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EFFECTS OF DEVELOPMENT AND INCREASING POWER OF RETAIL CHAINS ON THE POSITION OF CONSUMERS IN MARKETING CHANNELS

Efekti razvoja i jačanja snage maloprodajnih lanaca na
poziciju potrošača u kanalima marketinga

Abstract

The end of the last century and the beginning of this one are marked by intensive processes of retail markets concentration worldwide. One might say that a kind of retail revolution is underway, primarily characterized by an intensive development of retail chains and by increase of their power in the marketing channels. Parallel to their overwhelming development, big retail chains assume key role in designing and managing marketing channels. In this manner, they immensely change position and interrelations among the members of channels, but also design one new reality for consumers' position on the market. The essential question is whether the development of big retail chains is in real favor of consumers or not. In that sense, the fear of development of big retail chains which rapidly change familiar picture of retail and old position of consumers is constantly present in the initial phase of the modern retail market development.

Key words: *retail, market concentration, marketing channels, retailer power, consumers*

Sažetak

Kraj prošlog i početak ovog veka obeležili su intenzivni procesi koncentracije maloprodajnih tržišta u svetu. Moglo bi se reći da je na sceni svojevrsna maloprodajna revolucija, čije je osnovno obeležje intenzivan razvoj maloprodajnih lanaca i jačanje njihove snage u kanalima marketinga. Uporedo sa svojim nezadrživim razvojem, veliki maloprodajni lanci preuzimaju ključnu ulogu u kreiranju i upravljanju kanalima marketinga. Time iz osnovna menjaju poziciju i međusobne odnose članova u kanalima, ali stvaraju i jednu sasvim novu stvarnost za poziciju potrošača na tržištu. Najbitnije pitanje je da li je razvoj velikih maloprodajnih lanaca u stvarnom interesu potrošača ili ne. U tom smislu, u početnim fazama razvoja savremenog tržišta maloprodaje neprestano tinja strah od razvoja

velikih maloprodajnih lanaca koji ubrzano menjaju, do tada, poznatu sliku maloprodaje i staru poziciju potrošača.

Ključne reči: *maloprodaja, koncentracija tržišta, kanali marketinga, snaga maloprodavaca, potrošači*

Introduction

In the developed countries, as well as in transition ones which are in the process of establishing and strengthening the market economy, retail becomes very complex, dynamic and highly influential sector. In that sense, the following changes in current processes of retail restructuring are specially stressed: "fast growth of large firms, a more strategic approach to managerial decision taking, more complex organizational structures, and more retailer coordinated value chains" [13, p. 3].

The mentioned changes manifest themselves to the highest extent in trade of fast moving consumer goods. Due to the high importance of this kind of products, simultaneously with the market concentration growth and development of big retail chains, the scientific and professional disputes on how the changes with respect to powers of members of marketing channels reflect on functioning of marketing channels and position of members within: producers, wholesalers, small and medium-sized

retailers, are becoming more intensive. However, there is a special interest in effects of retail chains development and increase of their power on the position of consumers.

Owing to the growth of their market and negotiating power, large retailers start to dictate the conditions even to the globally biggest producers. They take a dominant role in marketing channels, and thus they take numerous marketing functions which were traditionally performed by wholesalers and producers. But, they also take a leading role in developing the relationship with consumers. The most successful among them “giant retailers with their enormous buying power, large market shares, and sophisticated managements have been referred to as power retailers and, category killers, terms that convey the dominant position these retailers enjoy“ [15, p. 63].

Today, retailers, in accordance with the modern definition saying that retail is “set of business activities that adds value to the products and services sold to consumers for their personal or family use” [14, p. 6] want to offer new, more significant, values to consumers. “Retailers today must differentiate themselves by meeting the needs of their customers better than the competition” [5, p. 3]. In order to strengthen their interrelations and to increase loyalty of consumers, they try to meet consumers’ various needs and buying behaviors, aware that “it is essential to build a long-term and stable relationship with customers in today’s competitive society” [17, p. 223]. Modern retailers find that “understanding and responding cognitive and emotional expectations serve as the core for developing, nurturing and sustaining lifelong relationships with customers” [11, p. 31]. All this leads to the conclusion that “the theories of exchange that served marketing well for 40 years are giving way to relational concepts” [1, p. 37].

Modern consumers become more individualized and particular in their more sophisticated demands which require from the modern retailers to develop numerous activities of micro-marketing. Competitive position of retailers becomes more dependent on provision of a whole series of services, and creation of new values to consumers is developing in relation to numerous strategic fields: macro and micro locations of stores, development of retail formats and e-commerce forms, different accompanying services,

goods assortment and development of own private label, price, technology and integrations between the members in supply chain.

In conditions of increasingly difficult fight over consumers, retailers develop a new management and marketing model. They should incorporate in this new model multiway exchanges which will include, besides the components of “supply package” of goods and services, also numerous social and broader interests of consumers and other stakeholders. Therefore, the estimates “that we should resist routinely using the terms “customer” or “consumer” to describe the person we are trying to influence” [3, p. 36] are entirely valid. The key fight is about the regular, loyal, consumers. Therefore, “retail format, personnel, service and presentation are becoming the critical elements of retail marketing” [4, p. 421].

Special manifestation within the stated scope belongs to a kind of explosion of interest in relationship marketing which evidently becomes “core business activity directed towards setting up, improving, and maintaining successful relational exchanges with consumers, suppliers and even other businesses” [2, p. 585]. Therefore, we come to a reasonable conclusion that “effective retail CM creates synergies by coordinating the marketing efforts of individual SKUs, brands, and suppliers, which can result in both enhanced systemwide decision making and lower costs” [9, p. 22].

Big retail chains define their aim as an overall access to consumers in order to truly offer the values important to consumers and difficult to be copied by their competitors. They show a high level of interest in their consumers’ needs, aware that “firms that can obtain privileged information about customer needs by making use of the firm-customer relationship provide more satisfactory offerings than their competitors” [17, p. 223]. There is no doubt that modern retail chains offer in their stores better food quality, along with lower sale prices, in comparison to traditional retailers in their traditional retail stores. Differentiated assortment of retailers’ private label products, particularly among hypermarkets and supermarkets, also represents gravitational force strongly attracting consumers to make purchase in those stores. “The role of retail brands has grown gradually and today

they are regarded as one of the key strategic factors in the positioning of retail firms” [7, p. 221].

Nevertheless, one should acknowledge that the development of retail chains brings not only positive changes for consumers. At first, all this resulted in decreasing number of small traditional neighborhood stores and specialized ones that many consumers were accustomed to. Social costs rise as the number of stores, in a specific local market, decreases and as they individually become larger. Those social costs are, as follows [8, p. 20]:

- Increased non-work travel time and transportation costs.
- Disruption of important social relations as local grocery stores are closed.
- Contribution to the ‘hollowing out’ of downtown areas.
- Increased ‘suburbanisation’ of shopping sites.
- Increased car dependence.
- Substitution away from public transit.

Besides, it is very important to underline that, in analyzed conditions of retail chains development and increase of their power, not only the changes which have direct influence on consumers are significant for their position. Often, consumers’ position is much more affected by developments which manifest themselves in other levels of marketing channels, and reflect on, current or future, consumers’ position.

There is no doubt that big retail firms, through strengthening their position, are often enabled to impose conditions aiming at or resulting in significant limitations, distortion and prevention of competition on the operating market. The existence of strong, dominant positions of retail chains in marketing channels becomes a threat to healthy competition and market structure.

Misled by the power they own, big retail giants become everyday threat to the potential violation of competition. This is the reason why creation and implementation of competition policy, in efforts to prevent and eliminate irregularities in market functioning, become a priority. In such conditions, competition policy sets consumer protection as its landmark, where “a central concept of competition law is ‘market power’” [12, p. 90].

Competition policy has a key role in creation and functioning of modern market. “A central concern of

competition policy is that a firm or firms with market power are able, in various ways, to harm consumer welfare, for example by reducing output, raising prices, degrading the quality of products on the market, suppressing innovation and depriving consumers of choice” [16, p. 1]. An adequate legislation in competition protection field, with modern legislation in consumer protection field, and their adequate enforcement, can prevent those situations, protect consumers’ position, but also contribute to more rapid and more directive modern market structure development. It is highly important to stress out that the consumer protection development “by protecting and strengthening the position of the consumers and better informing them, enables them to make rational choices and thus strengthen competition in markets” [6, p. 41].

Furthermore, in order to achieve intensive development and protection of competition, it is necessary to adopt and apply rules related to other segment of competition law i.e. rules related to unfair competing by market players, so as to divert the market players to use unfair tactics in ensuring the competition advantages. Those “fair trading/unfair competition laws have traditionally been conceptually different from general competition law principles which seek to prevent the abuse of market power” [10, p. 2]. These are needed in order to prevent legally prohibited forms of competition which are based on abuse of market position, specific level of economic power or informational asymmetry and mislead.

With further consolidation of retail markets and stronger internationalization of big retailers’ operations, the issue of competition is more and more in focus. But, there are difficulties to accept the fundamental postulate which says that, just as the power of big market players cannot be abused, so their position cannot be endangered simply because they are big and powerful.

Subject and hypothesis of the research

Subject of this research is effects which modern changes in the sphere of retail cause to the consumers’ position. The aim is to evaluate the consequences of the development of retailer chains and increase of their power on the consumers, which requires thorough and comprehensive observation

of positive and negative influences on the position and real interests of consumers. In order to enlighten the mentioned influences, we have conducted the research which should confirm or disprove the defined hypothesis:

H1: Development of retailers and increase of their power is in the interest of consumers.

H2: Parallel to the development of retailers and increase of their power, grows their role in practicing creative marketing functions and in overall process of creating new values to the consumers.

H3: Effects of the development of retail chains and increase of their power require the development of modern trade policy, primarily, state legislation in the field of competition protection, as well as the overall consumer protection, so that the development of retail is in favor, and not to detriment of the real interests of consumers.

A detailed survey of consumers' satisfaction on the market of the Republic of Serbia should, in accordance with the defined elements of choice by which they choose a specific retailer and its retail store for the purchasing purposes, enlighten the level of total consumers' satisfaction in the conditions of significant level of market concentration and significant level of market share of big modern retail chains. The focus is on perceiving the relevance of the individual elements of consumers' choice and differences which exist in regard to consumers' satisfaction with purchasing at big retailers with mostly big, modern and self-service stores and at small and medium-sized retailers with mostly small and classic stores.

In that sense, the whole picture of the consumers' satisfaction will be completed by research on satisfaction indices for individual elements of consumers' choice towards retailers with mostly big, modern and self-service stores and retailers with mostly small and classic stores. This will enable perceiving the concrete advantages and disadvantages of different options which are at consumers' disposal when purchasing.

Also, reaching the conclusions will be contributed by the concrete consumers' replies concerning their preferences as regards the choice between modern and traditional retail formats, but also by concrete replies to the question whether they find that the development of retail chains is in their interest. Research on the opinion

of consumers on the activities of the state, through the evaluation of state role in creation of market conditions and application of measures which ensure the benefits for consumers and protect their interests, will indicate which fields of trade policy should be significantly developed in conditions of strengthening the big retail chains.

Research methodology

With a view to researching the effects of the development of big retailers and strengthening of their power to the position of consumers in the marketing channels on the market of the Republic of Serbia, a comprehensive research studies have been conducted in accordance with the defined methodology. To be more precise, the research of consumers' relationships with big retailers and small and medium-sized retailers which operate on the market of the Republic of Serbia, i.e. with "retailers with mostly big, modern and self-service stores" and towards "retailers with mostly small and classic stores" as it was presented to the consumers. Such approach was chosen so as to make it easier for the consumers to reply to and understand the demands in the questionnaire, although it is clear that today big retail chains have in their portfolio fast-growing number of stores with smaller selling space located in the „neighborhood“, and that small and medium-sized retailers turn more to investing in big, modern and self-service stores. The obtained results were basis for giving answers to research hypothesis.

In order to perceive consumers' position in new conditions, their attitudes i.e. their opinions, were taken into consideration. In that sense, extensive surveys were conducted on the sample of 600 consumers on the market of the Republic of Serbia. In defining the sample, adequate geographic spread of all market parts, including urban entities of different size, as well as of considerable number of rural and less developed areas were taken into consideration. The focus was on those persons who are solely or mostly responsible for everyday purchasing i.e. purchasing of fast moving consumer goods. The special questionnaire was designed which contained considerable number of questions concerning their relationships with retailers, but also their attitudes towards the activities and

role of the state in terms of creating market conditions and applying concrete measures which ensure benefits for consumers and protect their interests. The basic method used for obtaining the data was direct personal interview which was conducted on the basis of the mentioned questionnaire, during the first quarter of 2013. The data collected within the conducted survey research were processed and analyzed using statistical program SPSS 15.0.

In order to perceive the attitude of consumers to the retailers, the consumers' satisfaction with big retailers and small and medium-sized retailers was defined by calculating the satisfaction index of consumers for individual relationship.

The satisfaction indices of consumers were calculated for the following individual relationships ($i=a, b$):

- consumers with big retailers (a); and
- consumers with small and medium-sized retailers (b).

To calculate the satisfaction indices of consumers for the individual relationship, nine key elements of consumers' choices ($e=1,2,3,4,5,6,7,8,9$) that consumers take into consideration when choosing a certain retailer and its retail store for purchasing purposes was created. For each of them the survey respondents defined:

- relevance of an element (W_{ie}) – points from 1 to 10; and
- satisfaction for an element (V_{ie}) – separately for purchasing at retailers with mostly big, modern and self-services stores and, separately, for purchasing at retailers with mostly small and classic stores – points from 1 to 5.

Table 1 shows the elements of consumers' choice which were used in the questionnaire.

Table 1: Elements of consumers' choice

| Elements of consumers' choice (e) |
|---|
| 1. Level of retail prices |
| 2. Quality of products |
| 3. Assortment of products |
| 4. Behavior of employees |
| 5. Accessibility and store location |
| 6. Store appearance and comfort of purchasing |
| 7. Services provided to consumers in store |
| 8. Promotional and other marketing activities |
| 9. Terms of payment |

With a view to calculating the satisfaction index of consumers for individual relationship, the first step, within the obtained data processing, was normalization of rates of consumers' satisfaction for individual elements of consumers' choice ($V_{i,e}$), as follows:

$$X_{i,e} = 100/4 (V_{i,e} - 1),$$

($i=a, b; e=1, 2, \dots, 9$)

(if a consumer rated the level of retail prices with 5, then a value obtained by normalization would be 100, with 4 – 75, with 3 – 50, with 2 – 25 and with 1 – 0).

Satisfaction index of consumer for individual relationship (I_i), was calculated as a weighted average of the obtained normalized satisfaction rates $X_{i,e}$ for each individual element of consumers' choice. Weighting factor was obtained rate of relevance for individual elements (W_{ie}). Calculating satisfaction index of consumer for each individual relationship was performed according to the formula for weighted average:

$$I_i = \frac{\sum W_{i,e} X_{i,e}}{\sum W_{i,e}}$$

Table 2 illustrates the procedure for calculating satisfaction index.

Table 2: Illustration of procedure for calculating satisfaction index

| Element of consumers' choice (e) | Consumers' satisfaction rate for elements (V) | Normalized satisfaction rate (X) | Relevance of elements for consumers' choice (W) | Result |
|----------------------------------|---|----------------------------------|---|-------------|
| 1 | 3 | 50 | 8 | 400 |
| 2 | 3 | 50 | 8 | 400 |
| 3 | 3 | 50 | 10 | 500 |
| 4 | 3 | 50 | 10 | 500 |
| 5 | 3 | 50 | 8 | 400 |
| 6 | 4 | 75 | 9 | 675 |
| 7 | 2 | 25 | 7 | 175 |
| 8 | 3 | 50 | 9 | 450 |
| 9 | 3 | 50 | 10 | 500 |
| Total | | | 79 | 4000 |

Satisfaction index in the presented case values $4000/79=50.63$. The total procedure provides value of satisfaction index in the interval from 0 to 100.

At the end, the average satisfaction indices of consumers, which completed the final picture of satisfaction of all the interviewed consumers with retailers with mostly big, modern and self-service stores, and on the other hand, with retailers with mostly small and classic stores, were calculated on the basis of all the obtained satisfaction indices of interviewed consumers, taking into account individual relationships.

Apart from calculating and analyzing the satisfaction indices of consumers for individual relationship with retailers, the satisfaction indices for each element of consumers' choice for both individual relationships, also underwent the calculation and analysis. The same methodology was applied for this case.

In accordance with the designed questionnaire, consumers rated, within the conducted survey research, also the role of the state concerning the creation of market conditions and application of concrete measures which are ensuring benefits for consumers and protecting their interests. For that purpose, 7 key fields were defined, which are presented in Table 3.

In relation to each of the presented fields, the consumers gave the rates in the interval from 1 to 5 and thus expressed their satisfaction with the role of the state. After that, average rates were calculated for each field, which were the basis for further analysis.

Research results

In the questionnaire they filled out within the conducted survey research, the consumers determined, primarily,

relevance of the offered elements for which they chose a specific retailer and its store for purchasing purposes.

In the following step, in accordance with the same elements, the consumers rated the level of satisfaction with making purchase at "retailers with big, modern and self-service stores" and the level of satisfaction with making purchase at "retailers with small and classic stores". This made it possible, in accordance with the defined methodology, to calculate the average satisfaction indices of consumers which represent their general rate of satisfaction with those different kinds of retailers, but also of satisfaction indices for each element of consumers' choice. The results are presented in Table 4.

The obtained data, related to the relevance of the elements of consumers' choice, indicate that the consumers in concern are, in accordance with their very low purchasing power, primarily price-oriented consumers. They are, also, interested in the quality and range of supply, as well as in the possibility of deferred payment. Consumers in Serbia are, primarily for the sake of lower prices, ready to withdraw from purchasing in easily accessible stores located near their place of living and to tolerate certain, and not quite positive, employees' behaviors in retail stores. Store appearance and comfort of purchasing are not so relevant either. Their decision where to make purchase will not be easily changed by promotional and other marketing activities, nor by services provided to consumers in a store, such as preparation of ready meals, and alike.

Apart from that, the obtained satisfaction indices for the elements of consumers' choice gave a clear picture of each of the elements' contribution to the average satisfaction index of consumers, i.e. to the total level of satisfaction which consumers express in relation to different retailers. Consumers are, in accordance with the average satisfaction

Table 3: Fields for rating the role of the state

Fields for rating the role of the state in creating the market conditions and applying the concrete measures which are ensuring benefits for consumers and protecting their interests

1. Fight against abuse of dominant position of retailers
 2. Fight against unfair behavior of retailers and grey economy
 3. Preventing the decrease of number of small and medium-sized retailers and disappearance of their „neighborhood“ stores
 4. Incenting the entry of new (international) trade chains on the Serbian market
 5. Strengthening consumer protection (consumers education, change of traders' behavior and strengthening the consumer organizations)
 6. Providing assistance to consumers in consumer disputes
 7. Involving consumers in decision-making processes (to voice consumers' demands)
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Table 4: Average satisfaction indices of consumers and satisfaction indices for elements of consumers' choice (rating: 1 the highest, and 9 the lowest satisfaction)

| Rank | Elements of consumers' choice | Relevance of elements | Retailers with big, modern and self-service stores | | Retailers with small and classic stores | |
|----------------------------|--|-----------------------|--|------|---|------|
| | | | Satisfaction index | Rank | Satisfaction index | Rank |
| 1. | Level of retail prices | 8.79 | 72.28 | 6 | 49.97 | 7 |
| 2. | Quality of products | 8.44 | 75.17 | 5 | 55.59 | 3 |
| 3. | Assortment of products | 7.94 | 80.79 | 1 | 49.53 | 8 |
| 4. | Terms of payment | 7.77 | 79.71 | 2 | 51.34 | 4 |
| 5. | Accessibility and store location | 7.67 | 62.55 | 9 | 73.95 | 1 |
| 6. | Behavior of employees | 7.15 | 65.68 | 8 | 65.31 | 2 |
| 7. | Store appearance and comfort of purchasing | 6.91 | 76.22 | 3 | 50.24 | 6 |
| 8. | Promotional and other marketing activities | 6.81 | 75.68 | 4 | 41.39 | 9 |
| 9. | Services provided to consumers in store | 6.62 | 69.25 | 7 | 50.45 | 5 |
| AVERAGE SATISFACTION INDEX | | | 73.04 | | 54.20 | |

index, more satisfied with “retailers with big, modern and self-service stores” (73.04) than with “retailers with small and classic stores” (54.20). However, both have certain advantages preferred by consumers.

It is interesting that what it seems to be the biggest advantage for one of those, represents the biggest disadvantage for the other one. When it comes to “retailers with small and classic stores”, accessibility and store location represents the biggest satisfaction to the consumers, while the same element, in terms of “retailers with big, modern and self-service stores”, represents the lowest satisfaction to the consumers. Equally, assortment of products which has the highest level of satisfaction in terms of “retailers with big, modern and self-service stores” represents almost the lowest level of satisfaction for consumers in terms of “retailers with small and classic stores”.

It should be noted that the satisfaction indices for all the elements of consumers' choice related to “retailers with small and classic stores”, except for accessibility and store location, are significantly lower in comparison to the satisfaction indices for the same element for “retailers with big, modern and self-service stores”. Also, in terms of level of retail prices, being the element of consumers' choice with the highest relevance, the satisfaction index of consumers for “retailers with big, modern and self-

service stores” (72.28) is significantly higher than the one for “retailers with small and classic stores” (49.97).

In accordance with this, the concrete replies of the interviewed consumers to the questions “Is the development of retail chains in the interest of consumers?” and “Do you prefer purchasing in big and modern or in small and classic stores?” do not come as a surprise. The obtained replies are presented in Table 5.

The obtained replies indicate that consumers find that the development of big retail chains is in their interest. To be more precise, 78.67% of them agree with this, while 21.33% of them think opposite. Then, 68.83% of consumers prefer purchasing in big and modern stores which are, primarily, owned by big retail chains, while 31.17% prefer purchasing in small and classic stores.

Finally, with the purpose of analyzing the attitudes of consumers towards the activities of the state of Serbia in the conditions of strengthening of retailers, a survey research on the role of state in creating the modern market conditions was conducted. The consumers' rates with respect to the role of state in creating the modern market conditions and applying the measures which are ensuring the benefits for consumers and protecting their interests were obtained and are presented in Table 6.

Table 5: Consumers' replies to the questions related to the development of big retail chains and choice of purchasing location

| Is the development of retail chains in the interest of consumers? | | Do you prefer purchasing in big and modern or in small and classic stores? | |
|---|--------|--|--------|
| Yes | 78.67% | In big and modern | 68.83% |
| No | 21.33% | In small and classic | 31.17% |

Table 6: Rates on the role of state, in terms of creating the modern market conditions and applying the measures which are ensuring the benefits for consumers and protecting their interests

| | |
|---|---------------|
| 1. Incenting the entry of new (international) trade chains on the Serbian market | (2.96) |
| 2. Strengthening consumer protection | (2.89) |
| 3. Providing assistance to consumers in consumer disputes | (2.81) |
| 4. Fight against abuse of dominant position of retailers | (2.29) |
| 5. Fight against unfair behavior of retailers and grey economy | (2.25) |
| 6. Involving consumers in decision-making processes | (2.18) |
| 7. Preventing the decrease of number of small and medium-sized retailers and disappearance of their „neighborhood“ stores | (2.11) |
| AVERAGE RATE | (2.50) |

The consumers gave the total average rate for the role of state (2.50). It is interesting that the consumers gave the highest rates to the field which concerns incenting the entry of new (international) trade chains on the Serbian market (2.96). This rate, surely, shows their support to the state with respect to the implementation of such activities and their satisfaction with the implemented ones.

Apart from this, it is significant that the consumers rated strengthening the consumer protection in terms of consumers' education, change of retailers' behavior and strengthening the consumer organizations (2.89) and providing assistance to consumers in consumer disputes with retailers (2.81) with rates which are not substantially higher than the average rate. The lower rates than those given to development of consumer protection policy were given to the fight against abuse of dominant position of retailers (2.29) and fight against unfair behavior of retailers and grey economy (2.25). This confirmed that the lack of knowledge and endeavors of the state institutions competent for these issues is quite visible to its citizens. Even greater dissatisfaction consumers show in terms of their involvement in decision-making processes, i.e. the possibility to voice their demands (2.18), followed by the activities of the state in preventing the decrease of number of small and medium-sized retailers and disappearance of their "neighborhood" stores.

Testing the hypotheses

Hypothesis H1:

The research has confirmed the first hypothesis that "development of retailers and increase of their power is in the interest of consumers".

The average satisfaction index of consumers with retailers with mostly big, modern and self-service stores is significantly higher than the one obtained for retailers with mostly small and classic stores.

Confirmation that the consumers show higher level of satisfaction with purchasing at retail stores of the modern retail chains was reflected in their concrete replies to the questions: "Is the development of retail chains in the interest of consumers?" and "Do you prefer purchasing in big and modern or in small and classic stores?" Almost four fifths of the consumers replied that they found that the development of big retail chains was in their interest, and two thirds of them preferred purchasing in big and modern stores to small and classic retail stores characteristic of small and medium-sized, traditional, retailers.

Among others, the research indicates that consumers are, in accordance with their purchasing power, primarily, price-oriented consumers. Judging by the obtained results, in the conditions when the level of retail prices as an element of consumers' choice has the highest relevance, the retailers with mostly big, modern and self-service stores offer visibly higher level of satisfaction in comparison to that one provided by traditional retailers with mostly small and classic stores.

The same goes for the second relevant element of consumers' choice – quality of products, but also to other numerous elements. The only advantage of small and medium-sized retailers, and disadvantage of big retail chains, is the element of consumers' choice which refers to accessibility and store location.

Hypothesis H2:

The research has confirmed the second hypothesis that "parallel to the development of retailers and increase of their power, grows their role in practicing creative marketing

functions and in overall process of creating new values to the consumers”.

The fact that big retail chains, by developing and increasing of their power, decisively accepted marketing orientation which includes focus on creation of innovative, new values for all the elements of marketing mix which are superior to those offered by competitors, is confirmed by the satisfaction indices of consumers for all the observed individual elements of consumers' choice which are considerably lower in case of retailers with small and classic stores, with the exception of the issue of accessibility and store location. However, judging by the relevance of the individual elements of consumer's choice, primarily the high level of their price orientation, interest in quality and range of supply, and possibility of deferred payment, consumers on the market of Serbia, which is in the initial phase of consolidation, are ready to withdraw from purchasing, for the sake of lower prices, in easily accessible stores located near their place of living.

Hypothesis H3:

The research has confirmed the third hypothesis that “effects of the development of retail chains and increase of their power require the development of modern trade policy, primarily, state legislation in the field of competition protection, as well as the overall consumer protection, so that the development of retail is in favor, and not to detriment of the real interests of consumers.”

Analyzing the obtained consumers' rates with respect to the role of the state in creating market conditions and applying measures which are ensuring the benefits for consumers and protecting their interests in conditions of development of retail chains and increase of their power, we can conclude that consumers' expectations are growing in terms of strengthening the role of the state. This particularly refers to those fields of trade policy which were rated by the consumers with rates under the average one: fight against abuse of dominant position of retailers, fight against unfair behavior of retailers and grey economy, involvement in decision-making processes, as well as preventing the decrease of number of small and medium-sized retailers and disappearance of their “neighborhood” stores.

Annotations

The previously presented analysis of the attitudes and opinions of the consumers surely confirms that the development of big retail chains is in the real favor of consumers. In this situation, they show much higher level of satisfaction with big retailers with mostly big, modern and self-service retail stores, in comparison to small and medium-sized, traditional, retailers with mostly small and classic stores.

Development of retail market and strengthening the competition among modern retail chains, especially in conditions of high price orientation of the consumers, undoubtedly lead to higher possibility of abuse of strong retailers' power, concerning their position and behavior both on supplying and purchasing market. Danger of retail giants' wiliness and threat of them endangering the position of consumers becomes more significant.

In such circumstances we face the rise of expectations related to adequate implementation of state activities in creating the conditions for efficient market competition, modern competition protection and consumer protection. Fast and intensive changes are required, primarily, in the countries which are undergoing the transitional processes in their endeavors of building a modern market.

The analysis itself of the effects of the development of retail chains and increase of their power requires additional research on numerous other dimensions of the current situation. However, the aim of this study was to show that the consumers, even in the early phases of a market development, such as the market of the Republic of Serbia, recognize the benefits of the retail development. Also, the point was to send a strong message to the state institutions on the transition markets, which undergo fast development and “explosion” of retail, that they should endure the pressure of public and political interests which could initiate an overall “witch hunt” on big retail chains and demand limitation of their development. The power of big market players must not be abused against the other players, but their position must not be damaged only because they are big and powerful. As long as they provide higher level of efficiency in marketing channels and benefits for consumers, as well as they compete for their position in fair manner, their freedoms must not be endangered.

Expecting a possible situation of abuse of power by big retail chains, by which they endanger other market players, primarily consumers, a state must precisely define easily applicable and effective mechanisms for prevention and punishment of such behavior. Unfortunately, many states with developed retail market, their state executive branches and legislation still do not keep abreast of these modern trends. This requires, primarily, knowledge and understanding of the processes which are rapidly developing.

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