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Strategies and Structure of the Family Economic Group Casa Ley

ABSTRACT

Objective: Analyze of the characteristics and competitive strategies, dimension and structure that allowed Casa Ley to become a family economic group

Methodology: The methods used: critical historical, analytical and descriptive. The following approaches were used: 1) regional, 2) historical and 3) corporate strategies and organizations. The regional approach considers that regional origin is an important factor in the economic and political practices of Mexican entrepreneurs. The second gives more weight to the historical origin and the conditions of emergence to establish the final configuration, the prevailing economic and political practices and the patterns of development of the groups. The third approach addresses the changing organizational structure of large modern corporations and their tendency to adopt more complex management structures and corporate morphologies

Findings: The main result is the marketing strategies implemented by Casa Ley, such as: introduction of services that add value to the company, creation and diversification of formats, brand creation, centralization of distribution systems and consumption incentives, consolidate the oligopoly structure of the trade sector. The comparative method is established to consider those situations in which the common characteristics of companies are combined in historical circumstances that precede the formation of large companies or groups in Mexico.

Value Added: It identifies the commercial strategies that have allowed the Mexican company of the retail sector in Mexico to become a consolidated family economic group.

Recommendations: The Casa Ley family economic group has been consolidated using successful commercial strategies, limiting its development by not using financial resources that are available in the stock market. Considering the above, it is advisable to use this source of financing available for the business sector.

Key words: Estrategia empresarial, estructura de mercado, grupo económico

JEL Codes: L10, L13, L11

Introduction

In Mexico, the sixties constitute the historical framework of the formation of industrial groups and also the growth of large retail companies. The financial sector produced an intense process of capital centralization that led to the formation of integrated financial groups to cover all the financial services demanded by the country, such as banks, financial institutions, insurance companies, mortgage companies and others (Basave, 1996).

In the sixties, industrial and financial maturity was achieved, while the stabilization development model maintained the first decade of industrialization in its characteristics and were reinforced by the establishment of a stable exchange rate, a very favorable policy to the private sector, and of an attitude of support restricted to foreign investment that allowed the establishment of many mixed capital companies, which, having a share of Mexican capital, benefited from the protection that the government provided to national companies (Baena Paz, 2005) .

Financial capital began to sustain the accelerated monopolization of trade, in some cases the share of foreign investment. In addition, population growth in cities and the rise of the middle class permeate qualitative changes in demand as they are accompanied by the use of cars, television, radio and refrigerators, the emergence of new techniques of marketing and the incorporation of female labor into the labor market (Hernández, 2004).

The large retail companies began to operate throughout the national territory, however several companies moved from the regional to the national logic. Groups also emerged whose regional presence was significant in having a higher concentration of capital according to their establishments. New stores were opened in places of easy access in medium-sized cities and other cities where there was no market saturation. Casa Ley opened its first self-service store in 1970 in Culiacan, Sinaloa and in 1972 it created its own commercial plaza with the supermarket as an anchor.

Historical background

Entrepreneur Juan Ley Fong, chinese immigrant came to Mexico in 1911 through the port of Mazatlan, Sinaloa. In Durango, after entering several commercial activities such as: coal sales, food, groceries (The Legal Balance) and working as a gardener in the company San Luis Mining Company, who before an unjustified dismissal sued the company and achieved a excellent compensation with which he established a store that sold everything: groceries, clothes, medicines and footwear in 1938.

That same year, he established a company authorized by the federal treasury office for the purchase and sale of gold and silver metals where about a thousand people worked. The same company would merge its own gold and silver bars that were sold to Banco de Mexico or to the Compañía Minera de Peñoles, S.A. He also entered the transportation business to transport goods through Durango, via Mazatlan and San Ignacio to Tayoltita, Durango. By 1942 the entrepreneur was able to accumulate capital from various businesses such as the grocery store in general, two ranches, one with 300 Holstein milk cows, and another with 20,000 head of breeding stock. A winery and a lard distribution company.

He moved with his family to Culiacan and in 1954 opened Casa Ley (the surname derived from Lee in Chinese), a wholesale and grocery store dedicated mainly to the sale of grains and food; its main customers were small

and medium-sized groceries as well as the final consumer. In 1955 he began to sponsor baseball teams, in 1958 he founded the Central League; in 1965 participated in Liga Sonora Sinaloa giving origin to the Club Tomateros of Culiacan (ANTAD, 2010).

Table 1. Store Opening (1954-1969)

Year	Store	Sinaloa City
1954	La LC abarrotes y mayoreo	Culiacán
1966	Mayoreo A	Culiacán
1967	Mayoreo LG	Guamúchil

Source: own elaboration based on data of the organization.

In 1969 Juan Manuel Ley Lopez assumed control of the family business in the absence of his parent. In 1970, Casa Ley opened its first self-service store in Culiacan. For that, they rented a store attached to the grocery store, one part of the grocery store turned it into a self-service store and the other followed as a traditional grocery store, hired experienced staff, former employees of Aurrera whose company started operations in 1958. In 1972 they built their first place which would house its supermarket and various merchants.

Family economic group

From 1970 to 1980 was opened to 11 stores in different formats such as: supermarket, wholesale, clothing store and accessories installed in Culiacan, and other municipalities of Sinaloa, as well as Sonora. With these openings they add 14 branches owned by them (Contreras, 2007). With the assets presented in the following table it is possible to affirm that Casa Ley constitutes a family economic group.

Table 2. Store Opening (1970–1980)

Year	Store	City
1970	Autoservicio	Culiacán
1972	Plaza	Culiacán
1974	Plaza	Guamúchil
1975	Plaza	Culiacán
1977	Tienda Departamental	Culiacán
1978	Ley Plaza	Guasave
1978	Tienda Departamental	Guamúchil
1978	LC Boulevard	Hermosillo
1978	LC Chico	Hermosillo
1979	Plaza	Mazatlán
1980	Mayoreo	Culiacán

Source: Contreras, 2007.

Economic adjustment and rationalization

In the 1980s Latin American economies reached such levels of imbalance in their productive and financial activity that they faced the need for structural reforms, they sought new paths of growth through a new insertion in the changing international scenario (Garrido & Peres, 1998).

In Mexico, when the strategies of the companies tried to survive, several tactics were applied to form new relationships in the commerce sector, among those tactics to overcome the crisis are: purchase, closing, sale, association with foreign capital and expansion in territory. Casa Ley in that decade began a series of transformations in its operational strategy, financial and growth and introduced substantial changes in its organizational structure:

Association with foreign capital

Casa Ley sought to partner to grow and guarantee its permanence in the market of the commerce. In 1981 the Safeway supermarket chain bought 49% of Casa Ley, achieving a rapid expansion with this jointventure, one of the agreements was that they would not intervene in the management or administration of Casa Ley.

Restructuring and closing of companies

Faced with competition from the arrival of large chains from Mexico City to the northwest (Walmart), in the early 1990s, Casa Ley was restructured and took on other strategies: one of them was to leave Chihuahua.

Expansion in the regional territory

Casa Ley established 20 branches, consolidating its presence at the regional level: both in the state of Sinaloa and Sonora; increased its geographic coverage in Baja California and Nayarit.

Table 3. Store Opening (1983–1990)

Year	Store	City
1983	Plaza	Mexicali
1983	Mayoreo	Mazatlán
1984	Mayoreo	Los Mochis
1984	Plaza	Tijuana
1984	Cajeme	Ciudad Obregón
1985	Mayoreo	Ciudad Obregón
1986	Plaza	Culiacán
1986	Plaza	Los Mochis
1986	Mayoreo	Mexicali
1986	Pueblo Nuevo	Mexicali
1987	Mayoreo	Hermosillo
1988	Plaza	Tepic
1988	Tienda Departamental	Tepic

1988	Ley	Tijuana
1988	Mayoreo	Culiacán
1989	Ley	Huatabampo
1989	Plaza	Mexicali
1989	Plaza	Hermosillo
1990	Plaza	Navojoa
1990	Plaza	Mazatlán

Source: own elaboration based on data of the organization.

Stores and formats

The Group created different formats, bought land, rented spaces and established alliances with suppliers (Revista Alto Nivel, 2015).

The six formats of stores are adapted to the requirements of the demand, are classified in: Law, Wholesale and Supermarket, Express Law, Super Law, Super Law Express (Casa Ley, 2015).

- 1) The Ley format is the flagship store of Casa Ley, it is the emblem of the organization, the concept provides integral centers of service by category and product. In that way it offers groceries, clothes and general merchandise and specialties. It also provides services such as cash dispensers from different banks, recharges of cell phone and Movistar, and payment for services such as water, electricity and telephone and serviced 365 days a year.
- 2) The Mayoreo format offers volumes to scale, special prices and home delivery.
- 3) The Super Wholesale format is a self-service store for small to medium-sized merchants; as well as to families that make their purchases in central supply, offers credit and home delivery. It offers the full range of merchandise available, as well as prices and promotions; seeks to increase the overall transaction and contributes to the achievement of economies of scale for the distribution center by optimizing its cost.
- 4) The Ley Express format offers the proximity to the consumer and an optimum assortment of groceries: popular perfumery, delicatessen and

dairy products, meat and poultry, fruits and vegetables wines, spirits and general merchandise such as household goods, household goods, varieties, baby accessories and services.

5) The Super Law format is a shop equipped with the highest technology, wide and has the best brands of the supplier companies; offers groceries, general merchandise, specialties and services.

6) The Super Ley Express format offers consumer proximity, quality and optimal assortment of groceries, general merchandise, specialties and services. The Super Ley Express format consists of approximately 1500 square meters of land, and is built in small cities and towns (Al Detalle Magazine, 2014).

Plazas

The retail trade is concentrated in the most dynamic economic and population entities that of course includes urbanism. The commercial chains establish strategies of attraction to the consumer such as offers of personal consumption goods in commercial assemblies known as commercial plazas and / or shopping centers (Bocanegra, 2009). Conscious of this commercial strategy Casa Ley built its first place in 1972 and from then until 1994 added 21 places.

Rent of commercial spaces, premises and land

Today, the stores and commercial plazas owned by Casa Ley, as well as commercial land, are strategically located to be visited by a large number of customers, thus favoring the commercialization of products or services, thus providing an option for other companies to set up their businesses (Casa Ley, 2015).

Figure 1. Home Store Formats Ley



Source: own elaboration based on the web page: Casa Ley

The crisis of 1994 put in check many commercial chains that had to stop its growth before the new economic reality, but Casa Ley continued to grow. Soriana and Sorimex commercial competitors and with some twenty stores each, both chains, were exceeded in importance at national level by Chedraui and Grupo Ley, modernized regional chains. The competition provided by Casa Ley with its dynamic growth in small and medium-sized cities, with its 57 self-services (with 8,000 square meters) and the technology and know-how of its allied Safeway US chain, supported the competition of the commerce sector in modernization and low margins (Monjaras, 1994).

Casa Ley with the Bajío as a goal, from 1991 to 2001, was given to the task of growing in the regional territory with the opening of several formats of stores, and were covered the states of Jalisco (1992), Colima (1993), Baja California Sur and Michoacán (1999), Guanajuato, Coahuila, Durango and Chihuahua (2000) and Aguascalientes (2001).

The company has a training center for its employees in Culiacan, Sinaloa, as well as agricultural fields, a center for pork and beef fattening. It also owns the La Guacamaya sauce factory, which is sent to the national and foreign market, has 77 stores (Vazquez & Bocanegra, 2004).

Table 4. Opening of stores (1991–2001)

Year	Store	City	Year	Store	City
1991	Mayoreo LC	Culiacán	1994	LC	Mexicali
1991	Mayoreo LC	Tepic	1994	Mayoreo LC	Nogales
1991	LC	Ciudad Obregón	1994	LC	Culiacán
1991	LC	Culiacán	1995	LC	Tijuana
1991	Mayoreo LC	Mazatlán	1995	LC	Pto. Vallarta
1991	LC Plaza	Ciudad Obregón	1997	LC	Navolato
1991	LC Plaza	Guamúchil	1997	LC	Ensenada
1992	LC	Nogales	1997	Mayoreo LC	Tijuana
1992	Mayoreo LC	Ocotlán	1997	LC	Nogales
1992	departamen- tal	Ocotlán	1998	LC	Hermosillo
1992	LC	Culiacán	1998	LC	Los Mochis
1992	Mayoreo LC	Guasave	1998	Mayoreo LC	Los Mochis
1992	LC P	Guaymas	1999	LC	Hermosillo
1992	LC Plaza	Culiacán	1999	LC	La Paz
1992	Mayoreo LC	Ensenada	1999	Mayoreo LC	La Paz
1992	LC	Hermosillo	1999	LC	J.J.Ríos
1992	LC Plaza	Guasave	1999	LC	Mazatlán
1993	LC	Hermosillo	1999	LC	Tepic
1993	LC Plaza	L. de Moreno	1999	LC	La Piedad
1993	LC	Hermosillo	1999	LC	Mexicali
1993	LC Plaza	Colima	1999	LC	Mexicali
1993	LC P	La Barca	2000	LC	León
1994	Mayoreo LC	Hermosillo	2000	LC	León
1994	LC	Guasave	2000	LC	Tijuana
1994	LC	Escuinapa	2000	LC	Torreón
1994	LC	Hermosillo	2000	LC	Durango
1994	LC	Los Mochis	2000	Mayoreo LC	Durango
1994	Mayoreo LC	Colima	2000	LC	Gómez Palacio

1994	Plaza LC	Colima	2000	LC	Cd. Juárez
1994	LC	Mazatlán	2000	LC	Gómez Palacio
1994	departamental	Guasave	2000	LC	H. Caborca
1994	LC	Culiacán	2000	LC	Chihuahua
1994	LC	Culiacán	2001	LC	Aguascalientes
1994	LC	Nogales	2001	LC	Tepic

Source: own elaboration based on the data of the company.

Mexico with a population of 119, 530,753 inhabitants and potential consumers (INEGI, 2016) is the second largest market in Latin America and its economy is characterized mainly by a variety of consumers with differences in income and geographical conditions. The strategy of diversification therefore of Casa Ley is to cover all social levels.

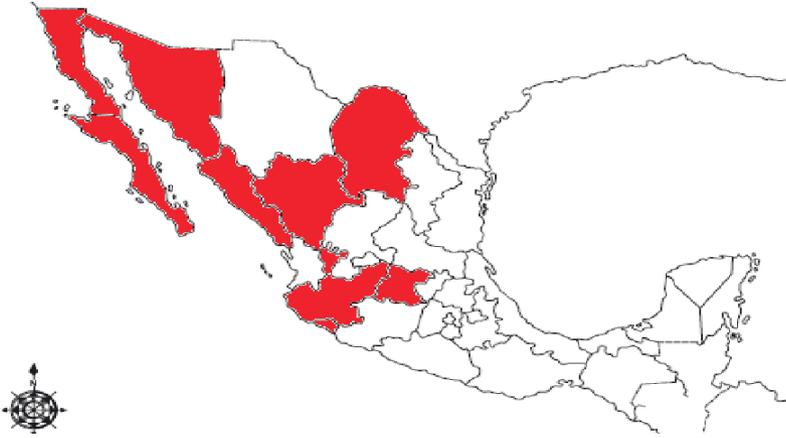
Table 5. Numbers of stores, forma and state

Federal entity	Store format	Store number	Federal entity	Store format	Store number
Sinaloa	Ley	25	Baja California Sur	Ley	5
	Ley Express	21		Ley Express	11
	Súper Ley	19		Súper Ley	2
	Mayoreo	7		Mayoreo	1
	Plazas	6	Jalisco	Ley	2
Sonora	Ley	19	Jalisco	Mayoreo	1
	Ley Express	18	Colima	Ley	1
	Súper Ley	18		Mayoreo	1
	Mayoreo	4	Coahuila	Ley	1
	Plazas	2		Ley Express	2
Baja California	Ley	13	Durango	Ley	2
	Ley Express	9		Ley Express	2
	Súper Ley	15		Súper Ley	1
	Mayoreo	4		Mayoreo	1
Guanajuato	Ley	2	TOTAL		215

Source: own elaboration based on the web page: Casa Ley.

Journal to detail: Year 12 No. 10 November 2013; Year 13 no. 1 February 2014; Year 13 no. July 6, 2014; Year 13 no. 10 November 2014; Year 14 no. 3 April 2015; Year 14, no. 6 July 2015; Year 14 no. 11 December 2015–January 2016.

Figure 2. Presence at the regional level of Casa Ley



Source: own elaboration based on the table 5.

Regional Chains

In the supply of goods and services, the large commercial chains are positioned through the price factor in the national market, are successful, with monopolistic structures, but still do not satisfy the total demand (Morales, 2009), in the niches not covered by them smaller, regional chains, which find competitive advantages in factors such as location and in a greater number of populations, attention and promotions (Olmedo, 2005).

Casa Ley as Coppel, Chedraui, Soriana, Grupo Viz and Calimax are companies that from their regions are looking to have presence in the whole country. And although some companies started earlier, the trend of regional companies is more evident as of 2000 especially in the retail sector.

Growth has been a necessity to be competitive, seeking a differentiation can be achieved through a good location or a niche market; competing with the big ones requires being big or running the risk of being absorbed; and the need to diversify markets (Sandoval, 2006).

In Mexico with Casa Ley at the head, other regional chains operate in the north, including: American HEB, Almacenes Zaragoza, SA, Calimax, its

winery, Smart, Smart & Final, Merco and Gutierrez, these regional chains pursue common objectives of coverage.

Table 6. Northern Regional Chain

Chain	HEB	Casa Ley	Almacenes Zaragoza	Calimax	Súper del Norte
Foundation date	1997	1970	End of year 70	1939	1997
Store numbers	45	215	60	99	103
Entity	Nuevo León Coahuila Tamaulipas Guanajuato San Luis Potosí Aguascalientes	Sinaloa Sonora Baja California Baja California Sur Jalisco Colima Coahuila Durango Guanajuato	Sinaloa	Baja California	Sonora
Chain	su bodega!	S-mart	Smart&Final	Merco	Gutiérrez
Foundation date		1935	1993	1948	1961
Store numbers	70	66	15	25	17
Entity	Hidalgo Nuevo León San Luis Potosí Tamaulipas Veracruz	Chihuahua Tamaulipas Nuevo León	Baja California	Coahuila Nuevo León	Coahuila

Source: own elaboration based on data of the web pages of the companies.

HEB

Florence Butt founded a family store in 1905 in the town of Kerville, Texas. In 1919 Howard E. Butt Jr. started a new stage of family business growth and in 1924 the H-E Butt Grocery Company began its expansion in several US cities, as well as a modern dairy and bakery. In the nineties they created their own brand concept and in 1997 opened its first branch in Mexico and today they add 45 branches distributed in the states of.

Warehouses Zaragoza

In December 1943, the family business Almacenes Zaragoza, S.A. of C.V., in Culiacan, Sinaloa. In the 1970s, under the second generation, new supermarkets were opened and the third generation added 45 supermarkets, seven furniture stores and three construction companies. With presence in almost all the state of Sinaloa generates employment for more than 3 thousand workers (Corporativo MZ, 2016).

Calimax

The company was born as a grocery store in Tijuana, Baja California and in 1962 acquired the concept of Calimax with its first store type supermarket. Its assets include 99 branches Calimax, a wholesale store called Bodegon, three calls Appreciation and three Distribution Centers located in Tijuana, Sonora and San Diego USA. It has a fleet of more than 200 trucks that supply the stores and a Meat Processing Plant, classified as TIF.

It operates more than 20,000 articles of which 30% are import and has more than 6, 000 employees. It also held a joint venture with Smart & Final Inc., a company that has 15 branches in Baja California and San Luis Rio Colorado, Sonora (Calimax, 2015).

Super North

In 1995 the brothers Servando and Ramiro Carbajal founded their first Super Norte in Hermosillo, Sonora; in 2000 they established five branches and in

2002 the chain added 10 new establishments; in 2008 there were 18 stores and in 2009 acquired six more that were purchased from Comercial VH that operated in Sonora. In 2010 it acquired 10 more stores: seven of VH and three of another commercial chain, to add 34 stores.

In 2014 it allocated resources for the construction of nine stores in several cities of the state. In 2016 it acquired seven Vimark stores from the Esparza family located in Hermosillo and Guaymas. The stores of Supermercados Santa fé de Ernesto Echavarría and Trigio Cañedo were bought for 600 million pesos equivalent to 52 stores (Super del Norte, 2016).

Su Bodega

It is a chain that founded its first store in 1897: Groceries "La Europea" in Tampico Tamaulipas; in 1910 new members joined the business and by 1943 they adopted the company name Almacenes Ibarra, S.A., whose offer is wholesale trade in groceries, wines, liquors, hardware and lubricants in the region.

In 1944 the first branch was opened in Ciudad Mante, Tamaulipas, later the branches Manuel Station and Ciudad Victoria, in Tamaulipas and another in Ciudad Valles in San Luis Potosí. Beginning in the 1950s, it began its expansion by inaugurating the Naranjos and Poza Rica Veracruz branches, where the supermarket concept first arrived with the opening of the chain's first establishment: Supertiendas Modelo.

In 1980, the branches of Panuco Veracruz and Reynosa Tamaulipas began operations. Almacenes Ibarra, SA, was transformed into the Corporate Grupo Ibarraque, which participates in the sale and distribution of groceries, lubricants, tires, dampers, accessories and services in order to satisfy the demand in the Northeast of the country, through marketing as wholesaler, wholesaler and self-service. The Group is comprised of four divisions: Grocery Wholesale, Self-Service, Automotive and Real Estate.

The Self-Service Division is represented by the store chain suBodega, has more than 70 branches present in five states of the republic (Almacenes Ibarra, 2016).

S-Mart

The family business has its origins in the La Union store founded in 1935 and located in Paso, Texas. In 1975 they opened their first supermarket with an area of 1,500 square meters in the center of Ciudad Juarez, Chihuahua.

With the Free Trade Agreement (FTA) it was possible to found S-Mart through a trade association with the American company Larroc inc. With this financial support managed to establish 34 stores in the north of the republic in a period of 10 years. In 1997 with an innovation strategy S-Mart restructured its format to offer 24-hour service, thus becoming the only chain of self-service stores with such benefit to consumers. In 1998, it opened its first Distribution Center with state-of-the-art technology in Ciudad Juarez, Chihuahua. Today it has 66 branches (S-Mart, 2016).

Smart & Final

The company has its origin in the Hellman grocery store, Haas founded in 1871 in Los Angeles, the name of the store takes the names of partners Abram and Jacob Hass and Bernard Cohn and Herman Hellman. In 1889, the store changed owners and was renamed: Haas, Baruch and Co, and introduced its own brand of canned food Iris Label; by 1895 it had already reached \$ 2 million in sales.

On the other hand, Santa Ana Grocery Company, founded in 1912, was acquired in 1914 by Jim Smart, a Michigan banker and along with its partner Hildane Final, established the company Smart & Final Whole sale Grocers, whose sales in 1919 reached 10 million dollars. In the decade of the twenty introduced the concept Cash & Carry.

The company went through a series of mergers: in 1953 merged with Haas, Baruch being Smart & Final the prevailing company. The success of the chain of grocery stores increased and in 1984 was acquired by Thrifmart and increased the number of branches to 83, the stores of Thriftmart were liquidated and the resources went to a strategy of expansion and modernization of the stores Smart & Final. It was finally acquired by Apollo Management in May 2007.

The company operates food stores and member service restaurants located in California, Oregon, Washington, Arizona, Nevada and Idaho in the United States, as well as in northern Mexico. A division of store care was established: Smart & Final addressed both consumers of household products and food suppliers; Smart Food service Cash & Carry focuses exclusively on food service professionals, including small restaurants, businesses, bars, catering companies and civil organizations. S & F Stores offers 10,000 varieties of food items, supplements and groceries, in industrial sizes and quantities.

Smart and Final in Mexico was incorporated as a variable capital stock company in Tijuana Baja California in 1993. Smart & Final del Noroeste emerged as a result of a joint venture between S & F and Grupo Calimax. During 2010 Smart & Final operated a total of 13 self-service stores in Mexico, 12 located in Baja California and one in San Luis Colorado, Sonora. Today there are 15 stores.

Smart & Final stores are self-service stores specializing in the distribution of groceries and miscellaneous products to wholesale and half-wholesale without required membership under the trade name Smart & Final. Products that are distributed in the store include the Smart & Final brand (owned by S & F US) as well as other third party owners recognized in Mexico and abroad (Smart & final, 2016).

Merco

In the city of Nueva Rosita, Coahuila the Arteaga family founded in 1948 a modest business called "Casa Arteaga" dedicated to the purchase and sale of clothes and footwear; opened stores in different states under the concepts of Merco and Premier.

In 1978 due to the growth of the group it was necessary to establish Administrative Offices and Distribution Centers, in order to process and expedite the shipment of the products to the Merco Shopping Centers, currently have 2 Administrative Offices and two Distribution Centers located in Monterrey, Nuevo Leon and Monclova, Coahuila.

In 2008 they acquired 5 stores of the organization De las Fuentes, three in Saltillo and two in Ramos Arizpe. Merco has a founding partner of Integradora de Autoservicios S. A. de C.V., a national shopping union, which comprises five self-service chains, with 244 stores in 13 states in Mexico. Merco is a member of the WRT International Purchasing Union based in Miami Florida. The Merco Commercial Group owns 25 stores (Merco, 2017).

Gutierrez

The origin of the family business was born in 1961 in Nueva Rosita Coahuila with a store of 30 square meters. In 1972 they were incorporated into a Société Anonyme de Variable Capital. In 1985 they inaugurated Super Gutierrez. In 1987 they created another branch, Gutierrez 5 Manantiales. In 1992 they opened a new shopping center in Nueva Rosita; in 1994 in Acuña and in 1998 in Melchor Muzquiz, Coahuila.

In 2001 they inaugurated the Gutierrez CEDIS that houses its corporate and that same year the Piedras Negras Shopping Center. In 2005 they opened another Shopping Center in Ciudad Acuña and one in Sabinas called Gutierrez Founders. In 2006 the new Monclova Shopping Center and the third branch in Acuña called Gutierrez Acuña Cedros. In 2008 the San Buenaventura shopping center was born in Coahuila, totaling 17 stores (Gutierrez, 2017).

Commercial VH

Special mention should be made of the Valenzuela stores Sonora Brothers, known as VH since they are an example of the impossibility of facing the competition. The stores grew, grew, diversified and were eventually sold. They transformed the retail trade dynamics, monopolized the trade until the late 1980s. They emerged in 1963 when they opened the self-service shop Mercados del Noroeste, S.A., known as Minimax and later Maxim. In 1966 they formed a family economic group with Food Services of Hermosillo, S.A., known commercially as the Canasta. Both firms were united to give rise to

Comercial VH, S.A. of C.V. It was the first mall with the characteristics of the great trade, aimed at the consumer of medium and high resources.

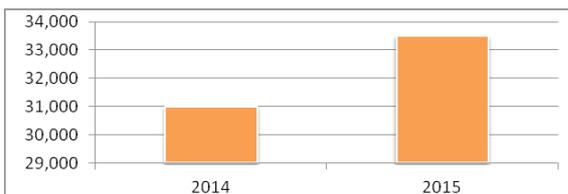
In 1978 when Casa Ley arrived in Hermosillo he directed his offer to the low-income customer. VH was introduced in Guasave, Sinaloa.

The family economic group acquired other commercial establishments and in other states; the creation of companies such as: real estate services, commercial companies, agricultural fields, ranches and farms. In 1980 they changed their name to Grupo Corporativo Valenzuela. In 1982 they created their first VH Pharmacy. Of the VHs only two were shopping centers and three supermarket areas, with a total of 33 stores. Finally, for 2007, it had 23 VH and 32 Super Val stores, two distribution centers and 100 VH pharmacies located in 17 locations in Sonora and Sinaloa, with a generation of just over 5,000 jobs. In 2009, it closed the company due to the fall in sales, it stopped being competitive and gave way to the new commercial chains like Casa Ley, Soriana and Walmart (Bocanegra & Vazquez, 2010).

Sales

One particular feature of Casa Ley is that it is not listed on the Mexican Stock Exchange as do other industrial and service sector groups, with its zero indebtedness policy, so it does not publish the amount of its sales and profits. For this reason it is not easy to obtain information, nevertheless they published the sales of 2014-2015, as can be seen in the graph No. 1:

Figure 3. Sales House Law (2014-2015) (Million pesos)



Source: own elaboration based on the editions of the 500 most important companies of Mexico of the Expansion Magazine of 2015 and 2016.

Organs of representation

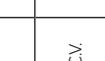
The organization representing the interests of the retail trade promoting the development of the retail trade and its suppliers in a market economy is the National Association of Self-Service and Department Stores (ANTAD) founded in 1983.

ANTAD collaborates in a constant way with organizations such as the Business Coordinating Council (CCE), Confederation of National Chambers of Commerce, Services and Tourism (CONCANACO SERVYTUR), National Chamber of Commerce (CANACO), Confederation of Employers of the Mexican Republic (COPARMEX), Confederation of Industrial Chambers (CONCAMIN), National Chamber of the Transformation Industry (CANACINTRA), among others for the achievement of common objectives.

The Association groups the main retail chains of the country. It currently comprises 104 chains, of which 32 are self-services, 16 are departmental and 56 are specialized, representing 51 637 stores with more than 27 346 009 m² of sales floor. Self-service chains are listed in the table below.

The chains of self-service stores Soriana, Gigante and Comercial Mexicana, under pressure from foreign competition, established an alliance to implement defense measures against predatory and monopoly practices, and requested ANTAD to sue the government for equal conditions, so analysts of Santander Serfin assume that before the competition the regional chains would look for a strategic partner, perhaps in supply (Rendon, 2003).

Table 7. Self-services associated with ANTAD

Business name	Logo	Business name	Logo	Business name	Logo
Operadora Futurama S.A. de C.V.		Auto Servicio Gutiérrez Rizo S.A. de C.V.		Operadora de Ciudad Juárez, S.A. de C.V.	
Costco de México S.A. de C.V.		Wal-Mart de México, S.A.B. de C.V.		Abarrotera del Duero, S.A. de C.V.	
Almacenes Zaragoza S.A. de C.V.		Central Detallista S.A. de C.V.		Súper San Francisco de Asís S.A. de C.V.	
Tiendas Comercial Mexicana S.A. de C.V.		Grupo Puma Abarrotero S.A. de C.V.		Centro Comercial Cruz Azul, S.A. de C.V.	
Tiendas de Autoservicio del Norte, S.A. de C.V.		Sam's Club		La Comer S.A.B. de C.V.	
WaldosDolarMart de Mexíco S. de R.L. DE C.V.		Su Plaza de Actopan S.A de C.V.		Smart & Final del No-roeste, S.A. de C.V.	
Tienda de Descuento Artelí S.A. de C.V.		Tiendas Garcés, S.A. de C.V.		Súper Bodega de Córdoba S.A. de C.V.	
Proveedora del Panadero S.A. de C.V.		Grupo Zorro Abarrotero S.A. de C.V.		SuperWilly's S.A. de C.V.	
Productos de Consumo Z S.A. de C.V.		Casa Ley S.A. de C.V.		Tiendas Chedraui S.A. de C.V.	
Almacenes Ibarra S.A. de C.V.		Supermercados Internacionales Heb, S.A. de C.V.		Operadora Merco S.A. de C.V.	
Tiendas Soriana S.A. DE C.V.		Súper Alan, S.A. DE C.V.		Carlos Aramburo, S.A. de C.V.	

Source: own elaboration based on the ANTAD 2017 website.

ANTAD belongs to the Latin American Supermarket Association (ALAS). The owner of Casa Ley Juan Manuel Ley Lopez was President on two occasions (1990-1991 and 2001-2003) of the Board of Directors of ANTAD. Also from 1992-1993 and from 2006-2007 he presided over the Latin American Supermarket Association (ALAS), making this entity recognized as a Federation of Associations and promoting the creation of commercial groups in the countries of the region that did not yet have bodies of corporate representation, and whose organization was established in Mexico City (Al Detalle Journal, 2015).

Social support

Casa Ley undertakes social support activities, in 2015 participated with the Un Kilo Foundation of Aid, through rounding in its stores, gave a donation for 7 million 563 thousand 945 pesos for the campaign *Échale los kilos 2014* for a country without anemia with iron hearts, aimed at the prevention and correction of anemia in children from 17 communities in the state of Sinaloa through the Center for Early Childhood Development, and whose intervention model is based on three programs: physical development, neurological and psychoaffective development and community development (Al Detalle Journal, Year 14 No. 3 April 2015).

In support of the Join Foundation and to encourage the Rounding for Education program, Casa Ley participated in the *Tu Cambio por la Educacion* program through the delivery of 170 classrooms to the benefit of more than 74,000 students in different states of the republic, has raised more than 45 million pesos that have been converted into physical work, such as the four simultaneous media classrooms that were built at Margarita Romandia de Mendez Elementary School in Hermosillo, Sonora (Revista al Detalle, 2014).

Partner Change: Albertsons & Safeway Merger

In the United States of America on March 6, 2014, Albertsons and Safeway officially announced their merger plans, the transaction ended on January 30, 2015. This merger allows for a wider selection of products, up-to-date

and modern stores, and converts it in the second largest supermarket chain in North America after The Kroger Company (Albertsons, 2016).

Safeway Inc.

It operates the Safeway, Vons, Pavilions, Randalls, Tom Thumb and Carrs stores, is a Fortune 100 company and one of the largest food and drug retailers in the US with sales of \$ 35.1 billion in 2013. Previously traded shares on the New York Stock Exchange (NYSE) under the SWY symbol, which were withdrawn from the New York Stock Exchange as a result of the closing of the merger (America Retail, 2015).

Albertsons

Founded in 2006, AB Acquisition LLC ("Albertsons"), operates ACME, Albertsons, Jewel-Osco, Lucky, Shaws, StarMarket and SuperSaver, and Friends Unit, Market Street and United Supermarket stores. The company is privately owned by Cerberus Capital Management, Kimco Realty Corporation, Klaff Realty, Lubert-Adler Partners and Schottenste in Stores Corporation.

The new privately-held merged company would operate 2 230 supermarkets, 27 distribution facilities and 19 factories with more than 250,000 employees in 34 states and the District of Columbia. It would be composed of three regions and 14 retail divisions supported by corporate offices in Boise, ID Pleasanton, CA and Phoenix, AZ, Banners include Safeway, Vons, Pavilions, Randalls, Tom Thumb, Carrs, Albertsons, ACME, Jewel-Osco, Lucky, Shaw's, StarMarket, SuperSaver, United Supermarkets, Market Street and Friends.

US supermarket chains Safeway and Albertsons agreed to merge into a \$ 9.1 billion deal that would result in a giant company with more than 2,400 stores (Diario MX, 2014). With this merger the Albertsons chain of stores buys 49% of the self-service store Casa Ley.

The Cerberus investment fund was authorized by Mexico's Federal Economic Competition Commission (Cofece) to acquire, through its Albertsons subsidiary, 49% of the shares in the Mexican supermarket chain Casa Ley,

thereby initiating its presence in the country in the market dominated by Wal-Mart and its national rivals like Soriana, Chedraui, Comercial Mexicana (America Retail, 2015).

Conclusions

Casa Ley is a family economic group of Mexican retailers, organized and with its own dynamics, is characterized by intense competition in the turn of self-services and regional logic enjoys a high degree of concentration of capital.

Among its marketing strategies are added: 1) services that add value to the company; 2) development and diversification of formats; centralized distribution system; 3) advertising, brand development and management; 4) prices and promotions; 5) corporate strategies.

The origin of capital is an important factor that shows the basis of the growth of this economic group, national and foreign capital through the merger results in Casa Ley achieve: 1) introduce new formats of store, allowing the reduction of operating costs; 2) accumulate to carry out a strong expansion process and 3) technologically modernize their stores.

Competition in the oligopolistic market gives preference to investment and will have to look for capital wherever it is, via partners, merger, Stock Exchange, others, thereby ensuring innovation, growth and expansion.

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