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Article — Published Version

How Do Turkish Grocers Respond to Changes in the German Retail Market?

Tijdschrift voor economische en sociale geografie

Provided in Cooperation with:

John Wiley & Sons

Suggested Citation: Bağcı, Utku Eren; Franz, Martin (2024) : How Do Turkish Grocers Respond to Changes in the German Retail Market?, Tijdschrift voor economische en sociale geografie, ISSN 1467-9663, Wiley Periodicals, Inc., Hoboken, NJ, Vol. 116, Iss. 1, pp. 26-40, <https://doi.org/10.1111/tesg.12641>

This Version is available at:

<https://hdl.handle.net/10419/313779>

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HOW DO TURKISH GROCERS RESPOND TO CHANGES IN THE GERMAN RETAIL MARKET?

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Received: November 2023; accepted May 2024

ABSTRACT

Although widely employed, mixed embeddedness analysis in ethnic entrepreneurship has some limitations in its political, dual and spatial understanding and assessment of opportunity structures. To address this, we propose an alternative framework that combines Hess' categorisation of embeddedness with Katz's resilience framework. Using this combination, this study examines the responses of Turkish grocery retailers to structural changes in the German retail market. Despite extensive research on these changes, the responses of ethnic retailers have been neglected in the general literature on structural change in the retail sector. Drawing on data from 23 interviews with retailers, experts, intermediaries and producers, this study aims to fill this gap. The findings underline the impact of embeddedness on Turkish retailers' responses to market changes. The proposed analytical framework provides a comprehensive analysis of the competitive strategies of ethnic businesses and overcomes the limitations of the mixed embeddedness concept.

Key words: Ethnic retail; grocery retail; retail geography; embeddedness; Turkish migrants; Germany

INTRODUCTION

Since the 1950s, significant changes transformed retailing in Western Europe and the USA, impacting both the supply and demand sides of grocery retailing (Wrigley & Lowe 2002; Wortmann 2003). While country-specific studies detail these changes and how various actors responded (e.g. Wrigley 1992; Burt & Sparks 1994; Cliquet *et al.* 2008), little attention has been given to the strategic responses of ethnic retailers. This paper empirically addresses this gap, focusing on ethnic Turkish grocery retailers in Germany. Our approach centres on ownership structure, with variations in the customer groups they serve, and all the retailers in our sample have owners with a Turkish migration background.

Germany is a suitable example since it has been making the aforementioned changes since the 1950s and has had a growing ethnic

food retail sector since the 1960s – in which Turkish retailers play a special role. Changes in the supply side, retail location and consumer behaviours in the German retail market, have had a significant impact on Turkish ethnic retail in Germany. Despite extensive research on structural changes in the German retail market (e.g. Wortmann 2004; Kulke 2006; Banken 2007; Dannenberg *et al.* 2020), none has specifically delved into their impact on ethnic retailers. Turkish retail companies have been established in Germany since the late 1960s. Since then, they have been exposed to the effects of structural and format changes in the German retail market. Alongside general trends, the Turkish ethnic retail market in Germany has witnessed distinct patterns linked to the acculturation of second- and third-generation Turks (Anzengruber 2008; Şahin 2010; Eroğlu Hall & Sevim 2015). Therefore, addressing the responses of Turkish

grocery stores to the structural changes in the German retail market necessitates consideration of the acculturation processes among Turks in Germany. Facing the evolving competitive landscape, Turkish grocery retailers have formulated varied strategic responses to ensure their survival. So far, however, these strategic responses have not been studied scientifically. Thus, the research questions of this study are: (1) How are ethnic Turkish grocery retailers affected by the structural change in the German retail market and (2) How do they strategically respond to these on-going developments?

We argue that retailers' responses are highly dependent on their embeddedness in the market; therefore, it is necessary to combine the analysis of their reactions with a differentiated consideration of their embeddedness. The mixed embeddedness (ME) concept is widely used to analyse the economic activities of ethnic businesses (Barberis & Solano 2018). However, the ME concept needs to be expanded, particularly in terms of political, dual and spatial understanding (Yetkin & Tunçalp 2023). There are attempts to re-evaluate and revise the concept of ME (e.g. Solano *et al.* 2022). These attempts have not yet included threats, or entrepreneurs motivated by necessity or opportunity in the analysis framework. Furthermore, the way Solano *et al.* (2022) add multifocality to the opportunity construct is problematic in that it does not emphasise informal institutions in the institutional context. In this paper, we overcome some limitations of the ME concept by combining it with the embeddedness concept proposed by Hess (2004). At the same time, we use Katz's (2004) conceptual framework of resilience, reworking and resistance as it allows us to examine in detail the responses of ethnic businesses to structural changes that create opportunities and threats in the market.

In the following section, we present our conceptual framework. In the third section, we introduce the structural change in the German retail market, including Turkish grocery retailers. Section four includes the method we adopted, while in the following section, we analyse the case study. Finally, we conclude and discuss the findings of the research.

ETHNIC ENTREPRENEURSHIP AND EMBEDDEDNESS

Valdez (2008, p. 956) defines ethnic entrepreneurship as 'business ownership among immigrants, ethnic group members, or both.' Ethnic entrepreneurship is more comprehensive than immigrant entrepreneurship, an alternative term in the literature. Unlike immigrant entrepreneurship, ethnic entrepreneurship encompasses not only recent immigrants but also long-established ethnic minorities within a country (Volery 2007).

Early work on ethnic entrepreneurship in the 1970s and 1980s, emphasised agency and its resources (e.g. capital) and neglected broader social structures (Kloosterman & Rath 2018). However, Waldinger *et al.* (1990), who aimed to evaluate ethnic entrepreneurship by taking into account broader structures beyond ethnicity, included both agency and structure in the interactionist approach they developed (Kloosterman & Rath 2018). Although it was widely criticised, Waldinger *et al.*'s (1990) groundbreaking work provided the foundation for Kloosterman *et al.*'s (1999) concept of ME. The ME concept, which combines the skills and resources of ethnic entrepreneurs with the opportunity structure, assumes that the entrepreneur is embedded in social networks on the one hand and in the structures (market conditions such as rules and laws) where the business is conducted on the other (Barberis & Solano 2018). In this framework, the concept of opportunity structure, introduced by Waldinger *et al.* (1990) and revisited by Kloosterman and Rath (2001), consists of the economic context and the political-institutional context and occurs at the national, regional, urban and neighbourhood spatial levels (Barberis & Solano 2018).

ME is a multi-contextual concept as it takes into account changing institutional contexts, social networks and opportunity structures when focusing on the activities of ethnic entrepreneurs and is not limited to focusing on the ethnic-focused context (Yetkin & Tunçalp 2023). In this respect, it offers an analysis that goes beyond the ethnocentric perspective in ethnic entrepreneurship studies. However, the concept of ME

has been criticised in many ways. Yetkin and Tunçalp (2023) argue that embeddedness in ethnic entrepreneurship has more potential than ME and that the concept of ME needs to be expanded in terms of political, dual and spatial understanding. Moreover, Storti (2018) argues that the concept of ME only refers to formal institutions but ignores informal institutions. We contend that, in addition to these points of criticism, the ME concept overemphasises the opportunity structure. While opportunities are crucial for the development of migrant enterprises, not all migrant entrepreneurs are opportunity-driven, and therefore, the concept of ME does not adequately capture necessity-driven entrepreneurship and threats in the market.

There are attempts to revise the concept of ME and enrich its scope. Solano *et al.* (2022) expand the opportunity structure in this framework by introducing the concept of multifocality. In this context, they highlight the importance of multiple places, encompassing third countries, where migrant entrepreneurs maintain connections beyond their country of residence and their home country. Meanwhile, by highlighting the behavioural patterns of various groups, an extra sphere is introduced, considering behaviours, traditions, norms, etc., alongside the two spheres influencing the opportunity structure: the political – institutional context, and the economic context. Thus, an important step was taken towards overcoming the deficiencies emphasised by Yetkin and Tunçalp (2023). Theoretical advancements in this area, meanwhile, have not yet addressed threats or entrepreneurs motivated by necessity or opportunity. Furthermore, Solano *et al.*'s (2022) attempt to add multifocality to opportunity structure is problematic in some ways (e.g. it does not include informal institutions such as behaviour, customs and norms within the institutional context) and can be done in an alternative way using Hess' (2004) categorisation of embeddedness.

According to Hess (2004), network embeddedness describes structures of the intra- and inter-firm relations of firms and their extra-firm relations with actors such as businesses, government agencies and non-governmental organisations (NGOs). As another form,

territorial embeddedness describes the (multi-)local anchoring of actors 'in particular territories or places' (Hess 2004, p. 177). The territorial embeddedness of businesses takes place by adapting to local conditions (e.g. regulation and demand) and building network structures (e.g. with suppliers). Finally, societal embeddedness emphasises 'the importance of where an actor comes from, considering the societal (i.e., cultural, political, etc.) background' (Hess 2004, p. 176). It refers to the social-cultural background that shapes the behaviour of actors and thus also the decisions that are made in response to changes.

According to Katz's (2004) understanding, acts of resistance are the activities of individuals, groups or organisations against existing structures or (already taking place or only expected) changes of these structures. Reworking, another active response of the actors is defined as '[...] those that alter the conditions of people's existence to enable more workable lives and create more viable terrains of practice' (Katz 2004, p. 247). Finally, if retailers have the ability to absorb changing circumstances without extensive reworking, this is referred to as resilience (Katz 2004, p. 244). In the literature, few studies have combined these two concepts. For example, Franz (2010, 2012) combined Katz's (2004) categorisation with the global production networks (GPN) framework (value, power and embeddedness) to demonstrate the direct effects of the globalisation process on different actors. However, it is primarily the embeddedness of global corporations that is considered; the importance of the embeddedness of the actors who respond to the corporations is not considered.

MATERIALS AND METHODS

This study is empirically based on 23 semi-structured qualitative interviews as detailed in Table 1.

Search engines and the Mavi Rehber Database were used to identify actors that are relevant to the study's objectives. From these sources, a random sample of wholesalers, distributors and retailers were chosen

Table 1. Profile of the interviewees.

Interviewee ID			
Retailer			
Format	Branches	Headquarter location	Customer base
Grocery Retailer	4	Osnabruck	Mixed
Grocery Retailer	1	Osnabruck	Mixed
Grocery Retailer	2	Hamburg	Mixed
Grocery Retailer	2	Giessen	Mixed
Grocery Retailer	1	Melle	Mixed
Grocery Retailer	1	Bielefeld	Mixed
Grocery Retailer	5	Cologne	Mixed
Grocery Retailer	1	Straubing	Mixed
Greengrocer	1	Munich	Mixed
Producer			
Classification		Headquarter location	Specialised product
Turkish		Ankara	Pasta
Turkish		İstanbul	Nuts
Turkish		İstanbul	Nuts
Turkish		Bursa	Olive
Turkish		Karaman	Pulses
Turkish		İstanbul	Olive Oil
International		France	Cheese
Wholesaler/distributor			
Classification		Headquarter location	Specialised product
Turkish Wholesaler/Distributor		Germany	Mixed
Turkish Wholesaler/Distributor		Germany	Mixed
Turkish Wholesaler/Distributor		Germany	Mixed
Exporter			
Classification		Headquarter location	Specialised product
Turkish Exporter		Turkey	Mixed
Expert			
Area of expertise		Location	
Ethnic Retail		Germany	
Migration		Germany	
Migration		Germany	

for the interviews regardless of their location and size. The retailers are located in different regions of Germany, and the number of branches varies between 1 and 5. The retailers are representatives of shops that are run by people with a Turkish migration background

and have a mixed product range. The clientele is also mixed, with varying proportions of German and Turkish customers, and customers with other migration backgrounds. We are aware that the national classification of Turkishness is a construct (De Cillia

et al. 1999). The assignment to this group was made by the actors interviewed themselves. As a result, retailers in our sample reflect different conditions in terms of customer base, regional diversity, size and national classification. Information on how Turkish retailers in Germany have developed and maintained their competitiveness was obtained from the interviews. The experts that were interviewed were chosen based on personal recommendations and their respective fields of competence. The migration experts were asked on the entrepreneurship of Turkish immigrants in Germany and the change of consumer behaviour of Turks in Germany. The ethnic retail expert was asked about general development patterns of ethnic retailing in Germany.

The interviews were conducted between 2020 and 2022. The length of the interviews ranged from 25 to 120 minutes. Although we planned to conduct all interviews face-to-face, due to the COVID-19 pandemic, we had to conduct seventeen interviews by phone or video conference. The interviews were analysed with qualitative content analysis (Mayring 2000). One interview was conducted in German and all other interviews were conducted in Turkish. The quotes used in this paper were translated into English.

DEVELOPMENT OF TURKISH GROCERY RETAILERS IN GERMANY

The 1961 labour agreement between Germany and Turkey led to the migration of Turkish guest workers to Germany. Initially, most of these workers, predominantly men (Şen 1994), were employed in mines and factories and were expected to return after a short period. Consequently, Turkish entrepreneurship was uncommon during the 1960s (ATIAD/KPMG 2002). Challenges arose for Turks in Germany due to differences in food preferences, as many desired products were unavailable at German retailers. In response, the first Turkish grocery retail began in a mobile format in the 1960s. 'There were workers' housings in Germany in the past, and when the workers came, they would stay there. Products were brought to be sold in

front of those housings by cars. Later, small shops began to spread' (interview ethnic retail expert).

In the early 1960s, the first Turkish grocery stores emerged as pioneers of Turkish entrepreneurship in Germany (ATIAD/KPMG 2002; Genel 2014). These stores were small-scaled, independent, mostly family-run grocery shops, focusing mostly on Turks. Therefore, neighbourhoods populated by Turks were extremely important for their location selection. In the 1970s, a large number of migrants took advantage of the possibility of family reunification. The number of Turkish women in Germany increased as the spouses of Turkish workers came to Germany. The family reunifications also caused the Turkish guest workers in Germany to think of settling there permanently (Şen 1996). A migration expert interviewed (1) states that the effects of the emigration of the wives of Turkish workers to Germany are also reflected in their consumption habits:

The Turks, who buy the products from wholesalers and sell them in front of the factories, developed their activities by establishing small grocery stores, especially in the neighborhoods where immigrants live. [...] In that process, the arrival of the guest workers' wives on a family visa to Germany and the reshaping of their cooking habits may have been decisive [for the development of Turkish grocery stores] (interview migration expert 1).

During the 1970s, the number of Turkish grocery stores in Germany rose, yet regional differences persisted. Turks sometimes travelled long distances to access these stores, and itinerant grocers remained significant, continuing in some areas until the 1980s or even the 1990s, occasionally going door-to-door. First-generation Turks in Germany tended to use many groceries that were not available in mainstream retail stores at the time. Often, purchases at Turkish grocery shops were limited to those foodstuffs that were not available in conventional stores. Other foodstuffs were bought in mainstream retail stores, especially when they were cheaper there, which was often the case. Anzengruber (2008, p. 49) characterises first-generation Turks in Germany as having conservative, traditional attitudes, strong ties to

Turkey, low integration, and a thrifty, family-oriented consumer behaviour. Nevertheless, changes in family dynamics, living conditions and greater adaptation to German society (Aygün 2005; Anzengruber 2008) have led to shifts in Turkish consumption patterns.

In the 1980s, Turkish grocery retailing in Germany made rapid progress: The number of Turkish grocery stores increased in many regions, and larger grocery stores appeared. With this increase, there was a need for quality wholesalers to serve these retailers. Thus, some retailers started to expand their activities into wholesale (e.g. Suntat) and Turkish food producers were established in Germany (e.g. Marmara GmbH). In the early 2000s, many Turkish retailers began to offer products and services to ethnic groups other than Turks and the mainstream retailers included more ethnic products in their range of offers. Thus, the competition between mainstream and Turkish retail grew.

From the 2000s onwards, a process towards a higher level of professionalisation of Turkish grocery retailing in Germany took place. Turkish grocery retailers in Germany have completed their capital accumulation and increased their knowledge [on the market and business]. This stands out gradually in the transformation of their stores' (interview migration expert 1). However, the professionalisation process of Turkish grocery retailers has not yet come to an end. Many Turkish retailers, which are usually small-scaled family businesses, tend to keep the investment in their company as low as possible and do not develop a growth strategy. The ethnic retail expert stressed the inadequacy of Turkish grocery retailers in professionalisation in the interview:

Turkish entrepreneurs were not investing the money they earned in education, technology, and most importantly, in their own sector until 5 years ago [2015]. They mostly invested in Turkey and other sectors. This prevented development and branching. You know, professional staff is needed for professional branching. There was also a shortage of qualified personnel in this sector. In addition, we can say that there are very few people who see this job as a profession (interview ethnic retail expert).

An overall assessment is difficult because Turkish grocery retailers are independent of

each other, dispersed and not uniform like mainstream retailers, therefore, their professionalism and strategies differ considerably.

RESPONSES OF TURKISH GROCERY RETAILERS IN GERMANY TO THE STRUCTURAL CHANGE

Changes in consumer behaviour – The shopping behaviour of Turkish migrants and their descendants in Germany is closely tied to their level of embeddedness in German society (Anzengruber 2008). Consumption patterns evolve with the duration of their stay in Germany and across generations. Consequently, the second and third generations show distinctly different consumption habits compare to first generation. Anzengruber (2008) categorises the second generation's attitudes as more liberal, purposeful or conservative, with a moderate attachment to Turkey and a high level of integration. Their consumer behaviour is characterised as critical and family-oriented. Among the third generation, he describes one half as conservative and the other half as individualistic. Here, integration is high, Turkish ties are weak, and consumer behaviour is consumerist. While in some areas, German consumption patterns are adopted, in other categories with products from the home country the family's origin is emphasised.

From the 1960s to the 1990s, Turkish grocery retailers were resilient due to the importance of Turkish societal embeddedness for consumption habits of first-generation Turks, but they were confronted with the changing consumption habits of newer generation Turks, who are no longer as loyal to Turkish food retailing and Turkish products as the first generation (Aygün 2005; Anzengruber 2008). The second generation of Turks, who were born roughly between 1974 and 1984 (Demirağ & Kakişim 2018), started to develop consumption habits different from those of their families since the 1990s when they reached adulthood. They started to show interest in small pack sizes and convenience food. In part, they even take religious dietary rules, the requirement to eat only halal meat (the meat that is permissible according to Islamic law), less seriously.

The living conditions have changed for everyone and therefore convenience products have become more important. Also, the typical Turkish extended family as in the past, is no longer a matter of course. Back then, much larger quantities were bought and cooked. In addition, nowadays there are more opportunities to eat outside (interview migration expert 2).

In other words, the consumption habits of people of Turkish origin with a high level of acculturation, converge with the mainstream consumers. Furthermore, mainstream consumers' consumption habits began to change and diversify, and their interest in ethnic and exotic products grew (Khan 2020), from which the Turkish retailers partly profited. In some locations, the physical distance to mainstream retailers also ensured that people without a migration background used the Turkish stores for local supplies. 'An important factor for non-migrant customers shopping in Turkish supermarkets is the proximity to their place of residence' (interview migration expert 2).

In response to these changes, some Turkish grocery retailers remain resilient and carry on with few adjustments. However, some other retailers rework their strategies to remain competitive. Their reworking activities, summarised in Table 2, are detailed below.

1. Offering mainstream foods: Those Turkish retailers with high levels of territorial embeddedness have increased the share of products in their assortment that do not have a specific ethnic background and can also be bought in the same form in mainstream retail. They aim to appeal more strongly to mainstream consumers, and those with a Turkish background who are increasingly interested in mainstream products. In part, this reworking strategy is supported by new inter-firm relations with German mainstream retailers as a component of a growing network embeddedness. 'Now we have cooperation with Edeka Group (a cooperatively organized group of companies in the German retail sector that also acts as a wholesaler for other companies). [...] We supply goods from Edeka's wholesaler' (interview retailer 7).
2. Expanding the range of products that differentiate them from mainstream retailers: Turkish grocery retailers, who have strong Turkish

societal embeddedness, are resilient to changes in consumption behaviour as first-generation Turks predominantly, and second-generation Turks considerably, continue their traditional consumption habits. They increasingly included non-food products in their assortment that are in demand by Turkish consumers and are not easily available in German retail stores, for example, special pots for tea or Turkish coffee.

3. Increasing their competitive position in fresh food products: Turkish retailers with a strong Turkish societal embeddedness specialise in quality fresh food products (Aygün & Oeser 2017), especially fruit, vegetables and halal meat products, which are popular in Turkish cuisine. In this way, they also attract some mainstream consumers.
4. Offering smaller portion sizes: Most Turkish grocery retailers changed their product ranges to match those in German supermarkets, intending to appeal to both German consumers and the younger generation of German-Turks, whose lives and consumption habits have begun to converge with those of German consumers. 'In the past, we used to sell five kilos of lentils, but we cannot sell them now. Because now families are getting smaller' (interview retailer 7).
5. Introducing convenience food: To adapt to consumption trends, Turkish grocery retailers rework their product range by including frozen and ready-to-eat food products. Thus, aiming to retain the younger generation of German-Turks and draw in German consumers. 'People turned toward fast food and ready-to-eat products. [...] for example, we have frozen products, so we have a chance to address [newer generations] as well' (interview retailer 7).
6. Expanding the ethnic product range: Most Turkish grocery retailers rework their marketing strategy to address consumers with other migration backgrounds and to differentiate themselves more from mainstream retailers. 'As far as I can remember [we have products from] Balkan, Arab, Far East, German, Turkish etc. So, there are very few segments that we do not address' (interview retailer 9).

In the framework of multifocality, the responses to changes in consumer behaviour, of retailers with strong territorial and network embeddedness, reveal that German firms and consumers, as well as third country consumers, influence retailers' opportunity structures. So, the inclusion of multifocality in opportunity

Table 2. Responses of Turkish grocery retailers to structural change in the German retail market

Structural change in the German retail market	Effects on Turkish grocery retailers in Germany	Responses of Turkish grocery retailers in Germany	Embeddedness	Response category
New formats of retailing	Losing of customers to retailers offering lower prices and/or a wider range of products	Increase in sales area	Territorial	Reworking
		Diversification of services (e.g. bakery and travel agency.)	Territorial	Reworking
Enterprise concentration process in retailing	Loss of competitiveness vis-à-vis companies that have advantages through economies of scale	Continuing operation in grocery format without diversifying services	Societal	Resilience
		Joint procurement	Network	Reworking
Changes in consumer behaviour	Losing of customers due to lower customer loyalty of the younger generation of German-Turks. Opportunities to attract mainstream consumers who are seeking ethnic and exotic food products.	Resistance to building professional level relationships with other firms and extra-firm actors	Network	Resistance
		Branching	Network	Reworking
		Offering mainstream foods	Territorial/Network	Reworking
		Offering smaller portion sizes	Territorial/Societal	Reworking
		Increasing their competitive position in fresh food products	Territorial/Societal	Reworking
		Introducing convenience food	Territorial/Societal	Reworking
Introducing new technologies	Losing of competitiveness by ignoring technological innovations	Expanding the ethnic product range	Territorial/Societal	Reworking
		Expanding the range of products that differentiate them from mainstream retailers (e.g. teapots and coffee pots.)	Societal	Resilience
E-commerce	Losing market share to online retailing	Introduction of new technologies (e.g. cash registers and ordering technologies)	Societal/Territorial	Reworking
		Carrying on with existing technology with minor improvements	Societal	Resilience
E-commerce	Losing market share to online retailing	Maintaining its operations through a single channel without the necessity for e-commerce	Societal	Resilience
		Introduction of e-commerce service	Societal/Territorial	Reworking

(Continues)

Table 2. (Continued)

Structural change in the German retail market	Effects on Turkish grocery retailers in Germany	Responses of Turkish grocery retailers in Germany	Embeddedness	Response category
Locational change in German retailing	Locations are losing their suitability to attract sufficient customers.	Moving to the industrial zones or outskirts of the cities	Territorial	Reworking
		Continuing importance of neighbourhoods with a high Turkish population in location selection	Societal	Resilience

structures can be accomplished through territorial and network embeddedness. Finally, the consumption behaviours stemming from the societal embeddedness of Turkish consumers can be evaluated within the institutional context shaping the opportunity structures of retailers as informal institutions.

Enterprise concentration process in retailing

– With the enterprise concentration process, a few large retail groups with great market power have emerged on the German retail market (e.g. Wortmann 2003). Since these giant retailers have the opportunity to benefit from economies of scale, they offer a wide range of products at lower prices than before. This puts price pressure on Turkish grocery retailers. ‘[as Turkish grocery retailers] we are considered expensive in the German market. [...] People say that flour, salt etc. is cheaper at Aldi, so I can buy them from there’ (interview retailer 1).

To respond to this pressure Turkish grocery retailers are reworking their strategies and trying to exploit economies of scale through two main strategies:

1. Joint procurement: Most Turkish retailers with high levels of network embeddedness collaborate with other retailers under a reworking strategy to leverage economies of scale and reduce sourcing costs. Although some Turkish retailers have success in co-operation they often fail on a larger scale: ‘Communication with others is a little difficult. We’ve only tried it in the past. [...] Most grocery store managers don’t have much business information. [...] so we can’t sit and talk. They’re being insensitive, I don’t know why’ (interview retailer 8). Different

levels of knowledge and qualification are thus seen as obstacles to a targeted strengthening of inter-firm network embeddedness and thus to reworking.

2. Branching: One strategy that is not very common is the opening of branches. ‘We also opened a branch [...] in April [2020]. It has a sales area of 1000 m², which is twice the size of this place’ (interview retailer 8). The branching gives them the opportunity to reduce costs by supplying more products at once for all branches. However, as embeddedness in local Turkish communities is still important for many businesses, operating multiple locations also presents a particular challenge in terms of network embeddedness.

To sum-up, economic changes occurring in the economic context (market conditions) pose threatening effects on the opportunity structures of retailers. Retailers with strong inter-firm and intra-firm network embeddedness, leveraging their capabilities and resources, establish various collaborations and open new branches within the scope of reworking.

Introduction of new technologies – Although some Turkish grocery retailers place emphasis on research and development (R&D) and innovation, this interest is relatively low compared to mainstream retailers. First, since most of them are still family-run businesses, their professionalisation level is low. Second, because of their investment culture, they ignore the technology adopted by their mainstream competitors and the other technological innovations. In other words, those with a high level of Turkish societal

embeddedness tend to keep investments in their business as low as possible and prefer to invest profits in other areas (e.g. real estate in Turkey).

However, some Turkish grocery retailers with a high level of professionalisation, are reworking their businesses by introducing new technologies to keep and increase their competitiveness.

We got a new [cash register] system, a new software. I saw this in a friend of mine when I went to Switzerland. Definitely the cashier does not touch the money. We have seen a lot of benefits in the Corona pandemic. It was hygienic. [...] This innovation has been very good for us (interview retailer 1).

Although this level of innovation is not seen in every Turkish grocery retailer, they have adapted relatively well to new technology in their procurement activities. Since 2010, retailers adapting to new technologies give their orders to intermediaries (i.e. distributors and wholesalers) from computers, and even applications on mobile phones (Table 2).

Retailers' investment cultures, influenced by their societal embeddedness levels, can be evaluated within the institutional sphere framework that affects their opportunity structures as informal institutions. Additionally, their human and social capitals allow them the opportunity to adopt certain technologies within the scope of reworking.

Development of e-commerce – Another competitive channel for Turkish retailers in Germany has emerged through online retailing, particularly in the 2000s. Many Turkish grocery stores who lack the size and capacity to implement an online retailing system are unable to compete in this area. One reason these companies are resilient towards online retailing is that they usually address older-generation Turks who are not as open to online commerce as younger generations. It is possible to foresee that the resilience of these firms will nevertheless decline with each passing year, given the trends in the consumption habits of the younger generation of German-Turks. However, particularly in the 2010s, some rather large-scale, even

branched Turkish grocery retailers reworked their operations and entered the online retailing channel to catch up with the trends in the German retail market and to increase their competitive power. These retailers have high territorial embeddedness in the German retail market. Thus, they are better able to monitor mainstream German consumer behaviour. Furthermore, they follow the local competition conditions and channels in the market and rework themselves accordingly. However, some are still in the development phase of this idea. 'We are considering home delivery. I don't know how much we can pass this on to people here, but we're discussing its infrastructure now. We are thinking about how we can handle online orders' (interview retailer 5).

The responses to the development of e-commerce, which threatens the opportunity structure of Turkish retailers, have also been diverse. Firms with strong financial capital and territorial embeddedness, enabling them to accurately assess the consumption habits of third and subsequent generations of Turks and the German society, can introduce e-commerce within the scope of reworking. However, those with high societal embeddedness and targeting older generations of Turks are resilient. The reluctant attitude of older generations of Turks' towards e-commerce, within the informal institutional context sphere, affects those retailers' opportunity structure.

Development of new retail formats – The biggest impact of the emergence of new formats in the German retail market on Turkish grocery retailing is the increasing competitive pressure on them. This is mostly related to the consumption behaviours of younger generation German-Turks. Because, unlike first-generation Turks who have a high degree of loyalty to Turkish grocery retailers, the third generation mainly shop at mainstream stores. This increases the pressure on Turkish grocery retailers to compete with mainstream retailers in different formats and weakens their resilience. In this framework, Turkish grocery retailers with high territorial embeddedness are reworking their organisations. Following the trends in the consumption behaviour of

German consumers and the format diversity and strategies of mainstream German retailers, some Turkish grocery retailers are converting their stores from small-scale grocery retailer format to larger-scale supermarket format. Moreover, some of them try store-in-store formats and provide services such as bakery and travel agencies in their stores.

To sum-up, the emergence of new formats poses a threat to the opportunity structures of retailers as a change occurring in market conditions. Retailers with high territorial embeddedness respond to changes in the consumption behaviour of the new generation of Turks (within the informal institutional context influencing opportunity structures) through reworking.

Locational change in German retailing – The trend of Turkish retailers to target a wider segment has had an impact on location selection, especially in the 2000s. While neighbourhoods with high Turkish populations, proximity to mosques and cultural associations, were important factors in the location selection of Turkish retailers in the past, they have become less important to those Turkish retailers that expanded beyond ethnic markets (Table 2). Furthermore, the growing stock they have, and increasing mobility, have led to new tendencies in their location selection. Some store owners are increasingly choosing locations with parking, preferably in the outskirts of towns, or near or in business parks, similar to mainstream retailers (Table 2). In the context of focusing on the spatial dimension of migrant embeddedness (Barberis & Solano 2018), ethnic retailers with high territorial embeddedness respond to changes in location selection (as a change occurring in the economic context) through reworking. These reworking strategies are associated with the declining importance of retailers' societal embeddedness. The results of this analysis are summarised in Table 2.

CONCLUSION

The structural changes in retailing in Western Europe and North America have been extensively researched. However, ethnic retailers have been largely neglected in this research. This paper has contributed to the closure of

this research gap, by analysing how ethnic Turkish grocery retailers were affected by the structural change in the German retail market and changing consumption patterns, and how they responded to this transformation.

Our analysis of Turkish retailers in Germany has shown that ethnic retailers are not only affected by the general structural change in the retail sector, but also by a change in the consumption behaviour of their core target group – migrants and their descendants. The ability of Turkish retailers to respond to these changes is related to their embeddedness. Turkish retailers with a high level of territorial embeddedness in Germany have a greater tendency to respond to these changes with reworking. In this context, these retailers are better able to recognise and respond to changes in the market, sometimes through imitation and sometimes through learning by observation. The level of territorial embeddedness is influential in the competitive response to structural changes in the German retail market, in particular 'new formats of retailing' and 'changes in consumer behavior'. Retailers with high levels of societal embeddedness as well as territorial embeddedness tend to respond competitively to changes in the consumption patterns of both mainstream and co-ethnic consumers. However, Turkish retailers that do not have high territorial embeddedness, but only high societal embeddedness, make only minor changes in their competitive strategies. This shows that these retailers are resilient against structural changes. However, it should be noted that these strategies of retailers that are resilient to structural changes are not always rational, competitive and successful. Finally, retailers with high levels of network embeddedness engage in reworking strategies that require intra-firm, inter-firm and extra-firm co-operation. This is often reflected in the competitive strategies developed against the 'enterprise concentration process'. However, such reworking strategies are not widespread. It is striking that the Turkish retail companies are even less successful when it comes to building relationships with mainstream extra-firm actors. None of the companies interviewed had professional relationships with mainstream extra-firm actors.

Pütz (2003) noted that the strong embeddedness of Turkish entrepreneurs in

Turkish networks, is rather a hindrance to the company's success in the long run, as it leads to severe restrictions in the sources of capital and information. As a result, options for action are limited rather than expanded. Therefore, Turkish retailers cannot use the potential identified in the literature (e.g. Stevenson 2014) to increase their resilience, for example, through knowledge transfer or the activation of resources. Institutions such as retailers' associations serve not only in networking and knowledge exchange, but also lobbying. Lobbying activities for political influence can also be conceptualised as resistance. By not being members of such organisations, businesses deprive themselves of the possibility of political influence and thus the possibility of resistance as a strategic response. Last but not least, they are resisting building professional-level relationships with inter-firm and extra-firm actors.

Consequently, in this study, we have emphasised the multifocality of the mixed embeddedness (ME) approach through our analyses based on Hess' embeddedness classification, and in doing so, we have been consistent with the assumptions of the ME approach that ethnic retailers are embedded in social networks and business structures. We have also demonstrated that using Katz's resilience classification enables analysis of how ethnic retailers respond competitively to opportunities and threats in the market, thus enabling a balanced view that encompasses both challenges and opportunities, not just the opportunity structure.

The most important limitation of this research was the inability to further increase the number of retailers in the sample. Since the fieldwork coincided with the pandemic period, it was challenging to get appointments with retailers, most of which are small-scale family businesses. In addition, the owners or managers of these businesses were reluctant to make time for interviews because they have numerous tasks within their companies, including purchasing, warehouse responsibility and even the cash desk. Further research could focus on how structural changes in the market have affected other ethnic retailers and their responses. It might even be interesting to examine where the responses of

ethnic retailers differ or resemble those of mainstream small-scale retailers. Finally, an extensive quantitative survey of ethnic retailers could allow for a spatially differentiated analysis that directly relates the strategies of the businesses to the proximity of competing businesses and the (ethnic) population structures in their catchment areas.

Theoretical implications – In this study, we show that Hess's (2004) embeddedness categorisation, when combined with Katz's (2004) triple resilience framework, provides a framework of analysis for the competitive strategies of ethnic businesses. That is, this research showed that the combination of the categories of resilience, resistance and reworking, with a differentiated consideration of the embeddedness of the actors, contributed to a better understanding of the reasons for the responses of the retailers to structural changes in the market. We argue that the degree of territorial, societal and network embeddedness not only influences the general resilience of firms to structural change, but also their strategies in responding to change. Moreover, this combination is an alternative way to overcome the limitations of the ME concept without contradicting it. According to Hess' classification, (1) network embeddedness allows us to take into account formal institutions, which in the original ME were considered within the political-institutional context. Furthermore, since it considers intra-firm, extra-firm and inter-firm relationships regardless of residence, home, or third country, it enables us to account for multiple places, as Solano *et al.* (2022) emphasise in the context of multifocality. (2) Given that Hess' definition of territorial embeddedness pertains to the degree to which an 'actor' is rooted in specific regions or locales, by using this concept, delving deeper into territorial embeddedness within the ME concept, as suggested earlier by Barberis and Solano (2018), holds promise and feasibility. (3) Taking the societal embeddedness into account allows us to consider the informal institutions that Solano *et al.* (2022) consider within the modes of behaviour of the different groups in their revision of ME. Thus, Hess' (2004) categorisation of

embeddedness has the potential to enrich the concept of ME with its spatiality, multi-contextuality and multifocality. Finally, combining the embeddedness concept with Katz's (2004) resilience, reworking and resistance framework, will allow for a detailed analysis of the competitive responses of ethnic businesses to structural changes in the market that can both create opportunities and threaten them. This may be particularly important in contexts such as Germany, where ethnic businesses are more necessity-driven (Von Bloh *et al.* 2019), in order not to be constrained by the opportunity structure in the analyses.

Managerial Implications – The results of this study show possible courses of action for ethnic retail companies to permanently increase their resilience by using reworking strategies on the one hand and increasing their potential for resistance on the other. In terms of demand, ethnic retailers must analyse changes in the consumption habits of both their co-ethnics and mainstream consumers. A pure focus on people with a specific migration background leads to the risk of losing the target group in the long run due to increasing cultural adaptation. Due to their dual embeddedness, they are able to adjust the product variety in their stocks in response to the changing consumption habits of their co-ethnics as well as the society they are in, and other ethnic groups. On the supply side, ethnic retailers must deepen their network embeddedness by reworking themselves. Network embeddedness is key to maintaining the competitiveness of ethnic retailers against organised large mainstream retailers with considerable financial strength. There are several ways to deepen network embeddedness, for example, ethnic retailers can co-operate to make joint purchases. However, due to communication problems and conflicts, such co-operations are not easy to implement. In this regard, it makes sense to institutionalise the co-operation, for example, in the form of a co-operative. This could be initiated by external actors such as business associations. Deepening the network embeddedness towards extra-firm actors is also of great importance, especially for lobbying activities. Finally, ethnic retailers can

deepen their network embeddedness towards mainstream retailers. This could include product supply agreements or co-tenancy with these retailers under the same roof.

ACKNOWLEDGEMENTS

The authors thank Philip Völlers and Hannah Arnold for their comments on a previous version of the paper. Open Access funding enabled and organized by Projekt DEAL.

CONFLICT OF INTEREST

None.

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