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CONSUMERS' JUDGEMENT ON SUPPLY ASSOCIATIONS – WITH SPECIAL REGARD TO CBA

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ABSTRACT

Important changes happened in the trade of Hungary during the 90's. Numerous international chainstores of solid capital appeared in Hungary establishing modern trade establishments and shopping centres with big basic area.The process of concentration is becoming stronger nowadays. Stores are concentrated in the hands of fewer and fewer companies, at the same time the number of stores is decreasing, as well as their basic area is increasing. Moreover, a decreasing number of stores perform an increasing part of turnover (Seres, 2005). Supply associations – especially CBA – take an important place among food retail trade stores in Hungary. This is proved by the prominent second place of CBA among the biggest chain stores. CBA is an organisation with strong consumer-orientation. It selects its suppliers consciously taking into consideration, on the one hand, prices and the possibility of good bargain, on the other hand, preferring quality and brand. The ratio of the two product-segments is formed according to the consumers' expectations.
Keywords: supply associations, retail, CBA, consumer preferences

INTRODUCTION

At the beginning of the 90s – due to privatisation – garage shops, small retail units operated as family ventures offering a decent profit for the owners were mushrooming. However, multinational small companies retail companies appeared a few years later. Due to their stronger bargain position against suppliers they purchased products at very favourable conditions, which, combined with efficient operation manifested in lower retail prices.

The market competition that became livelier meant a too big challenge for a big part of the independent retail companies. They faced rearranged customer habits and a decreasing profit.

Wholesaler enterprises realized that by organizing retailers into groups both their own and the retailers' competitiveness can be improved and in this way they became the engines for the development of supply associations. Nowadays 3 supply associations operate in Hungary: CBA, COOP and REÁL. Wholesalers' acumen is supported by that, based on turnover data, these associations take a prominent place in the order of retail chains distributing food products and chemical products. In the course of my research my aim is to survey the consumer judgement on these retail chainstores with a special emphasis on CBA.

MATERIALS AND METHODS

During my primary research from among the different quantitative methods the questioning by questionnaries was chosen. The aim of the investigation was to map the consumption and shopping habits of the consumers in the Southern-Transdanubian Region. The most important benefits of the research were the quantification of the data, structured data collection and a great number, representative sample (*Clifton et al.*, 1992; *Malhotra*, 2001).

The consumer survey with questionnaires was made in the third quarter of 2008. 500 people were chosen from the population of the region in the course of the sampling. Their number was determined according to the satisfactory size of the sub-groups formed according to different background variables. It was a primary aim to ensure representativity in the course of selecting people into the sample.

The quota was chosen on the basis of the 2001 census data of KSH (Central Statistical Office) according to resident population living in county towns and villages of the region, and according to gender, age and educational level. In order to gain a reliable sample, layered random sampling was applied in the selection of the respondents. The processing of data collected during the survey was made by using mathematical-statistical programs. The data – which were coded previously – were processed by using SPSS for Windows 9.0 and Microsoft Excel softwares

RESULTS AND DISCUSSION

I was interested in the consumers' opinions during the in-hall tests about how consumers judge the position of the food retail sector with special regard to supply associations. The survey investigated in details the consumption frequency, the most frequently visited store-types, the point of views influencing food selection, the prices and the frequency of impulse-shopping.

According to the consumers' opinions, Hungarian purchasers visit food retail stores still at great frequency. This is related to the fact that six in ten Hungarian consumers visit one of these store-types 3-4 times a week (classical consumer habit). However, it is also obvious that a consumer layer developed for which big shopping once a week is an optimal solution. This may be in connection with lack of time, the increasing importance of comfortable purchase or the demand to spend free time more beneficially.

In the next step it was examined how often respondents visit each store-type. This is demonstrated in *Table 1*.

Analysing the attendance of each store type it can be found that supply associations are in the second place behind hypermarkets. This shows that the role of the small shop unifying associations has a crucial importance in the provision of the rural population.

The second important index-number beside the attendance of store types is the so-called 'basket-value'. This is demonstrated in *Table 2*.

Table 1

The most frequently visited types of retail trade stores among respondents (n=942)[1]

Store-type	Division	
	Head	%
Hypermarket	240	48.0
Supply association	198	39.6
Discount	157	31.4
Supermarket	144	28.8
Independent small shop	91	18.0
Specialist shop	79	15.8
Other	33	6.6

[1]Respondents could mark more than one answer

Table 2

Division of purchases in each store type according to 'basket-value' value categories

Amount spent on purchases in different categories, HUF	Division of basket-value in each store type %					
	Hyper-market	Super-market	Discount	Supply associa-tion	Indepen-dent small shop	Specialist shop
0-1.000	0.3	2.3	1,5	13,4	30,3	1,9
1.001-2.000	21	14.4	4,9	26,7	34,8	20,9
2.001-4.000	1,5	24.7	25,7	29,6	15,7	36,1
4.001-6.000	15.	20.5	20,4	12,1	11,2	20,9
6.001-10.000	36.4	24.2	24,3	12,6	5,1	11,4
10.001-15.000	13.3	7.4	14,6	1,2	0,0	2,5
15.001-20.000	11.2	3.3	6,3	0,8	0,6	3,8
20.001-30.000	6,7	1.4	1,5	0,8	1,1	0,6
30.001-50.000	2,4	1.4	1,0	1,2	0,0	1,9
50.001-80.000	0,6	0.5	0,0	1,6	1,1	0,0
80.001-	0,3	0.0	0,0	0,0	0,0	0,0

Supply associations – among them CBA – belong to the store types with low basket-value and high attendance. This is due, on the one hand, to the great number of stores and, on the other hand, to the small basic area. Almost one third (29.6%) of customers do their shopping in supply associations for between 2001–4000 HUF, and 26.7% of them for between 1001–2000 HUF. The total rate of the two categories is 56.3%. The results of the table reveal an important relation: there is a close connection between the basic area of the store and the average basket-value. This means that the larger the basic area of the store is the greater volume is purchased there.

The shopping frequency of each food industrial product category differs depending on the character of the product. The annual shopping frequency of each category is presented in *Table 3*.

Table 3

Annual shopping frequency of several kinds of food categories (n=498)

Food category	Annual shopping frequency, day
Bakery products	252.5
Milk and dairy products	172.2
Vegetables and fruits	140.4
Carcase meat	131.2
Processed meat products	102.4
Non-alcoholic drinks	89.5
Sweet industrial products	82.6
Milling industrial products	57.8
Alcoholic drinks	43.1
Deep-frozen products	39.9

From among the daily consumer products the so-called 'fresh products' get into the customers' baskets every day. These are the following: milk and dairy products, bakery products and carcase meat. On the contrary to them processed meat products, some kinds of vegetables and fruits and certain dairy products are purchased only once or twice a week. Deep-frozen products, sweet industrial goods and non-alcoholic drinks are bought even more rarely (once or twice a month). Freshness and durability of the products determine the purchasing amount and the frequency of shopping, and these features can be connected to sales in shops: customers buy a larger quantity from durable consumer goods in case of sales (advanced shopping), while in case of fresh products they buy an amount that can be consumed on 2 or 3 occassions (e.g. consumer milk, cold cuts). This is reinforced by the survey made by *Huszka* (2008), in which he generally stated that people living under better financial circumstances consume products processed at a higher level more frequently. However, 45% of the respondents involved into the survey think that they would buy their favourite branded products even if their price was increased. These products are probably the ones processed at a higher level (*Huszka*, 2008).

These product categories were examined according to the place of shopping in the next part of the research. Supply associations have a safe position in those product categories that represent daily shopping. According to this, consumers buy processed meat products (23.5%), bakery products (31.0%), sweet industrial products (25.0%) as well as milk and dairy products (28.3%) in big proportion through these distributional channels. Moreover, these shops take a favourable position after the two leading store types (hyper- and supermarket) in the market of alcoholic (17.9%) and non-alcoholic drinks.

Features influencing food choice were also analysed in the research. Each point of view's effect on shopping was measured on an one-to-five scale, where one means the category of 'does not influence me at all'and five means the category of 'particularly influences me' The results of these are summarized in *Table 4*.

Table 4

The order of factors influencing food choice according to respondents (n=498)

Influential factor	Statistical indicator	
	Average	Standard deviation
Product's freshness	4.50	0.887
Clean, tidy shop	4.16	1.008
Product's price	4.16	1.024
Everything can be bought in one place	4.00	1.081
Favourable opening hours	3.97	1.132
Product's healthiness	3.91	1.070
Product is easily available	3.77	1.134
Kind, polite service	3.77	1.457
Product's appearance, aesthetic quality	3.68	1.039
Frequency of sales	3.65	1.149
Universal usability	3.30	1.038
Product's brand	3.18	1.121
Product's novelty	2.84	1.132

Looking over the results of the table, it can be seen that the most important influential factor is the product's freshness during shopping for food. Since the strength of supply associations and among them of CBA is usually selling fresh goods, that is why the tendency of consumer behaviour exactly coincides with the tendency of the main strategic direction.

Another factor determining the tendency of a shop's turnover is the share of the so-called impulse-shoppings. This is demonstrated in *Table 5*.

Smaller shops are under a handicap as opposed to larger ones in this field. This is because the larger basic area and the wider product-assortment lead to increased impulse-shopping, while people prefer to do their pre-planned shopping in smaller stores. This is why CBA made a good decision when it increased the size of its new shops. CBA is able to increase the share of impulse-shoppings in the way of entering the super- and hypermarket segment, which can reach in this was 50% of the customer purchases in these kinds of stores.

The strategies of CBA can particularly depend on the price sensitiveness of the consumers. As 70% of the respondents stated food prices are very high, which limits, on the one hand, the purchased amount and, on the other hand, the share of impulse-shoppings. In spite of this it can be asserted that CBA should not only try to serve the price sensitive consumer layer, but regarding the future it should also plan the group of branded premium products because of the increasing number of quality sensitive consumers.

Table 5

Impulsiveness of the examined food product categories (n=498)

Product category	Statistical indicator	
	Average	Standard deviation
Sweet industrial products	2.48	0.871
Vegetables and fruits	2.48	0.950
Bakery products	2.29	1.018
Processed meat products	2.26	0.823
Dairy products	2.17	0.995
Deep-frozen products	2.00	0.765
Non-alcoholic drinks	1.97	0.811
Milling industrial products	1.91	0.824
Carcase meat	1.90	0.866
Alcoholic drinks	1.85	0.903

There is also a competition between some supply associations for winning the consumers. Analysing the position of supply associations those stores were investigated that were visited by the consumers during the last year. The result are presented in *Table 6*.

Table 6

Supply associations visited by the respondents during the last year (n=727)*

Supply associations	Division of answers	
	Head	%
CBA	374	74.8
COOP	262	52.4
REÁL	70	14.0
HONI-KER	21	4.2

*Respondents could mark more than one answer

CBA is in a very good position in this field. 75% of the respondents said that they had visited a CBA store in the last year and with this CBA came first among this type of associations. Based on the consumers' opinions, it is also obvious that the only important competitor of CBA is the COOP chain store, the attendance of which is 52%. The judgement of the stores' image is also an important factor besides the attendance of stores. The image-profile of the associations is summarized in *Table 7*.

Table 7

The judgement of some image factors in case of each supply association (CBA: n=374; COOP: n=262; REÁL: n=70; HONI-KER: n=21)

Image factor	CBA		COOP		REÁL		HONI-KER	
	Average	SD	Average	SD	Average	SD	Average	SD
Salespeople's clothes are clean	3.98	0.872	3.81	0.934	3.90	0.861	4.23	0.6
Clean, tidy shop	3.89	0.957	3.52	1.076	3.75	0.829	3.57	0.8
Shelves are clean	3.84	0.846	3.54	0.922	3.80	0.832	3.42	0.8
Products are priced easily identifiably and clearly	3.78	0.932	3.48	1.059	3.66	0.852	2.80	1.0
Polite service	3.73	1.019	3.51	1.078	3.56	0.999	4.09	0.4
The shop is well arranged	3.73	0.864	3.51	0.936	3.84	0.795	4.23	5.9
Fresh products are available	3.70	0.872	3.38	0.947	3.75	0.848	3.85	0.4
Good quality goods	3.65	0.858	3.16	0.889	3.63	0.893	3.38	0.7
Hungarian products	3.64	0.788	3.41	0.845	3.47	0.779	3.33	0.7
Salespeople give the asked amount precisely	3.62	0.934	3.41	0.980	3.56	0.999	3.95	0.7
Salespeople thanked for the purchase	3.55	1.080	3.19	1.194	3.69	1.014	4.42	0.5
Salespeople cared for the customer immediately	3.31	1.101	2.99	1.122	3.24	0.984	4.23	0.4
Favourable prices	3.26	0.896	2.99	1.051	3.53	0.985	2.90	0.8
Everything can be bought in one place	3.23	1.018	2.86	1.018	4.18	5.276	2.80	0.8
Foreign products	3.05	0.863	2.94	0.838	3.20	0.800	3.19	0.9

SD: Standard deviation

According to the results the image of CBA is connected mainly to the elements of tidiness. According to the respondents the salespeople's clothes do not leave much to be desired, the shops are well arranged, the shelves are clean and always refilled. Further strengths of CBA are that the products are easy to find, they are of good quality and fresh. It is also a favourable result for CBA that COOP – as a direct competitor – underachieved in case of most image factors. The respondents emphasised from the statements regarding CBA stores the factors connected to the staff working in the stores in the first place. This refers to that the customers are very satisfied with the level of the service, with the salespeople's politeness, in one word, with the development of the personal contacts. Since in this field CBA had a benefit compared to COOP in the competition between supply associations, this is why the consumers' judgement can be regarded a very favourable phenomenon. Probably this difference causes CBA's more than 50% attendance advantage over the closest competitor.

CONCLUSIONS AND PROPOSALS

It can be seen well from the results of the in-hall test that supply associations play an important role in the Hungarian food-retail sector as a result of the union of shops. CBA stands out of supply associations because this is the most frequently visited such kind of a store. The basket-value of shoppings in these types of stores is characteristically lower, but the frequency of attendance is usually higher. Since there is a close connection between the basket-value and the size of stores, this is why CBA has chosen a good strategy when it decided to increase the size of stores by establishing supermarkets, because the basket-value can be increased in this way, and because of the remaining small shops the high frequency of attendance does not fall. It was found during the examination of the product categories that supply associations can improve their position by increasing the variety of daily consumer goods.

CBA stands out of its competitors with its tidiness, with the fact that its shops are well arranged and with its fresh products. Considering most image factors, CBA performs better than its main competitor, COOP. However, it is important to pay attention to the stores of REÁL, because – although its customer basis is not so large – it is an ambitious company and it has received better grades during the examination of image factors in case of several factors than CBA.

SUMMARY

In my article I wanted to give a detailed review about the consumer habits, about the shops and about the consumers' opinion about the service in food retail shops in the Southern-Transdanubian Region.

Supply associations – especially CBA – take a particularly strong place among food-retail stores in Hungary. This is proved by the illustrious position of CBA among the largest stores. However, it also came to light from the results of the survey that CBA is listed among the first fifty chain stores in Europe. In spite of their favourable position, supply associations, and among them CBA, have to struggle hard to keep their position in the future. Super- and hypermarkets which possess an important part of the population's all food consumption, create a strong competition. Moreover, there is a case for the supply associations that this type of shops are present almost uniquely in smaller settlements.

The survival and the lasting increase of CBA is also promoted by the effort that its shops of bigger solid capital (with larger basic-grounds) support the survival (increase) of the less profitable ones. Based on the results it is obvious that CBA follows in its strategy the so-called 'aimed at two segments' strategy to cover the market. CBA practically covers all the settlement-type (size) categories by keeping the smaller shops and by increasing the number of the stores with a larger basic area. This is a strategy with which chainstores with a big basic area are unable to compete.

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