

The Dyad Approach: Action / Reaction between Leader and Challenger in Retailing

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Abstract-Our aim in this paper is to examine and predict the behavior and the competitive interaction between leader and challenger firms. Specifically, we explore perceptions of market leaders and challengers towards competition. Second, we try to explain the influence of competitive actions on the nature of these reactions. The study's implications for managers are to help them preserve a competitive advantage in the hypermarket business by detecting actions that do not induce reactions.

Keywords: competitive interaction; actions/reaction; leader challenger; qualitative study; hypermarket

1. INTRODUCTION

In this study, we examine competition dynamics from a behavioral perspective (a study of the behavior of competing firms and their strategies) and not a structural one (study of market structure). However, competition dynamics that focuses on interaction between rival firms is often studied through four approaches: multimarket competition, action/reaction dyads, leader and challenger behavior and a competitive event (Bensebaa F. 2003)[12]. In this paper, we refer to the action / reaction dyad theory to examine competition between firms.

2. THE STUDY OF COMPETITION UNDER THE ACTION / REACTION DYAD

2.1. Theoretical foundation and origins of competitive interactions:

Ken G. Smith, Curtis M. Grimm and Martin J. Gannon (after F. Le Roy and S. Yami (2009))[38] are considered to be the founders of competitive interactions. However, in the late eighties, it was a group of researchers from the University of Maryland that developed further research in this field. This intellectual revolution was appealing after the shortcomings experienced by the sector-based analysis of competitive behavior studied by Porter. These researchers reproached these models for paying more attention to what to possibly measure than to the real dynamics with which firms compete.

The principle behind competitive interactions is to analyze competition under the perspective of the dynamic and relational nature of competition. Therefore, this principle makes it possible to address the impact of firms' characteristics on their performance and to show the

importance of studying firms' dynamics in the market in a longitudinal way.

F. Le Roy and S. Yami (2009), Smith define action and reaction as follows: "A competitive action (or attack) is a competitive move, such as a decrease in prices or an introduction of a new product, made by a firm with the aim to defend or improve its relative competitive position (Smith et al., 1991; Bensebaa F. 2000). Similarly, a reaction (or response) is a counter-movement made by a company towards one or more competitors with the aim of defending or improving its position" (F. Le Roy and S. Yami (2009)).

The dynamic approach to competition seeks to define or rather identify competitors according to their dynamics not according to their nature; hence competitors of a company may be defined as those that will respond quickly to an attack.

The study of competition dynamics is promising in so far as it apprehends new competitive landscapes and addresses new aspects such as time and speed of response. However, it helps to show that firms' performance is linked to the characteristics of the actors, actions, environment, respondents and responses (Roy F. and Yami S. 2009).

Indeed, by focusing on speed and time of reactions, competitive interactions evoke their significant impact on the performance of rival firms. The longer response time will be, the more the company will potentially leverage its offensive on the market. However, Macmillan (1988) and F. Le Roy and S. Yami (2009)[38] examined competition dynamics as a process that depends on the relative competitive position and the time variables.

In what follows, we will discuss the foundations and principles of the action / reaction dyad model and its respective characteristics.

2.2. The action / reaction dyad model:

The study of competition under the action / reaction dyad model attracted the attention of several contemporary scholars who were interested in daily firms 'behavior (Bensebaa F. 2000, 2003[11][12]; Borchani S. 2006[15]; V. Shankar 1999). This research trend goes back to the writings of Schumpeter and the Austrian School and to the work of Perroux (1973) and Cotta (1970). However, most publications in this area were made by the Strategic Research Management unit of the University of Maryland (USA), (Bensebaa F. 2000).

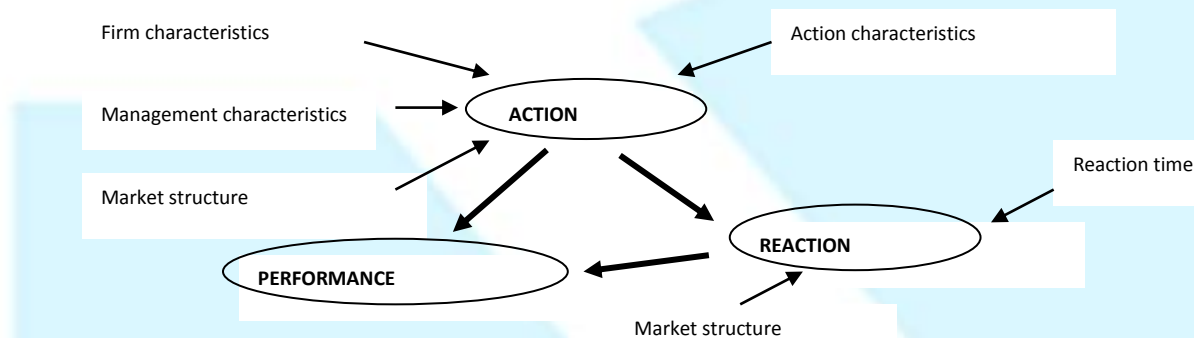
The study of action / reaction dyads amounts to analyzing the firms 'concrete and tangible actions and the determinants of success of these actions. These are quality, events, their nature and speed. In this regard, Bensebaa F. (2000, 2003) and Borchani S. (2006) divide these actions into three sets. The first set uses the action / reaction dyad and seeks to show that the reaction is predicted by the action's characteristics. The second set analyzes competitive behavior in terms of human and organizational factors and examines the impact of competitive behavior on the company's performance. The third set examines implication of organizational inertia on performance and highlights the simplicity of competitive moves and their nonconformity.

Explaining competitive behavior in terms of actions and reactions of rival firms is fairly complicated. These reactions, which mostly result from conflicts are characterized by their tension and cannot be predicted by rivals, quoted in Borchani S. (2006). These authors have proposed analytical frameworks to predict competitive behavior of firms and explain that some actions are likely to trigger more or less numerous aggressive or quick responses. Indeed, these authors have shown, using the

(action / reaction) pair, that a reaction can be predicted by the characteristics of the action (its centrality, its visibility, its irreversibility). The model is labeled the "expectancy- valence" model. The same authors proposed a second model known as the "stimulus-response" model, which has also contributed significantly in understanding and predicting firms 'defensive behavior. This model aims at explaining a response to a certain stimulus (competitive action). It states that a response to a stimulus depends on competitors' awareness, motivation and ability to react. The model proposes that it is the intensity of the attack that will generate motivation to retaliate (Borchani S 2006)[15]. Within this analysis of the attributes of an action that are able to cause a reaction, a third model, known as the "game theory", is proposed and assumes that the degree to which a competitive action can cause more or less probable and quick responses would be determined by the revenues generated for the attacker and for the defender as well (Bensebaa F. 2000).

In this study, we will look at this prediction approach. Specifically, we will describe actions that could cause defensive reactions and detect the characteristics of these reactions. However, it seems relevant to evoke a second series of studies dealing with the dyad action / reaction. These studies explored competitive behavior by emphasizing human and organizational factors on some structural elements in addition to the impact of competitive behavior on performance. These factors relate to heterogeneity of the top management team or to company size. The aim of this approach is to explain the tendency to take competitive actions or reactions (Hambrick DC, Cho TS Chen MJ (1996)). Figure 1 explores these points.

Fig 1 The action / reaction dyad according to the second approach.



Bensebaa F. (2000)[11], « Actions stratégiques, réactions et performance des entreprises », *M@n@gement*, 2000, 3(2), 57-79, p66.

A third series of studies examining action / reaction dyads through companies' competitive behavior focused on the implications of organizational inertia on performance. They showed interest in the simplicity of competitive moves and their non-conformities (Miller D., Chen MJ 1996). On the one hand, these authors found that competitive inertia depends on managers' motivation and

their awareness about alternative actions. On the other hand, they support the idea that simple competition largely depends on organizational and environmental properties that mitigate looking for competitive alternatives (in Borchani S. (2006)).

Bensebaa F. (2000) identified three main headlines from this research trend:

- Competition is explained by several theories: resources-based, top management-based, performance-behavior-structure-based, and strategic groups-based.

- It is through the action / reaction dyad model that these studies shifted to describing competitive strategies among competitors where attention is placed on the firm rather than on the sector.

- Reactions of rival firms are supposed to determine actions 'characteristics.

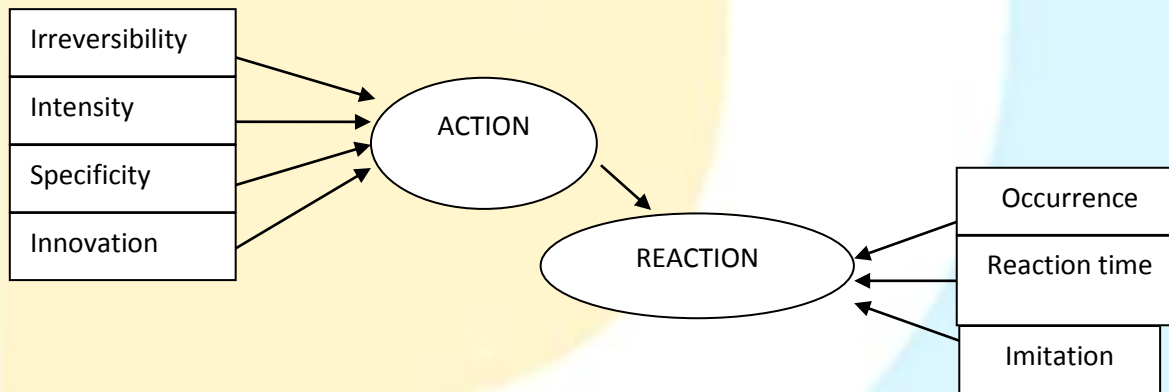
Worth noting is that our study positions itself under the first model where we try to study the impact of actions' characteristics on the nature of reactions between a leader and a challenger hypermarket.

2.3. Determining interactions between firms according to actions and reactions characteristics:

Actions and reactions are normal interactions that take place under conditions of uncertainty, since a reaction to a

competitor's action is often not predicted. However, the response to a possible action, by one of the mix variables for example, may not be the same or even take place at the time of the action. Therefore, information transmitted and received by the firm is never perfect (Bensebaa F., 2000). At this level, some firms are able to influence the level of uncertainty of their rivals, by making their actions either incomprehensible or explicit enough to unravel engaged behaviors and indicate the degree of involvement. Indeed, interdependence between actors and uncertainty prevailing competitive movements will determine the characteristics of the reactions of rival firms in a given sector.

Fig 2. Competitive interaction



Bensebaa F. (2003)[12], « La dynamique concurrentielle: défis analytiques et méthodologiques », *Finance Contrôle Stratégie*, 6(2), 5-38.p13.

2.3.1. The characteristics of actions

Most studies on competitive dynamics, like those of Grimm Smith et al., (1991); Bensebaa F. (2000), examined actions according to their irreversibility, intensity, specificity and innovation.

- Action Irreversibility: achievement of this action depends on the resources the company is able to use to achieve the action. Action irreversibility then leads to the level of commitment to undertake the action. Accordingly, action irreversibility can testify to the company's commitment to compete. In the literature, irreversible actions are studied in terms of the reactions they generate. Therefore, action irreversibility significantly determines competitors responses.

- Action Intensity: an intense action is an action that threatens competitors in a given sector. Therefore, it can be apprehended by the degree of threat it creates on these actors. Companies that poorly perceive the action's threat degree are not able to respond to such a competitive behavior, particularly when the threat is not direct. However, this intensity could affect response time. At this level, Bensebaa F. (2000) states that "a competitor is generally motivated to undertake rapid and decisive responses if they believe the undertaken action is

threatening, threat level then negatively relates to response time". Reaction speed probably shows the dimension of the business that reacts and its commitment to defend its market.

- Actions Specificity: A specific action is usually undertaken by firms and is consistent with known low cost competitive moves. It does not threaten competitors unlike action intensity. Specific actions give clear information because the signals they transmit are understandable by these actors. This type of actions does not provoke hostile reactions, yet, the responses can be many, imitated and short.

- Innovative actions: through innovative actions made possible from existing resources, the company looks forward to adding an advantage over competition. Reactions may then be possible but they may be delayed because of an uncertainty about the success of the innovative action. Therefore, innovative actions that delay reactions are those they bear on uncertainty and high information asymmetry. However, these actions lead to imitation because the success of these actions is very visible to the companies since it improves market share and the performance of those who have adopted an innovative action.

2.3.2. The characteristics of reactions

Bensebaa F. (2000) pointed to three characteristics of reactions: reaction occurrence, time and imitation.

- Occurrence of reactions: occurrence of reactions reflects the frequency, the number or even the presence or not of reactions to competitive actions. However, lack of response may depend on either the effectiveness of the firm's strategy or the uselessness of its actions (referred to as organizational factors and human factors). If actions do not create a great effect on the hierarchy of companies operating in a given sector, then the reactions are limited or absent. In other words, the action initiator was not able to reach a reaction-triggering threshold.

- Response time: competitive dynamics often is best examined by longitudinal studies. Interaction and interdependence between actions and reactions, time dimension is seen important to predict firms' competitive behavior. According to Porter (1980), "the key principles of interaction between competing firms consist in strategic maneuvers that have response times or consist in undertaking maneuvers to maximize nature of these response times". Response time is used to determine action time and the first reaction's onset time. It also helps to assess the effectiveness of the action in so far as it could trigger a reaction in the long run.

- Imitation: reactions as imitation are usually triggered following an innovation by a leader under conditions of market uncertainty. Imitation of these actions (taken by performing large size firms) aims to share the same success gained through an action taken by a pioneer.

In this study, we examine competitive interaction through the study of the impact of actions' characteristics on reactions. The following figure summarizes this approach.

3. STUDY OF COMPETITION UNDER THE LEADER / CHALLENGER THEORY

Competition dynamics theory focuses on rivalry between a leading firm and its first challenger in the market. This approach examines the tensions between these two firms and the nature of their competitive interactions. According to Chen (1996) (cited in LE Roy F., Yami S. (2009)), the nature of interaction between a leader and a challenger depends on two elements. These are similarity between their resources and degree of market sharing. The author postulates that a reaction by a firm is even stronger than a sharp similarity in resources between the two rivals. The same is true for market sharing.

Tensions expressed by leader and challenger promote strong responses especially in the case of similarity in resources, making commitment to actions difficult. Bensebaa F. (2000), supporting this approach, states that these similarities tend to reduce competition. The author explains the tension between leader and challenger by positing four inputs; (1) it allows to account for interdependence between competitors by focusing on the leader firm. (2) it explains this interdependence by commonly shared markets. (3) the approach values a behavioral and not a structural perspective to competition.

(4) it integrates Resource theory into competition dynamics theory.

In the literature, the studies that examined the impact of competition dynamics on interdependence between leader and challenger firms are those of Ferrier, Smith et Grimm (1999) ; et Young, Smith, Grimm et Simon (2000).

The first study examined multimarket competition and resources heterogeneity to explain interdependence between leader and challenger firms. According to these authors, these variables validated the mutual retention hypothesis.

The second study showed that leader firms that implement more competitive actions than their challengers are hard to catch (LE Roy F., Yami S. (2009)). Hence, it is in the leaders' interest to be aggressive to defend their leading positions.

The third study is that of Young, Smith, and Simon Grimm (2000). The authors also found that distinct resources influence firms' competitive behavior, both in terms of occurrence and response time. This study has also shown that intra-markets contact decreases competition between rivals, but reduces reaction time associated to actions.

This study aims to analyze competition dynamics between leader and challenger firms. We focus on competition dynamics between two multinational brands that have settled in Tunisia. These are "Carrefour" and "Geant". We specifically study the interactions between the leader (Carrefour) and the challenger (Geant) by examining the actions and reactions that govern their competition dynamics.

Through this literature review (Bensebaa F. 2000, 2003; Borchani S. 2006; V. Shankar 1999), we have been able to identify the notions of action / reaction and leader/challenger. We then presented the contribution of actions' characteristics, i.e. irreversibility, intensity, innovation and specificity, in defining the nature of reactions in terms of time, occurrence and imitation. This dynamic interaction is studied by reference to the potential competition it creates between existing relationships between rivals in the same sector. These competitors are leaders and challengers in the same market (Bensebaa F., 2000, 2003). We could identify the actions which generate reactions relatively irreversible, low intensity and progressing in time. It is for this reason that managers are encouraged to maintain this kind of actions.

In what follows, we empirically examine the actions / reactions dyad and leader / challenger approaches through conducting interviews. We try to test our research hypotheses on the relationship between actions' characteristics and their impact on the nature of reactions.

4. AN EMPIRICAL INVESTIGATION OF THE ACTION / REACTION THEORY; CASE OF CARREFOUR / GEANT IN TUNISIA

The aim of this section is to distinguish leader and challenger firms in terms of their competitive behavior. Specifically, we examine the impact of competitive actions 'characteristics on the nature of the reactions and their contribution to competition using there tailing mix variables. Our purpose then is to predict the competitive reactions between the leader and the challenger in the Tunisian hypermarket sector and to detect the actions that generate a competitive advantage and those that do not generate reactions and which stagger over time and have low imitation levels. Our study consists of conducting six directed interviews with the marketing and sales managers of Geant and Carrefour. Our research question then is: How do the leader and the challenger dynamically interact (time and type) under the action / reaction dyad of the retailing mix?

In this section, we present the research methodology of our qualitative study conducted to identify the characteristics of each reaction of competitors. Then, we report the results of the content analysis of the interviews and present the study's implications for managers and finally we conclude.

4.1. The Methodology

In this study, the issue under investigation is more difficult to define under the interpretative and constructivist approaches than under the positivist approach. Therefore, we refer to the positivist perspective, which is the research paradigm to examine competition dynamics. Indeed, to understand competition dynamics applying its four defining components, we follow a determined theoretical stance. Then, we proceed by empirically testing the theory on the retail sector (specifically hypermarkets).

In this study, we use an exploratory qualitative study in order to identify the competitive reactions of two retailers and to detect the characteristics of each reaction undertaken by these competitors.

To this end, we conducted directed interviews with the respective marketers of both retailers; GEANT and CARREFOUR. The choice for this experimental procedure seems appropriate as qualitative studies (as defined and presented above) are used to explore and understand the motivations and attitudes of the studied entities (Evard Y., Pras B., Roux E. (2009)). In this study of the theory of competition dynamics, we look forward to determining this concept by exploring the mechanisms of competitive interactions between the two studied hypermarkets. Our sample consists of six marketers and sales managers working for the two Tunisian Carrefour and Geant hypermarkets.

The six respondents presented in the table are in charge of marketing and communicating the actions and reactions

of both hypermarkets. Sample size was not fixed in advance, yet it respects the principle of thematic saturation. According to Alvaro P. (1997), "empirical saturation refers to the phenomenon by which the researcher believes that the latest documents, interviews and observations no longer bring enough new or different information to justify an increase in empirical materials". Indeed, through the interview process, we found that there was no significant additive intake in the last conducted three interviews.

Following these guidelines and the recommendations of Roussel P., Wacheux F. (2005)[51], we structured our interview guide. The interviews were conducted over a six-month period starting from January 2012. In total, we conducted six interviews with the marketing and sales managers of Geant and Carrefour (three for each hypermarket) knowing that this sample was determined by the semantic saturation of collected information principle (Guest, G. Bunce, A.et Johnson, L. (2006). This principle stipulates to finish the interview when no new information is obtained from a new respondent. Indeed, we felt that there was a thematic saturation when no additive intake was noticed in the last conducted three interviews.

These interviews were conducted face to face in the respondents' offices. Each interview lasted between 30 and 40 minutes. All interviews were tape recorded and then fully transcribed. The full transcript is a written sequenced word-by-word report of the verbal output of each respondent (Freyssinet-Dominjon J. 1997)[26].

French language is used in the interviews because the basic concepts are difficult to translate into Arabic, even though most of the questions prompt the respondents to define and explain the content of each characteristic of the actions (irreversible, intense, innovative and specific) in both languages.

4.2. Thematic Content analysis and interpretation of Data

Inspired by the work of Bensebaa F. (2000) on the characteristics of actions and their influence on the nature of reactions (response time, occurrence, imitation) in the press sector in France, the aim of our qualitative study is to identify the same characteristics in the field of Tunisian hypermarkets using directed interviews.

To analyze information obtained from interviews, we first opted for a content analysis to identify the general layout of competition in the hypermarket sector in Tunisia. Second, we conducted a thematic analysis to examine the collected information on the four characteristics of actions and their influence on reactions.

According to Aktouf O. (1987)[3], content analysis is "a research technique to objectively, systematically and quantitatively describe content manifested in communication with the aim of interpreting it". Bardin L. (2007)[10] in Evard Y., Pras B., Roux E. (2009)highlight the concept of latent content of transmitted communication while content analysis is "a set of

communication analysis techniques aiming, through systematic and objective procedures, at describing message content to obtain indicators (quantitative or not) allowing for inferring knowledge about the conditions of the production / reception of these messages".

This author adds that this analysis fills two functions:

-the first is an exploratory function: it is a content analysis "to see and understand";

-The second is a function of obtaining empirical evidence on or inferring from a hypothesis to be validated. It is this second function that we will use to test our research hypotheses.

However, in our study we will follow the three principles of conducting a content analysis as suggested by Bardin L. (2007) and Thietart R. A., (2007). These consist in dividing, counting and categorizing content into units. Our qualitative data analysis will be performed using a thematic analysis. To this end, we divide content into analysis units, categorizing the different analysis units into a limited number of categories called meaning units, classifying meaning units and allocating those titles allowing us to deducing thematic units.

- Definition of an analysis unit: an analysis unit is defined as any portion of a sentence or complete sentences.

- Definition of meaning units: a meaning unit consists of registers. Units belonging to the same category are assumed to have close meanings or identical connotations (Thietart RA 2007)[54].

After processing respondents' outputs on the actions and reactions of their respective retailers, we can see that both parties operate in an interactive competitive environment under the assumptions of the games and resources theory (Borchani S, 2006). Indeed, we note that any action initiated by one of the retailers is likely to trigger reactions by its competitor and that their respective positions on the market may affect their competitive strategies. In the next section, we first examine respondents' perception of the concept of competition and interpret their perception of their competitive positions in the market. Second, we examine the impact of the characteristics of their actions on the nature of their reactions. Then, we present the implications for managers of the nature of the competitive interaction between the two retailers.

4.3. Interpretation of Data

4.3.1. Perception of competition by the respondents of both the leader and the challenger

Analyzing the first section of responses about competition between the two hypermarkets in the interview, we found that competition is not significant as perceived by three respondents: "... I don't think there is competition between the two hypermarkets, everyone works for themselves ... ", "... we are only two retailers to say there is a lot of competition, may be on some particular actions that's all ... ". "... we target two different areas, it is not really competition ... ". However, as long as we go in the interviews, we found that six respondents (including those

who denied the existence of real competition between the two hypermarkets at the beginning) spoke of perpetual competitive interaction mentioning different sets of actions and reactions. Accordingly, the responses took the following forms "... we challenge them with our promotions ...", "... we would like to create a price war ...", "... we are stronger in negotiations with suppliers ... " "... they imitate us ... and they sometimes spy on us ... ". From the above output, we notice first that the interviewed managers "really" perceive competition between the two hypermarkets as intense and aggressive. On the other hand, we found that the respondents rather put a focus on the benefits of this competition for the retailing sector, the consumer and the economy in general: "... this is what prompted us to better satisfy the consumer ... ", "... competition drives innovation ... ", "... it is precisely because we are only two that we try to fill in the Tunisian market ... ".

A third theme extracted from the responses of the six interviewed managers covers accessibility and transparency of information about the competitive actions undertaken by the two retailers. It should also be noted that the social and economic conditions the country is witnessing largely determine competition dynamics between both retailers "... the new Tunisian consumer behavior towards supermarkets ...", "... post-revolution events, the closing and reopening of Geant... ", "... laws, legislation and favoritism ...".

Analyzing these responses under the leader / challenger theory outlined in the literature, we can conclude that the nature of interactions between Geant and Carrefour depends on two elements. These are similarity between their resources (they source from the same suppliers, they sell relatively the same products and trade with the same consumer) and their respective market share (competitive position and market share).

At this level of analysis, Bensebaa F. (2000), postulates that a reaction from a competing firm is even stronger than the strong similarity in resources between the two rivals. The same is true for their market share. This assumption seems to prove that the two retailers are clearly competing and in most cases they do not avoid this competition as they both depend on the same market and interact on the same actions.

4.3.2. Irreversible actions and the nature of the reactions they generate

Being uncertain about competitive interactions, through the thematic content analysis of the interviews, we found that irreversible actions are all represented by heavy financial commitments on the part of their initiators: a significant communication budget, a large investment in the creation of loyalty cards and a sponsoring of large sporting events. We also found that this variable is exclusively represented by the communication variable of the hypermarkets. This variable is described in terms of its informational content. It is described by an often irrevocable cost that should first be a strategic decision defined by the mother companies of the two retailers: "...

we follow Carrefour France, it is them who provide us with the broad guidelines ... ", " ... it is strong and unpredictable because it is emitted from Casino, even if they can do it here ... it will take time". However, according to our analysis the reaction to this irreversible action seems to take the shape of imitation and it is reproduced identically by the same action, but it will neither be immediate nor repetitive. Moreover, bearing on mind the transparency of the action and the uncertainty as to its impact on competition, we may add the following:

- Irreversibility of the action influences the nature of the reaction. In other words, (according to our thematic content analysis), it generates reactions over time with low repetition but oscillates between strong and moderate imitation.

- Hypermarkets, informed on the financing potential or the importance of the resources needed to carry out this reaction, will be aware of its immediate irreversibility, making competition somewhat dubious about this action. Indeed, the respondents qualify this action as irreversible especially when impact is not very predictable on their competition. These reactions will then be fewer (if any) and take place after a significant time span.

- Irreversible reactions mentioned by competitors (in opposition to what the literature proposes) can be, if necessary, imitated. We quote; "... If the opportunity presents itself here it will be the same ..." "... the action of the African Cup Of Nations was never imitated ...", "... we will do it but not now ...".

4.3.3. Specific actions and the nature of the reactions they generate

According to our thematic content analysis, the specific actions cover these retailing variables namely: physical (commercial gallery and Geant's operation in space), product range (mainly private labels) and location of Carrefour. We extracted also two strategic marketing concepts: opening of small-supermarkets (Carrefour Market) and the choice of a particular position in the consumer's mind. These actions closely relate to the identity of the firm and are specific advantages that differentiate the firm in its sector. A private label is a good example of specific actions for Carrefour. Confirmed by six respondents as specific actions, development of Carrefour private labels or the opening of several small-supermarkets are not seen as very specific actions that comply "by definition" to the information content of the action, i.e. being an action, and not an intense action, usually undertaken by companies, it does not generate hostile reactions (Bensebaa F., 2000).

Indeed, the specific actions extracted from our analysis are those that distinguish one retailer from the other competing retailer. With the space at its disposal, Geant sees itself as having a specific advantage enabling it to act freely in terms of actions specific to it like equestrian entertainment, craft fairs, etc.

However, from our analysis we noticed that Geant's commercial gallery attracts most of its customers and that the managers (even those of the competing retailer)

consider it to be a specific asset to Geant. As for Carrefour's location, it is considered by respondents as the first differentiating specific strategic action and it is the reason behind the increase in its market share. It should be noted that these specific actions are very peculiar and specific to hypermarkets in Tunisia as they differ from other specific actions identified in other research contexts (magazines, textiles, software, publishing houses ...). Therefore, even the impact of this action on the nature of the reactions is different from the literature. We noticed that:

- Specific actions are not imitable, not repetitive and they incite longer reaction time. The respondents put it in the following output: "... it is rather special to us ...", "... on this variable ... it is very difficult to follow ... ", "... it is difficult to copy us on that ... ", "... is our strength ...".

- This specific action could create and preserve a competitive advantage for the retailer over time and the action induces no response from the competitor.

4.3.4. Intense actions and the nature of the reactions they generate

In this study, we notice that intense actions cover pricing and promotions, especially during events or after a good negotiation with suppliers. Respondents put it as follows: Two managers link intense actions with promotions during heavy negotiations with suppliers. They praise the success of these negotiations to sales managers' know-how. Two other respondents associate intense actions with Ramadan events and the birthdays of the two retailers. They qualify the resulting competition as very threatening for a definite period. The last two respondents keep associating intense actions to promotions except that these actions are intense and threatening in Carrefour's stores. Indeed, promotions with an impact on turnover and with no large investments present a significant risk in to competitors and generate different effects on the sector's stakeholders. In this regard, Bensebaa F. (2000) states that managers tend to respond strongly to actions perceived as threatening. Indeed, we could generate the following:

- Reactions to intense actions (in this case promotions) is the same and highly frequent and with the same intensity or more: "... we act ... they imitate us immediately ...", "... it 'is easy to find the same offer ...".

- Actions in the form of promotions, even if they are intense, imitable and repetitive, are increasingly known by their speed. According to respondents, it is mostly immediately or even in the same day that reactions will be undertaken by the competitor, "... it is repeated on both sides ...", "... it is repetitive on both sides ...".

- Intense actions merely intensify competition between leader/ challenger as these actions are known by their high degree of imitation, and they affect the return structure of these retailers.

- Similarity between the resources and the environment of the two retailers increase competition between them and hurt their businesses.

In this regard, Bensebaa F. (2000) claims that reactions from a competing firm are even stronger than the strong

similarity in resources between the two rivals. This is the same for market share. This assumption seems not only to explain how the two retailers depend on the same market and interact with the same actions but also how the cost is not very important for such actions.

4.3.5. Innovative actions and the nature of the reactions they generate

In this study, innovation remains a somewhat complex variable since innovation in the retailing business is always predictable in advance as the two retailers follow in most cases their mother retailers. Therefore, one can always follow the Casino hypermarkets in France and predict what can be made in the Tunisian context. However, to detect innovative actions, we looked into their definitions and information content and we considered them as new combinations of the initiator's existing resources to take advantage of this innovation and of being the "first in". Five out of six respondents referred to the new concept launched by Geant. It was the "free" offer event, whose slogan was at the time of its launch "free, it's Geant ". For Carrefour, it was rather their website on the internet and all its associated activities "... on the net it is us who innovated ...", "... we were the first to put actions and games on the net ..."

Innovation-wise, we noticed that it is difficult to identify related actions because the nature of retailing business is reluctant to innovation, especially when managers rather face constraints related to behavioral differences between Tunisian consumers and especially the uncertainty about their eventual adoption of innovation and adaptation to innovations undertaken within this context. Less importantly, the respondents mentioned interactive discount devices that were installed between the rows and on chariots for children as acceptable mechanisms by lack of ideas or inspiration. At this level, we notice that the management system had no new ideas; however, as future innovative projects we extracted the idea of a cineplexe in Geant as an extension to the hypermarket's offer which

can be described as an innovative action. Surveying the nature of reactions to innovative actions, we found the following:

- The influence of an innovative action on the nature of the reactions is defined by a low to a moderate reaction time since for any innovation launched by a competitor response time will be the time needed for its implementation.
- According to respondents, the importance of innovative actions, especially to research and development, is particularly so significant that it is often unachievable especially when it needs large investments like the cineplexe, car maintenance services, luncheons and conference rooms, active merchant websites with delivery to facilities' car parks, etc.
- As for imitation of innovative actions, it will be strong depending on what the firm's resources allow.

5. DISCUSSION AND MANAGERIAL IMPLICATIONS

The main aim of this qualitative study is to detect competitive actions as irreversible, intense, specific and innovative and the variables that operationalize them and their influences on the nature of the reactions in terms of reaction time, occurrence and imitation. On the managerial level, our study helps predict competitive interactions between a leader and a challenger in the same sector. Our biggest contribution is that we were able to detect the action that induces no aggressive reactions in time, imitation and frequency. Another contribution is applying the action / reaction theory to examine hypermarkets behavior. Therefore, our study can be said to enrich and vary the conceptual frameworks of this theory. The following table reports an overview of our results. Next, we will make explicit its contribution and complementarity to previous research.

Table 1. Impact of the characteristics of actions on the nature of reactions between leader and challenger

Characteristics of actions	Variables	Reactions of rival firms
Irreversible actions	Communication, loyalty cards, sponsoring	Few reactions, long reaction time, strong/moderate imitation
Intense actions	Event-based promotions (launching, anniversaries, Ramadan) usual promotions	Strong/moderate reactions occurrence, low reaction time, strong imitation,
Specific actions	Product range, commercial gallery expansion, positioning, location	Few reactions, long reaction time, low imitation
Innovative actions	Free-offers, chariots, kids facilities, website, interactive devices	Few reactions, low/moderate reaction time, strong imitation

According to Bensebaa F. (2000), an action which does not generate immediate, repetitive and imitable reactions is the one that is the most strategic and will provide and preserve a competitive advantage to its initiator in time. In our study, the specific variable has low imitation, a long

reaction time and low occurrence. The specific reaction is most likely to be undertaken by the two hypermarkets and in addition it stabilizes competition in the sector for a given period, since it generates relatively no reactions.

Then, we classified irreversible actions as those that do not generate reactions. If there will be a reaction, this latter will take time and will be moderately imitated. For this type of action, a leader or a challenger retailer should reinforce barriers to its competitive fields and try to keep the adequate resources for its use.

Next, we recommend the two retailers to account for some innovative actions and consider them essential to competitive intelligence. We found that these actions have longer reaction time since they are associated with high levels of uncertainty and information asymmetry and that rival firms do not perceive their occurrences. These reactions are few and slow to implement. When they occur, however, they are imitated because firms become aware of their success through improved market share and / or performance (Bensebaa F, 2000).

Finally, actions perceived by respondents as intense do indeed intensify competition and engage the leader /

challenger in a perpetual promotions war, thus confusing returns of both firms compromising their positioning or generating, in most cases, a beneficial market share during the promotion period.

However, comparing respondents' responses with those expected (Table No. 20), we found that the reactions to the four categories of actions are different in their nature in terms of reaction time, occurrence and imitation.

Indeed, we found that reactions to irreversible actions differ in imitation, which is found sometimes very moderate compared to low imitation in the expected responses. This can be explained by the fact that the context in which leader / challenger operate is peculiar in terms of symmetry of resources (hypermarket sector in Tunisia), a phenomenon which, according to the leader / challenger theory, provides for imitation of any non-specific action.

Table no.2 Comparing the obtained results from those anticipated in the literature

Characteristics of actions	Expected responses (Bensebaa F. 2000)	Obtained responses (this study)
Irreversible Actions	Few reactions, long reaction time, low imitation	Few reactions, long reaction time, strong/moderate imitation
Intense Actions	Few reactions, long reaction time, low imitation	Strong/moderate frequency of reactions, short reaction time, strong imitation,
Specific Actions	Many reactions, short reaction time, strong imitation	Few reactions, long reaction time, low imitation
Innovative Actions	Few reactions, long reaction time, strong imitation	Few reactions, short/moderate reaction time, strong imitation

The responses on intense actions are reversed in our study, compared to the expected responses in the literature, in terms of reaction time, occurrence and imitation. This difference can be explained by the fact that these actions are represented in the retailing business exclusively by the most versatile variable promotion.

The same is true for specific actions. In fact, they are inconsistent with the theoretical expectations outlined in the table. Being represented in this qualitative study by product range, a commercial gallery, expansion of outlets, hypermarket positioning and location, these actions are actually competitive assets for each of these retailers and represent even a competitive advantage over the rivals in the sector. These specific variables, characterized by low imitation a long response time and low frequency, are those that we recommend to managers. They were mentioned in their interviews more than the other actions because they will stabilize competition in the sector for a given period as they engage relatively no reactions while providing and maintaining for their initiators a competitive advantage over competitors over time.

Innovative actions consist in introducing a new variable to competition to differentiate rivals in the sector. This new variable depends on the firm's available resources and allows it to take advantage of innovation and of being the "first in". According to the table comparing the reactions found in the qualitative study and those set out in the theory, innovative actions generate little response and

strong imitation. The fact that innovations are always imitated depends on whether firms have adequate resources and want to enjoy the scope of this innovation. However, in the literature, because of the uncertainty about the success of innovative actions undertaken innovative actions is slow. In our study, reaction time is reduced compared to other case studies. Indeed, according to our respondents, a long reaction time only delays the benefits on innovative actions which can provide the same benefits as those gained by the competitor, provided they have the appropriate resources and they do not seek to delay imitation of innovations deemed advantageous to the competitor.

6. CONCLUSION

Dynamics of actions and reactions is interactive that takes place under conditions of uncertainty, since an action undertaken by one of the competitors is likely to induce a possible reaction that is often unpredicted. This response may not be of the same nature or at the same time at which the action took place (Bensebaa F, 2000). Indeed, interdependence between actors and uncertainty about competitive moves will determine the characteristics of the actions of rival firms in a particular sector.

In this study, we tried to distinguish between leader and challenger in terms of competitive behavior to explain the influence of the characteristics of competitive actions on the nature of the reactions and their contributions to

competition by means of retailing variables. Our aim is to predict competitive responses between Tunisian leader and challenger hypermarkets. In this study, we were able to detect the actions that represent a competitive advantage, i.e. those that do not generate too many reactions, span over time and rarely imitated.

Indeed, at first, through a review of the literature we presented the basic dimensions of the actions / reactions and leader / challenger theories within a competitive framework with all the possible competitive strategies.

Second, analyzing interviews conducted with the sales managers of Carrefour and Geant Tunisia, we were able to determine the dimensions of competitive actions i.e. irreversible, intense, specific and innovative and the variables that represent them and their impact on nature of the reactions in terms of time, occurrence and imitation.

Our basic conclusion is that the two hypermarkets are in a perpetual competition over all actions whether strategic or not. In this study, we found that it is the specific actions of the retailer which are characterized by low imitation, a long reaction time and low occurrence, inciting no strong reactions from the competitor. Furthermore, according to managers of both hypermarkets, product range, commercial gallery, expansion, positioning and location represent these specific actions. For this reason, we recommend managers to properly maintain these variables as they allow the retailer to differentiate itself from competitors while stabilizing competition between them, even though for a specific period of time.

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