The Acceptability of Foreign Retail Chains by the Inhabitants of Slovakia

VLADIMIR GAZDA, Ph.D. – VANDA LIESKOVSKÁ, Ph.D. – MARIAN RIMARČÍK, Ph.D.
ASSOCIATE PROFESSOR – ASSOCIATE PROFESSOR – ASSISTANT PROFESSOR

E-mail: gazda@euke.sk – lieskovska@euke.sk – rimarcik@euke.sk

SUMMARY

Consumer behaviour in choosing purchasing place is one part of reaction to changed sales circumstances after the year of 1989. The paper deals with brief development of retail market in Slovakia having in mind the penetration of foreign retail chains especially in forms of new supermarkets and hypermarkets. Changes in consumer behaviour are researched later in connection with the choice of purchasing place. In the range of five years it analyses the existing dependences from the point of view of information availability and popularity of individual retail chains. The article is supproted by VEGA Grant project No. 1/1266/04.
Key words: retail, foreign retail chains, research of information availability and popularity.

INTRODUCTION

In their research work more slovak authors deal with problems of transformation of retail structures and further implantation of foreign sales chains under the circumstances of Slovakia (Viestová, Strážovská, Štensová, Štofilová). The monography with the title "Theory and practise of retail policy" (Viestová a kol. 2003) gives the theoretical frame to this problem. The mutual interest of more authors in factual problem leads to solving research grant project of MŠ SR Vega č. 0108/96 under the leadership of Štensová during the years of 1996 - 1998 under the title: "The development of retail forms under the circumstances of the SR" and the grant project 1/7179/20 under the leadership of Viestová during the years of 2000 - 2002 with the title: "Theory retail policy of transformative economies". Quiet a big importance is devoted in Slovak specialized literature to problems of implantation and marketing of retail chains. Lieskovská (2001) deals with globalization and its influence on retail development. Lieskovská (2002) deals with consumer behaviour and distinctiveness of retail market. The change of consumer behaviour is connected with implantation of foreign sales chains. Chosen problems of consumer behaviour of inhabitants of East Slovakia region were analysed by Lieskovská and Gazda (2003, b). The field of using payment cards in the same region is dealt in the article of Lieskovská and Gazda (2002) and leaflet campaigns in retail are dealt with Lieskovská and Gazda (2003, a). Consumer credits and their place in retail of East Slovakia are dealt with (Lieskovská 2003).

It was inevitable to manage problems of statistics working of marketing facts while working on analyses of consumer behaviour. It was worked out in details by Rimarčík in the form of statistical navigator and in the article "On support of statistical marketing data processing" introduced by (Gazda 2003).

1. IMPLANTATION OF RETAIL FORMS ON THE SLOVAK MARKET

About ten years ago we witnessed a market penetration of international retail sales chains into Central and Eastern Europe. The Slovak market entered the process of globalization in market by its liberal policy a little bit later than all the countries of V4. The situation was probably repeated for the last time in 2000, when in the first ten of sales firms there were eight firms with more Slovak capital and only two international ones. While in 2000 the first ten sales firms gained the turnover of 35.1 mld Skk (Slovak crowns) in 2001 the turnover reached 50.85 mld - it was an improvement by 44 %.

The conjuncture of multinational salesmen penetration into the group TOP 10 gained its high increase in the years of 2000 - 2001. In 2002 it started to culminate the total saturation of integrational activities of domestic salesmen, problems of multinational chains with bureaucracy and choice activities connected with settlement of properties, domestic lobby, under developed logistic infrastructure etc. In spite of this it is possible to say that quantitative expansion of foreign chains has not been finished. The evaluation of Slovak trade for 2002 showed the direction to quality of sales firms and assortment structures. In 2003, the number of international hypermarkets increased by 7. Even so the TOP ten firms were not changed, their positions stayed firm not only due to sales strategy, but also thanks to the fact that more international competitors were not implanted. Retail chains placed in TOP 10 scored total turnover 57.48 mld Skk in 2002 and 75.8 mld Skk in 2003. Building and opening more hypermarkets, trade centres and supermarkets helped to this important shift. Number of functioning supermarkets at the end of 2003 was 204. In a more detailed research we have found that the share of firms with prevailing Slovak capital has changed in comparison with the previous year. Fig No 1 shows the factual rankings of retail firms in 2003.

Figure 1 TOP 10 of Slovak trade in 2003 - total turnover in milliards Skk.

Rankings	*Name*	*2002*	*2003*
1	Tesco	16,5	17,8
2	Metro	10,9	13,6
3	Billa	8,2	9,3
4	Kaufland	7,2	7,2
5	Carrefour	6,5	6,7
6	Hypernova	4,5	5,8
7	M-Market	4,4	4,8
8	Prima Zdroj	4,1	3,6
9	Baumax	3,7	4,4
10	Labaš	3,1	3,3

Source: Moderní obchod 2004

In spite of the fact that in rankings of TOP 10 Slovak trade for 2003 were mainly foreign sales chains, evaluation of TOP 50 for 2003 showed a large increase of share for co-operatives COOP Jednota Slovensko, SD. From the total number of 34 active members - 21 were placed in among the first 50 with the reached total turnover of approximately 30 mld. Skk.

Contemporary, there are more than 57 hypermarkets on the area of the SR. Even if floorage per one inhabitant of the SR does not reach the European level (average floorage per 1000 inhabitants is 434 m² in the SR, European average is 1000 m²), building of sales chains of hypermarkets and supermarkets fast reaches the standard of developed states. But it is not the same on the level of purchasing power of inhabitants and we suppose it will be like this for a longer period.

2. Analysis of Consumer Behaviour at Choosing the Buying Place

In the research project we compared situation from the point of view of preference of the place of sale in 1997 (936 respondents) and further in 2003 (625 respondents). The questioned were people in East Slovakia region. We had 5 grade scales at our disposal and by means of it they could express their preferences concerning the place of purchasing. 1 meant the highest preference, 5 means the lowest preference. On the base of individual average we gained the final evaluation, represented in Fig. No 2.

Figure 2 Comparison of purchasing place choice

Purchasing place	*1997*	*2003*
Department store	2,29	2,44
Sales centre	-	2,0
Hypermarket	-	1,96
Specialized store	1,98	2,35
Outlet store	2,60	2,98
Fleamarket	3,82	3,51
Abroad	3,84	3,74

As it can be seen from the above data, in 2003 the inhabitants of east Slovakia preferred at choosing purchasing place hypermarkets, followed by sales centers and the last places were taken by the possibilities of purchasing at flea market and in abroad. In the time of research the inhabitants can choose form these relatively new possibilities of purchasing: hypermarket TESCO, sales centre of CASSOVIA - hypermarket Carrefour sales centre of OPTIMA - hypermarket Hypernova, Kaufland.

In the further research (in 2003) we tried to find the information availability and popularity of consumers toward various firms performing in Slovak retail market. Respondents expressed themselves in scales from 1 - very well informed (favourite), 2 – well informed (favourite), 3 - neutral attitude, 4 - partly not informed (partly unliked), 5 – not informed (unliked). Then we did the average and we gained the ranking shown in Fig. No 3.

Figure 3 Information availability and popularity of individual sales places

Sales places	*Information availability*	*Popularity*
Tesco	1,894	1,885
Billa	2,342	2,405
Baumax	2,626	2,741
Baťa	2,929	2,734
Jednota	2,084	2,258
Carrefour	2,729	2,324
Kaufland	3,397	2,980
Metro	3,183	2,734
Hypernova	2,411	1,945

As it can be seen from the above data the highest information availability, concerning the firms and their sales places, is the highest for firms functioning on the Slovak market for a longer period of time. They are: Tesco, Jednota and Billa. The lowest information availability was, at the time of research, about the sales places of Kaufland. It was connected with their dates implantation in the East Slovakia markets and as well as with the fact that growing phase of sales places of Kaufland was just before us. The popularity was the

highest with Tesco, Hypernova and Jednota. The lowest one - on for contrary - Kaufland, Baťa and Metro.
The base of the further research was to test hypothesis concerning relationship of demographic characteristics (sex, age, employment, education, average monthly income per one household member and the permanent address of respondents) and their information availability and popularity of individual firms. By means of Main effect Multivariate Analysis of Variance (Main effect ANOVA) we tested statistical significance between averages of individual groups.
To be complete we show in Fig. No 3 and 4 the most statistical important differences in evaluation of information availability and popularity of individual sales firms from the point of view of gender, age, occupation, education, place of living and income. Thick figures represent statistical significance of studied parameters at the level of significance 0.05 and 0.01.

Figure 4 Statistically significant differences in information availability of respondents

	Gender		*Age*		*Occupation*		*Education*		*Place of living*		*Income*	
	F-Ratio	*Prob*	*F-Ratio*	*Prob*	*F-Ratio*	*Prob*	*F-Ratio*	*Prob*	*F-Ratio*	*Prob*	*F-Ratio*	*Prob*
Tesco	0.64	0.4228	**2.83**	**0.037**	1.69	0.1505	2.50	0.058	**5.32**	**0.0012**	**6.90**	**0.0002**
Billa	0.12	0.7319	0.34	0.7966	**4.16**	**0.0024**	2.33	0.0732	**22.18**	**0.0000**	0.95	0.4352
Baumax	0.26	0.6772	0.51	0.6772	**4.74**	**0.0009**	0.67	0.5676	**6.24**	**0.0003**	**3.36**	**0.00986**
Baťa	**20.5**	**0.0000**	**2.66**	**0.047**	1.63	0.164	1.07	0.3619	**9.82**	**0.0000**	**4.66**	**0.0010**
Jednota	1.20	0.2735	0.84	0.469	**2.83**	**0.0242**	0.78	0.5055	**29.1**	**0.0000**	1.55	0.1868
Carrefour	0.26	0.6077	0.90	0.4413	**4.51**	**0.0013**	**2.99**	**0.0306**	**24.41**	**0.0000**	**3.31**	**0.0107**
Kaufland	0.40	0.5280	1.92	0.1200	2.17	0.0712	2.29	0.0072	**38.43**	**0.0000**	**5.69**	**0.00016**
Metro	0.83	0.3632	0.80	0.4938	**5.55**	**0.0002**	1.98	0.1159	3.01	0.0298	**7.08**	**0.00001**
Hypernova	5.12	**0.0242**	1.46	0.2251	1.52	0.1957	1.71	0.1650	**14.24**	**0.0000**	1.55	0.25234

Figure 5 Statistically significant differences of popularity from the respondents' point of view

	Gender		*Age*		*Occupation*		*Education*		*Place of living*		*Income*	
	F-Ratio	*Prob*	*F-Ratio*	*Prob*	*F-Ratio*	*Prob*	*F-Ratio*	*Prob*	*F-Ratio*	*Prob*	*F-Ratio*	*Prob*
Tesco	5.02	0.0253	0.75	0.5218	0.81	0.5214	**2.98**	**0.0310**	0.27	0.8481	1.40	0.2197
Billa	0.16	0.6895	0.99	0.3985	1.37	0.2415	1.79	0.1472	**15.38**	**0.0000**	0.38	0.8246
Baumax	0.55	0.4586	0.37	0.7727	**2.66**	**0.0321**	0.04	0.9884	0.63	0.5976	1.06	0.37
Baťa	0.53	0.4688	**3.56**	**0.0142**	1.30	0.2687	0.88	0.4491	1.42	0.2358	0.81	0.5198
Jednota	0.49	0.4840	0.76	0.5160	1.74	0.1391	0.74	0.5275	**19.85**	**0.0000**	2.30	0.0573
Carrefour	0.23	0.6336	0.48	0.6936	1.60	0.1721	2.08	0.1015	**6.39**	**0.0002**	0.64	0.6313
Kaufland	0.07	0.7916	1.83	0.1410	**2.83**	**0.0247**	0.73	0.5328	**7.04**	**0.0001**	0.33	0.8604
Metro	0.19	0.6630	1.20	0.3111	1.78	0.1326	1.23	0.2971	2.02	0.1103	1.44	0.2189
Hypernova	0.52	0.4731	0.46	0.7131	1.99	0.0962	1.89	0.1318	**10.59**	**0.0000**	0.75	0.5604

As it can be seen from the findings, the most significant differences in evaluation of individual firms and their sales places originated from respondents with different places of living. In other parameters more significant differences in evaluation on of popularity with respondents were not recorded. We would like to show more detailed information from our findings concerning information availability of respondents about sales places from the point of view of their place of living.

Figure 6 Average information availability of respondents about firms - from the point of view of their place of living

Information availability	*Place of living*						
Firma	Košice	up to 100	up to 50	up to 25	F-Ratio	F-Prob	Significance
Tesco	1.75	1.77	2.1	1.95	5.32	0.001274	**
Billa	2.71	2.55	1.81	2.3	22.18	0.000000	**
Baumax	2.48	2.39	2.86	2.78	6.24	0.000354	**
Baťa	2.62	2.94	3.19	2.93	9.82	0.000002	**
Jednota	2.69	2.01	1.72	1.91	29.01	0.000000	**
Carrefour	2.09	3.07	3.09	2.66	24.41	0.000000	**
Kaufland	3.88	2.14	3.78	3.78	38.43	0.000000	**
Metro	2.96	3.27	3.27	3.23	3.01	0.029804	*
Hypernova	2.53	3.22	1.76	2.13	14.24	0.000000	**
Accorage score	2.63	2.6	2.62	2.63			

In spite of this, the complete average Score shows nearly the same evaluation from the point of view of respondents information availability living in various size places, at some more detailed research we have found some statistically significant differences in all cases. Plots indicated by two stars represent statistical significance of researched parameters on the level of significance 0.01. Where there is one star, it is statistical significance on the level of 0.05.

The most distinctive differences in evaluation were shown in Kaufland sales places. It was caused by localization of sales chains. At the first stage of implantation of these sales places smaller town as Prešov, Spišská Nová Ves, Michalovce were given preference - as there was shown some consumer interest from the point of possibility of increasing their purchasing power and there was not very district competition of other retail firms. On the contrary in Košice, there were - at the time of Kaufland opening - relatively well implanted other foreign companies.

If we compared evaluation of sales place of Jednota by Košice respondents and those of smaller towns, we have found the bigger popularity in the countryside than in Košice. The smallest differences were shown from the point of view of respondents place of living while we compared popularity of Metro.

RESULTS

The penetration of foreign sales chains into TOP 10 group caused the gradual change of structure of sales places with preference to strengthen the possibility of purchasing in hypermarkets, supermarkets and sales centres. On the base of our analyses we have found that there are some differences from the point of view of information availability and popularity of individual trade firms. The best evaluation was gained by the retail firms that are implanted on the Slovak market for the longest period of time (Tesco, Jednota, Billa). The differences in evaluation of information availability were different when we pursued them from the point of view of respondents' living place, income and occupation. While pursuing popularity of sales places, differences occurred mostly from the point of view of respondents' living place. Variables - age and gender - did not show statistically significant differences in evaluation of sales firms' popularity. The given results, serve to deeper understanding of consumer, to finding his/her attitudes to individual forms of purchase and factors determining choice of purchasing place. They also map the newest trends in consumer behaviour and show the possible future outlook of gradual adjusting to new needs and requests and by this they create the background for implementation of European trends of sale in the field of retail.

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Összefoglaló

A vásárlás helyének kiválasztása során tapasztalható fogyasztói magatartás is egyike az 1989-es évek után megváltozott értékesítési körülményekre való reakcióknak. A cikk bemutatja a szlovákiai kiskereskedelmi piac gyors fejlődését, különös tekintettel a külföldi kiskerskedelmi láncok térhódítására, amely elsősorban az új szuperkarketek és hipermarketek formájában jelentek meg. A fogyasztói magatartásban bekövetkezett változások a vásárlás helyének kiválasztásával kapcsolatban kerültek vizsgálatra. Öt éves időszakon keresztül került sor a meglévő összefüggések feltárására, amelyek a az információ rendelkezésre állásától és az egyes kiskereskedelmi láncok népszerűsége szempontjából képezték az elemzés tárgyát. A cikk az 1/1266/04 sz.VEGA Garant project támogatásával készült.

Резюме

Определение места покупки товаров, интерес поведения потребителя-это одна из складовых изменения обстоятельства на изменившуюся реакцию продажа товаров после 1989 года. Статья описывает быстрое развитие розничного рынка Словакии, особенно в отношении захвата рынка, которые в первую очередь появились в форме новых супер- и хипермаркетов. Изменения произошедшие рассматривались в контексте выбора места покупки товаров. Диапазон исследования охватил последние 5 лет, которые включили в себя отношение наличия информации о сети и их популярность среди покупателей. Статья была написана с помощью проекта VEGA Garant № 1/1266/04.