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THE ROLE OF SUPPLY ASSOCIATIONS IN THE FOOD RETAIL TRADE OF THE SOUTH – TRANSDANUBIAN REGION

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2010

1. PRECEDENTS AND AIMS OF THE RESEARCH

During the 90s important changes took place in the Hungarian trade. Numerous international chain stores of solid capital entered Hungary creating modern trading establishments and shopping centres with big basic area (KARSAI, 2000).

In Hungary retail trade underwent a drastic change in a very short time including food trade as well especially due to the appearance of Western-European trade chains of solid capital, but the process is not over yet. Not because, among others, the determinant participants of the market are Hungarian owned supply associations (ÉLELMISZER, 2008).

Due to the investments of multinational companies a big part of the Hungarian trade network has been operating based on a European example and at European level for years. The rivalry between trade chains has been becoming more fierce than ever before for the shoppers' loyalty, but there is also a strong competition between producers and traders to obtain the best position on the market (JUHÁSZ et al. 2005).

During my research I investigate the supply side of the food retail trade of the Southern-Transdanubian Region within the Hungarian food retail trade, after this the basic features of the demand side are presented. In the different chapters I survey the changes that have taken place in the Hungarian, and within this in more details, in the Southern-Transdanubian food retail trade, as well as their influences. I analyze the main features of the relationships between food trade and the producers, and the main features of the shoppers' consumer habits with their preferences towards some stores.

In the centre of my research work there is the place and role of supply associations in the retail trade. The main field of my research is a strategic union – CBA Trading Ltd – which has been operating as a supply and selling association since its formation and which is 100 per cent Hungarian owned.

I wish to reveal the possibilities of traditional food shops for not dropping out of the market by outlining the trading strategy of CBA and by analyzing the market competitiveness. By revealing the relationship with the suppliers my aim is to investigate the possibilites of the strenghtening of own bargain position, the most importaint factors that increase bargain power, the expectations layed towards suppliers and the point of views of compiling the product list.

The main reason for the survey in the Southern-Transdanubian Region is also that it is among the definite aims of the Doctoral School is to give a complex economic, social and market analysis of the Region. In my view CBA realizes a business strategy that is worth following in the Region with a small-village settlement structure by supplying the inhabitants of the small settlements. Their philosophy is that it is not sufficient to work only with stores with big basic area and offering a wide range of goods, but small shops also have to be preserved. In settlements with small purchasing power a similar range of goods and price level have to be ensured as in bigger towns.

My aim is to investigate the above by analyzing the connection between the inhabitants of the settlements, the Hungarian agricultural producers, food processors and the CBA, and by presenting the turnover ratio of the Hungarian products – with special regard to the products of the region.

I also wish to analyze whether there is a provable and definite difference between the shopping habits of people living in different settlement types as well as between their shopping basket value.

With my dissertation, made as a summary of my research work, I wish to make the Hungarian food-retail trade more powerful, and also wish to increase the national and quality awareness of the Hungarian consumers.

2. MATERIAL AND METHOD

During my marketing research work two internationally approved data collecting methods were applied, which differ from each other in the nature of information.

2.1. Applied methods of secondary research

The data used were mostly offered by Hungarian statistics. GfK Hungaria Market Research Institute and AC Nielsen Market Research Ltd regularly publish market information on the topic, as well as in Hungary the National Statistical Office (KSH) can be considered as the main data provider. I was also helped by different references or journals like Élelmiszer; Mai Piac; Élelmiszer, táplálkozás és marketing (Food; Today's Market; Food, Nutrition and Marketing). My research work was well supplemented by the data on the offical webpage of CBA, as well as by the internet site called FMCG Traders and their Brands.

2.2. Applied methods of primary research

During the primary marketing research I carried out independent data collection, during which both qualitative and quantitative research methods were used by me.

During the qualitative research expert face-to-face interviews were made with the National and the Southern-Transdanubian regional leaders of CBA Trading Ltd by me.

In my work I regarded it most important to meet the view of those who take part in decision-making, the process of decision making as well as the factors influencing it. The face-to-face interviews with the leaders concentrated on the trading strategy of CBA chainstore, on the judgement of its national and international competitiveness, on its present situation as well as on its prospects for the near future, on its contact with the suppliers, and on the situation of trade and producer's brands.

During the quantitative survey the consumers' questioning comprised the biggest part of the research. The questioning by questionnaries was carried out in the third quarter of 2008. During sampling 500 people were chosen from the population of the region. Their number was determined by the satisfactory size of the sub-groups formed according to the different background variables. *Representativity* was a primary aim when selecting the members of the sample.

The processing of the data collected during the research was carried out with the help of the suitable computer mathematical statistical programs. The formerly coded data were processed by applying SPSS for Windows 13.0 and Microsoft Excel softwares.

The mystery shopping in CBA stores was done in the summer of 2008. The test shoppings were done in 50 cases in one-one shop in Marcali, Siófok, Dombóvár, Tamási, Pécs and Szigetvár and in two shops in Kaposvár.

3. RESULTS

3.1. Results obtained in the course of expert face-to-face interviews

The CBA Trading Ltd takes the second place behind TESCO chainstore nationally with its annual Ft 540 – 550 billion turnover. It is present in ten countries (Bulgaria, Czech Republic, Lithuania, Montenegro, Croatia, Poland, Romania, Serbia, Slovakia and Slovenia) in the international trade. Its main effort in the future is to be present as a stable business partner on the developing trading markets of Middle-Eastern Europe. Within Europe in the field of food-trade CBA is among the first 50 chainstores. The market share is significantly determined by the size of the purchasing power and its composition.

In the future the effort of CBA is to perform a determinant role in the supermarket category, that is besides keeping its shops with smaller basic area, one of its most important strategic aims is to create stores with a bigger size. In this category the biggest rivals are Spar, Match and Interspar. A basis for the advance is renewal, bigger basic area, and to create and operate modernised shops.

Regarding competitiveness the supermarket category shops of CBA stand up to the competition to other trading chains in every respect.

But in case of small shops they have to be modernised, since the shoppers' expectations are increasing and parallel with this the preference of the Hungarian chainstores is also increasing. Competitiveness can be enhanced by improving the quality and by widening the assortment of the products. It was outlined by the respondents as an important tendency that the concentration of trade is increasing. The number of the independent retailers is falling, their turnover is continuously decreasing, which raises their need to belong to the chain.

Due to the continuous concentration, fewer retailers (20%) have greater business turnover (80%). Those retailers who do not belong to the Hungarian chain are unable to keep up with this process, that is why they continuously drop out of the food-retail trade. The outlined situation is impaired by the concentration of the suppliers, which accelerates the process of belonging to the chain among the independent retailers.

Distribution practically has two directions in the circle of CBA shops. There are products that are delivered exclusively directly to the shops; they are characteristically fresh products (bakery products, dairy products, meat products and carcase meat). The big stock-rooms are organised at regional level to supply CBA shops, they collect an amount of products – especially in case of durable consumer products – that is necessary to satisfy the demand of the shops of the region. At the same time it means that it is possible to differentiate the assortment at regional level, which unambiguously fortifies the consumer-orientated way of thinking, which carries a competition benefit.

The traditional food stores are usually units with a basic area of less than 200 m^2. "They can remain on the market only if they are able to compete with the big stores in quality" – said all the experts. At the same time staying in the competition depends not only on the assortment of the products, but the quality of the service is almost the same important. It is true that in today's market situation small shops offer their products at a higher price level, but is is compensated by the clean environment, the fresh and excellent quality products as well as by the personal contact.

CBA started an effort two years ago, according to which enterprises of solid capital help the smaller and less profitable units professionally, and support them within the frames of a cooperation. According to the business phylosophy of CBA it is not enough to open a new store with a bigger basic area next to the small old CBA shop, but the small one has to be kept alive as well. A strategy that tries to make small shops specialize and that develops bigger sized shops into the direction of a wide assortment of products is being outlined.

At present CBA works with 1200 suppliers' contracts. At the same time the number of suppliers is changing continuously, that is some suppliers drop out, while others get in. The direction of the concentration is also unanimous: the number of the small suppliers has decreased drastically, while the big ones succeeded in keeping their positions. This negative process made the CBA create a program of own brand that gives benefit to the products of the small-scale producers and smaller manufacturers. The program has been operating successfully for three years, those good quality, traditional food products made from Hungarian basic material by Hungarian workforce are chosen that can be turned over profitably by the network giving calculable production safety to the smaller Hungarian manufacturers.

Deriving from its market situation CBA’s bargain position is favourable. The network has 1800 business units with CBA logo, which is very important for the suppliers. When listing a new product, it is the manufacturer’s basic interest that the product reaches the consumers as soon as possible, and it matches CBA’s business phylosophy.

Local sensitivity and the satisfaction of the local demands are in the centre of CBA’s business strategy. Hungarian shoppers need to keep contact with the shop assistant, they dislike impersonal shopping environment. In this model personal attraction and the demand for the supply level (assortment) are present together. Hungarian purchasing habits are increasingly influenced by income.

Independently from the economic situation, the Hungarian shoppers are extremely sensitive to food quality, which has been increased by the food-scandals of recent years. It is among CBA’s efforts to improve this positive tendency with a correct and informative activity.

From among the CBA’s “own-branded” products about 280 can be found on the shelves of the shops, and 90% of them are made by Hungarian companies. CBA’s “own-branded” products have to be sold by all CBA shops.

An outstanding segment of the trade branded products is the “quality Hungarian product” group, with which they offer the small-scale producers to enter the market. The “own-branded” product group involves products made exclusively from Hungarian basic material, by Hungarian workforce in Hungary with traditional taste.

The number of the products that can be listed to this group does not reach one hundred yet, but they are not making an effort to expand its assortment, since due to the premium quality of these products their prices are also higher than those of the other own-branded products. The biggest virtue of this category's turnover is that it gives the producers production safety independently from that their turnover possibility is smaller than that of the CBA's own-branded products. The image of the product group can easily be recognized since both its logo and packing are totally unique.

3.2. Results obtained in the course of questioning by questionnaries

During the questionnaire based survey I was interested in the consumers' judgement about the situation of food retail-trade with special regard to supply associations. During the survey I touched upon the investigation of purchasing frequency in details, I analyzed the most often visited types of shops, the point of views that influence the selection of food-products, the prices as well as the frequency of impulse-shoppings.

According to consumers' opinion Hungarian shoppers visit the food retail stores at great frequency.

A sign of this is that six in ten Hungarian consumers visit one of the Hungarian types of shops at least 3 or 4 times a week (a classic shopping habit). At the same time it is also obvious that a consumer layer has been formed for which the optimal solution is doing a big weekly shopping. Behind this can be the lack of time, the prominence of convenient shopping or a need for spending free time more usefully.

In the next step I examined that how often the respondents visit the certain types of shops. It is demonstrated in *Table 1*.

<u>Table 1</u>

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

Type of shop	Division of answers	
	Head	**%**
Hypermarket	240	48,0
Supply association	198	39,6
Discount store	157	31,4
Supermarket	144	28,8
Independent small shop	91	18,0
Specialized shop	79	15,8
Other	33	6,6

[1] *The respondents could mark several answers*

Analyzing the attendance of the certain types of shops it can be stated that supply associations take the second place after the hypermarkets. It refers to that the role of the small shop unifying companies is especially important in the food supply of mainly the county population.

Besides the attendance of the different types of shops the second important index number is the so-called “basket-value”. It is presented in *Table 2*.

Table 2

The division of shoppings in different types of shops according to "basket-value" categories

Money spent on shopping according to categories, Ft	**The division of the "basket-value" in different types of shops %**					
	Hyper-market	**Super-market**	**Discount**	**Supply associa-tion**	**Indepen-dent small shop**	**Speciali-zed shop**
0 - 1.000	0,3	2,3	1,5	13,4	30,3	1,9
1.001 - 2.000	2,1	14,4	4,9	26,7	34,8	20,9
2.001 - 4.000	11,5	24,7	25,7	29,6	15,7	36,1
4.001 - 6.000	15,2	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 shops with small "basket-value", but with big attendance frequency. It is due partly to the high number of stores and partly to the small basic area. In supply associations almost one third of the shoppers (29,6%) purchase for between Ft 2.001 – 4.000, and 26,7% for between 1.001 – 2.000 Ft, the rate of the two categories is 56,3% together. The results of the table point out on an important connection: there is a close connection between the basic area of the shop and the average basket-value, that is the bigger a shop is, the bigger the value of shopping is.

The shopping frquency of some food industrial product categories is different depending on the type of products. *Table 3* demonstrates the yearly shopping frequency of some categories.

Table 3

Yearly shopping frequency of different food categories

Food category	**Yearly shopping frequency**
Bakery products	252,5
Milk and dairy products	172,2
Fruits and vegetables	140,4
Carcase meat	131,2
Processed meat products	102,4
Alcohol-free beverages	89,5
Confectionary products	82,6
Milling industrial products	57,8
Alcoholic beverages	43,1
Deep-frozen products	39,9

Among daily consumer products the so-called “fresh-products” are put into the shoppers’ basket every day. Milk and dairy products, bakery products and carcase meat can be listed here. On the contrary to them, processed meat products, some fruits and vegetables and some dairy products are purchased only once or twice a week. Deep-frozen products, confectionary products as well as alcohol-free beverages have smaller shopping frequency (once or twice a month). Freshness and durability determine the amount and the frequency of purchase. These factors can be brought in connection with sales in shops: when there are sales the consumers buy more durable consumer products (advance shopping), while in case of fresh products (e.g. milk, cold cuts) they buy an amount that can be consumed on two or three occassions.

It is supported by the survey made by HUSZKA (2008), in which he stated that consumers who are better off consume products with higher processed level more often. At the same time 45% of the shoppers involved into the survey share the opinion that they would buy their favourite product brand even if its price increased. Probably products with higher processed level belong here (HUSZKA, 2008).

In the next step I investigated these groups of products due to shopping sites. Supply associations characteristically have a secure position in those categories that represent daily shoppings. In accordance with this processed meat products (23,5%), bakery products (31,0%), confectionary products (25,0%) as well as milk and dairy products (28,3%) are bought through this channel in great proportion by the consumers. Besides this, after the two leading types of stores (hyper- and supermarket) alcoholic (17,9%) and alcohol-free beverages also take a favourable position.

During the survey the factors influencing shopping for food were also investigated. The effect of certain point-of-views made on shopping was measured on a one-to-five scale, where one means “does not have an effect at all”, while five means “greatly influences”. The results are presented in *Table 4*.

Table 4

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

Influencing factors	**Statistical index (number)**	
	Average	**Standard deviation**
Freshness of the product	4,50	0,887
Clean, tidy shop	4,16	1,008
Price of the product	4,16	1,024
Everything is available in one place	4,00	1,081
Favourable opening hours	3,97	1,132
Healthiness of the product	3,91	1,070
Easy availability of the product	3,77	1,134
Kind, polite service	3,77	1,457
Appearance, aesthetic quality of the product	3,68	1,039
Frequency of sales	3,65	1,149
Many-sided usability	3,30	1,038
Product brand	3,18	1,121
Novelty of the product	2,84	1,132

Summing up the results of the table it can be stated that freshness is the most important influencing factor during shopping for food. Since the main strong point of the supply associations, among them of CBA, is selling fresh products, that is why the tendency of shopping behaviour coincides with the main strategic direction.

Another point of view determining the turnover of a shop is the ratio of the so-called „impulse shoppings”, which is presented in *Table 5*.

Table 5

The measure of the impulsivity of the examined food categories

(n=498)

Product category	**Statistical index (number)**	
	Average	**Standard deviation**
Confectionary products	2,48	0,871
Fruits and vegetables	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
Alcohol-free beverages	1,97	0,811
Milling industrial products	1,91	0,824
Carcase meat	1,90	0,866
Alcoholic beverages	1,85	0,903

In this field smaller shops have an obvious disadvantage compared to bigger ones, since bigger basic area and a wider selection of the products lead to more increased impulse shoppings, while smaller shops are stronger in pre-planned purchases. This is why CBA made a good decision when it increased the size of its new shops. By entering the super – or hypermarket segment, it can increase the rate of impulse shoppings, which can this way reach 50% of purchases in these types of shops.

CBA's strategy can be determined significantly by the consumers' price sensitivity. According to 70% of the respondents food product prices are extremely high, which restricts, on the one hand, the amount of purchase, on the other hand the rate of impulse shoppings. In spite of this it can be stated that CBA has to make efforts to serve not only the circle of price sensitive consumers, but in the future it needs to plan the circle of branded premium products as well because of an increase in the circle of the quality sensitive consumers.

A competition for winning the consumers exists between different supply associations as well. By analyzing the situation of different supply associations I investigated that which stores were visited by the respondents during the previous year. The results are demonstrated in *Table 6*.

Table 6

Supply associations visited by the consumers during the last year

(n = 727) [1]

Supply association	Devision of answers	
	Head	**%**
CBA	374	74,8
COOP	262	52,4
REAL	70	14,0
HONI-KER	21	4,2

[1]Respondents could mark several answers.

In this respect CBA is in an especially good position. 75% of the respondents visited its stores last year, with this it came into first place among this type of stores. Based on the consumers' opinion it is also clear that the only important competitor of CBA is COOP chainstore, the attendace of which is 52%. Besides the attendance of shops the judgements of the image of the different shops is also an important factor.

The image profile of the different associations is summarized in *Table 7*.

Table 7

The judgement of different image factors in case of different supply associations

(CBA: n=374; COOP: n=262; REÁL: n=70; HONI-KER: n=21)

Image factor	CBA		COOP		REÁL		HONI-KER	
	Average	Deviation	Average	Deviation	Average	Deviation	Average	Deviation
The shop assistants' clothes are clean	3,98	0,872	3,81	0,934	3,90	0,861	4,23	0,624
Tidy, neat shop	3,89	0,957	3,52	1,076	3,75	0,829	3,57	0,870
Shelves are clean	3,84	0,846	3,54	0,922	3,80	0,832	3,42	0,810
All products are priced well identifiably and unambiguously	3,78	0,932	3,48	1,059	3,66	0,852	2,80	1,077
Polite service	3,73	1,019	3,51	1,078	3,56	0,999	4,09	0,436
Well-arranged disposal of the shop	3,73	0,864	3,51	0,936	3,84	0,795	4,23	1,999
Fresh products are available	3,70	0,872	3,38	0,947	3,75	0,848	3,85	0,478
Good quality products	3,65	0,858	3,16	0,889	3,63	0,893	3,38	0,740
Hungarian products	3,64	0,788	3,41	0,845	3,47	0,779	3,33	0,795
Shop assistant gives the wanted amount exactly	3,62	0,934	3,41	0,980	3,56	0,999	3,95	0,740
Shop assistant thanked for shopping	3,55	1,080	3,19	1,194	3,69	1,014	4,42	0,507
Shop assistant served the buyer immediately	3,31	1,101	2,99	1,122	3,24	0,984	4,23	0,436
Reasonable prices	3,26	0,896	2,99	1,051	3,53	0,985	2,90	0,889
Everything is available under one roof	3,23	1,018	2,86	1,018	4,18	1,276	2,80	0,872
Foreign products	3,05	0,863	2,94	0,838	3,20	0,800	3,19	0,928

According to the results the image of CBA is organized around factors regarding cleanness. According to the respondents the shop assistants' clothes and the disposal of the shops do not leave anything to be desired, the shelves are clean and are always filled with products. Other strong points of CBA are the good identifiability and good quality of the products, just like fresh product choice. It is also a favourable result for CBA that COOP, as a direct competitor, underperformed in case of most image factors. From among the statements regarding CBA stores respondents mentioned the factors related to the staff of the shop in the first place. It refers to that the shoppers are extremely satisfied with the level of the service and the shop assistants' polite manner, in one word, with the development of the personal contacts; since in the competition between supply associations CBA had benefits compared to COOP in this field, the consumers' judgement can be considered very favourable. Maybe this difference is partly responsible for the CBA's nearly 50% attendance benefit compared to the closest competitor.

3.3 Results of mystery shopping

The mystery or test shoppers used the services of the shop then evaluated them based on a questionnaire set up previously. The preparation and directing of the testshopper was done by myself. In case of the 50 shoppings one testshopper did at most 5 shoppings.

The results of the testshopping can be summarized as follows:

3.3.1. Availability of shops

-The shop was found based on the given address by all shoppers.

-The inscriptions and logos regarding the CBA, and the colours appropriate to its image were easily noticable, unambiguous and exact.

-The opinions varied regarding the arrangement of the shops. The units in the towns with a bigger basic area (over 250 m^2) were found well arranged and easy to view. The assortment was also found great, despite this the shops were not crammed. They made comfortable, but at the same time purposeful shopping possible. It was characteristic of shops with a smaller basic area that the goods were crammed on the shelves and it meant that the shop looked confused offering uncomfortable shopping experience.

-In the shops examined by the testshoppers the brochures, leaflets and the products involved into the sales were easy to find and easy to identify. It was not a problem to find the daily consumer products for the testshoppers. In each case they were easy to find.

-The labelling of the prices and the pricing of the products was unambiguous and exact in case of 38 shoppings (76%). The testshoppers encountered improper pricing in 12 cases, which made it difficult to determine the exact consumer price of some products.

-To the group of questions referring to the image of the shop the testshoppers gave a 4,1 average value on the 1 to 5 scale, which shows a good record.

3.3.2. Level of service

-During test shoppings in 18 of the investigated shops (36%) shoppers were served immediately. In my view it is a rather low rate. In almost two thirds of the shops (64%) shoppers did not catch the eyes of the shop assistants.

-The questions referring to product knowledge and to serving the exact amount were negative only in 10% of the test shoppings (5 cases). This supports that the shop assistants are well prepared professionally and that they have practical knowledge.

-In most cases in the course of evaluation testshoppers called the attention to the shop assistants' indifference and their lack of diligence. They encountered polite and helpful shop assistant's behaviour in the shops of smaller towns. But their rate did not reach one fourth of all shoppings.

-During test shoppings the shop assistants thanked for shopping only in 50% of the shops. As for me it is a very bad rate, which needs to be changed in the near future.

In case of the second group of questions rating on the 1 to 5 scale reached only the medium (3,3) level. This significant decline compared to the previous group of questions demands increased attention, which might call the shop managers' attention to the setting up of a stricter system of requirements. It should be taken into account even if we consider that in case of these markings a chance for subjective judgement is quite high.

3.3.3. Selling personnel

-In all of shops investigated during test shoppings the shop assistants were wearing the uniform and logo determined by CBA. No problems arose regarding the uniform.

-Testshoppers highly criticized the shop assistants' helpfulness. The shop assistants were regarded as helpful only in 18 of the investigated shops. Within the sample it means hardly more than one third of the shops (36%). The testshoppers criticized in the shop assistants' behaviour their disinterest, their lack of communication and their neutrality towards the shoppers the most.

-It also proved to be a significant problem that instead of the wanted product the shoppers were offered an alternative product only in every other case by the shop assistants.

-After marking the above question it was not surprising that in case of the last question (Can any dissatisfaction be found in the shop assistant's behaviour?) something negative was mentioned in the personnel's behaviour in every other answer by the test shoppers.

Based on the above it is not surprising that the rating on the 1 to 5 scale was of medium level (3,5) in the third group of questions.

4. CONCLUSIONS AND RECOMMENDATIONS

4.1. Expert face-to-face interviews

- In Hungary supply associations, especially CBA, take an outstandingly strong position among the food retail trade shops. It is proved by the prominent second position of the CBA among the biggest chainstores. At the same time it also became obvious from the results of the survey that CBA is ranked among the first fifty chainstores in Europe.

- At the same time CBA, as a supply association, also operates as a regional multinational company, since with its shop network it is present in 10 countries altogether.
- Despite its favourable position supply associations, among them CBA, will have to fight hard to keep their positions. Super and hypermarkets create a strong competition by occupying a great share of the total food consumption of the population. At the same time it is a case for supply associations that only this type of shops is present in the smaller settlements.
- It might create a new type of competition that CBA entered the super and hypermarket category as well with its shops of bigger basic area. It is obvious that it increases competitiveness mainly by widening the assortment and by improving quality. It might be enhanced by the so-called “Plaza program”, the main idea of which is that the CBA shops establish themselves in big shopping centres, or they might create independent shopping centres.
- It is the CBA’s appropriate strategy that with the help of the own brand program it offers good quality Hungarian food products made from only Hungaria basic material by Hungarian workforce. With this solution it does not only protect the interests of the smaller Hungarian producers and manufacturers against the bigger ones, but it also fulfils a mission in order to help the Hungarian food economy to survive.

- It is a feature of the competition between the different types of chainstores in Hungary that there is not a significant difference in the prices between the chainstores. While in the developed countries the prices of the discounts are significantly different from those of super- and hypermarkets, in Hungary retail trade – because of the price-sensitivity of the consumers – sees the possibility of increasing the turnover in launching sales. This situation creates a strong price competition, it refers basically to a decrease in quality and at the same time it does not serve the interests of the quality sensitive consumer segment. Accordingly one of the CBA’s possibilities to stand out of the others can be to develop the “CBA quality” product segment.
- CBA can survive and develop in the long run by its effort that its stores with greater capital value (with bigger basic area) should support the stores with smaller capital value and less profit to stay alive (to develop). Based on the results it is obvious that CBA, in its strategy, carries a so called “two segment directed” market strategy. Besides keeping the smaller shops by increasing the number of the stores with a bigger basic area, CBA covers almost all types (sizes) of settlements. It is a strategy with which the chainstores with big basic area are unable to compete.
- All of the previously described viewpoints make the bargain position and competition position of the CBA stronger, on the one hand, against suppliers, and on the other hand, against retail chainstores. This kind of strategy with several strong points can be the pledge of the future and can ensure for the chainstore to survive.

- CBA is an organisation with strong consumer orientation, it chooses its suppliers consciously, taking, on the one hand, the prices and the possibility of good bargain, on the other hand, the preference of quality and brand, into consideration. It forms the rate of the two product segments according to the consumers' expectations.
- CBA's consumer orientation is fortified by the fact as well that it obtains its experiences about consumer behaviour not only through central information collection, but the personal feedbacks obtained from the shop assistants of some shops also serve the local consumers' interest significantly.
- An obvious sign of the concentration on purchasers is the formation of marketing communication, the so-called "inside the shop communication"; within this the CBA gives the traders freedom according to the needs of the regional centres. The strategy is fortified by the realization of the outside communication as well. The advertising devices of CBA reach almost all households in Hungary considering the regional needs, which is a good example for the implementation of the two-level marketing communication. This process is fortified by the billboards displayed nationwide, as well as by CBA magazines and television campaigns.
- CBA is also striving to develop its own image. One of the best tools for this is to increase the rate of the own trade branded products. Own trade brands, on the one hand, make shop loyalty stronger, on the other hand, they can be regarded an especially

profitable product segment. CBA is leading in the development of own branded products among the Hungarian chainstores.

4.2.Questioning by questionnaires

- According to consumers' opinion Hungarian shoppers visit the food retail trade stores at great frequency. It is referred to by that six in ten purchasers in Hungary visit one of the Hungarian types of shops (classic shopping behaviour) at least 3 or 4 times a week. At the same time it is also obvious that there is a consumer layer for which doing a big shopping once a week is the optimal solution. Behind this can be lack of time, the preference of convenient shopping, or the desire for spending freetime more usefully.
- Analyzing the attendance of some types of shops, we can see that supply associations take the second place behind hypermarkets. It also refers to that the role of the small shop-integrating associations is especially important in the food supply of the population in the countryside.
- Besides the attendance of the different types of shops another important index number is the so-called "basket value". Supply associations, among them CBA, belong to shop types with great attendance frequency. It is due partly to the great number of stores and partly to the small basic area. By increasing the number of shops with great basic area, the basket value can also be increased, while due to the high number of the small shops the shopping frequency also remains high.

- The shopping frequency of some food industrial product categories is different depending on the type of the product. From among the daily consumer products the so-called „fresh products" get into the shoppers' basket daily. Milk and dairy products, bakery products and carcase meat belong to this group. On the contrary to them processed meat products, some fruits and vegetables and some dairy products are purchased only once or twice a week. Deep frozen products, confectionary products and alcohol-free beverages have even smaller shopping frequency (once or twice a month). The freshness and the durability of the product determine its purchase amount and shopping frequency. These factors can be brought into connection with the sales in shops: in case of sales the shoppers buy a bigger amount out of durable products (advanced shopping), while in case of fresh products (e.g.consumers' milk, cold cuts) an amount that can be consumed two or three times can be purchased.
- It can be regarded favourable that supply associations have a safe position in those categories that belong to the group of daily shoppings. It must make the management of CBA have a wider assortment in the fresh food segment, increase the attendance frequency (penetration) and improve the basket value.
- The authenticity of this strategy is also highlighted by that the freshness of the product is the most important influencing factor when choosing food products. Since the strong point of supply associations, among them of CBA, is selling fresh products, that is why the development of the consumer behaviour has the same direction as that of the main strategy.

- Another viewpoint that determines the turnover of the shops is the rate of the so-called “impulse-shoppings”. In this field smaller shops are in a disadvantageous position compared to the bigger ones. Greater basic area and wider assortment lead to more impulse shoppings, while smaller shops are better at preplanned shoppings. This is why CBA made a good decision when it increased the size of its new shops. By entering the super- and hypermarket segment it will increase the rate of impulse shoppings, which in these types of shops might reach 50% of the purchases.
- CBA’s strategies can well be determined by the consumers’ price sensitiveness. According to 70% of the respondents food product prices are extremely high, which decreases, on the one hand, the purchased amount of products, on the other hand, the rate of impulse shoppings. In spite of this it can be stated that CBA has to make efforts to serve not only the price sensitive consumers, but – regarding the future – it also has to plan the group of the branded premium products because of an increase in the group of quality sensitive shoppers.
- Competition between the supply associations continues to win consumers. In this field CBA takes an especially good position. 75% of the respondents visited a CBA shop last year, with this it came first among this type of companies. Based on the consumers’ opinion it is also obvious that the only serious competitor of CBA is COOP chainstore, the attendance of which is 52%.

- According to the results the image of the CBA is mostly based on elements connected to cleanness. According to the respondents the clothes of the shop assistants and the neat arrangement of the shop do not leave much to be desired, the shelves are clean and are always filled with goods. Other strong points of CBA are the good organization and quality of the products offered, just like fresh product choice. It is also a positive result for CBA that COOP, as a direct competitor, performed under CBA in case of most image factors. From among the statements referring to CBA stores the respondents highlighted the factors connected to the personnel working in the shops in the first place. It refers to that the purchasers are especially satisfied with the level of the service and the polite manner of the shop assistants, in one word, with the personal contacts. Since CBA had a benefit compared to COOP in the competition between supply associations, the consumers' judgement can be considered a very positive phenomenon. Probably this difference is partly responsible for the CBA's almost 50% attendance benefit against COOP.

4.3.Mystery shopping

- The result referring to the image of CBA reflected the results obtained throughquestioning the consumers. The application of inscriptions, logos, colours characteristic of CBA is easily noticable, unambiguous and consequent, at the same time the organization devided the testshoppers. The shops with bigger basic area were found more clearly arranged and organized, while it was less characteristic of smaller shops. The unfavourable result referring to the smaller units is obviously due to the overcrowded desplay of goods, that is the traders displayed a big amount of products in the small shopping area in order to increase turnover. It was not characteristic at all in shops with bigger basic area. The leaders of the CBA have to call the attention of the owners of the small shops to the phenomenon because if they do not, then sooner or later it can have a negative effect on the image of the whole chainstore too.

- Despite that the questioning by questionnaires proved the positive existence of the connection with the shop assistants, the testshoppers were only partly satisfied with the level of the service in the shops. A typical sign of this was that purchasers were neglected at first. Another problem is raised by that the shoppers referred to the shop assistants' indifference and their lack of diligence and polite service several times.
- The testshoppers were especially sensitive in their reactions to the conditions of the selling of cold cuts. The employees did not wear gloves in several cases, did not put aside the first slice which can be criticized from the viewpoint of consumption and from easthetic viewpoint too, and in half of the shops the shop assistant did not thank the purchasers for shopping. Earlier investigations unambiguously show that in case of almost all chainstores the manner and the behaviour of the shop assistants mean the biggest problem, which was also justified in case of CBA. So CBA could reach a real competition benefit if – with serious professional preparations – it could gain a sustainable advantage in this field compared to its competitors.

- At the same time the testshoppers rated the shop assistants' appearance, the unity and cleanness of their uniform positively.

5. NEW RESULTS OF RESEARCH

The research work and the applied methods of the dissertation carry the following new and recent scientific results in them:

- It is regarded a new methodological result that in the phase of information collection besides applying the classic methodology of the supply (face-to-face interviews with leaders) and demand (questioning by questionnaires) side for making the results more exact, the so-called "mystery shopping" method was applied too.
- One food retail trade chain was examined from several viewpoints by me, which operates in the form of a supply association and has only Hungarian owners, and it was also proven by me that it is able not only to survive, but also to expand on the markets of Hungary and the neighbouring countries. The primary secret of its success is the well-chosen market segment (types of shops), the unified supply, the operation of a common sales system, the common marketing activity, the operation of central and regional store houses and the concerted training of the staff.
- This trading organisation competes on the supply market too, so in the interest of further success numerous changes have to be realized. A greater attention to the consumers, the creation of a bigger unity between the shopping environment and the types of shops (size, choice of goods), keeping the dominance of the

Hungarian products beside the import products, the specialization and quality development of shops and an increase in the assortment of own-branded products all belong here.

- In Southern-Transdanubia based on the image profile investigation among supply associations, CBA chainstore came first in almost each category as opposed to its direct competitor, COOP chainstore. At the same time their position is threatened by the positive consumer judgement of other supply associations involved into the investigation, that is why it is necessary to enhance the benchmarking activity.

6. PROPOSALS

The business strategy of CBA serves its consumers' satisfaction at a high level, more significant critics are expressed only by testshoppers. Based on it CBA's biggest weakness might be the shop assistants' ininterest, the lack of good communication ability as well as the weak points of motivation for better service. At the same time at present it does not mean a real competition drawback for CBA because most of its competitors are sruggling with the same problem. Today CBA as a supply association can compete with those multinational chainstores the annual turnover of which is measured in billions of dollars, what is more some of them were overcome by CBA during the past years. By an exact and precise analysis of the competitors as well as by mapping the consumers' expectations, CBA can reach other business successess both in the short and in the long run.

7. SCIENTIFIC PUBLICATIONS ON THE TOPIC OF THE DISSERTATION

Scientific publications on the topic of the dissertation:

Mihály Szilvási – **József Horváth**: The role and importance of trade brands in the Hungarian food trade. Food Nutrition and Marketing, Volume III; Issue 2006/2, p.49-56.

János Zarka - **József Horváth -** Mihály Szilvási: Strategy of CBA chainstore on the market of healthy food products. Food Nutrition Marketing, Volume IV; Issue 2007/1, p.44-51.

József Horváth - Mihály Szilvási: The role of CBA Trading Ltd in food retail trade. Food Nutrition Marketing, Volume IV; Issue 2007/1, p. 52-59.

József Horváth - Mihály Szilvási: The supply strategy of CBA. Acta Oeconomica Kaposvariensis, Volume II; Issue 2008/1, p.25-32.

József Horváth: The consumer judgement of supply associations with special regard to CBA. Regional and Bussiness Studies, Volume II; Issue 2010/2. Under publishing.

Scientific lectures on the topic of the dissertation:

József Horváth: Marketing challenges in food economy. First Conference of Economic Sciences of Kaposvár, Kaposvár University. Economic and social challenges in the 21st century, possibilities and dilemmas.

Kaposvár, 9th November 2007.