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Superquinn Alive and Kicking

An Illustration of Innovation in the Irish Grocery Market

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Abstract

Superquinn is one of Ireland's most successful indigenous retailers operating in an intensely competitive grocery market. Despite the arrival of large overseas retailers and an increased level of acquisition and alliance activity, it has survived and thrived. The company attributes its success to its innovation strategy. The practice of innovation now permeates all facets and functions of the Irish grocery sector and consequently is a pre-requisite for maintaining competitive advantage and ensuring business success. This paper illustrates many Superquinn innovations, and relates its strategy to themes within innovation literature. Based on an in-depth interview with its managing director, Feargal Quinn, it provides insights into the philosophy that underpins an innovative retail culture and illustrates the conception and implementation of innovative practice.

Keywords: Innovation, Retailing, Grocery market, Superquinn, Ireland

Biographical Notes

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INTRODUCTION

Superquinn, one of Ireland's most successful indigenous retailers, is a privately owned company operating exclusively in the multiple grocery sector. The Irish grocery market is intensively competitive, and is currently estimated to be worth IR£4.5 billion (Nielsen 1998). The sector has three principal operator categories: multiples account for 49% of the market and 2% of outlets, symbol groups 27% and 13% outlets and independents, who make up the balance of 24% and 85% outlets (ibid). There is a strong tradition of independent family ownership. Two of the three multiple operators, Dunnes Stores and Superquinn are family owned private limited companies; Tesco is the only PLC operating in the sector.

Reflecting significant structural change, increased concentration and store size, grocery operator numbers have fallen sharply from 11,352 in 1977 to 6,231 in 1998 (Ibid). The arrival of overseas retailers has been a major contributor to this change in the competitive landscape. Tesco's acquisition of ABF's[1] Quinnsworth/Crazy Prices ranks as the most significant move by a UK grocery multiple. Other overseas companies have introduced new trading formats to the Irish market, for example, Iceland's frozen food format and Aldi and Lidl's 'hard' discount operations. Costco, the American warehouse club operator, will add to the dynamic when it launches its *warehouse* format in the near future. Indigenous grocers and local suppliers have felt the chill winds of this increased competition in terms of higher trading costs, new standards of product quality, successful 'own labels', and customer service.

Acquisition and alliance activity has also contributed to the increase in concentration. Musgrave, the Cork based wholesale operation, acquired L&N's[2] 18 stores in 1997 and

[1] Associated British Foods

[2] A 'multiple' with a concentrated presence in the south-east of the country

subsequently entered an alliance with Roches Stores food operations[3] in 1998. This encroachment of the traditional wholesale cash and carry sector into the retail market via symbol operations has been a significant development. Further merger or alliance activity would seem inevitable. Multiples, most notably Tesco, signaled its intention to vie for the 'secondary' shop within the convenience sector by opening its first metro store in December 1998. However, options for the development of Tesco forecourts with associated convenience shops have been initially thwarted by a legislative ban[4] on superstore development.

Sales per square feet of selling space in Irish supermarkets are about half those in the big British multiples. Operating margins, estimated at 3.5-5%, are considerably lower than they are in the UK, although they are on par with those elsewhere in Europe. The difference between Irish and UK margins is attributable to a number of factors: - the lower level of own brand penetration, higher transportation costs, purchasing economies because of scale of operation and the intensity of price competition.

Superquinn has continued to grow and successfully develop its format within this increasingly dynamic context. This paper chronicles the development and growth of Superquinn, it offers examples of innovations within the organisation since its inception in 1960, and it illustrates the genesis and development of an innovative culture. Finally, the paper concludes that the maintenance of company competitiveness is inextricably linked with the development of an innovative culture.

INNOVATION LITERATURE

Innovation, the antithesis of permanence, is viewed as part of the life-blood of successful organisations. Theodore Levitt (1981) made the following observation on innovation

> Ideas are useless unless used. The proof of their value is only in their implementation. All too often, people believe that creativity

[3] A 'mixed' retailer classified as a 'multiple' with food operations in nine of its stores

[4] The ban put a cap on superstore size of 2500 sq. metres

> automatically leads to innovation. It doesn't. The scarce people are the ones who have the know-how, energy, daring and staying power to implement ideas.

Wolfe (1994) writes that: 'Few issues have been characterized by as much agreement among organizational researchers as the importance of innovation to organizational competitiveness and effectiveness.' It is widely acknowledged as a key business element whose influence 'cuts across the whole business' and which 'ranks with marketing, finance, strategic planning, human resource development or production management. (Bellon and Whittington, 1996:9)

Innovation can be a fuzzy concept, capable of meaning somewhat different things to different people. It is sometime confused with creativity and invention, which although obviously closely related are not synonymous concepts. Hussey (1997:ix) helps draw the distinction when he writes: 'In most organisations there are many good creative ideas that never move into the action phase, and therefore do no become innovations. Drawing on other authors, Van de Ven, Angle and Poole (1989:12) elaborate on this distinction, emphasising both the action element of innovation and its individualism:

> Invention is the creation of a new idea, but innovation is more encompassing and includes the process of developing and implementing a new idea. The idea may be a recombination of old ideas, a scheme that challenges the present order, or a formula or a unique approach that is perceived as new by the individuals involved As long as the idea is perceived as new to the people involved, it is an "innovative idea," even though it may appear to others to be an "imitation" of something that exists elsewhere.

Innovations need not be complex. In his classic article, *The Discipline of Innovation*, Drucker (1983) urges focus and simplicity as a recipe for successful market-driven innovation:

> To be effective, an innovation has to be simple, and it has to be focused. ... Indeed the greatest praise an innovation can receive is for

> people to say, "This is obvious! Why didn't I think of it? It's so simple!

While innovations *per se* need not be complex, Wolfe's (1994) review and critique of organisational innovation literature highlighted the complex nature of innovation theory. He suggests that the characteristics of the innovation are very significant because they will determine whether the organisation adopts the innovation.

The difficulty of being prescriptive in developing an appropriate innovation strategy is cited within the literature. Schumann, Prestwood, Tong and Vanston (1994:21) echo similar sentiment to Wolfe (1994) when they make the point that 'there is no innovation strategy that is appropriate for all companies in all situations.' They advise that companies need to develop 'an innovation program that matches the needs of the customers, the realities of technological progress, the impact of competition and the capabilities of the organisation.'

Despite the difficulty of being prescriptive about the appropriateness of an innovation strategy, Rogers (1995) proposes five innovation characteristics as determinants of the success or failure of a diffusion:

- relative advantage
- compatibility
- complexity
- trialability
- observability

Relative advantage is concerned with gaining superiority and improving efficiency; *compatibility* relates to how well an innovation fits with the organisation's social and technical systems; *complexity* tends to be multifaceted 'combining a set of related characteristics such as radicalness, disruptiveness, uncertainty and ambiguity' (Brockman and Morgan 1999); *trialability* refers to whether an organisation can trial part of the innovation before taking the final adoption decision; *observability* refers to the capacity of potential adopters to witness the result of the innovation. In the context of

observability, Alderson (1965) quoted in Savitt (1999) had this to say about retail innovations:

> Unlike technological innovations, retail innovations cannot be hidden behind the closed gates and high walls of a factory, within the complex language of patents, or by corporate security systems. They take place in the open, in the proverbial goldfish bowl. 'Nothing about its methods can be protected by patent or copyright'.

He goes on to comment that: 'Academics often forget how visible retailing is, and for that reason do not always appreciate the innovative process.'

Other researchers (cited in Wolfe 1994) use different terms to describe broadly similar innovation attributes. Wolfe in his comprehensive review of the literature provides a typology of potential attributes, some of which overlap with those of Rogers (1995). Many of the attributes mentioned vary on a high-low dimension, for example pervasiveness, radicalness, risk, uncertainty and status. Status refers to the extent to which an innovation is adopted in the quest of prestige rather than organisational profit or effectiveness.

Focusing on company context, Abrahamson (1991) suggests that from a company's point of view, decisions to innovate can be categorised as rational choice, imitation and forced choice, depending on a firm's circumstances. Rational choice is mainly the prerogative of large companies who are convinced of the relative advantage of innovating, imitation is mostly undertaken by market followers and forced choice is the response of players to an unequal power situation. A current example of this might be the dramatic power shift in retailer/supplier relationships.

An alternative viewpoint is that people and their social and political milieu is a better predictor of innovation adoption than organisational characteristics such as size or the resource base [Wolfe 1994; Van de Ven et al 1989].

Bellon and Whittington (1996:9) emphasise the psychological and market driven aspects of innovation when they write that innovation 'involves an attitude of mind that is always seeking to improve, that responds to customer needs, and that aims to get ahead of the competition and stay there'. The significance of customer focused innovation is echoed by Schumann, Prestwood, Tong and Vanston (1994:195) who advocate that companies need to move beyond quality and efficiency and that they need to:

> ...*delight* customers with wonderful products, outstanding value, and superlative service. To move beyond satisfaction to delight, companies must be committed to constant innovation at all levels of the organisation - in every department, not just research and development - and be market driven.

Waterman (1994) cited in Bellon and Whittington (1996:201) comments on the strong linkage between customer needs and innovation. Referring to successful companies he says:

> More than anything else...their strategy anticipates the needs of customers and innovates to keep them more than pleased. What makes their strategy...strategic is how well they have organised themselves to innovate.

Drucker (1983) emphasises the external-focus aspect of innovation: 'Because innovation is both conceptual and perceptual, would-be innovators must also go out and look, ask, and listen.' This view is supported by Bellon et al (1996:259) who highlight the advantages of scanning the external environment:... 'it enables learning periods to be shortened, stimulates the internal capacity for innovation, and makes a more effective use of the available physical and human capacity'. They further argue that'...the real value of the watch process resides in the behaviour it stimulates and the desire to anticipate change which it demonstrates.' (ibid:262)

Creating a culture and a context where innovation can flourish is an essential aspect of innovative leadership and is obviously a prerequisite for organisation-wide

innovativeness. While strong cultures are closely associated with success, the resulting strong paradigm can sometimes create a strong resistance to change.

Van de Ven (1980) highlights inertia and a fondness for the status quo as major inhibitors of innovation. Furthermore he suggests that the basic problem in managing innovation is finding the answer to how:

> … individuals become attached to and invest effort in the development of innovative ideas, when people and their organizations seem mostly designed to focus on, harvest, and protect existing practices and ideas rather than to pave new directions?

Bellon and Whittington (1996:259) point out that being open to the external environment is not, of itself, enough. Too often, events like trade fairs, benchmarking visits, seminars, etc. are the privilege of a chosen few, an 'exclusive' territory, in which rights and private rewards have been acquired. On the contrary they need to be systematically exploited by the business as a whole in terms of making a shared strategy happen.' Angle (1989), co-author of *The Minnesota Studies* makes the important point that:

> it is the *organisation's context* that enables and motivates innovative individual behaviour. ...actualization of this potential turns on whether the management structures a context that not only makes it possible to innovate but also encourages innovation.

Moss Kanter (1983:181) concurs with this sentiment and colourfully articulates the point of view as follows: 'For change to be a way of life rather than an occasional traumatising shock, the 'Indians' as well as the 'Chiefs' have to be engaged in change making and change mastery - while still doing their necessary jobs.'

Schumann et al (1994:17) argue that 'A strong, market-driven organizational culture focused to produce the type of innovation required by the market is essential to success.' They are prescriptive about the essential ingredients of an innovative culture, saying that such a culture must have:

- A clear and compelling shared vision
- An active, broad innovation enhancement program that addresses the necessary types of innovation and utilizes all the elements of the culture.
- Sensitivity to the external environment
- Strategic planning for the operation, technology and people
- The broadest concept of the organisation's purpose
- Progressive human resource practices that ennoble, enable, empower, and encourage people to develop and grow, build expertise, freely communicate, and have access to the power tools of change
- Integrative management approaches

The link between innovation and leadership qualities is a recurring, *albeit* a slightly varying, theme in the literature. Drucker (1983) argues against the cult of the personality. He identifies the common ingredient as 'not a certain kind of personality but a commitment to the systematic practice of innovation.' He goes on to say that most successful innovations 'result from a conscious, purposeful search for innovation opportunities...' Handy, (1999:22-31) referring to his *New Alchemists*, identified their common qualities as dedication (passion), doggedness (perseverance) and difference (ability to think laterally, to see with a 'third eye'). Hussey (1997:7) links innovation, leadership, and the ability to articulate a coherent vision: 'The leader who cannot articulate the vision in a way that has meaning to others will find it harder to ensure that everyone pulls in the same direction.' However, Phillips (1993:20) makes the interesting point that:

> One of the most potent myths surrounding the concept of vision is the idea that a visionary organisation requires a charismatic leader with near-mystical powers of charm and persuasion. But in fact, truly charismatic leaders can sometimes be quite destructive. Very often , they will have a strong personal vision, one which they are reluctant to share, and particularly unwilling to see diluted by debate and consensus.

Handy (1999:29) writes of his *New Alchemists'* tendency to staff their organisations with complementary extensions of themselves' flagged the potential weakness in this strategy:

> It can, however, be dangerous if the personality at the centre is not open to criticism or fresh ideas. Alchemy then withers because no one person can be the fount of all creativity needed by a growing enterprise.

Moss Kanter (1983:136) validated this view when she identified a 'remarkable open-mindedness - willingness to listen, non defensiveness and ability to let go of an investment in their own ideas in order to pick up on a different idea that might produce results' as a key characteristic of innovative leaders.

SUPERQUINN PROFILED

Facts and Figures

Superquinn is a private limited company. The Quinn family holds 90% of the shares, and senior company executives the balance. It operates from eighteen locations and six more stores are in the planning phase. Fourteen of the supermarkets are concentrated in the Leinster area where 54.1% of the population reside**.** The company plans to invest more than IR£65 million in store development over the next three years. This is forecasted to create 1,100 new jobs. The company presently employs more than 4400 people (Business & Finance 2000) and has a sales area of approximately 40,000 sq. metres. It owns eleven shopping centres and all but two of its stores. In recent years, its national market share has risen from 4.3% in July 1993 to 8.6%[5] at present (Sunday Times 2/4/2000). Given its status as a private company, accounts are not open to public scrutiny. The following *estimated* figures are in the public domain:

	1993	**1994**	**1995**	**1996**	**1997**	**1998**	**1999**
Turnover (millions)	200	225	245	310	285	303	N/a

[5] Based on Taylor-Nelson report

Source: Business and Finance Top 1000 Companies Published Annually

Feargal Quinn

Feargal Quinn, company founder and managing director, was born in Dublin in 1936. His father, Eamonn Quinn, operated a chain of grocery stores called *Payantake* in the 1940s. Subsequently, Eamonn went into the tourism business, setting up the *Red Island Holiday Camp* at Skerries (Co. Dublin). As a teenager, Feargal Quinn worked in *Red Island*. He recalls working with his father was a formative experience that inculcated his whole approach to business (Interview with Feargal Quinn, 2000). Holiday-makers who came to *Red Island Holiday Camp* paid on day of arrival; all needs were catered for - meals and entertainment were part of the deal. Quinn senior had a belief in 'delighting' the customer, and his key measure of success was that the customer, on day of departure, had the intention to return. This was a long-term strategy focused solely on customer satisfaction rather than additional sales per customer.

Feargal adopted this philosophy when he opened his first store, an approach that ran contrary to the then grocery norm of selling the customer more. He named this the 'boomerang' principle (Quinn 1987) and this principle is a core value that continues to drive current Superquinn strategy.

Company History

Anticipating a revolution in grocery retailing and 'determined to be among the leaders of that revolution in Ireland' (Crowning the Customer), Feargal Quinn opened his first shop in the north-eastern town of Dundalk in November 1960. This store employed eight people and measured less than 200 metres. The first Dublin store opened in Finglas in 1965. In 1970 the original "Quinn's Supermarket" changed its name to Superquinn. For almost 30 years the company confined its operations to the greater Dublin region, but since 1994 it has opened stores in four rural towns, Carlow, Kilkenny, Clonmel, and Dundalk. The company's decision to open stores in rural conurbations was a major shift

in strategy and may have reflected the then in-vogue view that Dublin was over-shopped. (Lambkin, 1993)

Very early in the business, Feargal Quinn decided that his shops would specialise in fresh food, and this is still the group's speciality; staffed departments provide a very wide range of fresh fruit and vegetables, meat, bacon and seafood. A partnership arrangement with selected fresh food suppliers is complemented by a number of fresh-food specialists who travel between stores to spot-check both the presentation and the quality of fresh-food offerings. Non-grocery items such as hardware or drapery are not stocked.

According to Quinn, from the beginning, his approach was 'driven by a search for excellence, and a single-minded determination that his company would be best at whatever it decided to do'(Crowning the Customer 1987). In the early 90s, Superquinn reformulated its mission statement stretching its ambition from being 'The best in its region in food' to a more global, challenging statement: *"To be a World Class Company, renowned for excellence in Fresh Food and Customer Service"*. The company articulates a philosophy of customer service and staff empowerment. It has the highest staff to floor ratio in the sector (O'Callaghan & Wilcox 1998) in order to support its goal of superior customer service. It presently employs approximately 4400[6] (Business &Finance 2000).

Innovation at Superquinn Ltd.

Superquinn has the reputation for being Ireland's most innovative supermarket. Its innovations cover a spectrum of activities from apparently trivial to complex and comprehensive. The company prides itself on its concern for the environment and its interest in supporting Irish suppliers, e.g. it was the first supermarket operator to refine its check-out bar code technology to highlight Irish-made goods. It has sponsored the *Irish Competitiveness Awards* since their inception in January 1998. Irish grocery manufacturing companies are selected each month on ability to compete successfully against international competition. At the end of the year, the overall winner is selected

from the 11 monthly winners. It operates an 'open-door' policy for small suppliers who might have new product ideas and supports them in developing worthwhile innovations. Own-brand products are designed to be environmentally friendly and the company supports a substantial re-cycling campaign.

The company was the first Irish grocer to apply for and receive the Quality Mark for service. Quality activities include quality control, quality assurance and a movement toward total quality management. Providing a quality fresh food offer is a core element of Superquinn strategy. In 1973, it pioneered the idea of in-store bakeries, and went to develop a range of in-store 'kitchens' that included customised pizza counters, salad bars, and sausage-making all designed to support the fresh-food ambience. In the mid 90s, as a consequence of customer concern about beef, the '*Superquinn Quality Beef Assurance Scheme*' was introduced. Initially this scheme made it possible to trace Superquinn beef back to particular farms.(plough to plate was the marketing slogan) In March 1999, the company announced a testing system for its beef that guarantees full traceability. It claims to be the first supermarket in the world to achieve total security in its beef supply. This traceability system was developed by **IdentiGEN**, a scientific testing company located in Trinity College, Dublin. Using the latest DNA testing technology, the system guarantees absolute traceability in the beef production and distribution chain. While existing techniques allow for meat to be traced back to a group of cattle, with 'TraceBack™' Superquinn can now trace all fresh meat to the actual animal of origin.

Superquinn was also the first retailer in Ireland to use information technology to promote customer loyalty. The *SuperClub* programme was formally launched in 1993 and membership now stands at 410,000 households[7] in the Republic (Superquinn Website 2000). The idea of *SuperClub* was based on three years research of loyalty schemes in the USA and Europe, culminating in the development of a scheme that was tailored to its own needs. The scheme was designed to build-up a database of individual customers' shopping patterns and offered a totally new level of knowledge about customers. To

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[6] Includes full-time, part-time and casual

[7] There are over 700,000 cards in circulation

increase the attractiveness of club membership, *SuperClub Target Marketing* (STM Ltd.) was launched as a wholly owned subsidiary devoted to forming alliances with promotional partners. Extending the scheme on a partnership basis involved major technical challenges in integrating the data. Twenty-four different corporate sponsors now 'reward' their customers with *SuperClub* points at more than 250 establishments. (Superquinn website 2000)

The company is actively experimenting with the database with a view to honing customer loyalty, writing to target customers and comparing the response with a control group. The data base allows the company to ask hard questions, e.g. "When 9000 households shopped in your store last week, why did 1200 households choose not to buy within certain departments within the store?" (Feargal Quinn interview 2000).

As a further dimension, *SuperClub* offers database services to Superquinn suppliers and other companies. Many databases in Ireland are static in that they hold data that refers to information at a fixed point in time whereas *SuperClub* is "live" because it is updated with information every day. Typically the client asks for a selection to be made from the database and an offer is made directly to the customer, in co-operation with *SuperClub*. These well-focused offers are reputed to receive response rates in excess of 60%. STM Limited and *SuperClub* retain full control of the database. The database also allows for cross-sell advertising, i.e. Superquinn can advertise to partners' customers and vice-versa.

Superquinn was the first Irish supermarket to have a presence on the World Wide Web. Its home page contents range from the week's special offers to SuperClub information, recipes and nutritional information. It also provides an Email facility for comments or suggestions by consumers.

Customer comments are actively encouraged and many of Superquinn's customer service innovations have been made in response to customers' comments. The company has led the field in providing playhouses and removing sweets from check-outs, in bag-packing, providing umbrellas on rainy days and a carry-out service to the customer's car. Feargal

Quinn is particularly proud of 'Goof points', an apparently trivial innovation, which rewards customers with additional *Superclub* points when they identify any shortcoming within the group's stores.

In autumn, 1999 Superquinn engaged in a joint venture with *The Trustees Savings Bank* (TSB) to provide Ireland's first in-store banking operation. This banking service operates in all Superquinn stores and provides a full range of financial services for personal customers. Customers can access the new banking service during normal shopping hours, six days a week. In addition to the in-store facilities, the service has the facility to carry out transactions through 1,100 ATMs nationwide.

Subscriptions to every English language retailing trade magazine in the world are taken for selected young employees across all stores who then read the magazine and bring any worthwhile ideas to the attention of their manager. Managers have subscriptions to all international magazines in the grocery trade, thus the company is abreast of all innovations reported in specialist magazines. This scanning operation is supplemented by frequent managerial visits to British, mainland European and American supermarkets in pursuit of new ideas for products and processes. All grades of staff have occasional opportunities to travel abroad and acquire experience in other grocery environments. On return, new ideas are shared with colleagues.

The company makes a determined effort to involve all staff in the innovative process. Sharing management information with all employees has been practiced from the start. An open book policy allows employees to absorb user-friendly relevant information. Figures are released each Thursday for all stores, allowing each individual department to compare its performance with all equivalent departments in Superquinn stores. Such comparisons might focus on share of shop sales, wage percentage, margin or contribution.

Positive rather than negative measures are used as performance indicators. Feargal Quinn explains that 'pride and healthy competitive rivalry becomes the spur, not fear.' For

example, wastage, which is a traditional efficiency indicator in fruit and vegetable departments, is not a key Superquinn measure. The view is taken that an innovative manager might make more for the organisation with higher wastage levels.

Staff members are encouraged to trial new ideas within their department. In terms of customer service, they can add to, but not subtract from, an existing service. New ideas are given a one-week trial within the originator's store. When an innovation proves successful, the regional manager is briefed on Friday for the weekly Monday management meeting. If the innovation is visibly good, it is likely to be implemented in all stores within the week. Otherwise, the originator of the idea must become its champion and 'sell' the innovation to relevant peers. The person receives a small monetary reward for the idea and the innovation is evaluated more stringently after a six-month period.

On a larger scale, the transfer of ideas is also facilitated. For example, stores occasionally engage in a twinning exercise. Across stores, departments are twinned and 'everybody working in a shop has to go to the twinned shop for a period of time' (Quinn Interview 2000). In inter-store competitions, the twinned shops are viewed as a unit and from the shops that win, on a departmental basis, names are drawn from a hat. In the past, at any one time, sixty people have had the opportunity to participate in a working holiday in places like the United States and Hawaii. On return, their job was to implement innovative ideas gathered abroad in Superquinn stores.

DISCUSSION

In many respects, Superquinn is almost a text book example of an innovative company. In keeping with Drucker's emphasis on focus, most of its innovations concentrate on furthering its overall strategy of bringing back the customer, its 'boomerang' principle. Waterman (1994) and Schumman et al (1994), echo Feargal Quinn's own sentiments of the importance of delighting the customer, expressed in his book *Crowning the Customer*

in 1987. The company mission statement is in line with this philosophy and most of Superquinn's innovations are customer driven.

Superquinn would appear to confound the literature on innovation attributes as determinants of innovation adoption and diffusion. Referring to the typology of innovation attributes listed in the literature (Wolfe 1994), Superquinn has implemented innovations with a range of attributes. Its *SuperClub* loyalty card is an illustration of an innovation that was both radical and complex, but compatible with the company's 'boomerang' principle. Considering this innovation in terms of Rogers (1995) characteristics that determine adoption and diffusion –three of these characteristics relative advantage, compatibility, and trialibility were positive features that possibly influenced adoption. However, neither complexity nor the lack of observability acted as a deterrent. Again, in terms of Abrahamson's triology of innovation strategies, Superquinn is neither the largest player in the grocery sector, nor has it the greatest resources. Being first to market with radical and complex innovations would generally be the prerogative of larger companies. Thus, in the Irish context, either Dunnes stores or the then Quinnsworth[8] operation should have initiated a loyalty scheme, instead of which they ended up (several years later) as imitators. Beef- traceability and self-scanning are further examples of complex and radical innovations.

Many Superquinn's innovations are simple and fall into Drucker's 'Why didn't I think of that?' category, for example bag-packing, sweet-free check-outs, umbrellas to cars, and spare pennies at cash registers. Other retail competitors have followed an imitation strategy in regard to these simple innovations. Anderson's comments on the visibility of retailer innovations are supported by Superquinn's willingness to agree that not all of their innovative ideas are original. While ideas are frequently 'borrowed', it is the ability and willingness to implement the ideas that marks the company as innovative, in line with the emphasis on action in the literature [Hussey, 1997; Van de Ven et al, 1989].

[8] Acquired by Tesco in March 1997

Progressive human resource practices that meet Schumann et al's (1994) prescription are evident. Driven by the sharing of information and fuelled by friendly yet competitive rivalry, the 'open book' approach creates an open communication climate and fosters a culture of continuous performance improvement centered on meeting customer needs. An integrative management approach binds all facets of the company. Superquinn does support the thesis that people focus is a better predictor of successful innovation than purely objective organisational characteristics. Successful innovation is widely acknowledged to be dependent on staff at all levels of an organisation, but equally the organisational characteristics of open communication systems, sharing ideas, spreading rewards, generating healthy internal competitive rivalty, and staff empowerment is fertile ground for the diffusion of innovation. Superquinn fits comfortably in this model. In a sense, the culture of the company demands that staff continually innovate. The caveat that 'inertia and a liking for the status quo' can act as inhibitors (Van de Ven 1980), is acknowledged, but circumvented by Superquinn management. The policy of developing local 'innovation champions' is a key aspect of spreading innovative ideas across the network of stores and defeating the 'not invented here', or 'our customers wouldn't like that' syndrome which the company has experienced.

Considering Schumann et al's (1994) prescription for the essential ingredients of an innovative culture, Superquinn would appear to meet all requirements. The entrepreneurial vision is evident within the company's mission statement, the range of innovations cuts across all company activities and involves all employees. Emphasis on the external environment is pervasive and consistent. Perhaps one of the more interesting findings was the extent to which the company had managed to engage its employees at all levels in the conception of innovations by exposing them to international retail operations. In line with Bellon and Whittington's (1996) theory, the external watch results in employees being motivated to implement innovations seen elsewhere. The pay-off for Superquinn is the desire to anticipate change that is inculcated in employees. This manifests itself in innovative behaviour and a general receptiveness to innovative ideas.

Feargal Quinn attributes a commitment to the systematic practice of innovation aimed at delighting the customer as the key driver of the Superquinn organisation. He believes that innovativeness is fostered through experiencing an innovative environment, rather than any innate character trait attributable to his personality. This would tend to support Drucker's argument against the cult of personality. Quinn has a strong vision of where his company is going and potentially he could resemble Angle's description of a destructive leader, unwilling to dilute his vision by debate. By creating a social and political milieu that encourages innovation and a free-flow of information, he engages the 'Indians' in a constant search for customer focused innovations.

CONCLUSION

This paper has examined the nature of innovation and the innovation process within a relatively small company operating in the Irish grocery sector. In line with grocery markets throughout Europe, the industry, with its propensity for mergers and acquisitions, is a challenging and sometimes dangerous environment for smaller players. Superquinn's mission statement reflects a clearly articulated vision of excellence. This vision linked to innovative culture drives company competitiveness. The expanse of its innovations from simple to complex is impressive, as is its ability to involve all staff in the conception and implementation process. Open systems, empowerment and access to rewards underpin the innovative culture and facilitate speedy implementations. Despite its size, Superquinn is market leader in terms of customer service and its success validates developing an innovative culture to maintain competitive advantage. Its growth into the provinces evidences the fact that it's still very much alive and kicking!

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