

How have the internal retail sectors been dealing with the crisis?

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ABSTRACT:

As economic globalization continues, rapid changes in the external environment have created new difficulties for Taiwan's retailing business. Most significant are the ongoing international and domestic economic downturn, the economic and social devastation caused by recent typhoons, health concerns caused by the H1N1 flu, consumer safety issues in the face of the highly-publicized poisoned milk incident, and the destabilizing force of international financial turmoil.

Overall, the retailing business development and management patterns are diversified and large-scale oriented, theoretically providing a good foundation for businesses to weather the storm. However, the current environment has dramatically increased the competition **for** many chain stores, franchises and internet businesses, presenting a stiff challenge. How have the internal retail sectors been dealing with the crisis? How do they survive in the current dramatic financial turmoil?

According to a report from the Ministry of Economic Affairs (MOEA), prior to the economic crisis, the consumer market grew vigorously in Taiwan: warehouse clubs and supermarkets at the end of the channel replaced wholesalers to become leaders of the retailing market, causing retailer competition to become even fiercer. Now, retailers must not only emphasize "quantity" to control prices, but must also

stress the importance of “quality” to attract consumers from all segments of the population.

Governmental strategies have been employed to aid the retailers, including: (1) special loans to retailing sectors, and (2) adoption of new technology for domestic retailers to further enhance the globalization of information and management capabilities. To stimulate consumer consumption, the government has offered to: (1) provide an Energy Subsidy, (2) create a free tour bus system to bring people to the business district, (3) provide Consumption Vouchers, (4) allow a tax and interest rate cut, and (5) use economic means to stabilize the livelihood merchandise price.