STATISTICAL ANALYSIS OF SUCEAVA****Daniela Mihaela NEAMTU***Stefan cel Mare University of Suceava, 720229, Romania
dana_neamtu99@yahoo.com***Abstract**

The role of industrialization was to turn Romania from a rather agrarian country into a country with an industrial profile. We can say that the communist period was marked by forced industrialization, which had even created an industrial tradition that characterized the centralized economy of the country. The Romanian retail is currently characterized by an accelerated development, which leads to increased competitiveness, crystallization of modern trade forms, consolidation of modern retail networks and, last but not least, the attainment of attractive profit rates. Today, after the period of the communist regime, characterized by strong industrialization, Suceava has become a powerful trade center. Many malls are located in the place of former factories, which have been left behind or moved out of urban centers. Romanians are doing shopping in over 60 malls today. Most of the modern retail spaces, about 75% of the total, are grouped in Bucharest, Cluj-Napoca, Timisoara, Iasi, Constanta, Craiova and Brasov. In a short time, the area of modern retail space per thousand people became the largest in the country. The paper presents and analyses the transition of Suceava, from a commercial dimension perpetuated since the medieval times until the late nineteenth - early twentieth century to an industrial dimension started, timidly, in the early twentieth century and continued into an advanced form after the Second World War, during the communist regime. The paper also presents the return to a commercial dimension, after the communist regime.

Key words: *trade, modern retail, store chains, development.*

JEL Classification: *L81, M19*

I. INTRODUCTION

Since the beginning of the existence of mankind and the development of relationships between people, trade has been a necessity, initially being realized through the barter (exchange) of basic products necessary for daily living, accentuated with the division of labor. This type of trade has changed with the evolution of civilization and the diversification of human needs. Trade is a complex notion, having over time different definitions such as: "all the activities that ensure the connection between production and consumption in institutionalized forms, within, within the national economies or between them" (Iordache, 2009). The word has its roots in the Latin term "comercium", which means the exchange with people or objects. The explanatory dictionary of the Romanian language confers to this word the following definition "branch of the national economy in which the movement of goods is carried out" (DEX, 2002). Considered in a small area, trade represents the substitution of money for goods, and in a wider area of trade, trade represents "all operations or activities related to logistics, promotion and support functions" (Ristea, 2005). These features add value to the goods and are then offered to the final consumer and charged. However, the main function of the trade is "to buy raw materials or products to resell them at the same physical stage, but under conditions convenient to the consumers (place, time, quantities, assortment, price)" (Patriche, 1998).

The evolution of trade is in a relationship of interdependence with the increase of the standard of living and the increase of the quality of life, but also with the ascending tendencies of the degree of complexity and modernization of the commercial activity. An important role is also played by the technical improvement, the automation, the continuous improvement of the personnel, the extension of the services offered to the consumers, the more intense use of the market studies in order to obtain the satisfaction of the customers. All these factors lead to the development of modern trade.

The forms of trade found in the market are very large, we encounter traditional to modern trade, retail or wholesale. Each of these forms has specific characteristics usually in accordance with the national economy in which they are found. The respective market designates "the economic sphere in which the production of goods appears in the form of supply and the consumption needs in the form of demand" (Patriche, 1998). Among the different forms of trade found in the market, that of retail or found under the name of retail market, is perhaps the largest and most developed, especially when it comes to expanding the large chain stores. Thus, retail can be found in a wide range of forms such as stores, open markets, e-commerce, etc., or from small businesses to supermarkets. At the same time, the variety of products found in these forms is very tempting from food to non-

food products to medicines, found either in the urban, rural, downtown or peripheral areas. Both commercial and distribution activities, which form the retail, are transversal, representing a link between the sectors of economic activities carried out both downstream and upstream. The downstream markets have a great influence through retail on the quality of life of people through the goods and services offered because the merchants interact directly with the consumers. Therefore, by responding to consumers' demands and attitudes but also by interacting with them, traders can become a driving force behind sustainable development models.

II. THE SIZE OF THE ROMANIAN RETAIL MARKET

In the East and North East region, the Romanian retail market has experienced the most important development for the last 15 years, and by 2020 it is even expected that this upward trend will continue. Also, the structure of the trade is changing considerably over time, making the transition from the predominantly traditional to the modern trade, in 2010 the balance between the two showing an approximately equal proportion. Currently, the Romanian trade characterized by an upward development leads to changes in the market such as increasing competitiveness, stabilizing new commercial forms, crystallizing modern retail networks as well as increased profit advantages for traders (Făcăleată, 2015).

Modern trade in Romania It began in the mid-1990s. In 1995, the first modern Romanian retail store, Mega Image, was opened in Bucharest. Then the market was penetrated in 1996 by the cash & carry format by the Metro group, the German group, through the first store opened in Otopeni. Thus, the Dutch company Delhaize "The Lion" Nederland BV, following a successful format in other countries, the supermarket became in 2016, through the Mega Image chain, which has 473 stores, the largest retailer in Romania, lost supremacy. in 2018 in favor of the chain of Profi stores.

Table no. 1 The main retailers in Romania

Name of the retailer	Type of store	Year of opening the first store in Romania	Total stores in 2016	Total stores in 2018
Mega Image	Supermarket	1995	473	649
Metro	Cash&Carry	1996	30	35
Billa	Supermarket	1999	89	88
Profi	Proximity shop	2000	411	931
Selgros	Cash&Carry	2001	19	21
Cora	Hypermarket	2003	12	18
Kaufland	Hypermarket	2005	109	113
Real	Hypermarket	2006	4	2
Auchan	Hypermarket	2006	33	67
Carrefour	Hypermarket	2010	182	321
Lidl	Discount store	2010	192	240

Source: www.onrc.ro, accessed 8.06.2018

The increase in the number of employees with the number of stores and with the sales area reflected in the turnover of the big retailers signals the development of the retail market in Romania. Job creation is an important segment in this market. However, we emphasize that, although the number of employees increases with the expansion of stores, it differs greatly from one retailer to another. While Kaufland Romania almost tripled its employees in the period 2007-2011, increasing by more than 5000 people, and with about 3500 more during the period 2011-2015, Profi Rom Food has increased by more than five times the number of employees in the same period, in contrast to the Selgros Cash & Carry group, which decreased the number of employees by almost 20%, a sign of the division of the customer segment between the new forms of modern commerce.

Table no. 2 Number of employees of large retailers

NR	NUMBER OF EMPLOYEES	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
1	KAUFLAND ROMANIA	5896	7512	8258	9993	10493	11947	12589	12180	13263	14070
2	CARREFOUR ROMANIA	5006	7760	7738	7123	6951	6896	6703	7284	7985	9101
3	METRO CASH& CARRY	-	-	5884	6132	6003	5603	5407	5125	4576	4140

4	REAL HYPERMARK ET (REAL HYPER MAGAZINE)	4437	7205	7896	7530	5771	5336	4612 ₁₀	689	735	735
5	MEGA IMAGE	1299	1785	2383	2998	4277	5693	6107	7161	8077	8658
6	SELGROS CASH&CARR Y	5001	5090	4893	4307	4248	4343	4026	3882	3745	4039
7	ROMANIA HYPERMARC HET (CORA)	2793	2883	2660	3146	3665	3972	4097	4818	4779	4316
8	AUCHAN ROMANIA	2465	3156	3103	3184	3289	4073	5409	9344	9430	9337
9	BILLA ROMANIA	2053	2225	2643	2752	2734	3009	3132	3168	3112	2982
10	LIDL DISCOUNT	-	1388	1856	2074	2325	-	3188	3505	3771	4265
11	PROFI ROM FOOD	-	-	-	1492	2476	3313	4440	5672	7354	9469

Source: Ministry of Public Finance, 2016

There is also an increase in the sales area of retail companies, with decreases only in the case of those retailers who sold their stores, such as Real Hypermarket, which registered a decrease of 150,000 m³ in 2012, a space that has passed. In the estate of Auchan Romania as a result of the transaction between the two companies. In terms of growth, the largest evolution from this point of view is noticeable in the case of Mega Image stores. They registered an average increase of 43.92% per year of sales space for the period 2010-2012. The Profi Rom Food group is also among the first at the same time registering an increase of 32.66%, and Kaufland Romania has expanded its sales area by approximately 50,000 m³ per year.

For the analyzed period, the increase of the most significant sales spaces was for the supermarket type stores, registering an average percentage of 26.64%, followed by the spaces destined for the discounters, which registered increases of 14.69% and those in the case of hypermarkets of 11.58% per year. For cash & carry stores, the annual growth was quite insignificant compared to the other ones of only 2.03% annually. (INSSE, 2012).

III. FROM DEINDUSTRIALIZATION TO MODERN TRADE - STATISTICAL ANALYSIS OF SUCEAVA COUNTY

3.1. General data about Suceava County–

Once upon a time ... With these words, it should probably begin the history of many industrial units of Suceava, which have, for decades, the pride of the county, in order to disappear, most definitely, in the context of the hard impact with the demands of the new market economy. .

During this period, when we are witnessing a true offensive of hypermarkets, which tend to gradually take the place of the industry in Suceava, many of us surely remember about the glory period of some companies, such as, for example, the Factory of garments “Zimbru”, which exported beyond the Ocean, of the unmistakable taste of the products (without Euros!) of the Burdujeni slaughterhouse, about the “Canadian” boots produced at “Străduința”, which held two cinemas and so on.

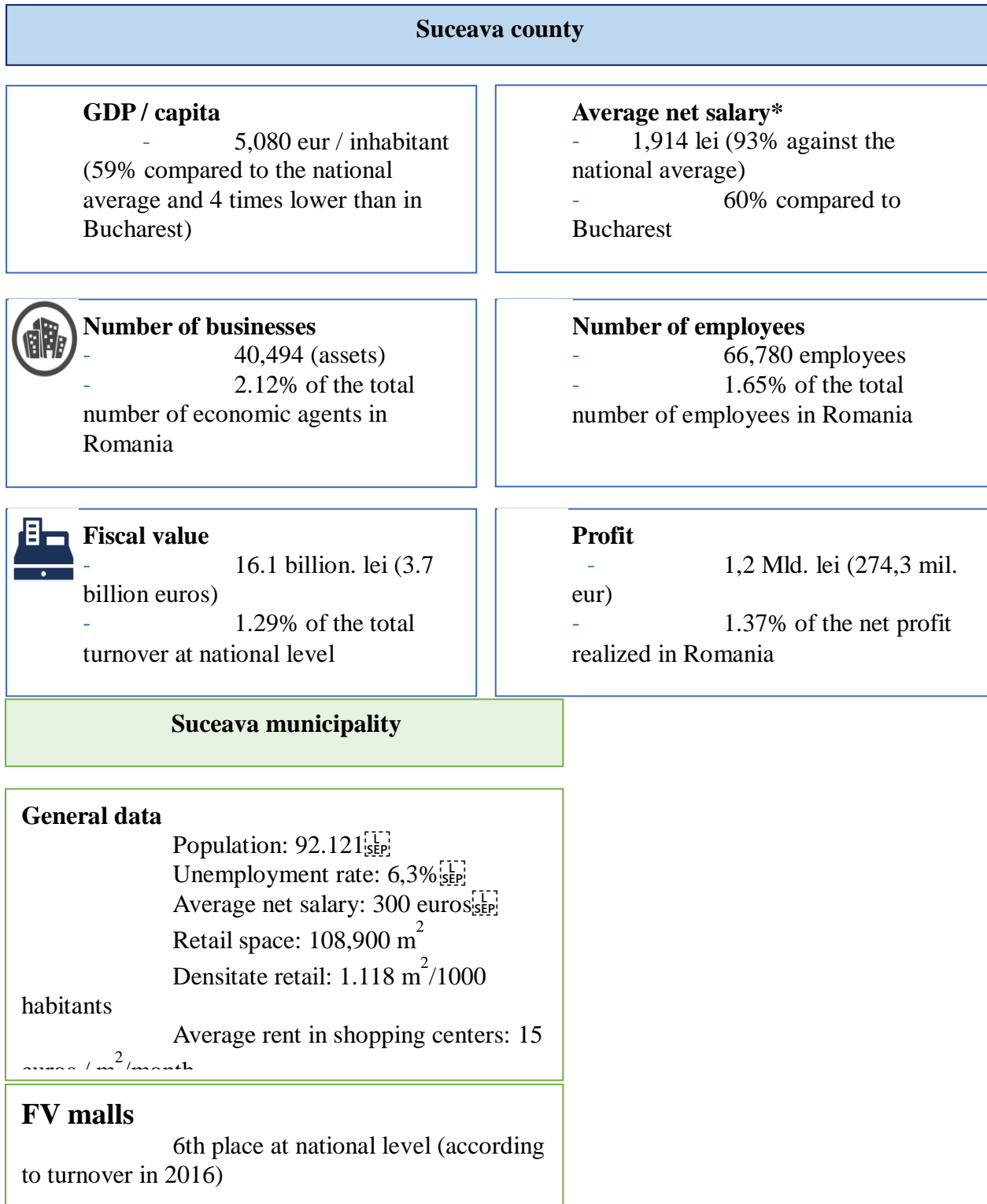


Figure no. 1 Presentation of Suceava County

Source: author elaboration

History - landmarks

- stagnation / regression between 1650-1775 revival after 1775 (under the Habsburg Empire)
 - o Suceava becomes a free commercial city
 - o wide autonomy and privileges
 - o attracting craftsmen, merchants from other areas of the Empire
- sec. XIX - beginning of the century. XX
 - o an economically important city

- relatively slow development
- a craft workshop, small factories in the fields of food, textiles, leather
- *the interwar period*
 - the emergence of new factories
 - a doubling of the population (up to about 20,000 inhabitants)

**Average number of employees in the industry
Suceava municipality**

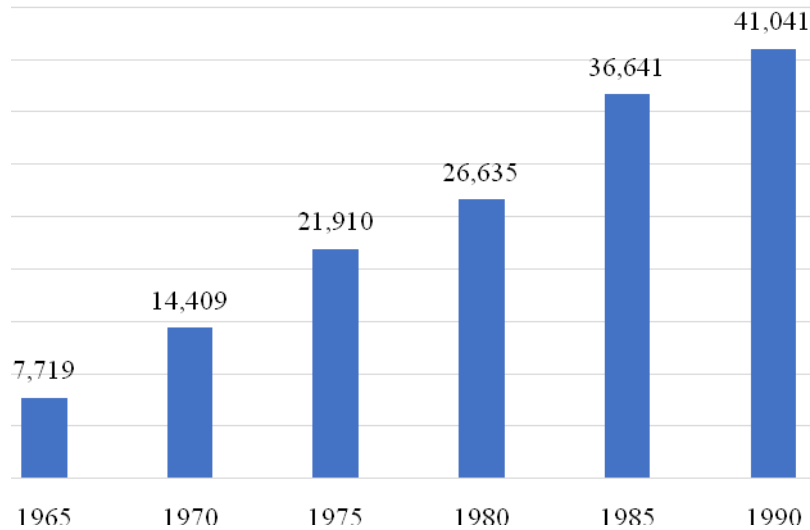


Figure no. 2 The average number of employees in industry Suceava municipality

- changing the economic profile (services - industrial services - industry)
- 5 times increase of the average number of employees
- strong centralized trade

Post-December history and evolution of Suceava County

Employees in the industry of Suceava

1989: 91,200 employees (43 companies)

2014: 24,500 employees (many in newly established companies)

Evolution of the number of employees by economic sectors in Suceava County

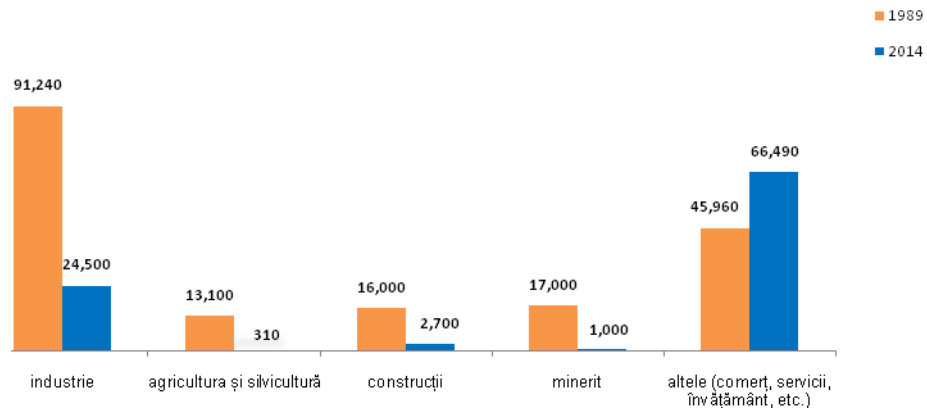


Figure no. 3 Evolution of the number of employees by economic sectors in Suceava County

Source: own elaboration according to the data available on insse.ro

- *“Valea Sucevei” Industrial Platform*
 - pulp and paper companies, machine tools, auto repair, artificial fibers, oxygen factory, thermal power plant
- *Traian Vuia industrial platform*
 - it included the Integrated Wool, the Glass Factory, the garages of the Local Public Transport Company (LPTC), the Bread Factory
- *Zimbrul knitting factory*
 - the largest in the country in the textile field
 - about 3000 employees (in the 80's)
 - On the site of the former factory there is today a shopping center and a hypermarket
- *Combined Woodworking (CW) - 1959*
 - about 3000 employees
 - the fourth enterprise by the size of the industrial production
 - currently: Shopping City Suceava
- *Cellulose and Paper Combinator (CPC) - 1962*
 - 2nd place in the country for cellulose production, 1st place for paper production
 - production of corrugated cardboard (since 1974) and twine
 - about 3000 employees and an area of 30 thousand m²
 - purchased by a French company
 - demolition of many buildings and installations left in comparison after the restriction of activity
 - parcel sale (Lidl hypermarket building)
- *Machinery and Spare Parts Company (MSPC)*
 - over 2500 employees
 - later transformed into ROMUPS
 - 2008 - completely demolished
 - half of the land - Dedeman
- *Machine Tool Company (MTC) - 1962*
 - established as a company for the maintenance of the machines from CW and CPC
 - re-profiled on metal constructions
 - approx. 4400 employees
 - also integrates the Measurement and Control Equipment Factory (MCEF) after 1977
 - went bankrupt after 1990
 - MCEF currently employs less than 50 employees
- *Auto Repair Company (ARC)*
 - over 2000 employees in 1967 (maximum for 30 years of activity)
 - demolished almost entirely
- The main building of the Bethesda Polyclinic operates today
- *Artificial Fiber Enterprise (AFE) - 1984*
 - AFE tower (gas dispersion) was the highest construction in the area (200 m)
 - very high pollution manufacturing process
 - production stopped at the beginning of 1990
 - all the constructions collapsed by themselves (their own weight and wrong location)
 - Iulius Mall operates today on the site of the former factory
 - AFE tower - integrated to the new construction

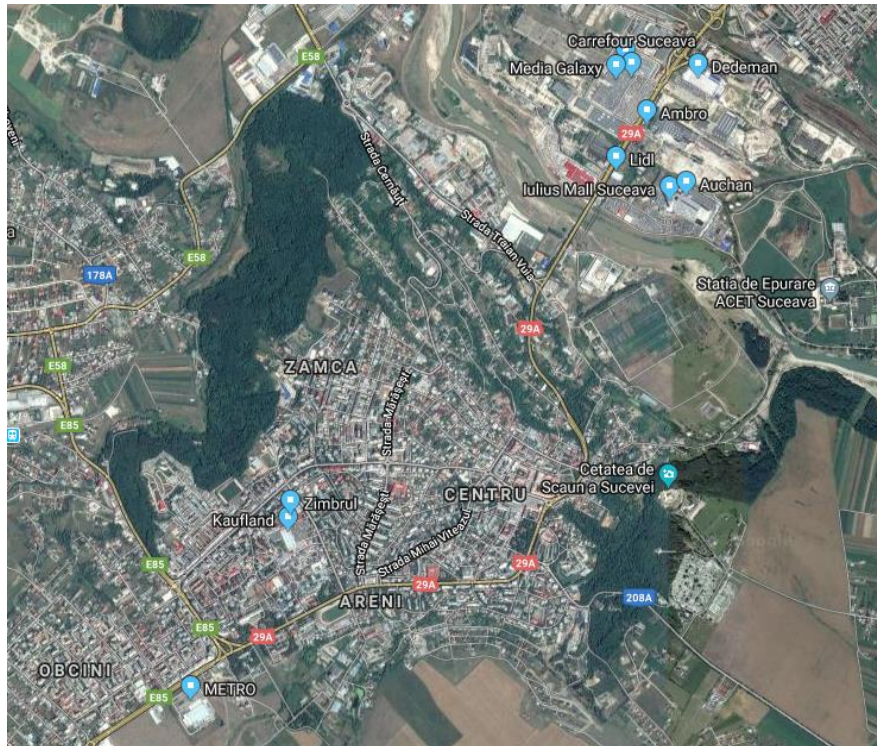


Figure no. 4 The industrial platform of Suceava

Source: own elaboration

3.2. Landmarks of modern commerce in Suceava Municipality

How did Suceava first reach modern retail spaces? According to a study by DTZ Romania Retail Regional Cities, Suceava is the first place in the country at the highest density of modern retail spaces per thousand inhabitants.

With an area of 1,170 square meters per thousand inhabitants, Suceava outpaces cities such as Bucharest, Cluj-Napoca, Timișoara, Iași, Constanța or Craiova. In 2017, the city of Suceava, there were two malls and ten hypermarkets scattered throughout the city. . In addition, construction of two other hypermarkets had begun. What can we conclude?

- regression of the industry in the post-1989 period
- decrease in the average number of employees in the industry
- gradual outsourcing
- explosion of modern commerce (after 2002, with the opening of the first hypermarket in Suceava city)
 - attractiveness for investors
 - Suceava county - the net salary of 82% of the national average in 2013, down from 86% of the national average in 2005
 - the largest commercial space agglomeration (1118 m² retail / 1000 inhabitants in 2013)
 - Romanians who go abroad send money to the remaining families in the country

The main shopping centers in Suceava are Iulius Mall and Suceava Shopping City. Major retailers in the city included Auchan, Carrefour, Real, Decathlon, H&M, JYSK, Mobexpert or Deichman. Currently, the range of retailers has diversified greatly, encompassing all forms of modern commerce from malls to discount stores. In what follows, according to this classification we will make a time and at the same time a census of the most important shopping centers, hypermarkets and supermarkets, but also of the DIY retailers that exist or have existed during the last period. in Suceava city, according to figure no. 5 a) and b).

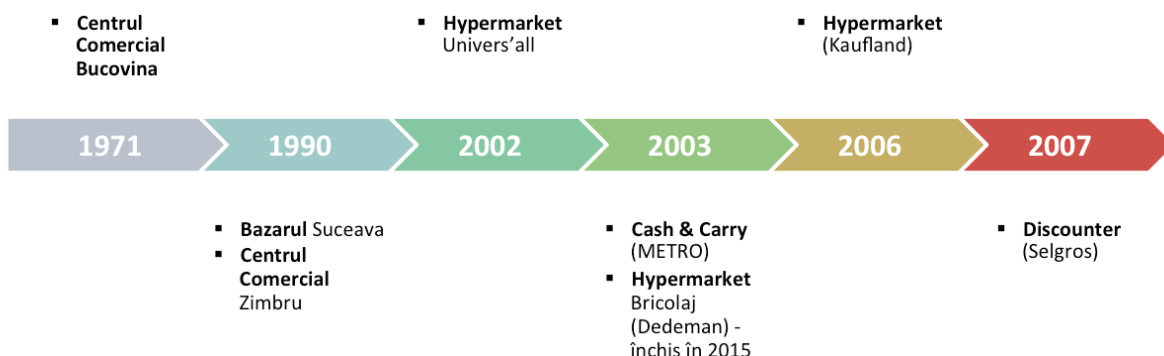


Figure no. 5 a) Landmarks of modern commerce in Suceava Municipality

Source: own elaboration

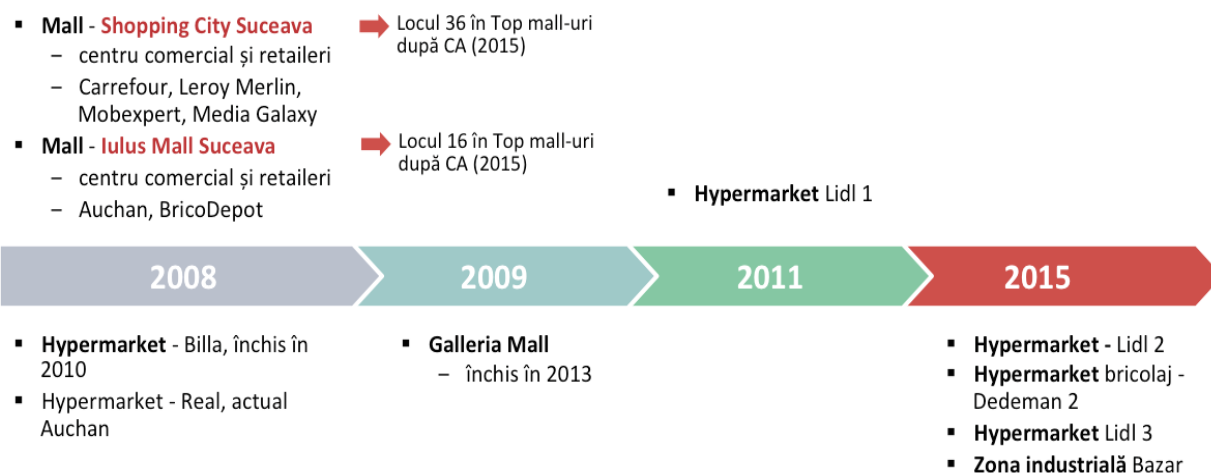


Figure no. 5 b) Landmarks of modern commerce in Suceava Municipality

Source: own elaboration

Of the resounding failures, one is Suceava Gallery. The 10,800 square meter shopping complex was inaugurated in 2009, at the entrance to Suceava from Fălticeni, following an investment of 25 million euros. In 2013 it was taken over by Primagra, for a much smaller amount than the initial investment. In the winter of 2010, after 2 years of operation, the Billa supermarket network closed, just before the winter holidays, the store in Suceava. The Univers'all store in Suceava was closed in the autumn of 2006.

At the beginning of 2017, the Real supermarket in the former industrial area of Șcheia was closed. This after the Metro Group sold to Terazone Entreprises Limited Cyprus the four stores it had in Romania, respectively those in Suceava, Oradea, Constanța and Arad. According to Metro Group, the transaction was completed on January 20, 2017, the German group alienating the shares held by Real Hyper Magazine.

The revenues to Suceava municipality's budget from the taxes and taxes paid by the commercial complexes increased year by year. According to the Tax and Tax Service of the City Hall, the revenues to the local budget from the first eight large retailers in the county residence were 4.17 million lei in 2014, 4.37 million lei, in 2015 and 5.34 million in 2016. Last year, from the tax on buildings, 4.97 million lei were collected, from the land tax - 202,787 lei, from the tax on motor vehicles - 634 lei, and from other sources 171,132 of law.

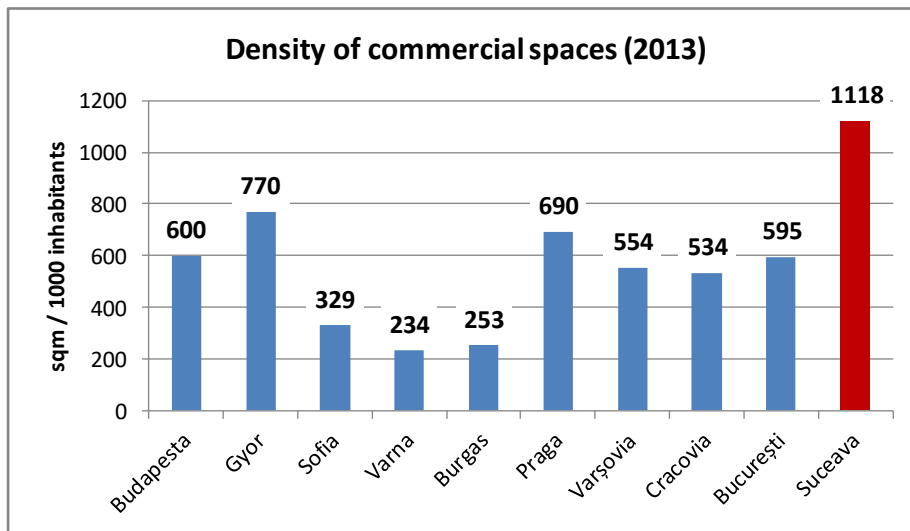


Figure no. 6 Density of commercial spaces 2013

Source: author elaboration

- density of commercial spaces higher than some European capitals (Prague, Budapest, Bucharest, Warsaw)
- double compared to Bucharest and 10 times more than the national average

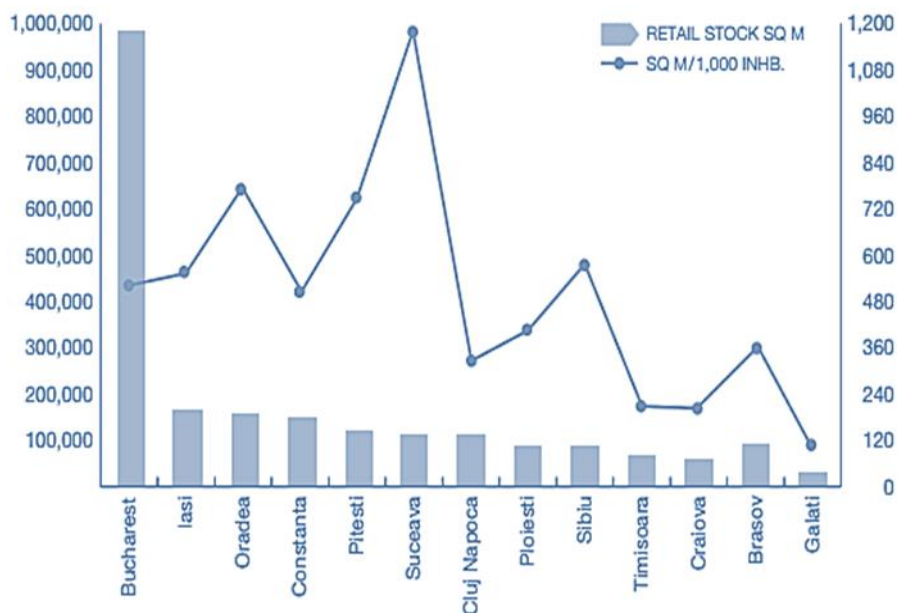


Figure no. 7 Suceava County in Top malls

Source: own elaboration based on available data

- Suc Suceava county - the 6th place in the Top malls in Romania by turnover 2015
- Iulius Mall - position 16 (CA 8.8 million euros) in Romania by turnover
- Shopping City - position 36 (€ 4.8 million CA)
- 2.8% of the total turnover in 2015 of the 63 functional malls in Romania

The economy of Suceava county is predominantly based on agriculture, forestry and trade. Agriculture with all its sub-sectors has also developed a bespoke processing industry, ranking fourth in terms of the active population involved in sectors of the economy. Constructions are one of the areas that know a “flowering”, but, like commerce, it is not a field that “produces” in the economy, but is only based on consumption.

The following places are occupied by the public sector (education, public administration, health and social assistance). Tourism, services and other activities that generate value represent a very small category in relation to the entire active population of the county. In the table no. 3 is presented the top of the companies in Suceava county by turnover:

Table no. 3. Top companies from Suceava county, 2017

TOP 5 by turnover		
Top	CAEN code	Turnover (mil lei)
1	CAEN: 4941 - Freight transport by road	1.800
2	CAEN: 1621 - Manufacture of veneer and wood panels	1.400
3	CAEN: 4120 - Construction work for residential and non-residential buildings	768
4	CAEN: 4711 - Retail sale in non-specialized stores with food, beverages or tobacco predominating	710,9
5	CAEN: 1610 - Wood cutting and planning	597,2

TOP 5 by number employees		
Top	CAEN Code	Number of employees
1	CAEN: 4941 - Freight transport by road	6.164
2	CAEN: 4120 - Construction work for residential and non-residential buildings	4.465
3	CAEN: 4711 - Retail sale in non-specialized stores with food, beverages or tobacco predominating	3.948
4	CAEN: 1610 - Wood cutting and planning	2.510
5	CAEN: 4520 - Maintenance and repair of motor vehicles	1.660

TOP 5 after net profit		
Top	CAEN Code	Net profit (million lei)
1	CAEN: 6820 - Renting and leasing of own or leased real estate	107,6
2	CAEN: 4941 - Freight transport by road	75,9
3	CAEN: 4120 - Construction work for residential and non-residential buildings	57,3
4	CAEN: 1621 - Manufacture of veneer and wood panels	52
5	CAEN: 1107 - Production of soft drinks, mineral water and other bottled water	41,9

The county's turnover of 16.1 Billion lei (3.7 Billion euros) represents 1.29% of the turnover of Romania.

The net profit realized in Suceava County: 1.2 Billion lei (274.3 million euros) represents 1.37% of the net profit realized in Romania.



Figure no. 8 General data Suceava County 2016-2017

Source: own elaboration based on available data

• in place of the former Artificial Fiber Enterprise (IFA)

** on one side of the former Combined Cellulose and Paper (CCH)

IV. CONCLUSIONS

The Romanian retail market has registered the largest increases in the region over the last 15 years, with this trend expected to continue until 2020. The trade structure in Romania has changed considerably over time, moving from a trade, predominantly traditional to modern forms of trade, the proportion of these being approximately equal at the end of 2010.

The Romanian retail is currently characterized by an accelerated development, which determines the increase of the level of competitiveness, the crystallization of the modern forms of commerce, the consolidation of the modern retail networks and, last but not least, the obtaining of attractive rates of profit.

Starting from the premise that the development of the Romanian retail market is influenced by factors such as the continuation of the geographical expansion of the retail trade in its modern forms, the development of its own brands, the improvement of the strategies and the operational models, but also the more intense consolidation of the market, this paper analyzes the main directions of development of the retail market in Romania in accordance with the requirements of the European Union project "EUROPE 2020 A European strategy for smart, sustainable and inclusive growth".

Overall, the Romanian retail market recorded the highest increases among the other markets of the European states in the period 2000-2010, exactly 123%, and the trend is also rising for the following years, the specialists estimating an average annual growth of 5%.

Domestic trade in Romania has registered growths of over 100% in the last 10 years, contributing intensely to the development of the country's economy, by decreasing the unemployment rate and by contributing to the formation of GDP. Also, trade is one of the sectors of activity in which the largest investments were made internally, but also the largest foreign direct investments through the penetration of large chain stores. The development and expansion of the big chains of stores had both positive and negative effects on the other participants in the commercial activities in Romania. This has disadvantaged small producers, who are unable to meet the big demands of the big retailers or are hit by the conditions imposed by them (entry fees at the shelf, very low prices, additional certificates and certifications), but also the small shops that operate traditional forms of trade and could not keep up with the varied assortment of products and the low prices charged by large retailers.

V. ACKNOWLEDGMENT

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