

Patterns of Vertical and Horizontal Integration in Turkish Retailing

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The idea of retail modernisation is around 70 years old in Turkey. Since the 1930s, Turkish policy-makers have been enthusiastic in introducing modern retail outlets. But most of these efforts failed to diffuse beyond a couple of successful cases until the take off in the 1980s under the export-led liberal regime. We have seen a recent spread of large modern retail outlets, and it has been remarkably fast. This process naturally has long-lasting effects on the economy and the society. On the one hand, there has been a vertical integration through the elimination of middlemen in distribution channels. A complex relationship has emerged between the retailers and producers. On the other hand, new business opportunities were created in subsidiary and complementary services at the horizontal level such as in marketing, manufacturing and packaging, and information systems.

An Overview of Retailing in Turkey

Retailing has long been an easy entry point for job seekers in Turkey, where unemployment has been chronically high. As small retailing does not require a particular skill or significant capital investment, there are practically no barriers to entry and it attracts many individuals who seek job opportunities to utilise their small capital or savings. In an inflationary economy like Turkey's, this has been a good investment for small capital holders. During past two decades, however, large capital holders have invested in retail businesses along with multinational retailers. Increasing business opportunities and the advantage of a cash run business in a high inflation and high interest rate environment have encouraged investors. New technologies have enabled investors to succeed in the newly developing market. The arrival of the foreign hypermarket groups has spurred their Turkish counterparts. Strategies of domestic retailers have followed various patterns and large domestic retailers rapidly adopted new technologies and management techniques. There are five major domestic retailers organised across the country: Migros, Gima, Tansas, Yimpas and Ordu Pazari. Migros and Yimpas have become international retailers with investments in Russia, the Balkans and Central Asia. Regional retailers and small retail chains also emerged in almost every medium-sized city.

The Turkish experience of retail change is very similar to that of Greece and Portugal. The timing and phases of change coincides with economic liberalisation and democratisation processes in these countries, as well as global trends in retailing. The main change of wind

came from Western Europe, first by new production and distribution techniques and then with direct investments by European multinational retailers in the late 1980s and 1990s¹. As in other Southern European countries, French and German companies arrived first in Turkey. British, Dutch and others followed suit. Like in Spain, Portugal and Greece, the major metropolitan cities have been the port of entry where per capita income is high and consumers have more cosmopolitan or westernised tastes. Despite a few unsuccessful cases, such as Prisunic (French) and Marks & Spencer (Britain), European retailers have increased their market share and business interests in Turkey. They have also enjoyed government incentives as well as the generous curiosity of Turkish middle-class consumers. Following their initial success, major German and French retailers have begun to diversify their investments in the major metropolitan towns beyond Istanbul, Izmir and Ankara. Domestic retailers have also been adopting the new business practices. This led to a massive growth in the numbers of supermarkets and hypermarkets as well as department stores and shopping malls.

However, retail concentration in Turkey is still low compared to Western Europe. Although the number of retail establishments increased 23.8% between 1985-1992, the sector is still small^{2a3}. In terms of the sectoral distribution of retail activities, food retailing occupies an important position with more than one third of the total retail establishments. Food expenditure also occupies a prominent share in an average Turkish family spending. The dominant food retailing outlet is the small convenience stores called *bakkal*. They are located in all neighbourhoods as well as on the main roads, and have been a typical feature of neighbourhoods as well as one of the common features of the modern Turkish city. However, as recent studies show⁴, small retailers are constantly losing their share in the market.

¹Sternquist, B. and Kacker, M. (1994) *European Retailing's Vanishing Borders*, Westport: Greenwood.

²Akçura, Y. (1974) "Urbanization in Turkey and Some Examples" in *Turkey: Geographic and Social Perspectives*, Peter Benedict et al. (eds.) E. J. Brill-Leiden, Netherlands.

³Musannif, Y. (1995) *Retailing in Turkey*, paper presented in the Turkish Council of Shopping Centres Conference, 14 December, Istanbul.

⁴Özcan, G. B. (2000) "The transformation of Turkish retailing: survival strategies of small and medium-sized retailers", *Journal of Southern Europe and the Balkans*, Vol. 2/1: 105-120

The spatial distribution of retail outlets is uneven across the country. Istanbul, Ankara and Izmir have almost one third of the retail establishments in Turkey, while rural areas and small towns, especially in the southeast, have an undeveloped retail sector: 14 provinces out of 80 constitute more than half of the sector (55.8%). Istanbul has a dominant share in both the number of retail establishments (17.3%) and employees (19.8%) in the country. The presence of a large agrarian population allows self-sufficiency in underdeveloped regions. However, the national statistics do not reflect the real retail transformation underway in Turkish cities. Both large and small Turkish cities are experiencing the wave of retail chains set up by small retailers, regional supermarkets run by wholesalers and local business families. According to Zet Nielsen's market research data, there were 1,682 hypermarkets and chain supermarkets in the country in 1997. The number of medium-sized retailers (with over 400m² of floor space) has also increased dramatically from a few to over 600. These figures are constantly increasing.

Another trend has been regionalisation through indigenous capital. An increasing number of medium-sized retailers as well as wholesalers have been investing in their hometown and nearby regions. Especially in the Aegean and Mediterranean towns, tourism helped the local economies as well as retailers to prosper and there are new local chain stores and supermarkets opening every day. Voluntary chains and buying groups have also been set up by small retailers in order to cope with the new retail environment. According to one recent survey of InfoScan, small retailers still account for more than half of the retail turnover in the country (62%). Investors from other sectors such as manufacturing and construction have also been investing in retailing. Following the success of Tansas, which currently has 73 stores in the Aegean region, local governments have also been investing in the sector.

This is not the first time supermarkets have been introduced in the history of modern Turkish retailing but rather it is the beginning of the third generation of supermarkets and large stores. This time, however, the change has had a much greater impact on small traditional retailers, consumers and producers alike.

Closed Economy and Retailing Before 1980

Until the economic liberalisation policies begun in 1980, the Turkish state was heavily involved in retailing both as an investor and regulator. The state's role varied from determining food prices to establishing public retail businesses through co-operatives and state companies. And it was the state which set up the first large retail stores alongside the manufacturing plants in

the country. Despite this heavy involvement, mainly small retailers, wholesalers and middlemen operated in the food chain. Only the retailing of textiles and clothing developed into large stores with high quality products before the 1980s. The first department stores owned by large private manufacturers were established in the 1960s in the clothing sector. Large manufacturers such as Beymen, Vakko, and Yeni Karamursel owned these stores. Many of these stores did not expand their business despite their early entry and control in the clothing business. Another major player was Sümerbank, which was a state owned clothing and textile enterprise until the early 1990s, Sümerbank organised its factories and sale points across the country starting in the 1930s.

State companies and cooperatives largely initiated the first generation of supermarkets and department stores. The Swiss retailer, Migros, was invited by Istanbul municipality to provide cheap food for the urban poor using mobile shops in the mid 1950s and remained the only foreign foodstuffs retailer in the country until the 1980s. However, Migros quickly became a small retail chain for the urban middle-classes in the 1960s and 1970s. The state not only controlled large institutions but it had an almost complete monopoly in some product areas such as fish, meat, milk, sugar, and tea. However, food distribution was paralysed and prices soared during the economic crisis of the late 1970s. Furthermore, state control brought inflexibility and encouraged the black market and unfair competition. In the light of the economic crisis, both the government and marketing experts argued that large supermarkets and cooperatives can resolve price increases and food shortages. The main debate was whether Turkey was ready for large modern stores like in Western Europe and the United States.

Consequently, the second-generation supermarkets were first developed through consumer cooperatives and local governments to cope with price increases and to provide a regular supply of foodstuffs. Small retailers and middlemen in the marketing distribution chain were largely blamed for the black market and the scarcity. Both the government and marketing experts argued that large supermarkets and cooperatives can solve price increases and food shortages. Local governments have played a major role in establishing supermarkets in order to provide cheap foodstuffs for their citizens. Local governments intervened in food distribution systems and tried to eliminate middlemen in the distribution channel. However, not many have successfully survived and grown. Tansas, an enterprise of the Izmir Municipality set up in the late 1970s, not only survived but also adapted the supermarket technology in the 1980s and expanded during the 1990s and partially privatised in the 1990s. This experience was also emulated by other municipalities

(for example in Denizli and Trabzon).

There was only a handful of large foodstuffs retailers in Turkey in 1979. Some government institutions and state banks formed a partnership and established a supermarket chain called Gima in the late 1970s. The government had also bought the shares of Migros together with some national banks when the Swiss investors sold the business in 1970. Many local governments and government institutions began to set up cooperatives for foodstuffs retailing. But all these attempts did not solve the problems of food supply, scarcity and the black market. Furthermore, state control brought inflexibility and rigidity.

Elsewhere in the region appropriate infrastructure, economic externalities, and other enabling conditions did not exist⁵. Large stores could not operate at full potential without the existence or development of a complementary set of technologies and infrastructures. The enabling conditions included a large number of elements ranging from pre-packaging, product standardization, grading, and branding to appropriate distribution channel relationships. Scarcity was also a result of low productivity and in efficiency in the food industry, which couldn't cope with rapid urban growth in the 1970s⁶. Another reason for the lack of success was the then relatively low level of disposable income and the low level of mobility of the urban population. Many supportive businesses ranging from store refurbishment to software companies did not exist. Capital accumulation was very small for many retailers and investors from other sectors did not find retailing profitable enough.

Liberalisation and Third Generation Large Retailing After 1980

Economic growth and liberal policies became the major catalyst of retail modernisation that brought deep changes into the sector. Until the beginning of the 1980s, Turkey relied upon import-substitution industrialisation. This strategy was largely successful in the early phase of creating an industrial base in consumer goods⁷. However, after the mid-1960s, the strategy was less successful in producing intermediate and capital goods, as much of domestic production and investment became crucially dependent on the

availability of imports. In the 1970s the 'oil shocks' and rampant inflation aggravated the difficulties facing the strategy in Turkey. Increased oil prices and the decline in remittances from Turkish workers abroad rapidly increased the budget deficit. Inflation soared in the late 1970s together with political instability. Many goods and services were on the black market.

Starting in the mid-1980s, government policies were oriented towards deregulation in retailing as well as in the economy generally. From the early 1980s the Turkish economy grew over 5% every year except in 1991. This growth was the highest among the OECD countries and privatisation was one of the major policies to liberalise the economy. The government announced its major privatisation plans in 1987. Two national chain stores, Migros and Gima, were privatised soon after. The 32 branches of the state owned milk industry (SEK) and meat and fish institutes (EBK) were put on sale in 1995. The government also gave incentives to retailers and encouraged big domestic and foreign investors. The development of shopping malls and large stores were supported through investment incentives starting in 1985.

Liberalisation in the economy dramatically affected retail trade in many ways. First, retail capital emerged as a significant power within many city economies as well as in the national economy. Commercial capital has always played a significant role in the Turkish economy; most of the largest holdings in Turkey today have their roots in commercial family businesses. The following trends shaped the retail modernisation:

Evolution towards specialization

A major change towards specialization in foodstuffs wholesaling in the late 1970s followed earlier food shortages. It was not the wholesalers, but large marketing and production companies, including some multinationals that somehow imposed this change on the business in order to facilitate the diffusion of their goods. A franchise network was developed through promotion and marketing agents and loose agreements with small retailers. However, in the highly fragmented and personalised business atmosphere in Turkey, producers did not succeed in replacing the wholesaler and diffuse into local markets. Instead they began, on the one hand, to grant franchise agreements to large regional wholesalers and on the other to increase their own distribution companies.

Major business changes have been towards specialization in the number of items sold. The introduction of delivery services strengthened links between large producers and marketing firms. Through this, many small convenience stores across

⁵Goldman, A. (1981) "Transfer of retailing technology into the less developed countries: the supermarket case", *Journal of Retailing*, 57: 5-29.

⁶Samli, C. (1964) "Wholesaling in an economy of scarcity: Turkey", *Journal of Marketing*, 28: 55-58.

⁷Senses, F. (1990) "An assessment of the pattern of Turkish manufactured export growth in the 1980 and its perspectives", in: *The Political Economy of Turkey*, T. Aricanli and D. Rodrik (eds.), London: Macmillan.

the country were linked to the production and distribution network of franchises and the wholesale delivery of standard goods and services. Up to the 1970s the growth was from convenience stores to foodstuffs wholesaling. Capital accumulation in small *bakkal* led businessmen to enter foodstuffs wholesaling. This type of vertical growth is not possible any more in the retail sector due to tough competition. Manufacturers and their marketing companies have dominated the distribution system. They have been influential over regional wholesaling by licensing franchise agreements to local retailers. In this respect Turkish distribution channels resemble the Japanese ones⁸.

Another parallel trend has been towards the separation of retail activities into more specialized units. Traditional convenience stores used to sell goods ranging from pencils and sawing kits to aspirin. Starting from the 1960s, however, specialized stores for pharmacy, perfumes, stationery and groceries all split from small convenience stores. In the meantime, controls of the large number of middlemen who were blamed for the scarcity of goods and services together with state control before 1980 were overcome^{9a,10}. Although middlemen did not disappear, they lost their control over the number of products and prices. However, unregistered and unofficial wholesale and retail markets for goods ranging from oil to refrigerators did not disappear.

European-isation and internationalisation in foodstuffs retailing

The most significant development towards European-isation and internationalisation has been inward investment. The Swiss company, Migros (established 1955 and bought by Turkish partners in 1975), was the first and only foreign investment in foodstuffs retailing until 1980. The western European firms showed interest in the large and strategic Turkish market in the late 1980s. Turkey has been a good test for further investments in the Middle East, Russia and Turkic Republics of Central Asia.

Early arrivals were French and German investors, followed by Dutch, Belgian and American firms. Galeria, the first modern shopping mall in Turkey, opened in Istanbul-Atakoy in 1988 and Printemps, a

French department store, chose to locate there. Soon after the first modern hypermarket, Belpa (1991), was opened in Istanbul-Merter through a partnership between the French Prusinic company and the Istanbul municipality¹¹. But this enterprise lasted only about 3 years. Again in 1988, Metro of Germany, opened its first cash and carry hypermarket, and developed 8 stores in Turkey. Soon after, Carrefour, the French hypermarket, opened in Istanbul (1991); Spar, a Dutch hypermarket chain again in Istanbul (1994); and Kipa, a Belgian-Turkish partnership in Izmir (1995). Promodes (French) also established a joint venture with local partners in Istanbul. Another German retailer, Real, entered the market in the mid-1990s. The numbers are continuously increasing.

Increasing global, European influence is also observed in the consumption of fast moving consumer goods and 'do it yourself' products. North American investment has been less significant in this process. In foodstuffs, two well-known examples are the convenience store 7-Eleven (USA) and Amway, the network sale and mail-order company.

As far as the large domestic and international retail institutions are concerned, the crucial question is the strength of the Turkish economy and market. However, the success of Carrefour and Metro in diffusing into new metropolitan towns other than their initial entry point, is a strong signal of positive market responses to modern retailing. Domestic retailers are fighting back and filling the power vacuum in medium-sized retailing through voluntary chains and business associations. Retail capital is emerging as a major player in the region leaving behind the crisis ridden textile and automobile sector. Investors and managers have begun to see retailing as a new opportunity to grasp. The former CEO of Migros, Bulent Özyaydinli pointed out "Turkey is not a EU member but in retailing we have already reached European standards". Retailing is characterised by high returns and relatively lower risks in a fast growing economy with a young population.

New technologies and management techniques

Following liberal policies, new technologies and management techniques became available in the domestic market through direct foreign investments, franchise businesses, and partnerships between Turkish and foreign businessmen. Apart from the availability of new technologies, retail growth stimulated demand for some manufacturing industries and business services, too. The most easily observable impacts have been an increasing number of businesses providing software services and market information, and of manufacturers

⁸Goldman, A. (1991) "Japan's distribution system: institutional structure, internal political economy and modernization", *Journal of Retailing*, Vol. 67/2: 154-183.

⁹Samli, C. (1964) "Wholesaling in an economy of scarcity: Turkey", *Journal of Marketing*, 28: 55-58.

¹⁰Kaynak, E. (1982) *Marketing in the Third World*, New York: Praeger.

¹¹Aydin, K. (1992) *Retailing and Socio-economic Characteristics of Department Store Customers [in Turkish]*, Gri Ajans, Istanbul.

providing digital computing and printer retail scales, master-satellite systems for retail information control, industrial platforms, automatic wrapping/labelling machines, trolleys, shelving systems and check-outs, and point-of-sale systems.

For example, until the mid-1980s, a few domestic scale producers met the demand for retail scales. Since then, not only has the technology changed with the introduction of digital scales, but also the demand has started to be met by importers. Today importers, together with joint ventures producing international brands, dominate the market.

Until the end of the 1980s, there were only two companies in shelf production for retailers whereas there are many more firms in this support industry today. Point-of-sale systems are mainly provided by franchise businesses of multinationals like IBM POS, Siemens-Nixdorf, and Olivetti. Refrigerating systems are mostly provided by domestic firms. Digi/Fiter, established in 1988 and the biggest retail equipment specialist of the country, claims that within the 10 years following their establishment, they have installed more than 30,000 scales in Turkey and its neighbouring markets.

Since the barcode was introduced in 1990, the penetration of technology has been fast in Turkey. In 1993, according to Zet Nielsen, 40 stores had bar-code systems. Now there are thousands of stores. Micro Yazilim, one of the largest domestic software companies, has over 400 customers who use POS across the country. New production technologies have also been influencing food processing and distribution in Turkey. The country has 20,855 companies manufacturing processed food, of which only about 500 are major corporations that have modern technology. The remaining firms are tiny, underdeveloped dairies, or milking barns and small capacity producers. However, about 2,000 small Turkish manufacturers are in the process of establishing larger scale food plants with modern assembly line operations. Very recently, distributing companies with refrigerated and fully computerized storage trucks have been introduced to the country.

Another issue is the new skills and managerial positions required by large retailers. Recently, a better-educated and highly skilled workforce is employed for managerial and administrative positions. Unskilled flexible employees filled lower ranks in large stores.

Urbanisation, increasing disposable income and the new retail landscape

Population increase and rapid urban growth have accelerated the dynamics of the retail sector, especially

after the 1970s, while rapid economic growth throughout the 1980s increased the per capita income in the country. However, the gap between rich and poor has sharpened, especially in urban areas¹². This helped to create a new type of consumer who is willing to buy more and spend more for quality goods and services. A segment of Turkish society has increasingly become conscious of brands, popular fashion and good quality products.

However, one major failing of the post-1980 policies has been in their almost total disregard for social welfare measures and regional disparities. Consequently, there has been a growing polarisation of income distribution. Thus, there has appeared a segment of Turkish customers with increasing affluence, car ownership, and much greater mobility in large urban areas. Import liberalisation has lifted the prohibitive restrictions on luxury imports and changed the character of the consumer market significantly. Media exposure and advertisements have been another important influence. The introduction of private TV channels and satellite dishes in the late 1980s has been immensely effective in shaping consumer behaviour¹³. Contrary to some arguments¹⁴ about the slow modernisation of retailing in developing countries, supermarket shopping has successfully and rapidly been penetrating in Turkish cities. There are certainly social, physical and economic disruptions of this process too.

One visible effect is the undermining of historical and traditional shopping areas with new retail forms. There are traditional locations utilised by retailers in large urban areas. These are remnants of Ottoman institutions such as covered bazaars, inns (han) and others (bedesten, craft quarters etc.). Some of them are as elaborate as today's shopping malls. For example the covered bazaar in Bursa includes 65 shopping streets, 330 shops, 18 gates, 700 han chambers in an area of 30,000 m². Now large shopping malls compete to locate in prime locations of large cities and they bring new dynamics to the urban retail market and land use. Urban spaces filled with modern retailers began to lose their character and began to look like anywhere else in the world with similar retail institutions.

¹²Boratav, K. (1994) "Contradictions of 'structural adjustment': capital and the state in post-1980 Turkey" in: *Developmentalism & Beyond*, A. Öncü et al. (eds.), Cairo: American University in Cairo.

¹³Ger, G. (1992) "The positive and negative effects of marketing on socio-economic development: the Turkish case", *Journal of Consumer Policy*, Vol. 15: 229-254.

¹⁴Samiee, S. (1993) "Retailing and channel considerations in developing countries: a review and research propositions", *Journal of Business Research*, 27: 103-130.

Increasing diversity and segmentation under new retail dynamics offer new challenges for the physical and social integrity of modern Turkish cities too. Many small retailers and hawkers have dominated the landscape of retailing in the small towns of Turkey for many decades. It was observed¹⁵ two decades ago that there is a very low level of specialization and differentiation in small Turkish towns. Morphological analyses of small and large Turkish towns by Akcura points out a polarisation between income groups as well as modern and westernised urban centers in the mid 1970s. However, it is also observed that these spatial forms were too close to each other, or sometimes overlapping, contrary to the spatial segregation observed in the United States and western Europe. This physical integration and overlap between rich and poor becomes increasingly unsustainable in Turkey.

Increased individualism and the visibility of women in urban areas

Consumerism and preoccupation with material wealth brought many challenges and opportunities to Turkish society. Firstly, the shopping behaviour of families has been changing. We see an increasing assertion of individualism and emphasis on freedom of choice. These affect the individual's attitudes in the society for greater freedom and individual expression. Self-service and variety in modern retailing have had important effects not only on individuals' shopping behaviour but also greatly enhanced their individual freedom to choose. Previously, if customers enjoyed a special friendship with the shopkeeper they were favoured but if it was the opposite they could have been badly treated. Now even convenience stores are introducing self-service. Secondly, shopping is becoming a leisure activity as elsewhere in western Europe. This in turn changes the patterns of family life and weekend activities.

Thirdly, women have become a central component of consumption and shopping. The retailers recognised this and aimed to integrate women in modern shopping. The mobility of women was enhanced through regular bus services run by retailers from all neighbourhoods. Controlled space and impersonality brought comfort to women who are often subject to harsh public scrutiny in small and traditional neighbourhoods. Fourthly, employment opportunities in retailing and commerce widened for women. The increasing number of female employees both in highly skilled and semi-skilled positions has been remarkable. Almost half of the working population in supermarkets is female. This is

very different from traditional retailing and other commercial businesses in which women are hardly employed.

The modernization of retailing has been another expression of modernising aspirations of Turkish society. There are counter voices as well. The rise of political Islam is a form of backlash against shrinking of original culture with the invasion of western media, fashion and consumerism. Islamist politics is also voicing the fears of losers, dispossessed and disadvantaged groups. However, even Islamist business groups grasped the opportunity for modernization in retailing and eventually became significant players in the sector such as Yimpas and Kombassan. As one commentator pointed out: after the arrival of modern shopping, no Islamic could have pursued anti-western rhetoric.

Final Remarks as the Economy Stalls

We have seen that Turkey, like elsewhere in Southern Europe, has been experiencing major changes in its retail structure with the emergence of new modern retail forms. This change in Turkey has been possible with strong European influence and internationalisation through foreign investments and imported goods, business practices and services as well as partnerships. This process has been strengthening Turkey's integration with European markets. The liberalisation of the economy played a crucial role in accelerating modernization in the production, distribution and consumption chain. However, retail change in Turkey has been possible with a wider set of environmental changes and evolution in the sector over the past two decades. The sectoral impact of this change has formed new vertical and horizontal integration processes among retailers, distributors and service providers. However, in the absence of macro economic policies for manufacturing and technology, the retail modernization in Turkey disclosed revealed a society geared to consumption rather than production.

Throughout the 1980s and 1990s large retailing was among the rising businesses in an inflationary environment as fresh cash turned the wheels of the stockmarket and other speculative investments. Many entrepreneurs wanted to take advantage of large retailing as the number of supermarket chains, department stores and shopping malls increased constantly. This excess of investment also forced business closures, bankruptcies and take-overs starting in the late 1990s.

Turkey is going through a deep economic crisis with a weak political leadership since the August 1999 earthquake that killed more than 20,000 people in western Turkey. Not the recent financial crisis but the

¹⁵Arikbay, C. (1996) *Parekendecilikte Yeni Yaklaşımlar [New approaches in retailing]*, Milli Produktivite Merkezi, Ankara.

earthquake disaster first indicated that there was something fundamentally wrong with the economy and governance of the country. Despite Turkey's remarkable success in GDP growth and retail modernization, the country is at a critical junction. It will either elevate itself to be a developed economy and democracy or be relegated among the poor countries of the world. As a secular Muslim country in the aftermath of 11 September attacks and consequent developments, more polarised positions are taking hold in debates about liberalization, westernization and modernization.

Liberal economic policies undermined the importance of long term thinking for economic growth. While a heavy emphasis was given to quick cash generating businesses, manufacturing and technology investments lag behind. There was simply no incentive for entrepreneurs to invest in manufacturing except a few export-led sectors (textiles and foodstuffs), further exacerbating the imbalances in the economy. Turkey

has become, as ordinary citizens point out, a society, which consumes more than it produces. Consumerism, which brings increased awareness of products and brands, enhanced the quality of retailing and production but also created social and psychological stresses.

Similarly, governments paid little attention to the institutional and regulatory regimes required for an efficient market economy. Instead, old state-controlled methods were employed by politicians with corrupt practices which led the most recent financial crisis.

As the Turkish economy stalls, retailers wait to see what will happen next. There is no easy way to come out of the current crisis as it is simultaneously political and economic. Turkey not only needs a strong political leadership and determination to carry out long awaited reforms and institution building at home but it also needs to speed up integration with the European Union to assist in stabilising the economy and politics.