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SERVICES AS THE CRUCIAL FACTOR FOR THE SUCCESS OF RETAILING IN CROATIA

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Abstract

The era of intense competition in all spheres of the global economy has forced companies to spare no effort to retain their market share and to compete successfully in the marketplace. This is particularly evident in the retail sector which is one of the fastest growing and most competitive sectors of the Croatian economy. Over the last decade, retailers have faced many challenges. On the one hand, there are ever more sophisticated and more demanding customers. On the other hand, there is intense competition in retailing: non-store retail formats, vertical integration, large store formats, to name a few. It requires retailers worldwide to define the manner in which they may differentiate themselves in the market and attract consumers in a way that is superior to their competitors. Although most retailers today use an overall cost leadership strategy to obtain a competitive advantage, thus reducing the personal element in service delivery, services remain critical for the competitiveness of a retail firm. The main objective of this paper is to investigate the influence of service level on store patronage. The paper reports the findings of a study conducted on a sample of 350 Croatian customers and points out the positive relation between customer service and retail firm success.

Key words: services, retailing, Croatia

Introduction

Today's challenges of a changing retail environment include intensifying competition, more sophisticated and more demanding customers, the implementation of new technologies, increasing strategic alliances, e-commerce, etc. In most markets (especially in the markets of the transitional countries), a veritable explosion occurred in new types of store formats, competing with each other on the same market, for the same segment of consumers. In such a context, retailers have to define the manner in which they could differentiate themselves from their competitors.

There is a wide range of marketing elements that retailers may consider in obtaining the competitive advantage on the market, such as: selection of adequate merchandise, pricing policy, layout, customer service policy, etc. Newmann and Cullen (2002, pp 269) point out that retailing is a service industry because retailers' essential economic function is to provide their customers with several basic and important services, including accessibility of location, convenience of timing, choice of products, information about the products, and convenience of size. In retailing, customer service may be one of the most critical areas when it comes to creating a more successful retail store (Mitchell, 2010). Every retailer provides services as part of its retail offering and customers use them every time they go shopping (Newmann & Cullen, 2002, pp 270). Gilbert (2003, pp 89) notes that retailing can be pure services (for example, insurance or banking) or an amalgam between services and goods based upon their relationship to different types of shops and merchandise offer. Retailers differ on the level of service they offer due to their store format, merchandise stocked, pricing policy, etc. Therefore, every retailer has to consider the types of services when constructing its retail mix. They have to deliver services that meet or exceed customers' expectations. Superior customer service is a situation where the shopping experience exceeds the customer's expectations of what was going to happen (Williams, 2006).

According to the main body of literature regarding the terms "service" and "retailing", it can be concluded that services present a reliable vehicle

for gaining competitive advantage for retail companies. Gilbert (2003, pp 432) points out the ultimate winners in the marketplace will be those companies that can harness their workforce's energy and motivation to deliver a world class service.

On the other hand, Fitzsimmons (2003) raised the question of self-service as the future of services and suggested that service migrated from human interaction to substitution of machines for service employees or electronic services. Additionally, many of the developments in retail outlets have included increased levels of self-service and reduced levels of staffing (McGoldrick, 2002, pp 500). The author explained this trend with the desire to minimize labour costs, which are still the largest category of retail cost. Moreover, the intense competition from discounters caused many retailers to lower customer service levels as a means of staying price competitive (Dunne et al., 2002, pp. 449). However, in today's world of mass distribution, most retailers offer the same merchandise, in the same store design, and with the similar pricing policy. Thus, they can seldom differentiate themselves from other retailers on the basis of these elements of the retail mix. For example, a study by Progressive Grocer found (Dunne et al., 2002, pp 113) that the most important criterion for selecting a supermarket was cleanliness.

As competition in the retail industry continues to increase, understanding the customers' needs and building long-term relations with customers will be advantages. Savvy retailers realize that they must serve their customer before, during and after the transaction. In other words, they should design their customer service programs around pretransaction, transaction, and posttransaction elements of the sale in order to obtain a differential competitive advantage (Dunne et al., 2002, pp 449). Therefore, this research will lead to an understanding of how services could be used as a strategic tool.

The main purpose of this paper is to investigate whether customer services have great significance for Croatian retailers' competitiveness. The paper is structured as follows. The paper begins with a theoretical presentation of the definition, key terms and characteristics of services. In the same section, a short review of Croatian retailing is provided to offer a background for the study. Then, the objectives of the study as well

as proposed methodology are explained. The discussion of the results and the conclusions are followed by the research limitations and directions for further research. Emphasis is placed on the managerial implications. Retail managers must differentiate clearly between those activities that represent avoidable costs and those that truly provide a service and an attraction to customers (McGoldrick, 2002, pp 500).

Theoretical background

Services have become increasingly important worldwide. As the economic significance of the service industry grows, so does the interest in services research, as demonstrated by the fast-growing body of services marketing literature in the past decade (Nickson et al., 2005; Zhang et al, 2005). A review of the current literature reveals that much of it is concerned with the quality of services and the impact of service quality dimensions in producing overall customer satisfaction (Pantouvakis, 2010). Moreover, many marketing researchers have explored the practical impact of service quality and its effect on consumer behavior (Etgar & Fuchs, 2009) and used established service quality measurement models (Furrer et al., 2000; Parasuraman et al., 1991; Parasuraman et al., 1994; Wong and Sohal, 2002). Among them, a number of studies have found that culture influences consumers' service expectations (Espinoza, 1999; Pantouvakis, 2010; Raajpoot, 2004; Witkowski & Wolfinbarger, 2002; etc.) and evaluations of services as well (Keillor et al., 2004; Stauss & Mang, 1999; Voss et al., 2004; etc.). Rigopoulou et al. (2008) investigated the effect of the after-sale services on customers' satisfaction and on their behavioural intentions.

It is generally accepted that service is a multidimensional concept which consists of tangible and intangible elements (Lovelock & Wirtz, 2007, pp 37; Turley & Milliman, 2000). In their work, Barber and Scarcelli (2010) suggest that tangible elements of the service include the appearance of the physical facilities, personnel, communication materials, and other physical features used to provide service in the service facility. The personality and the knowledge of service providers often lead to variable levels of services. Johnston (1995, 1997), Lockyer (2003) and Ryu and Jang (2008) point out cleanliness of the tangible components as the specifically important factor in the customer's store choice.

Parasuraman et al. (1988) explained that services are performances or experiences and therefore intangible.

Williams (2006) observed customer service in a retail store as the combination of five basic elements:

- organizational culture – it should reflect strong commitment of employees to offer superior customer service,

- employee temperament – this is commonly called personality and stores have set high standards and communicate their expectations to all employees regardless of their personality,

- leadership example - the example of customer service demonstrated by the leader because the leader determines the upper control limit of service in a store,

- communicated expectations – it refers to the extent to which the leaders have effectively communicated their expectations to the employees,

- customer service and management leadership training – in order to create a culture of high service, employees must receive adequate customer service training in specific methods and techniques of how to handle special purchasing situations.

Chowdhary and Prakash (2007) note that service classifications have been offered since the early 1980s and that there are different clasifications based on different criteria. In their study of generalization in importance of service quality dimensions, they used Lovelock's (1983) service classification: people processing, possession processing, mental-stimuli processing, and information processing. Lovelock's (1985) description of customer service is given in the work of Qin et al. (2009): „...a task, other than proactive selling, that involves interactions with customers in person. It is designed, performed, and communicated with two goals: operational efficiency and customer satisfaction." In their study, Qin et al. (2009) discussed two dimensions of customer service: customer interaction with service personnel, and customer interaction with factors in the environment (the physical facility, ambience, surroundings in which the customer service takes place, the rules, practices, and policies that determine how customer-service tasks are proceed).

There is another classification of common customer services (Dunne et al., 2002, pp 454; Kotler & Keller, 2006, pp 513):

- pretransaction services, which are provided to the customer prior to entering the store (convenient hours and information aids),

- transaction services, which are provided to customers when they are in the store shopping and transacting business (credit, layaway, gift wrapping, packaging, check cashing, personal shopping, merchandise availability, personal selling, and the sales transaction itself),

- posttransaction services, which are provided after the sale has been made (complaint handling, merchandise returns, merchandise repair, servicing, and delivery).

It is interesting (Mitchell, 2010) that friendly and knowledgeable people are the most important elements in delivering a positive shopping experience from the point of view of the store managers, while customers point out things like ease of finding their way around the store and ease of entry into and out of the establishment.

It is recognised that the demeanour and appearance of front-line workers is crucial and customers see well-presented, courteous, helpful and empathetic staff as playing a key role in quality service (Nickson et al., 2005). Those people who are employed on the basis of „looking good" and/or „sounding right" are potentially providing a competitive advantage in the intense competitive retail industry.

The importance of store personnel is well explained by McGoldrick (2002, pp 500) „even in settings dominated by self-service, the services provided by the store staff can exert a major influence upon retail images and patronage decisions", and by Bettencourt and Brown (1997) „contact employees deliver the promises of the firm, create an image for the firm and sell the firms's services".

Due to its broad nature, customer service is very difficult to define. Mitchell (2010) tried to cover all elements of customer service with such a definition: „Customer service is the sum of the acts and elements that allow consumers to receive what they need or desire from retail establishment." This means a clean and safe store, where desired

products are in stock and easily located, where employees are friendly and helpful, and where the checkout is accurate and fast (Williams, 2006). Zeithaml et al. (2009, pp 4) identify the services as deeds, processes, and performances provided or produced by one entity or person for another entity or person.

Customer service consists of all those activities performed by the retailer that influence (Dunne et al., 2002, pp 449) the ease with which a potential customer can shop or learn about the retailer's offering, the ease with which a transaction can be completed once the customer attempts to make a purchase, and the customer's satisfaction with the transaction.

Lovelock and Wirtz (2007, pp 37) discuss the definition of services. They argue that services are economic activities between two parties, implying an exchange of value between seller and buyer in the marketplace. Moreover, services are observed as timely-based performances which serve to meet customers' needs.

It is difficult to decide what specific customer services to offer and it is essential that a retailer develop an integrated services policy, based upon a clear understanding of the needs and preferences of the target segments (McGoldrick, 2002, pp 499).

Newmann and Cullen (2002, pp 271) identified two kind of services that should be offered by a retailer in order to meet customer requirements:

- outcome-related services that are related to the products bought (home delivery services, refunds and exchanges for unwanted gifts or change of mind purchases, helplines, etc.),

- process-related services that are related to the shopping process (providing product information, demonstrations and video displays, gift-wrapping, etc.)

An outline of retailing in Croatia

In order to get the clear picture of the importance of the retail industry in Croatia, it is necessary to explain the significance of the overall sector for the national economy and to provide current data on retail industry

The retail industry is a significant part of the Croatian national economy. It generates EUR 15,329 mil. In revenue (own calculation based on data in RCCBS First release, 23rd September, 2009). In this industry, 145,472 persons are currently employed which accounts for almost 10% of the total active workforce (own calculation based on data in RCCBS First release, 23rd September, 2009. and 29th December, 2009).

The Croatian retail industry counts 37,353 outlets of various formats (RCCBS First release, 23rd September, 2009). Even though there is an obvious trend of concentration and significant growth of large players, retailing in Croatia is still fragmented. For instance, 99.1% of legal business entities are considered either small and medium-size companies or tradesmen (craftsmen). These two groups employ 69.1% of total employees in the domestic retail industry (Segetlija, 2008). Moreover, small shops (under 100 sqm) are still an extremely significant part of the retail industry with a market share of 34% (see Figure 1).

However, changes in the global retail sector and customers' way of life has caused a decrease in the number of small stores. Hypermarkets and supermarkets are steadily increasing their market share. Nowadays, among the main characteristics of Croatian retailing are concentration, internationalization and consolidation, with 71.4% of the market held by 15 retailers (compared to 16.6% of the market held by 10 retailers in 2002).
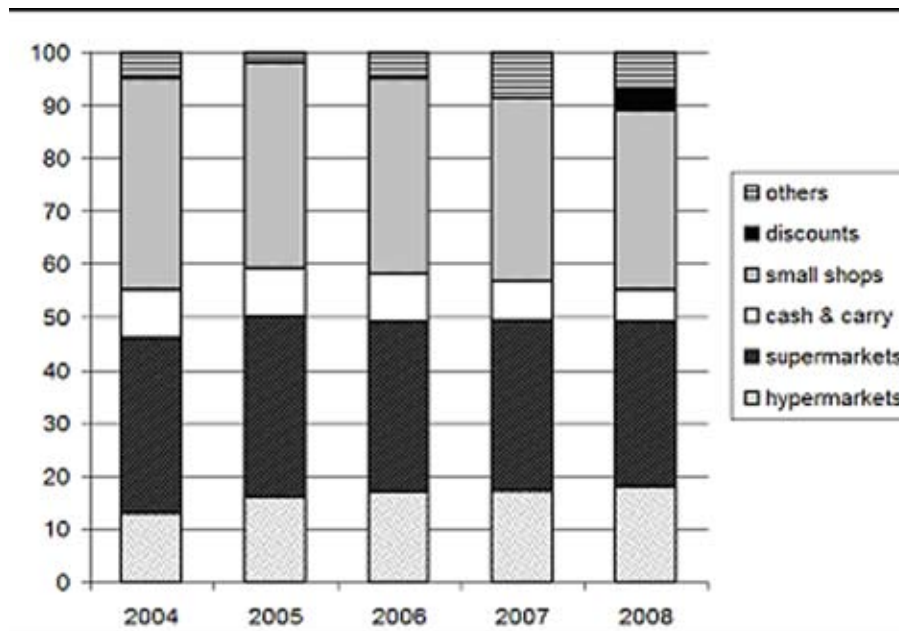
Due to the changing market situation and enhanced competition several structural changes have taken place in Croatian retailing over last 20 years. Increased productivity and profitability among the biggest retail companies can be observed (Knezevic, 2003, Segetlija, 2007), together with faster growth in the number of employees compared to other industries. Also, the mix of employees is changing towards more qualified and highly educated personnel (Knezevic, 2003). Further, Renko (2008) and Knezevic (2003) note that international chain stores (such as: Schwartz Group (Germany) with Kaufland stores and Lidl stores; Rewe Group (Germany) with Billa stores; Spar (Austria); Ipercoop (Italy) and Mercator (Slovenia)) have introduced new standards and know-how to the domestic market, including new technology, an more customer-focused orientation, and an environment-friendly approach.

Research objectives and methodology

The main objective of this study is to understand the rating of the service among other salient store attributes and whether services have an important role in the Croatian customers' making purchasing decisions. This has been explored in the Croatian retail context. More specific, fast moving consumer goods are categories under examination, but they are examined in the context of two shopping situations: small and large shopping.

Recent results of research studies conducted among Croatian retailing companies (Anić, 2001; Renko, 2004) showed that services were at the bottom of investment priorities. Namely, only 5 percent of respondents mentioned services as investment priorities in the future. Compared to foreign retailers which operate on the Croatian market, there is the lack of services offered by Croatian retailers. Therefore, the purpose of this study was to investigate what types of services Croatian consumers consider important for purchasing fast moving consumer goods and to provide a set of directions for Croatian retailers in order to increase their competitiveness on the market.

Questionnaire design

The research was based on face-to-face interviews with a structured questionnaire. The questionnaire consisted of two parts. Part I required respondents to indicate the importance of store attributes when shopping for small quantities of fast moving consumer goods («everyday shopping»). Part II of the research instrument asked questions about the importance of store attributes when shopping for larger quantities of fast moving consumer goods («monthly or weekly shopping»).

The types of questions used in the instrument included all aspects of the purchase of fast moving consumer goods, such as the frequency of shopping, the average amount of money spent on the purchase, travel to the store, etc. In order to find out the rating of the service among other salient store attributes in the grocery sector, we asked respondents to indicate the importance of seven stores` attributes (i.e. which store attribute attracts customer to a given store and maintains his loyalty). The following is a list of store attributes which were selected on the basis of the relevant literature analysis (McGoldrick, 2002, pp 93):

- store personnel,

- services offered in the store,

- price levels,

- store location,

- atmosphere,

- product range and quality, and

- appearance and attractiveness of the store building.

Respondents were asked to rank those store attributes from 1 to 7 (1 = the most important store attribute, to 7 = the least important store attribute).

However, those store's attributes involve a high degree of aggregation. Moreover, such direct evaluation asks respondents to rank categories they may not have previously considered (Kunkel & Berry, 1968). Therefore, based on a review of the pertinent literature (Mason and Mayer, 1990, pp 271; McGoldrick, 2002, pp 93) several statements relating to each of the seven proposed store-attributes were used for the study.

The questionnaire also had 45 statements which characterized the store in an effort to gain a better understanding of the respondents' attitudes towards the observed store. A five-point Likert-type scale in Croatian (from «5=strongly agree» to «1=strongly disagree») was used to investigate attitudes of respondents related to each statement.

Out of these 45 statements, 19 were directed toward measuring the strength of consumer attitude toward different dimensions of the services offered in the store (we point out that respondents were instructed to think about the store that they could name "the most favored one" in answering questions of the research instrument). Table 1 lists statements used within this study.

There was also the question of the store type where customers usually made their purchase. The respondents were asked to specify what types of stores they used for the purchase of fast moving consumer goods (considering both shopping categories: small and large shopping). The following seven types were presented to the respondents who were then required to specify which pattern best fitted their shopping habits:

- only in neighbourhood small convenience stores

- only in supermarkets

- only in hypermarkets

- only in discount stores

At the end of the research instrument there were some questions about demographic characteristics of surveyed sample.

Sampling procedure

Respondents were chosen randomly. 400 respondents were approached while they were leaving the store and were asked to answer the questions in the questionnaire. In order to reduce the non-response rate to a minimum, we explained the educational purpose of the research and stressed the ensuring anonymity and confidentiality of the responses in the introduction of the questionnaire.

Overall, 350 responses were valid and considered proper to be used for research. The investigation was conducted by 10 undergraduate students of the Faculty of Economics and Business in Zagreb. They conducted the investigation in front of various types of grocery stores in the city of Zagreb during October 2010. They neither had special criteria in selecting the retailer nor in selecting the respondents.

Table 2 summarizes the profile of the 350 interviewees, who participated in the research. As can be seen from Table 2, all the "basic" dimensions that portray the respondents' profile, namely gender, age, education, and employment status have percentages that indicate a satisfactory level of representativeness.

Items	Source
The store is clean and tidy. The store has big parking place. The store has free parking Working hours of the store are acceptable. Employers are always polite and ready to help. The parking place is easy to find in front of the store It is possible to pay with coupons. This store is opened 24 hours a day. Complaints and returns of goods are complicated. There are special events in the store. It is possible to pay by instalments in the store. Goods are easy to reach in the store. Expert service is offered in the store. Store personnel are easy to obtain and organized. It is easy to circulate through this store. It is important that the store is opened on Sundays and holidays. Wrapping goods is offered. There are no queues in the store. Store personnel provide services quickly	Nielsen (2000) Newly created items based on the store selection criteria of Competition Commission (2000); Mason & Mayer, (1990); McGoldrick (2002) and Nielsen (2000).

	Percentage
Gender	
Female	54.8
Male	45.2
Age (Years)	
18-24	14.0
25-34	18.6
35-44	18.2
45-54	18.4
55-64	14.2
65+	16.8
Education	
Unfinished Elementary	10.0
Elementary	17.1
3 years-High school	19.8
Secondary/High	37.5
College/University	16.0
Occupation/Employment status	
Not employed	10.5
Pensioners	27.5
Housewives	9.8
Students	8.8
Managers	6.5
Clerk	9.2
Industrial workers	19.2
Farmers	2.3
Businessmen	3.3
Others	2.9

Analysis

The collected data were analyzed using SPSS. Except from descriptive statistics calculations, significance of the findings was explored using Pearson correlation coefficient and chi-square tests, depending on the various types of combination of variables that occurred. Before using items for further analysis, testing the reliability with Cronbach's Alpha coefficient was conducted. The p values were calculated to examine the level of statistical relationship between pairs of variables. The objectives were obtained using the conventional significance level of 0,05.

The analyses, as well as the findings, refer to Part I relating to "small everyday shopping" and Part II relating to "big monthly/weekly shopping": the results include both categories. Thus, the study investigates the importance of services in the context of small and large shopping.

Results

Small shopping

The analysis of the purchase of small quantities of fast moving consumer goods shows that the largest percentage of respondents usually makes purchases daily (71 percent of respondents) in small stores which are located near their residence (68 percent of respondents) (Graph 1).
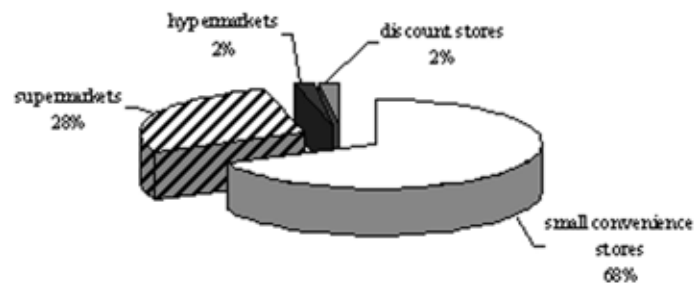
The direct evaluation (we isolated seven attributes and asked respondents to evaluate them) of store attributes suggests that price has the highest average score (mean=2.03). Services offered in the store are on the third place (Table 3). An examination of the differences (in the rating of store attributes) across all store types (Table 3) confirmed this rank in the case of all store types except in the case of supermarkets where location is of more importance than services.

Rank	Attribute	Mean (all store types)	Small convenience stores	Super-markets	Hyper-markets	Discount stores
1	Price	2,03	2,12	1,96	1,62	1,50
2	Product range& quality	3,23	3,32	3,15	3,39	3,39
3	Services	3,48	3,36	3,81	3,85	3,56
4	Location	3,50	3,46	3,44	3,85	3,78
5	Personnel	4,45	4,31	4,64	4,77	5,06
6	Appearance/attractiveness of the store	5,54	5,53	5,61	5,69	5,33
7	Atmosphere	5,58	5,67	5,42	4,85	6,06

Before using statements which characterize the store and services offered for further analysis, reliability tests were conducted. Cronbach's Alpha coefficient was chosen as an adequate test of internal reliability. It assumes that each statement (item) contributes equally to the overall variance observed. The value of 0.89 for all statements in the questionnaire and the value of 0.82 for statements related to services suggested very good internal consistency reliability for the scale used in this research (the recommended standard of 0.7 has been suggested by Nunnally (1978).

Table 4 summarizes what respondents indicate as the least important attributes for choosing a store for purchasing small quantities of fast moving consumer goods. Analyzing Table 4 we see that services which are related to price are not so important for consumers, while services which referred to store hours are the most important ones (Table 5). Namely, acceptable store hours have the highest average score. The convenience and cleanness of the store and the ease of purchasing are very important services for Croatian consumers. Also, polite and helpful store personnel are among the most important services that all store types should provide. Nickson et al. (2005) came to the similar conclusion in the review of works related to the nature of services and employers' skill demands.

Service	Average score
It is possible to pay with coupons.	1.92
This store is opened 24 hours a day.	2.21
Complaints and returns of goods are complicated.	2.52
There are special events in the store.	2.73
It is possible to pay by instalments in the store.	3.03

Service	Average score
Working hours of the store are acceptable.	4.37
Goods are easy to reach in the store.	4.33
Employers are always polite and ready to help	4.30
The store is clean and tidy.	4.28

The results of measuring the strength of customers' attitude toward different dimensions of the store attributes show that service expressed through statement "working hours of the store are acceptable" is on the second place of importance among 45 offered statements.

To determine the direction of relationship and the strength of the relationship between services offered and the consumers' store patronage, correlation analysis was conducted. However, only moderate to weak positive associations (Table 6) were found (with the correlation significant at the 0.05 level) (in identifying the strength of the relationship Dancey and Reidy (2002, pp 166) were followed). Namely, stores that offer expert services and characterize cleanness are highly evaluated among customers. Moreover, store personnel that are organized and polite caused customers to make purchase in particular stores.

| Services	Pearson correlation coefficients
Expert service is offered in the store.	0.350**
Store personnel are easy to obtain and organized.	0.332**
The store is clean and tidy.	0.313**
Employers are always polite and ready to help.	0,310**

Chi-square test was conducted in order to find out whether there was significant relationship between gender, age, education level, and employment status and the fact that respondents chose services

as the most important store attribute. Statistically significant relationship was found between the respondents' education level and the service ($\chi 2$ = 49,153, df=30, p= 0,015). Chi-square test suggests that the largest percentage of respondents (43.9 percent) who finished high school consider services as the most important attribute while making decision where to purchase small quantities of fast moving consumer goods.

This finding is expected due to the fact that the largest percentage of respondents makes small purchases in small stores located near their residence. Namely, according to their characteristics, many of those traditional small stores in Croatia are independent, family firms for serving local needs and offering a friendly and nearby source for regular daily purchases. In struggling to remain competitive they have turned to some personal services offering a warm smile, general greeting, and opening the conversation.

Large shopping

The analysis of the purchase of large quantities of fast moving consumer goods suggests that Croatian population mostly once a month (37,4 percent of respondents) used to purchase large quantities of fast moving consumer goods in supermarkets (60 percent of respondents) (Graph 2)
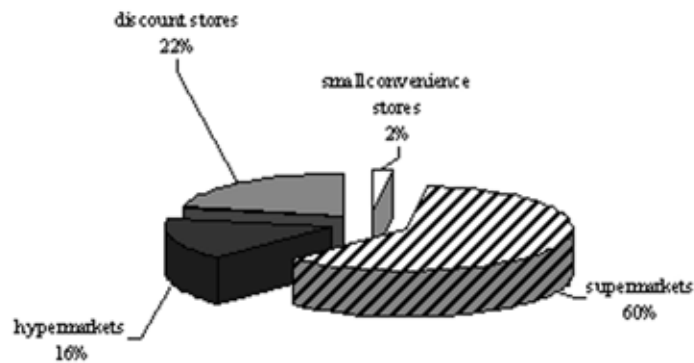
The direct evaluation of store attributes suggests that price has the highest mean value (mean=1.60). Again, services are on the third place, after "product range and quality" (Table 7).

An examination of the differences (in the rating of store attributes) across all store types (Table 7) confirmed this rank in the case of all store types. We should only point out that the rank differs in the case of small convenience stores where location is of more importance than product range and quality.

Rank	Attribute	Mean (all store types)	Small convenience stores	Super-markets	Hyper-markets	Discount stores
1	Price	1,60	2,06	1,59	1,61	1,65
2	Product range & quality	2,71	3,81	2,68	2,59	2,75
3	Services	3,58	3,19	3,56	3,81	3,59
4	Location	4,00	3,13	3,99	4,26	3,85
5	Personnel	4,89	4,69	4,80	5,20	4,95
6	Appearance/attractiveness of the store	5,42	5,50	5,54	5,13	5,32
7	Atmosphere	5,53	5,75	5,51	5,40	5,65

Before using statements which characterize the store and services offered for further analysis in the context of large shopping, the reliability testing was conducted. The value of 0.88 for all statements in the questionnaire and the value of 0.78 for statements related to services suggested very good internal consistency reliability for the scale used for big monthly/weekly shopping.

Table 8 summarizes what respondents indicate as the least important attributes for choosing a store for purchasing of large quantities fast moving consumer goods. It is obvious that store's

24-working hours and its opening on Sunday and holidays are not the most important for consumers when they make decision about large shopping. However, it is interesting that respondents place possibility to pay large purchases with coupons among the least important ones.

Service	Average score
It is possible to pay with coupons.	2.41
This store is opened 24 hours a day.	2.42
Complaints and returns of goods are complicated.	2.80
It is important that the store is opened on Sundays and holidays.	2.82

On the other hand, as expected big free parking of the store is the most important service for large shopping. Table 9 summarizes what respondents indicate as the most important attributes for choosing a store for purchasing large quantities of fast moving consumer goods. After available parking for customers, it is important that the store offers consumers acceptable working hours and possibility for them to circulate easy through the selling area. Moreover, polite and helpful employees are among the most important services for Croatian consumers.

Service	Average score
The store has big parking place.	4.71
The store has free parking.	4.53
Working hours of the store are acceptable.	4.48
It is easy to circulate through this store.	4.45
The store is clean and tidy.	4.42
Goods are easy to reach in the store.	4.42
Employers are always polite and ready to help.	4.36

The results of indirect evaluation of store attributes suggest that statement concerning service of parking is the most important for the store patronage. Namely, the statement "the store has big parking place" is on the first place of importance among 45 offered statements.

The correlation of the services offered in the store with consumer satisfaction (for few strongest relationships) related to large shopping is given in Table 10. As we can see, the highest correlation coefficient with consumer satisfaction is shown by expert services offered in the store and the store personnel. Accordingly, we conclude that as in the case of small shopping, mentioned services have the greatest influence on consumer satisfaction in the case of large shopping, as well.

However, only weak positive associations with the highest coefficient value of 0,237 were found (with the correlation significant at the 0.05 level).

It is interesting to note that in this purchasing category (the purchase of large quantities of fast moving consumer goods) working hours and free parking are not significantly correlated with consumer satisfaction.

Services	Pearson correlation coefficients
Expert service is offered in the store.	0.237**
Store personnel are easy to obtain and organized.	0.229**
The store is clean and tidy.	0.201**
Employers are always polite and ready to help.	0,211**
It is easy to circulate through this store.	0,210**

Chi-square test shows no significant relationship between gender, age, education level, and employment status and the fact that respondents chose services as the most important store attribute.

Discussion and conclusion

The purpose of this research was to examine the role of services on the store patronage in the case of Croatia, a country where lower standard of living could imply the importance of price as a decision criterion. The fact is that nowadays most retailers offer the same merchandise, in the same store design, and with the similar pricing policy, while customer requirements and their expectations are continuously increasing. A review of relevant literature suggests that service offered in retail stores can present reliable vehicle for gaining competitive advantage. Namely, the potential scope of retailer's service mix is very wide and most aspects of the retailing mix represent a form of service (McGoldrick, 2002, pp 498). Moreover, services are the key basis for retailers to establish relationship with their consumers. In investigating the rating of services among other store attributes in purchasing fast moving consumer goods, this study confirmed the importance of price. As

Croatian market is very complex, with wide range of store formats, the research included major store types in Croatia and confirmed price superiority among all of them. Also, the results of the frequency analysis pointed out that:

a) Croatian population mostly daily make purchases of small quantities of fast moving consumer goods in small stores which are located near their residence,

b) Croatian population mostly once a month make purchases of large quantities of fast moving consumer goods in supermarkets.

Further analysis of the importance of services offered in Croatian stores discovered that in purchasing small quantities of fast moving consumer goods respondents preferred stores with acceptable trading hours, polite and helpful store personnel and clean selling area. On the other hand, in purchasing large quantities of fast moving consumer goods, services related to parking are the most important ones. It is interesting to note that significant relationship was found only between respondents' education level and their satisfaction with services offered in stores in the case of small shopping. However, there was no statistically significant relationship in the case of

412

other demographic characteristics of the sample. Also, no significant relationship was found for large shopping.

Limitations of the study

The main limitation of the paper is related to the area of investigation as this study covers only a limited number of services in retailing and customers' perception of the importance of services as the key factor affecting store choice. However, the quality of those services was not under investigation. As delivering quality service is considered an essential strategy for success and survival in today's competitive environment (Chowdhary & Prakash, 2007), future studies should be directed to incorporate a wider range of services in retailing and an evaluation of the quality of services provided by various store types in Croatia. Moreover, the findings of this research cannot be generalized across the entire Croatian retailing sector because the study was conducted in Zagreb, the capital city of Croatia where a high level of concentration in retailing and large number of foreign retailers is present.

Managerial implications

The findings of this research have several managerial implications for retailers. Merely selling quality products at a low price is insufficient to maintain long-time loyal customers. The findings of the study suggest that a stronger foundation for customer relationships requires enhanced performance by salespersons and a comfortable physical environment. Managers who seek to increase customer satisfaction cannot rely on competitive pricing policy. They should be aware that they can seldom differentiate themselves from other retailers on the basis of the 4Ps and that the understanding of customers' needs and building long-term relations with customers will be to their advantage.

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