For most retailers, the early 1990s showed the smallest sales gains in thirty years. The decline has caused reassessments of the retail environment strategies and has obscured the more basic set of changes which have been happening for a longer period. For example, in the middle of the turmoil, there have been a number of successes as well as failures.

One of the most important changes is summed up in the term 'value marketing'. This is indeed a major change, as can be seen from the prospects of car sales, clothing, office furniture, homes or hardware. There is a powerful tendency to move away from luxury items and toward more practical, less costly alternatives which are perceived to do the job just as well. The manufacturers at the higher end of the market have all faced significant difficulties. Mercedes, Saks Fifth Avenue, Ralph Lauren and IBM are examples of this. On the other hand, companies in America such as Wal-Mart, Lexus, The Gap and Gateway 2000, which have developed strategies to meet the needs of consumers in the middle range, have prospered.

As the move toward consumer needs, and not only their desires, continues, the most effective means of marketing and distribution also changes correspondingly. Sales were targeted by the stimulation of 'image and trappings of luxury' through advertising, merchandising and packaging; now practices are emphasising value and solid information as the basis on which to make a decision to purchase. The spectacular performance of Wal-Mart in new formats and strategies of mass merchandising are being followed by almost all parts of retailing. Discount stores in America are currently a $110 billion industry, the national base of 450 Club stores is predicted to grow to 950, and the number of Deep Discounters to grow from 900 to 18,000, with discounters likely to increase from 4,400 to 7,000, according to an estimate from McKinsey & Co. The projection, according to some industry sources, is that within ten years a typical city of 1 million people will have five or six warehouse stores, 10–11 deep discount stores and 26–28 mass merchant stores.
Marketing strategies have had many new drivers in the past 100 years. Today, it’s no longer enough to do it well, you also need to do it new. The realities of today’s rapidly changing and extremely competitive markets are challenging all parts of traditional market wisdom and practise. These changes are each having their effect on the strategies of producers through advertising and marketing media and the mechanisms of the retail system itself.

The entire economy is being influenced by innovation and the introduction of ‘something new’. The current situation may be illustrated by looking at the evolution of the competitive requirements of business success over the past century, when a simple industrial economy has been transformed into the more complex, quickly changing intelligent economy which now exists.

At the outset of the industrial era from 1900 to 1930, success depended on the ability to produce greater volume with use of new techniques and mass production. From 1930 to 1950, volume production was easy but resulted in pricing pressures with success dependent on managing costs. With volume and costs on a level keel, from 1950 to 1970, quality and reliability was required. Then service became paramount with the shift to a customer-driven market place between 1970 and 1985. In the period 1985 to 1992 the market was not getting easier, having provided the accepted facts. Thus, speed to market and meeting customer needs became the key to achieving a growth in market share. Since about 1992, there has been a New Age innovation in progress. The key words have been defined as, Surprise, Delight, Surpass.

Today, the prerequisite for success has moved beyond being a low-cost producer, having TQM (Total Quality Management), customer obsession, and JIT (Just-In-Time) procedures which are found in all successful organisations. They are not considered options for success but essentials. The new factor needed to succeed today is the introduction of true innovation, which not only dramatically impacts existing operations, but actually surprises and delights customers by surpassing their expectations. Once innovations are introduced in the system they trigger the need for other innovations at other points. The economy is now in a continuous process of innovation and frantic efforts to advertise brands in order to earn customer loyalty are of substantially lessening value.

With cost control procedures in place, new fast inventory replenishment systems operational and stores at every sales generator, retailers are finding it difficult to find ways to make their offer