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Consumer association in the Dunaszerdahely district food trade

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SUMMARY

The three types of Jednota Slovensko COOP chain store consists of 2388 units. Of these, 67, which compete successfully with “Western” chain stores, can be found in the Dunaszerdahely district examined. The advantage of the association network units is their closeness to and knowledge about their consumers. Among their weaknesses, the primary ones are shortcomings in logistics and marketing. With its 38% share, the association holds the strongest position among small retail chain stores. It can further increase its market share by freeing its units from the burdens of storage, processing and packing.

Keywords: food retail, chain store, marketing strategy, own brand.

INTRODUCTION

Marketing strategy

Companies make a marketing reconnaissance in order to find out the probable business strategy of their competitors. All these indicate that there was a stress shift in the philosophy of business world. The customer orientation seems to be pushed into the background and instead of it more attention is turned to the competitors. Strategy is not a collection of brilliant ideas, but a day by day carried out practice which is based on deep analysis. (Bauer and Berács 2003)

Marketing strategy, which sets the long-lasting marketing objects and means, theoretically can be deduced from the market environment and it is suitable to create the company structure in harmony with it.

According to Józsa (2003) if a venture wants to be successful in modern market economy, the strategic thinking and the consistent application of the principles of strategic planning are indispensable requirements. The strategic planning system can only yield profit if it corresponds with the independent features.

The general model of strategy building:

1. mission of the venture;
2. analysis of the environment (challenges, opportunities, dangers);
3. assessment of the venture (strengths, weaknesses);
4. development of the strategic action variations;
5. comparison, decision;
6. resource planning, strategies of business branch, functional strategies;
7. organization expansion;
8. humane round of the duties.

According to Józsa (2003) marketing strategies mean those aligned and complex acting opportunities which can be applied by the venture in order to succeed in its marketing objects. The two principles of marketing strategies are the following:

1. target market: the collective of those possible, solid buyers, whom the venture deals with;
2. marketing mix: the collection of those variables checked by the venture – product, price, distribution, market influence – , which they use to conquer the market target.

Marketing strategy is the general plan of the venture in reference to what they want to do for a certain market target with marketing mix powers affected by them (Végh 2007).

MATERIAL AND METHODS

Two possibilities were examined in relation to the evaluation of the possible methods: the collection and utilization of secondary and primer information.

With consideration of the objectives the direct, primer market research and the survey of consumer opinions seemed to be the most reasonable.

EVALUATIONS AND RESULTS

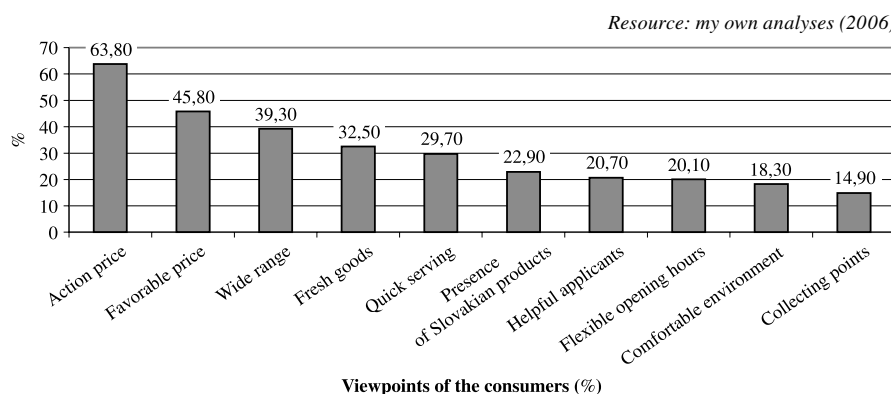
Marketing strategy at Coop Jednota DS

Marketing strategy of all the consumers' cooperative societies for COOP JEDNOTA SLOVENSKO has been determined by central planning on the basis on the same principle at a national level to ensure standardization, usually for a year. A short time after that strategy has been taken down at the level of the consumers' cooperative societies, operating all over the country. During this process local characters and profile were taken into attention. In the case of COOP JEDNOTA DS in the process of adaptation the central determined marketing strategy the following important characters were taken into attention:

- in recent years market competition has become animated, for this reason it is important to improve competitive strength and increase marketing activity for effectiveness in the market in the long run,

- price sensitivity is characteristic of consumers, for this reason it needs a great caution to find competitive prices;
- there can be considered a mild increase of the effective demand, for this reason it is important to make a survey of the requirements and preferences of the consumers to find favor in their sights and enrapture them as well as meet their needs;
- there are a lot of traditions and habits in the region, which have a great influence on the development for needs and preferences of consumers, so it is essential to know that to establish a suitable supply of products;
- there is characteristic a majority of the Hungarian people in the region that is expedient to take into attention at creating communication strategies;
- shopping network consists of thicket, quite a lot units of small trade, so it is enough expensive and requires a great caution to organize in an effective way trimming as well as acquisition of goods (*Figure 1.*).

Figure 1. Viewpoints of the consumers, why they shop into COOP JEDNOTA stores



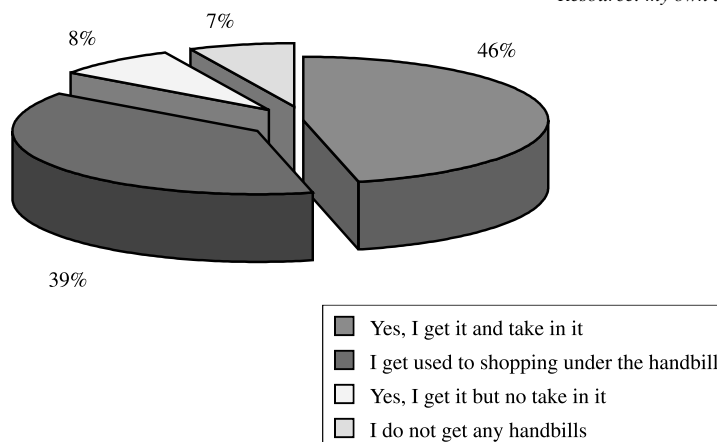
Development, coordinating and controlling marketing activities are in the sphere of the board of governors, in which the representatives of the individual Jednota units are also members. The cooperative societies follow up implementation of marketing strategies, revival of business at the individual small trade units as well as sales turnover at the individual items. In this work the applied business information system plays an essential role, which has a huge insufficiency in addition a number of merits, it is that does not support the unified registration of the items, being into the system of the Coop Jednota cooperative societies and no having barcodes.

By 2006 COOP Jednota Slovensko sets as an aim at the maintaining market share and achieving at least one hundred percent trade index in the small trade, which it should like to implement through intensive communication of goods, strong discrimination from the rivals, image, and loyalty of consumers and approach new consumers. The following basic elements have been appointed by the cooperative society at the marketing strategy:

handbills, competitions for consumers, COOP Jednota shopping card, the own brand, united identity of chain stores, Jednota Newspaper, Jednota Foundation and an official website of COOP Jednota. Out of the tools the cooperative society focuses on the printed advertising tools mainly, and should like to spend seventy percent of the total marketing budget on it in 2006. Than this should be much less the proportion of goods with their own brands app. 16%, but to tell the truth, in comparison with the previous years, those play a more significant role in the marketing strategy of 2006. Furthermore, we can even underline organizing consumers' competitions, which are app. 6,5% from the marketing expenses of 2006 (*Figure 2.*).

Figure 2. Consumers' relation to the action handbills

Resource: my own analyses (2006)



Connection between COOP Jednota and relations of product range for food

Chains of small trade for food have achieved to a level of their development, where it has been established the new foundations of the commerce structure. The huge development of the sector requires better and better establishing that organizing units, by which will be able to coordinate their commerce activities themselves. Consumers' institutions as well as logistical bases are set up following each other, by those marketing positions strengthen. Among others, COOP Jednota also established and set up its own big supply. It took over that the products should be transported by certain freighters to the COOP big supply. It should be for example the local smaller producer units, but in the same way out of the bigger ones deliver here, such as Unilever, Philip Morris and Dr. Oetker. After transporting already they make their products available for consumers through their own organizational background. By this activity they acquit their freighters from the burden of storage, package or processing of products. This process results a significant improvement in cost effectiveness.

COOP Jednota DS put over its production diversification in certain areas of processing industry. There are investment decisions such as organization baking industrial or cold buffet kitchen activities. In consequence of the process the result of value creation is carried out through its own processing activities in the income of the chain of trade, better and better strengthening the position on the market of that.

Goods labeled on their own brands

Goods labeled on their own brands among everyday articles of food play a more and more significant role. More brand lines have been established with complete observation of consumers' needs. Into COOP Jednota DS shops there can be a lot of possibilities to introduce or sell goods labeled on their own brands on the market, by these to grow customer loyalty. As this cooperative society considered strategy process to introduce its own brand to its assortment in short term. Goods labeled their own brands are important elements of home market if only because production of those happens to at home in greater part. More effective and more favorable trade sources increase the strained price competition between the individual chains of small trade for food in that way.

Goods labeled on their own brands come under of three categories, and the individual product lines have been signed with particular logos (Figure 3.).

Figure 3. Logos for goods labeled on their own brands

Resource: COOP Jednota DS (2006)



Seventeen products come under the heading of *Coop Premium* product line. These products have a very good quality, but their prices are lower, than other products' with brands. *Premium* products can be found in all the stores of COOP JEDNOTA, not only in Slovakia, but in Czech Republic as well as Hungary. *COOP EURO QUALITY* guarantees the quality of this product line. Product line *COOP JEDNOTA STANDARD* consists of seventy six products, which are considered as novelties in supply of COOP JEDNOTA. These products guarantee the better quality than the average in usual prices. *COOP JEDNOTA DOBŘÁ CENA* products can be available in action prices if no action, too. The product line consists of sixty products with favorable prices and good qualities, and the broadening of assortment is permanent to meet the consumers' requirements.

Exclusive and labeled on their own brands goods

Goods labeled on their own brands (*COOP JEDNOTA DOBRA CENA*, *COOP JEDNOTA STANDARD*, and *COOP PREMIUM*) as well as exclusive goods in the network of COOP JEDNOTA, so-called no-name products have a significant role, which of joint market share year by year become greater and greater inside of commerce circulation. This growing arises from that the cooperative society has carried out the line extension gradually related to these products on the one hand. On the other hand the growing of retailing commerce goes a long way towards in the case of majority of products (*Table 1.*).

Table 1. Small trade from market share between 2003 and 2005

Resource: COOP JEDNOTA DS (2003–2005)

Year	Year Market share from small trade
2003	17%
2004	19%
2005	21%

Goods labeled on their own brands can be classified under *PREMIUM*, *STANDARD* and *DISCOUNT* categories, as well as exclusive goods in network of COOP JEDNOTA can be categorized under Hard Discount. The individual categories for products fulfill particular roles in the marketing strategy of COOP JEDNOTA.

- Products belonged to the product line of *COOP PREMIUM* can be characterized by profiles of quality products and take aim at the demanding consumers, the package is with an exclusive implement and provided with an golden seal of quality and are in circulation in the three countries, such as Slovakia, Hungary, Czech Republic connected by *COOP EURO* supply cooperative and as well as realize a surplus value over an average level.
- *COOP JEDNOTA STANDARD* product line is the flag-bearer of COOP JEDNOTA system. *STANDARD* products take aim at a wide audience with an exclusively attractive package, bringing quality out in strong relief, giving a significant added value for the consumers and realize a surplus value over an average level.
- *COOP JEDNOTA DOBRA CENA* product line consists of discount products, and the package of those becomes characteristic by applying united colors of the system (white, blue and red) and they mean a determined level in a stabile quality and prices, taking aim at an audience having an average or under-average income and realize a surplus value at an average level.
- *HARD DISCOUNT* products are significant players of price competition on the market which take aim at a wide audience of consumers who are deeply sensitive on prices. Those products have been provided with registered trademarks, but do not bear COOP JEDNOTA trademark, but anywhere in other store are not in circulation. The package of which is prepared with an attractive graphics, and realize a surplus value under the average level (*Table 2.*).

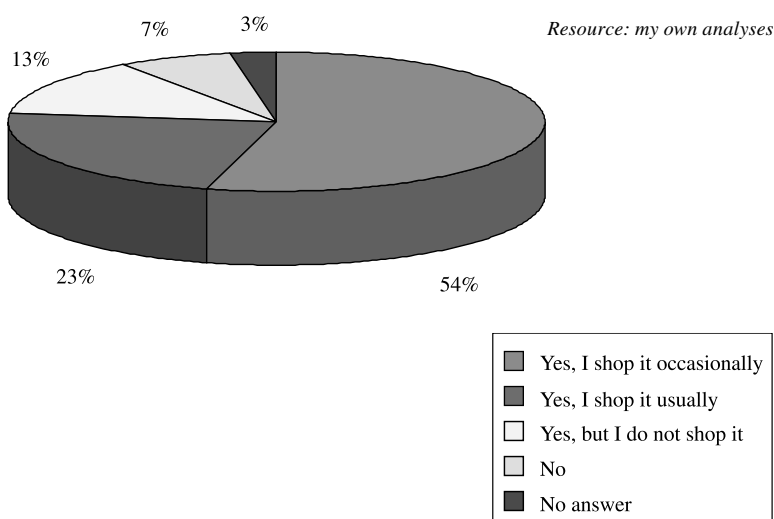
Table 2. Development of number of goods labeled on their own brands and exclusive products from 1999

Year/Brand	Dobrá Cena	Štandard	Premium	No-name	Total
1999	1	–	–	–	1
2000	15	–	–	–	15
2001	40	–	–	–	40
2002	57	2	7	4	70
2003	58	21	12	7	98
2004	54	40	13	15	122
2005	60	76	17	35	188
2006	72	99	23	66	260

Resource: COOP Jednota DS (1999–2006)

PREMIUM, *STANDARD* and *HARD DISCOUNT* product groups have been parts of binding range, in the case of all the COOP JEDNOTA chain stores. The role of these product groups in the product strategy of the cooperative society on the one hand that is to be able to achieve a determined market share in the all product groups and it can be offered some products with favorable price positions for consumers. On the other hand that is to be able to ensure to lock up the strategic product pattern (for example milk and dairy products, farinaceous foodstuffs, soft drinks, sodas, frozen goods and pet foods). For this reason, the cooperative society intends to make these product lines wider gradually, as well as lays a special emphasis on these goods in the strategy for communication and influence of market (Figure 4.).

Figure 4. Do you know the COOP small trade mark and do you shop that?



CONCLUSIONS

The aim of my work was to introduce marketing activities of the leading consumers' cooperative society of Slovakia. During the analyzing process I tried to descend to particulars of the main research areas and drew attention to COOP Jednota consumers' cooperative society had showed what kind of tendency of decline and incline for the past six years, showing the categorizing of our small trade units by examples. I cast light on that conclusion, how the consumers of the particular chains of stores were divided and illustrated that growth path, which showed the change of total circulation of small trade in comparison with the year 1998. I summarized the viewpoints, which had a greatest influence on the consumers, who put COOP Jednota stores requisition and how they accepted the action handbills. I described the fact, how the brand fidelity had been established by the stores into the area of small trade marks, and taken as a function of low prices and good quality what products were the most popular among the consumers.

Fogyasztási szövetkezet a Dunaszerdahelyi járás élelmiszerkereskedelmében

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ÖSSZEFOGLALÁS

A Coop Jednota Slovensko háromféle üzletlánc típusa 2388 egységből áll. Ebből 67 található a vizsgált Dunaszerdahelyi járásban, melyek eredményesen versenyeznek a „nyugati” üzlethálózatokkal. A szövetkezeti hálózat egységeinek előnye a fogyasztókhoz való közelség és ismertség. Gyengeségei között viszont a logisztikai és marketing hiányosságok az elsődlegesek. A kiskereskedelmi üzletláncok között 38%-os súlyával a legerősebb pozíciót foglalja el. A szövetkezet azzal, hogy mentesíti egységeit a raktározás, feldolgozás, csomagolás terhei alól, tovább növelheti piaci súlyát.

Kulcsszavak: élelmiszer-kiskereskedelem, üzletláncok, marketingstratégia, saját márka.

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