Factors Influencing Store Selection for Supply with Fast-Moving Consumer Goods

ALBANA BERISHA QEHAJA
University of Prishtina 'Hasan Prishtina,' Kosovo
albana.berisha@uni-pr.edu

JUSTINA SHIROKA PULA
University of Prishtina 'Hasan Prishtina,' Kosovo
justina.pula@uni-pr.edu

The main purpose of this paper is to contribute to the discussion on factors that influence store selection for supply with fast-moving consumer goods. We have surveyed 90 households in the Republic of Kosovo. We have decided to undertake this research seeing in one hand 'competitive struggle' which is being developed among the largest retail chains of fast-moving consumer goods, and, on the other hand, the created 'situation' for traditional stores as a result of the expansion of these retailers. This study also aims to highlight factors that consumers consider in order to improve the performance of these businesses. We have proposed that the opening of hypermarkets in Kosovo has affected negatively on traditional stores' turnover. We have also proposed that the most influential factors in customers in the selection of stores where they will be supplied with fast-moving consumer goods are the rich store offering, good customer service and good staff behaviour. We have also proposed that the factors affecting the selection of hypermarket/store for supplying are closely related to the factors that affect customer dissatisfaction that leads to the change of hypermarket/store. The results of this empirical study are consistent with the hypothesis set out in the paper.

Key words: traditional store, hypermarket, FMCG retail chain, situational factors, customer behaviour, purchasing decision, Kosovo

Introduction

Sometimes less than two decades ago, Kosovo had only convenience stores that provided fast-moving consumer goods (hereafter, often abbreviated as FMCG) that also are known in the literature as traditional stores. However, the trend of opening hypermarkets as a global phenomenon swept Kosovo as did in other countries.

Today, Kosovo as any other country of the world is full of markets/hypermarkets (hereafter referred to as M/HM) and there are some retail chains. Most of them are local businesses, with a few exceptions that we will consider below. However, it seems that is a real mess, a fierce battle between them.

There are some provocative questions on the topic. What is their competitive struggle based on? At low prices? Good customer service and good staff behaviour? On rich offering? In creating an entertainment atmosphere for family, etc.? Are there differences between them? In the other hand, there are many questions about consumer preferences and their dissatisfaction. What should the M/HM change and offer in order to fulfil the needs and desires of customers? Is always the offered price source of customer satisfaction or dissatisfaction? On the other hand, are there other different factors, which would not be too costly for these businesses to improve them and this improvement to have a direct impact on their growth of turnover and profitability as a final goal? These and many other questions we have attempted to answer in the following.

Numerous factors affect customers in store selection, where they will decide to supply with FMCG. Among the general factors are customer characteristics, brand characteristics and situational factors. Whereas, special factors that we think are important for research and investigation in Kosovo are level of market offer, price, merchandising, customer orientation, good staff behaviour, merchandising, entertainment activities for customers etc. One of the key issues directly affecting the success of retail chain is good customer service. Many businesses invest in physical surroundings but leave behind one of the main segments that directly affect the outcome of their work, the customer service. We can say that by identifying these factors, retailers can improve the appearance and design of the shop, merchandising and no doubt their business performance. These factors obviously are a critical basis for the development of competitive advantage in today's dynamic market competition in retail stores.

This topic has been and remains a topic of discussion among academics, researchers and experts in relevant fields. Many studies have concluded that the retail chains and stores generally should reorganize and taking into consideration information technologies not only because of their impact on improving the efficiency of human resources, but they are also related to profit growth and reorganization of work and many other benefits.

However, there are still discussions on the importance of factors as per their influence. Factors affecting the selection of stores supply

also differ from country to country. As emphasized above, the impact of various factors in the selection of stores supply is a controversial topic and further opened. The results of numerous studies provide different information, which will be highlighted in the third section of the theoretical framework.

Research Methodology

The study is based on primary data collected by quantitative survey, investigating the factors, which influence on customers for selection of stores to be supplied with FMCG in Kosovo. The main methods used to address this issue were analysis and synthesis methods. The nature of our research is empirical. Sampling was pre-selected through non-probability method. A total of 90 households were surveyed.

The questionnaire consisted of 26 questions. Depending on the respondents' answers the number of answers varied since a negative answer to a question could bypass some other questions. The average time to complete the questionnaire was 13 minutes. During the meeting, the respondents were presented with the study aims and methods to be used. The respondents were asked for permission to conduct the study. They were guaranteed that the data will remain confidential and were assured that they will be used for this study only. During the data analysis, we used descriptive and logical analysis and responses were processed and interpreted objectively.

Theoretical Insights

The global retail chain landscape is changing dramatically. Since the early 1990s, there has been a substantial re-structuring of the retailing in Europe. Retailing is changing from a *reactive* to a *proactive* sector in the European economy (Krafft and Mantrala 2006). Recently traditional retail shops have been replaced firstly by supermarkets, and then by hypermarkets, which has dramatically changed both the market structure and the regulatory policy (Wrigley 1994). Hence, greater changes in the restructuring expected in the near future.

The supermarket revolution is a 'two-edged sword.' On the one hand, it can lower food prices for customers and create opportunities for farmers and processors to gain access to quality-differentiated food markets and raise incomes. On the other hand, it can create challenges for small retailers, farmers, and processors who are not equipped to meet the new competition and requirements from supermarkets (Reardon and Gulati 2008).

Retailing, as an activity linking customers to goods and services, operates in local markets. As such, many of the managerial decisions are a response to both the local culture of the consumers and the local culture of consumption. Within Europe, these local *cultures* are subject to considerable social, economic, political, and technological changes (Krafft and Mantrala 2006).

Nevertheless, what is happening to traditional stores? Will they be able to survive? The studies give different results. Some authors think that traditional stores will soon be replaced with modern м/нм of retail chains; they will lose their customers because of the rich supply of these retailers, product safety and warm environments that they provide (Trappey and Lai 1997). As supermarkets spread and their market share grows, the market share of traditional retailers' declines (Reardon and Gulati 2008). According to Desmet and Renaudin (1998), traditional retailing formats for consumer goods have entered the mature phase of their life cycle.

Without a doubt, such a thing is already happening. The retail store chains currently are having more perspective. We are witnesses of the impact of the globalization in the world. Some known retailers are present in many countries. *Wal-Mart,* the largest retail chain known worldwide, has written a phenomenal history, becoming the biggest retail chain all over the world with 11,526 stores in 22 countries and over 2.2 million employees! How has it achieved to write such a history? Undoubtedly, offering customers greater value than its competitors through supply chain management.

French retailer *Carrefour* is the second largest retailer in the world and the largest in Europe. It has begun with the first store in 1959 and today operates in 33 countries around the world with 10,860 stores in six different formats. In 2012 opened a hypermarket format in Skopje, Macedonia. There are also many popular retailers known worldwide as Metro, Lidl, Tesco, Intermarché etc.

Many studies have been done to investigate the success basis of these big retailers. How have they managed to spread in many continents of the world? How did they manage to be competitive to local stores? According to Grewal et al. (2010), retailing is indeed a dynamic enterprise, and they have proposed a model to describe some of the most successful retail strategies that have emerged in the last few decades. The model describes the evolution of retail strategy based on two dimensions: relative price, which is depicted on the horizontal axis, and relative offerings, depicted on the vertical axis. Retailers typically fall into one of four segments *Innovative, Big Middle, Low Price* and *In Trouble.*
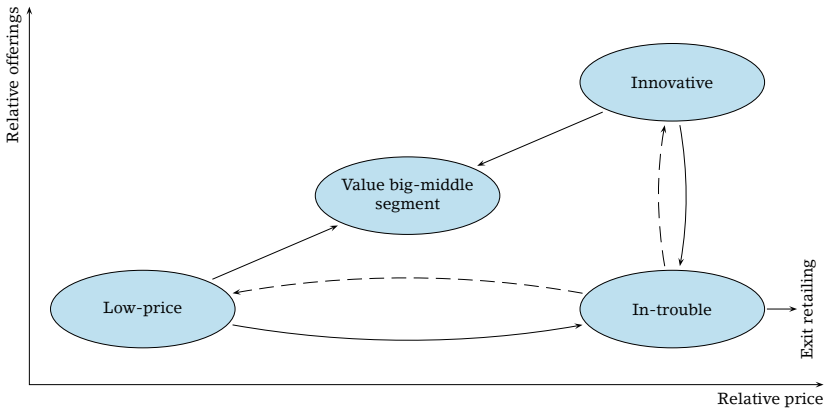
FIGURE 1 Retail Landscape (adapted from Levy et al. 2005)

Retailers occupying the *Innovative* segment direct their strategies toward quality-conscious markets seeking premium offerings; *Low Price* retailers appeal to price-conscious segments; *Big Middle* retailers thrive because of their value offerings, and *In Trouble* retailers are those who are unable to deliver high levels of value relative to their competitors.

Many of the retailers now in the Big Middle have gotten there by way of initially providing either an innovative offering or low price or both, thus providing superior value to customers. The expansion of global retail chains leads to a significant increase in the total factor productivity in the supplying industries (Javorcik and Li 2008). Centralizing such functions as purchasing, logistics or merchandising at a higher level than that of the store is one means of reaching that double goal and appears to be an effective way of achieving a homogeneous set of points of sale that reflect the market position of the retail chain (Desmet and Renaudin 1998).

Figure 2 illustrates how the share of the modern retail sector (supermarkets, hypermarkets and discount stores) in total retail grew rapidly in the Czech Republic, Slovakia, and Croatia, although starting at different times. As seen from the chart, three countries as the Czech Republic, Slovakia and Croatia has been rapidly growing modern retail chains.

Kosovo has a new labour force and growing, which need to be educated and trained in order to meet the needs of the economy. More than 50 per cent of Kosovo's population is under the age of 25 and 70 per cent of them under the age of 35 (sme's Support Agency 2011).

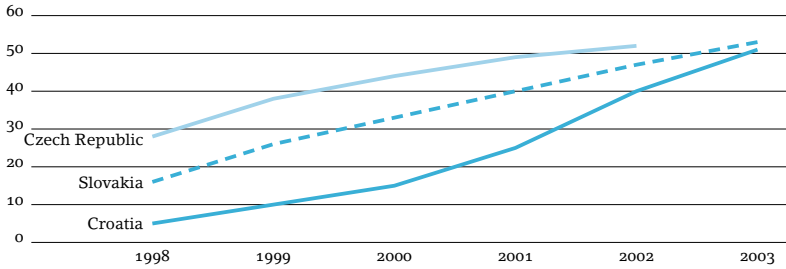One of the results presented in a research report on entrepre-

FIGURE 2 Change in Market Share of Modern Retail Sector (adapted from Dries, Reardon, and Swinnen 2004)

neurship and small business development in Kosovo, states that in the majority of SMEs' (75.6 per cent) owners are also managers. These findings indicate that SMEs in Kosovo may have problems of managerial capacities in solving managerial problems and this, of course, may inhibit companies from achieving their full potential (BSC Kosovo 2012). Berisha-Namani (2007) has recommended for SMEs in Kosovo to use information technologies in SMEs in order to achieve competitive advantage, producing value-added products, development of processes and competitive strategies in regional and international terms.

The influence of factors on consumer purchasing behaviour has been the object of study time ago and recently is even more intense. It is known Belk's framework of situational factors (1975). It is a useful tool in analysing the impact of situational variables on purchasing outcomes since it includes variables that might be controlled by retailers. This framework has been tested in different countries and the results have been different depending on the countries have changed the factors too. However, factors *time* and *companionship* have resulted as critical factors in purchasing behaviour of Hispanic customers in a US mall setting (Nicholls, Roslow, and Dublish 1997). Also, there have been found differences in shopping patterns across seasons and different countries observed (Roslow and Nicholls 2000; Zhuang et al. 2006).

There is little known how situational variables affect consumer purchasing behaviour in hypermarket setting in Croatia (Anić and Radas 2006). While according to the study results conducted by Tang, Bell, and Ho (2001) at 500 households across 5 stores for a 2-year period, it is proved that the factors affecting the selection of stores are rich offering, quality customer service, etc.

Managers can use various forms of price policy to increase the number of buyers, the number of customers' visits and the increase

of goods turnover. According to Trappey and Lai (1997), lower prices are an important reason for customers to purchase at a particular store. Price sensitivity is most evident at grocers (Fox, Montgomery, and Lodish 2004). Farhangmehr, Marques, and Silva (2000) pointed out that the fact that prices in traditional stores usually are higher; motivate customers to choose modern markets (hypermarkets) for supplying with FMCG.

Physical surrounding is one of the situational factors that affects pretty much in purchasing decisions. According to Belk (1975), physical surrounding includes location, decor, sound system, lighting, music, colours, scenes, weather. Although some results of studies showing no effect of the atmosphere of the shopping centre on purchasing results (Nicholls, Roslow, and Dublish 1997).

The atmosphere of the place is more influential than the product itself in the purchase decision (Kotler 1973). Manufacturers and retailers have found that it is to their mutual benefit to design shopping environments that effectively engage customers and help to convert demand into the purchase (Burke 2005). Meanwhile, several other studies, come to the conclusion that the shop atmosphere influences consumer purchasing behaviour as staying longer in the store/shopping centre and unplanned purchasing, while not a good atmosphere leads to avoidance of attendance that shop (Hui and Bateson 1991; Donovan et al. 1994; Spangenberg, Crowley, and Henderson 1996; Tai and Fung 1997; Baker et al. 2002). In addition, according to a study conducted by Turley and Milliman (2000), out of 28 articles that examined the effect of the atmosphere on sales, 25 of them found some significant relationship between the environment and customer purchasing behaviour. Buyers accompanied by someone tend to buy more than buyers entering the store alone (Nicholls, Roslow, and Dublish 1997).

The ratio between the length of the trip to the store and purchase it appears to be important. In addition, according to Nicholls, Roslow, and Dublish (1997) buyers who shop away from home tends to buy more than near shoppers. Results from the study conducted by Desmet and Renaudin (1998), show that space elasticity's increase with the impulse buying rate of the product category and do not depend on the type of store.

According to Anić and Radas (2006) the longer a shopper stayed inside the store, the more items she or he purchased and the larger amount of money spent. Research results from the same study indicate that social surroundings, high-perceived density and large-scale shopping were factors that significantly contribute to higher

level of purchasing outcomes. Loyal customers tend to purchase more and spend a greater amount of money in their primary store as compared to non-loyal customers (Anić and Radas 2006).

Bowen and Chen (2001) have argued that having satisfied customers is not enough. Customer satisfaction should have a direct impact on customer loyalty. Krafft and Mantrala (2006) pointed out that present-day consumers are more experienced, more aware of their important role in the business, and more self-confident than previous generations. According to them as international retailers have found out, there is a great need for retail chains to adapt to 'local' ways, so as to fulfil regional needs and shopping habits, especially in the food business.

Research Results and Discussion

Out of 100 per cent of respondents, 60 per cent were females and 40 per cent were males. The average age of respondents was 33 years. Their marriage status was as follows: 73.33 per cent were married and 26.67 per cent were single. Out of 100 per cent of respondents, no one was with primary education only, 6.67 per cent were with secondary education, and 60 per cent were with higher education and 33.33 per cent with a superior education.

THE RESEARCH RESULTS RELATED TO THE FIRST HYPOTHESIS

H1 *The opening of hypermarkets and development of fast-moving consumer goods retail chain in Kosovo resulted in the decline of traditional stores' turnover.*

H0 *The opening of hypermarkets and development of fast-moving consumer goods retail chain in Kosovo did not result in the decline of traditional stores' turnover.*

The origin of hypermarkets in Kosovo is late. Most of the hypermarkets in Kosovo were opened after the war (1999). In addition, the idea of developing the concept of the retail chain in Kosovo was late. Previously, purchase and supply to meet the needs of families were done in markets or the nearest store called also convenience shop/traditional shop. As a result of this global change, even in Kosovo, there have been many changes, thus affecting the consumer behaviour.

Most of the hypermarkets are in peripheral areas. However, frequent visits of these different retail chains give us the opportunity to suppose the first hypothesis: *The opening of hypermarkets and development of fast-moving consumer goods retail chain in Kosovo resulted in the decline of traditional stores' turnover.*

TABLE 1   Regular Supply of FMCG (%)

Usually the closest store	6.67
In one of the M/HM of any retail chain	80.00
I have no favourite store, so I buy things that are needed in any market that happened	13.33
Total	100.00

TABLE 2   Number of Retail Chains Visited by the Respondents (%)

One retail chain	43.75
Two retail chains	25.00
Three or more retail chains	31.25
Total	100.00

As seen from the results presented in table 1, out of 100 per cent only 6.67 per cent of people were supplied with the products they needed at the nearest store. 13.3 per cent of them had no favourite store, they were supplied anywhere queue falls way. While the majority of them (80 per cent), were supplied regularly in one or more M/HM of any retail chain.

In addition, we asked the respondents that usually purchase in retail chains about the number of retail chains they use to purchase. From them, 43.75 per cent of respondents stated they supply in any of the M/HM of a certain retail chain in Kosovo, 25.00 per cent of them replied they supply in any store of the two retail chains and 31.25 per cent replied in any of the three or more retail chains.

It is important to mention that all these retail chains (ETC, Albi, Maxi, Viva Fresh Store, Interex etc.) in 2009 had a total of 29 markets in cities across Kosovo, and now altogether number over 60 M/HM. It results that growth of retail chains in Kosovo for 4 years has doubled. In addition to the retail, chains mentioned above that date earlier (some of them have started the business as traditional stores 20 years ago). Also, there are new chains that have grown quickly as Meridian which started this kind of business in 2012 and now has over 32 markets throughout Kosovo (they developed the concept of smaller stores rather than hypermarket). In addition, it is worthy to mention that from all retail chains operating is Kosovo, there are only two foreign retail chains: Interex (French retail chain, also known as Intermarché) and Conad (Italian retail chain).

Based on the above results we can confirm the first hypothesis that *the opening of hypermarkets and development of fast-moving consumer goods retail chain in Kosovo resulted in the decline of traditional stores' turnover.*

TABLE 3 Respondents' Rating the Importance of the Rich Offering of M/HM (%)

Item	(1)	(2)	(3)	(4)	(5)	(6)
The store is always very well supplied	0.00	0.00	0.00	40.00	60.00	92

NOTES Column headings are as follows: (1) there is no importance at all, (2) there is no importance, (3) neutral, (4) important, (5) very important, (6) overall average.

THE RESEARCH RESULTS RELATED TO THE SECOND HYPOTHESIS

H2 *Among the most influential factors in selecting M/HM for supply is the rich offering of relevant M/HM.*

H0 *Among the most influential factors in selecting M/HM for supply is not the rich offering of relevant M/HM.*

Table 3 presents the results of research regarding the submission of the second hypothesis. Based on the results it appears that well supplied market or its rich offering is very important and influential factor to the customers for selecting the M/HM. None of them sees it as an unimportant factor. Out of 100 per cent, 40 per cent of them see it as an important factor, and 60 per cent of them see as a very important factor. This factor at the same time is ranked as the most important factor of all other factors. Therefore, based on the above results we can confirm the second hypothesis that *among the most influential factors in selecting M/HM for supply is the rich offering of relevant M/HM.*

THE RESEARCH RESULTS RELATED TO THE THIRD HYPOTHESIS

H3 *Among the most influential factors in selecting M/HM for supply are good customer service and good staff behaviour.*

H0 *Among the most influential factors in selecting M/HM for supply are bad customer service and bad staff behaviour.*

In the questionnaire, we have submitted a series of questions regarding the impact of staff behaviour and services to the customers. How they perceive these factors? Do they affect determining their choice for supply?

TABLE 4 Importance of Good Staff Behaviour and Good Customer Service in M/HM (%)

Item	(1)	(2)	(3)	(4)	(5)	(6)
Good staff behaviour	0.00	0.00	6.66	46.67	46.67	88.00
Good customer service	0.00	0.00	20.00	40.00	40.00	84.00

NOTES Column headings are as follows: (1) there is no importance at all, (2) there is no importance, (3) neutral, (4) important, (5) very important, (6) overall average.

According to the results presented in table 4, good staff behaviour is very important and very influential factor in customers selection of m/hm in which they will be supplied. None of the respondents sees it as irrelevant or no important factor at all. Only 6.66 per cent of them see it as a neutral factor. While 46.67 per cent of them see it as important and 46.67 per cent of them see it as very important. On average, 88 per cent of them evaluate this factor as important, at the same time it is ranked as one of the most important factors of all factors involved in this research.

In addition, none of the respondents sees the good customer service as an irrelevant factor or not an important factor. Out of them, 20.00 per cent see it as a neutral factor. While, 40.00 per cent see it as an important factor and 40.00 per cent evaluate it as a very important factor. On average, 84 per cent of them evaluate this factor as a very important factor, ranking it as one of the most important factors of all factors involved in this research.

Based on above results we can confirm the third hypothesis, *that among the most influential factors in selecting m/hm for supply are good customer service and good staff behaviour.*

THE RESEARCH RESULTS RELATED TO THE FOURTH HYPOTHESIS

h4 *Factors influencing the selection of m/hm for supply are closely related to dissatisfaction factors affecting store changing for supply.*

h0 *Factors influencing the selection of m/hm for supply are not closely related to dissatisfaction factors affecting store changing for supply.*

In addition to specific factors that were analysed for confirmation of hypothesis 2 and 3, other factors affecting the customers with the selection of m/hm for supplying with fmcg have also been analysed. Respondents also were asked for ranking the factors of importance, which affect them to make a decision to change the store or retail chain for supply. Therefore, we have proposed that the factors that influence customer decision for the selection of the m/hm are closely related to factors affecting supply replacement with a new store. The following presents results in tabular form and diagrams.

In table 5, factors are ranked by respondents. So, we can conclude that 5 factors that most affect customers and they appreciate their importance most, on average 80–92 per cent are as follows the rich offering, good merchandising, good staff behaviour, good customer service and good family atmosphere. Then come factors with the av-

TABLE 5 Overall Rating Factors, Which Affect or Not Affect the Customers in Selection of M/HM (%)

Item	(1)	(2)	(3)	(4)	(5)	(6)
The store is always very well supplied	0.00	0.00	0.00	40.00	60.00	92.00
Easy orient. and easy to find products	0.00	0.00	6.67	33.33	60.00	90.67
Good staff behaviour	0.00	0.00	6.66	46.67	46.67	88.00
Good customer service	0.00	0.00	20.00	40.00	40.00	84.00
Good family atmosphere	0.00	0.00	20.00	60.00	20.00	80.00
Lower prices compare to other stores	6.67	6.67	13.32	26.67	46.67	77.33
Enough parking space	0.00	13.33	13.33	53.34	20.00	76.00
Always offer new products	6.67	13.33	26.67	26.67	26.67	70.67
Music, colours to make you feel good	6.66	26.67	26.67	26.67	13.33	62.67
Always organize ent. activities	20.00	40.00	26.67	13.33	0.00	46.67

NOTES Column headings are as follows: (1) there is no importance at all, (2) there is no importance, (3) neutral, (4) important, (5) very important, (6) overall average.

TABLE 6 Overall Rating Factors, Which Affect the Customers to Change the M/HM for Supplying (%)

Item	(1)	(2)	(3)	(4)	(5)
Poor offering, lack of products	33.33	40.00	26.67	0.00	0.00
Unsatisfactory customer service	6.67	33.33	20.00	6.67	0.00
Lower prices for the same products/brands	40.00	13.33	13.33	6.67	20.00
Waiting in line at the cash register	20.00	6.67	6.67	13.33	20.00
Bad staff behaviour	6.67	6.67	26.67	53.33	6.67
Discrepancy in products' prices on the shelf and at the checkout	0.00	6.67	6.67	6.67	26.67
Gloomy atmosphere	0.00	0.00	0.00	6.67	26.67

NOTES Column headings are as follows: (1) there is no importance at all, (2) there is no importance, (3) neutral, (4) important, (5) very important, (6) overall average.

erage estimate of 46.67–77.33 per cent as lower prices, enough parking spaces, new products offer, and the least evaluated factors are considered entertainment activities, music, colours, lights etc.

While the results of our research on the factors affecting the customer to change the stores or retail chains for the supply of FMCG are presented in table 6 (factors are ranked by respondents). We can conclude that the factors that most affect customers to change the store for supply are the following factors poor offering, unsatisfactory customer service, and lower prices for the same products/brands. Then there are factors with lower impact as waiting in line at the cash register, bad staff behaviour, the discrepancy in product prices on the shelf and at the checkout and at the end gloomy atmosphere etc.

TABLE 7   Comparison of the Factors Influencing the Selection of M/HM and the
Factors Influencing the Change of M/HM (%)

Item	(1)	(2)	(3)	(4)	(5)	(6)	(7)
The store is always well supplied	0.00	0.00	0.00	0.00	40.00	60.00	100.00
Poor offering, lack of products	0.00	0.00	0.00	26.67	40.00	33.33	73.33
Good staff behaviour	0.00	0.00	0.00	6.67	46.67	46.67	93.34
Bad staff behaviour	6.67	53.33	60.00	26.67	6.67	6.67	13.34
Good customer service	0.00	0.00	0.00	20.00	40.00	40.00	80.00
Unsatisfactory customer service	0.00	6.67	6.67	20.00	33.33	6.67	40.00
Good family atmosphere	0.00	0.00	0.00	20.00	60.00	20.00	80.00
Gloomy atmosphere	26.67	6.67	33.34	0.00	0.00	0.00	0.00
Lower prices comp. to other stores	6.67	6.67	13.34	13.32	26.67	46.67	73.34
Lower prices for the same products/brands	20.00	6.67	26.67	13.33	13.33	40.00	53.33

NOTES   Column headings are as follows: (1) there is no importance at all, (2) there is
no importance, (3) 1+2, (4) neutral, (5) important, (6) very important, (7) 5+6.

In order to analyse more thorough the fourth hypothesis, the table
7 presents the factors, which mostly affect the customer in the selec-
tion of stores, and the dissatisfaction factors. Therefore, by compar-
ison method we have the following results.

The most important factor influencing the customers is rich of-
ferings and the lack of goods. Therefore, between these two factors,
there is a very strong relation according to the results of this study.
While good staff behaviour is ranked with high importance as a fac-
tor that affect the customer in the selection of stores, bad staff be-
haviour is not rated similarly by respondents. Only 13.34 per cent of
them stated that they would change the market due to bad staff be-
haviour. Therefore, here we do not see a strong relationship between
these factors analysed from two perspectives.

At the question *how satisfied they are with the behaviour of staff in
the store where they are supplied,* 66.67 per cent of the respondents
stated that they are satisfied, which in our opinion is one of the rea-
sons that they are supplied right there.

The atmosphere in the M/HM does not appear to be an important
factor according to our comparison. While for customer service, ap-
pears that there is a greater coherence, where as a factor in deter-
mining the selection of the store is estimated at 80 per cent and as a
factor of changing the store by 40 per cent.

One of the most important elements of this study has undoubtedly
been the offered price for the same product and brand. Therefore,
based on these results, it appears that the price has strong coher-

ence according to this view, although not ranked as one of the most important factors.

Based on the aforementioned results, we conclude generally that the fourth hypothesis is confirmed. *Therefore, we say that some of the factors that influence the selection of* M/HM *for supplying are closely related to some of the dissatisfaction factors affecting store replacement for supplying.*

ADDITIONAL INFORMATION DERIVED FROM THE RESEARCH

At the question *how many times do you attend the market,* 13.33 per cent of respondents answered *every day,* 60 per cent of them answered *once a week,* 20 per cent of them *2–3 times a week* and 6.67 per cent of them *once a month.* From this, we can conclude that most of them (60 per cent) are supplied *once a week,* and *every day* and *every two days* about 33.33 per cent and few are those who are supplied *once a month* (6.67 per cent).

In an ordinary purchase, 20 per cent of them buy 1–10 items, 26.67 per cent of them 10–20 items, 33.33 per cent of them 20–40 items, and 20 per cent of them 40–60 items and none of them buys over 60 articles.

From all respondents, 73.33 per cent of them declare that they are supplied in the market with high attendance, 20 per cent of them with average attendance, and 6.67 per cent of them with very high attendance and none of them has chosen to attend the market with low attendance.

Respondents were asked about the type of purchase they make, planned (with the list) or unplanned, as needed. From them, 53.33 per cent said they go to the M/HM with a list of products they need, 40 per cent of them answered, they choose impromptu the products they need and 6.67 per cent stated that they made the selection of products under the impact of store special offers.

Waiting in line at the cash register, is seen as one of the factors that cause dissatisfaction of customers. At the question *do you happen to wait at the checkout in order,* 26.67 per cent of respondents stated sometimes, 13,33 per cent of them answered rarely, 60 per cent of them were declared *often* and none *too often.*

Another phenomenon that practically is not rare for us is the discrepancy in products' prices on the shelf with the prices at checkout. Even when respondents were asked about the issue, 20 per cent of them responded that prices *match ever,* 53.33 per cent of them said, *sometimes do not match* and 26.67 per cent stated that they *do not match rarely.*

Conclusions and Recommendations

According to Results of Household Budget Survey (Kosovo Agency of Statistics 2012), there is an increase of 18.9 per cent of total consumption of Kosovo compared to 2011, and an increase of 9.23 per cent of consumption per households and 13.97 of consumption per head. Based on the same source over 50 per cent of consumption in Kosovo are fast-moving consumer goods. This is an important indicator for the awareness of retail chains in improving their performance in order to increase the number of loyal customers. Preliminary study results have provided a good basis for identifying the factors that most affect the selection of M/HM of the retail chain for supplying.

The results of this empirical study show that among the factors that most influence the selection of M/HM for supplying are the rich offering, good staff behaviour, good customer service, and low prices. In addition, according to the results of this study, most people prefer to be supplied in hypermarkets than in traditional stores. We can say that such results are largely consistent with results from previous researchers.

Retail chains of M/HM have advantages in offering products with affordable prices for customers, as they are stronger in negotiations to purchase the bulk quantity because of the high goods' turnover. Therefore, we can conclude that for traditional stores in Kosovo, each time will be more difficult to be competitive despite these chains.

This research shows that only 6.67 per cent of surveyed people are supplied with the products they need in closer stores. In addition, out of 100 per cent only 13.33 per cent of them have no favourite retail chain, they will be supplied wherever they end up. The vast majority of them (80 per cent) are regularly supplied in one or more markets/hypermarkets of any retail chain.

From this research, it comes out that the rich offering of the stores is very important and very influential factor in customers to select the M/HM in which they will decide to purchase. On average, 92 per cent of them evaluate as a very important factor, at the same time ranked as the most important factor of all other factors.

Good staff behaviour and good customer service are very important and influential factors in customers for selection of M/HM in which they will decide to purchase. On average, 88 per cent of them evaluate good staff behaviour as an influential factor and 84 per cent of them appreciate good customer service as important factor.

Five most influential factors to the customers and most appreci-

ated by them for importance, (on average 80–92 per cent) are rich offerings, good merchandising, good staff behaviour, good customer service and good family atmosphere. Then come factors with the average estimate of 46.67–77.33 per cent as low prices, enough parking spaces, offering new products, and factors such as leisure activities, music, colours, lights, etc. While the five most influential factors to the customers for changing the store to purchase are the poor offering, unsatisfactory customer service, low prices for the same products/brands. After some other influential factors as waiting in line at the cash register, bad attitude of staff and inconsistency of product prices on the shelf with the prices at the checkout, and at the end come the gloomy atmosphere. In general, there is a strong link between these factors addressed in particular and then compared to each other.

Based on this study, we have submitted the following recommendations:

- Retailers of FMCG should manage their stock well in the market, in order for the store to be supplied according to customers' requests for related products and brands.

- Practicing CSM (Customer Satisfaction Management) and SCM (Supply Chain Management) since these practices have been very successful in developed countries.

- Defining and creating a merchandising system under which the goods will be ranked and given the necessary space so the required goods are not out of stock as well as many other benefits that come with the application of such a system.

- Staff training in order to be able to respond to costumers in a timely manner with the information they require.

- Having a high focus on improving the staff behaviour, as the study has resulted in it being one of the most important factors.

- Rich portfolio offers according to the customers' requests.

- Creating a good atmosphere within the stores with lighting, proper temperature, sound system, and beautiful colours so the customers have a feel-good ambiance.

- Organizing entertainment activities for customers.

- Better management of employees working on the checkouts because the customers are not willing to wait at the cash register.

- Offering loyalty cards to the customers, by which users get discounts on purchases.

References

Anić, I. D., and S. Radas. 2006. 'The Impact of Situational Factors on Purchasing Outcomes in the Croatian Hypermarket Retailer.' *Ekonomski pregled* 57 (11): 730–52.

Baker, J., A. Parasuraman, D. Grewal, and G. B. Voss. 2002. 'The Influence of Multiple Store Environment Cues on Perceived Merchandise Value and Patronage Intentions.' *Journal of Marketing* 66 (2): 120–41.

Belk, R. W. 1975. 'The Objective Situation as a Determinant of Consumer Behavior.' *Advances in Consumer Research* 2 (1): 427–37.

Berisha-Namani, M. 2009. 'The Role of Information Technology in Small and Medium Sized Enterprises in Kosova.' Paper presented at the Fulbright Academy Conference, Skopje, 24–27 March.

Billings, W. L. 1990. 'Effects of Store Atmosphere on Shopping Behavior.' Honors Projects 16, Illinois Wesleyan University, Bloomington, IL.

Bowen, J. T., and S. L. Chen. 2001. 'The Relationship between Customer Loyalty and Customer Satisfaction.' *International Journal of Contemporary Hospitality Management* 13 (5): 213–7.

Burke, R. R. 2005. 'Retail Shoppability: A Measure of the World's Best Stores.' *Future Retail Now* 40:206–19.

BSC Kosovo. 2012. *Entrepreneurship and Small Business Development in Kosovo in 2011.* Prishtina: BSC Kosovo.

Desmet, P., and V. Renaudin. 1998. 'Estimation of Product Category Sales Responsiveness to Allocated Shelf Space.' *International Journal of Research in Marketing* 15 (5): 443–57.

Donovan, R. J., J. R. Rossiter, G. Marcoolyn, and A. Nesdale. 1994. 'Store Atmosphere and Purchasing Behavior.' *Journal of Retailing* 70 (3): 283–94.

Dries, L., T. Reardon, and J. Swinnen. 2004. 'The Rapid Rise of Supermarkets in Central and Eastern Europe: Implications for the Agrifood Sector and Rural Development.' *Development Policy Review* 22 (5): 525–56.

Farhangmehr, M., S. Marques, and J. Silva. 2000. 'Consumer and Retailer Perceptions of Hypermarkets and Traditional Retail Stores in Portugal.' *Journal of Retailing and Consumer Services* 7 (4): 197–206.

Fox, E. J., A. L. Montgomery, and L. M. Lodish. 2004. 'Consumer Shopping and Spending Across Retail Formats.' *The Journal of Business* 77 (s2): s25–s60.

Grewal, D., R. Krishnan, M. Levy, and J. Munger. 2010. 'Retail Success and key Drivers.' In *Retailing in the 21st Century,* ed. M. Krafft and M. K. Mantrala, 15–30. Berlin: Springer.

Hui, M. K., and J. E. Bateson. 1991. 'Perceived Control and the Effects of Crowding and Consumer Choice on the Service Experience.' *Journal of Consumer Research* 18 (2): 174–84.

Javorcik, B. K. S., and Y. Li. 2008. 'Do the Biggest Aisles Serve a Brighter Future? Global Retail Chains and Their Implications for Romania.' Working Paper 6906, World Bank, Washington, DC.

Kosovo Agency of Statistics. 2012. *Results of Household Budget Survey 2012.* Prishtina: Kosovo Agency of Statistics.

Kotler, P. 1973. 'Atmospherics as a Marketing Tool.' *Journal of Retailing* 49 (4): 48–64.

Krafft, M., and M. K. Mantrala. 2006. *Retailing in the 21st Century.* Berlin: Springer.

Levy, M., D. Grewal, R. A. Peterson, and B. Connolly. 2005. 'The Concept of the "Big Middle."' *Journal of Retailing* 81 (2): 83–8.

Nicholls, J. A. F., Roslow, S., and Dublish, S. 1997. 'Hispanic and Non-Hispanic Mall Shoppers: Segmentation by Situational Variables and Purchase Behaviors.' *Journal of Segmentation in Marketing* 1 (1): 57–73.

Reardon, T., and A. Gulati. 2008. 'The Supermarket Revolution in Developing Countries: Policies for Competitiveness with Inclusiveness.' Policy Briefs 2, International Food Policy Research Institute, Washington, DC.

Roslow, S., T. Li, and J. A. F. Nicholls. 2000. 'Impact of Situational Variables and Demographic Attributes in Two Seasons on Purchase Behaviour.' *European Journal of Marketing* 34 (9–10): 1167–80.

SME's Support Agency. 2011. SME *Development Strategy for Kosovo 2012–2016.* Prishtina: SME's Support Agency.

Spangenberg, E. R., A. E. Crowley, and P. W. Henderson. 1996. 'Improving the Store Environment: Do Olfactory Cues Affect Evaluations and Behaviors?' *The Journal of Marketing* 60:67–80.

Tai, S. H., and A. M. Fung. 1997. 'Application of an Environmental Psychology Model to In-Store Buying Behaviour.' *The International Review of Retail, Distribution and Consumer Research* 7 (4): 311–37.

Tang, C. S., D. R. Bell, and T. H. Ho. 2001. 'Store Choice and Shopping Behavior: How Price Format Works.' *California Management Review* 43 (2): 56–74.

Trappey, C., and M. K. Lai. 1997. 'Differences in Factors Attracting Consumers to Taiwan's Supermarkets and Traditional Wet Markets.' *Journal of Family and Economic Issues* 18 (2): 211–24.

Turley, L. W., and R. E. Milliman. 2000. 'Atmospheric Effects on Shopping Behavior: A Review of the Experimental Evidence.' *Journal of Business Research* 49 (2): 193–211.

Wrigley, N. 1994. 'After the Store Wars: Towards a New Area of Competition in UK Food Retailing?' *Journal of Retailing and Consumer Services* 1 (1): 5–20.

Zhuang, G., A. S. Tsang, N. Zhou, F. Li, and J. A. F. Nicholls. 2006. 'Impacts of Situational Factors on Buying Decisions in Shopping Malls:

An Empirical Study with Multinational Data.' *European Journal of Marketing* 40 (1–2): 17–43.