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THE INFLUENCE OF CONSUMER BEHAVIOR ON THE SEGMENTATION OF RETAIL SALES OF CONSUMER GOODS

УТИЦАЈ ПОНАШАЊА ПОТРОШАЧА НА СЕГМЕНТАЦИЈУ МАЛОПРОДАЈЕ РОБЕ ШИРОКЕ ПОТРОШЊЕ

Summary: One of the main characteristics of modern retailing is certainly diversification of retail formats. The structure of retail formats in a particular market is conditioned by the needs and behavior of consumers in this market. Depending on the intensity of the impact of certain factors on consumer behavior, the segmentation of the retail sales, that is, division into various retail formats is brought about. Therefore, in order to establish optimal retail structures, it is necessary to perform a detailed analysis of the market and the influence of economic, sociological, psychological, geographic and demographic factors on consumer behavior in a given market. Understanding the structure of retail formats is very important both for the retail chains and for suppliers and manufacturers of consumer goods, as it facilitates the movement of products through marketing channels and delivery to end consumers.

Keywords: distribution channels, consumer behavior, segmentation of retail, retail formats, the market for consumer goods.

JEL Classification: M3, D3

Резиме: Једна од основних карактеристика модерне малопродаже је свакако диверсификација малопродажних формата. Структура малопродажних формата на одређеном тржишту условањена је потребама али и наонашњем потрошача на том тржишту. У зависности од интензитета утицаја појединих фактора на наонашње потрошача долази и до сегментације малопродаже односно подјеле на различите малопродажне формате. Због тога је за формирање оптималне малопродажне структуре неопходно претходно извршити детаљну анализу тржишта односно утицаја економских, социолошких, психологијских, географских и демографских фактора на наонашње потрошача на датом тржишту. Разумевање структуре малопродажних формата је поред малопродажних ланца велог битно и за добаљивање односно производача робе широке потрошње, јер олакшава кретање производа кроз канале маркетинга и долазак до крајњег потрошача.

Кључне ријечи: канали дистрибуције, наонашње потрошача, сегментација малопродаже, малопродажни формати, тржиште робе широке потрошње.

JEL класификација: M3, D3

1. INTRODUCTION

In order to make the best decision in choosing the distribution channels for each manufacturer of consumer goods it is necessary to have a good understanding of retail segmentation, i.e. how different retail formats are positioned in the market. Considering that retailing is integral to the distribution channels of consumer goods, it is necessary to perform an analysis of how consumers behave in the process of shopping in order for an optimal retail structure to be formed, which is one of the basic prerequisites for the efficiency of any retail sales.

Different retail segments in the market of consumer goods are formed, according to consumer behavior, and the subject of this research in the broadest sense is the impact of consumer behavior on retail segmentation.
It is known that consumers display different behavior during shopping under the influence of certain factors. Consumer behavior has a direct impact on retail segmentation through shaping the structure of retail formats in a given market. This structure is influenced by various factors, primarily economic, sociological, psychological, geographic and demographic ones. If the retail structure is not in accordance with the demands of the market, i.e. if it does not fully account for consumer behavior, retail in the given market will be inefficient, causing losses for the suppliers. It is for this reason that this paper aims to point to the necessity of consumer behavior analysis in a given market in order for an optimal retail structure to be formed, thus enabling retail efficiency, i.e. it aims to point out the need to understand the factors that influence consumer behavior and retail segmentation.

The paper will individually examine the influence of economic, sociological, psychological, geographic and demographic factors on consumer behavior, and subsequently on retail segmentation as well as the characteristics of the different retail formats formed according to consumer behavior when purchasing consumer goods. The structure of the retail market, i.e. the ratio of supermarkets, hypermarkets, conventional stores, cash & carry stores and specialized stores in the retail market, economic factors, such as income and price, certainly have great influence. Other determinant factors of this structure are culture, subculture, social class, role and status, family, relevant and referent groups as sociological factors; personality, attitudes, opinions, significance of purchase, innovation, risk assessment, motivation and class awareness as the basic psychological factors. The retail structure is formed also under the influence of other factors, most notably the location as an important geographic factor, as well as a series of demographic factors such as population size, age and gender structure, level of education, ratio of rural to urban population etc.

2. THE INFLUENCE OF ECONOMIC FACTORS ON CONSUMER BEHAVIOR

Theoretical consideration of economic factors on consumer behavior was the first to partly explain consumer behavior when purchasing products and services. Of course, it was later noted that consumer behavior was influenced by other, primarily sociological and psychological factors.

Two basic economic factors that influence consumer behavior are income and price. When it comes to income, we must point out that consumer behavior is significantly influenced by the consumers’ disposition towards spending and saving money, i.e. the way they normally use their income. One of the basic determinants of consumer behavior is of course the consumers’ spending power, which is directly related to price ranges and consumer income. Economic theory says that consumers display economically rational behavior, meaning that they aim to earn higher income while purchasing products at lower prices. Aside from these, consumer behavior is also influenced by many other economic factors. The basic presumptions in giving economic explanations for consumer behavior are: rational behavior, preference, informedness, budget limitations and unsatisfied needs.

Consumer behavior is also influenced by market fluctuations in economy, which can be divided into four stages: recession, revival, expansion and tension, where consumer behavior can be analyzed for each individual stage.

If we observe the behavior of consumers in selecting the venue where they purchase consumer goods, we can conclude that economic factors surely have an impact on their behavior. It is a known fact that modern retail systems have the capacity to procure goods under more favorable conditions than traditional smaller retailers, which enables them to sell the goods at lower prices and thus provide consumers a more rational use of their income. Here we should mention discount chains, which operate by offering fewer items, but at much lower prices and with much lower profit margins than other retail formats. This operating model makes the retail format of a discount store the choice of many consumers who mostly value low prices. Apart from the discount store retail format, the hypermarket and Cash & carry retail formats offer lower prices than other retail formats, which makes them interesting to price-wary consumers. The consumers decide on the venue of their purchases depending on their material status. For example, consumers who do not own a motor vehicle usually do not have the opportunity to buy in large shopping centers and hypermarkets that are farther away from their place of residence and are forced to focus on supermarkets, discount stores and conventional stores near their place of residence.
3. SOCIOLOGICAL DETERMINANTS OF CONSUMER BEHAVIOR

Considering that humans are social beings, when analyzing human consumer behavior it is necessary to take into account the sociological determinants, i.e. factors of the consumers’ social and cultural environment, which influence their behavior. The basic sociological determinants for consumer behavior are laid out in Figure 1.

*Figure 1 Basic sociological determinants for consumer behavior*

![Diagram showing sociological determinants]

Source: Maričić 2002, 143

When observing the behavior of consumers in selecting the retail format, we can say that the stated factors have great impact. In different countries, under the influence of different cultures, retail formats are differently positioned on the market. For example, in Germany discount retail formats are much more frequent than in France. In Italy buyers are traditionally seen in the category of those not buying “no-name” brands and as brand-loyal, so shopping in discount stores is considered to be undignified.

Consumers belonging to different social classes and layers, i.e. having different social roles and statuses, choose different venues for shopping. Those in the upper social classes usually prefer hypermarkets and supermarkets, while those in lower classes prefer discount stores. Modern working consumers usually do not have enough free time. They purchase consumer goods once or twice a month and usually choose hypermarkets, supermarkets or discount stores. In these formats they buy products with longer shelf-life, while they buy products with shorter shelf-life (bread, milk etc.) on a daily basis in conventional stores near their place of residence. Consumer decisions are influenced by groups, be it relevant or referent groups. The family as the elementary social group has a great impact on the selection of the shopping venue. Here it is important to distinguish the notions of family and household. While a family represents a group connected through relations and whose members need not necessarily live together, a household is a group whose members live together and are not necessarily related to each other. Members of one-member or two-member households do not prefer large shopping expeditions in hypermarkets; they rather shop in smaller conventional stores or supermarkets, and they also may opt for a discount store. Members of larger households prefer large shopping expeditions to hypermarkets or discount stores over extended periods of time, stocking up on certain products until the next shopping trip.

4. PSYCHOLOGICAL DETERMINANTS OF CONSUMER BEHAVIOR

Apart from economic and sociological determinants, consumer behavior is also greatly impacted by psychological ones. When giving a psychological explanation of consumer behavior focus is placed on researching individual behavior. Figure 2 lays out the basic factors that determine the psychological profile of the consumer.
Regardless of the effect of economic and sociological factors, consumers with different psychological profiles display different behavior when selecting the venue for shopping. When it comes to consumer goods, there are groups of consumers who focus on comfort when going shopping. These consumers demand a higher level of service and are prepared to pay a higher price. They usually choose a hypermarket or supermarket within a larger shopping center that offers other services and activities. On the other hand, there are consumers who pay less attention to the level of service and comfort when shopping and pick discount stores or other similar retail formats. For some consumers shopping in certain formats is a matter of prestige and they usually opt for shopping in large shopping centers, i.e. hypermarkets and supermarkets.

5. GEOGRAPHIC FACTORS THAT INFLUENCE CONSUMER BEHAVIOR

Aside from the aforementioned factors, when performing consumer behavior analysis one should take into account geographic factors which influence their behavior. In certain cases, geographic factors are taken into account when defining specific market segments, where geographic regions can be seen as individual market segments with specific characteristics.

For each retail facility, location is one of the key factors for the success of its business, as it greatly influences the consumer when it comes to deciding to go shopping. Consumers usually opt for shopping in retail objects which are closer to their place of residence. If the consumer prefers hypermarkets of supermarkets, it is natural that they will opt for the one which is closer to their place of residence, of course under the condition that the assortment, level of service and prices are on a similar level.

6. DEMOGRAPHIC DETERMINANTS FOR CONSUMER BEHAVIOR

Vast research has shown that demographic factors, such as size of population, age or gender structure, level of education, urban or rural environment etc., also have some impact on consumer behavior. In some cases, based on these factors it is possible to define certain market segments, which individual companies can target in their marketing strategies.

When forming a network of retail stores, modern retail systems take into account the influence of these factors, which surely influence the behavior of their future buyers. For example, the elderly who live on their own have enough free time, but their movement is limited and they are unable to go shopping to distant hypermarkets. They shop in conventional stores, supermarkets or discount stores which are close to their place of residence. On the other hand, young, educated, working consumers do...
not have free time. They are more oriented towards shopping in hypermarkets, where they go once every two to four weeks and stock up on supplies until their next shopping trip. Apart from this, this consumer group, living in large urban environments, requires additional activities and services, causing large shopping centers, or shopping malls, to be positioned around large cities, which, apart from the hypermarket with consumer goods, offer a series of other activities and services, such as restaurants, hair salons, banks, indoor playgrounds for children, cinema theaters etc., where shoppers can carry out multiple shopping tasks and satisfy their needs.

7. MODERN RETAIL FORMAT TYPOLOGY

As retail developed, and in accordance to consumer behavior and needs, different retail formats were formed. Although there are substantial differences among these formats, there is no specific distinction or specific criteria on which the distinction could be made. Although the division criteria differ from market to market, it is possible to define some basic, framework criteria for determining a typology of modern retail formats. In Europe several key retail formats for consumer goods can be identified:

- conventional stores,
- supermarkets,
- hypermarkets
- discount stores,
- cash & carry stores,
- specialised stores.

All of the above formats are already present in most countries in the surroundings, meaning Eastern Europe, while in Bosnia and Herzegovina, due to an insufficiently developed retail market, some formats, such as the cash & carry stores and discount stores have not yet been introduced, but this is expected to happen in the future.

Table 1 presents an overview of top ten global retail companies.

<table>
<thead>
<tr>
<th>Sales Rank</th>
<th>Retail Company</th>
<th>Country of Origin</th>
<th>2012 retail revenue* (US$m)</th>
<th>2012 group net income* (US$m)</th>
<th>Dominant format</th>
<th>Countries of Operation</th>
<th># Countries of Operation</th>
<th>2007-2012 retail revenue Compound Average Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Wal-Mart Stores, Inc.</td>
<td>U.S.</td>
<td>469,162</td>
<td>17,756</td>
<td>Hypermarket/ Supercenter/Superstore</td>
<td>Argentina, Botswana, Brazil, Canada, Chile, China, Costa Rica, El Salvador, Ghana, Guatemala, Honduras, India, Japan, Lesotho, Malawi, Mexico, Mozambique, Namibia, Nicaragua, Nigeria, Puerto Rico, South Africa, Swaziland, Tanzania, Uganda, U.K., U.S., Zambia</td>
<td>28</td>
<td>4.4%</td>
</tr>
<tr>
<td></td>
<td>Company</td>
<td>Country</td>
<td>Sales (2013)</td>
<td>Employees</td>
<td>Store Type</td>
<td>Countries</td>
<td></td>
<td></td>
</tr>
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<td>---</td>
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<td>----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Tesco PLC</td>
<td>U.K.</td>
<td>101,269</td>
<td>190</td>
<td>Hypermarket/ Supercenter/ Superstore</td>
<td>China, Czech Republic, Hungary, India, Ireland, Malaysia, Poland, Slovakia, South Korea, Taiwan, Turkey, U.K., U.S.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Costco Wholesale Corporation</td>
<td>U.S.</td>
<td>99,137</td>
<td>1,767</td>
<td>Cash &amp; carry/ Warehouse Club</td>
<td>Australia, Canada, Japan, Mexico, Puerto Rico, South Korea, Taiwan, U.K., U.S.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Carrefour S.A.</td>
<td>France</td>
<td>98,757</td>
<td>1,692</td>
<td>Hypermarket/ Supercenter/ Superstore</td>
<td>Brazil, Bulgaria, China, Cyprus, Dominican Republic, Egypt, France, Greece, India, Indonesia, Iraq, Italy, Jordan, Kuwait, Macedonia, Morocco, Oman, Pakistan, Poland, Qatar, Romania, Saudi Arabia, Spain, Taiwan, Tunisia, Turkey, U.A.E.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>The Kroger Co.</td>
<td>U.S.</td>
<td>96,751</td>
<td>1,508</td>
<td>Supermarket</td>
<td>U.S.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Schwarz Unternehmens Treuhand KG</td>
<td>Germany</td>
<td>87,236</td>
<td>n/a</td>
<td>Discount Store</td>
<td>Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Rep., Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland, U.K.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Metro AG</td>
<td>Germany</td>
<td>85,832</td>
<td>130</td>
<td>Cash &amp; carry/ Warehouse Club</td>
<td>Austria, Belgium, Bulgaria, China, Croatia, Czech Rep., Denmark, Egypt, France, Germany, Greece, Hungary, India, Italy, Japan, Kazakhstan, Luxembourg, Moldova, U.K.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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7.1. Conventional Stores

Conventional stores represent the traditional retail formats for consumer goods. In today’s developed countries this is where buyers do minor but more frequent purchases supplementing their purchases in larger stores. Conventional stores are the usual location for buying daily products such as bread, milk and dairy products etc., or some products the consumer needs during the day, where a trip to a larger store would not be worthwhile. These retail stores are characteristic for undeveloped markets, where the degree of store concentration is low. With the development of a market the store concentration increases and reduces the number of such retail formats. It is, however, important to note that even in developed markets conventional stores as a retail format also play significant role. The income range of the consumers is quite broad, and a characteristic of these retail formats is that buyers usually come on foot. These retail formats are located close to the consumers’ place of residence, usually contain one cash register and do not offer self-service. The sales margins in these formats are above average. These formats usually do not organize any specific marketing activities.

Conventional stores occupy up to 200sqm and have at their disposal a relatively small number of items (up to 5000). For each product category they keep two or three top brands. Consumer goods account for over 95% of the assortment.

7.2. Supermarkets

Supermarkets are places where buyers purchase items for themselves or for others, primarily for future consumption, but also for consumption within one or two days from the purchase. Supermarkets operate with a few cash registers, and products are bought on the self-service principle. They are usually located in narrow city areas. These retail formats implement limited marketing activities. Buyers come into the store by car or on foot. The stores have parking spaces reserved for customers. The buyers’ income range is quite broad.
The occurrence of these formats in total retail differs from country to country, but it could be said that these formats represent more modern formats and that their occurrence in total retail is larger in countries with more developed retail markets.

Around 80% of the sale assortments in supermarkets are consumer goods, while other products account for 20%. The number of items in offer ranges from 8,000 to 12,000. For each category the offer is limited to three to five top brands, and there is a limited offer of private brand products.

The surface of these retail stores is between 200 and 2000sqm. Leading global supermarket chains are ITM (Intermarche), Carrefour, Rewe, Ahold, Edeka, Woolworths, Casino, Systeme U, Coles Myer and Auchan.

### 7.3. Hypermarkets

Hypermarkets are retail formats in which buyers shop for themselves or for others, primarily for future consumption. These formats have multiple cash registers, and products are bought on the self-service principle. They are usually located in distant locations, i.e. peripheral urban areas. Hypermarkets are characteristic for large numbers of intense marketing activities which are implemented directly at the point of sale. Shoppers come to the store by car, and as a rule the store has private parking lots for shoppers. The buyers’ income range is quite broad. The first hypermarkets appeared in France in the 1960s, and today they are present as modern retail formats in most countries of the world.

In these retail formats 60% of the assortments are consumer goods, while other products account for 40%. The number of items in offer is between 2,000 and 40,000. The offer is quite broad in each category, and the offer ranges from budget to premium quality products. Private brand products are quite present. The surface of a hypermarket ranges from 2,000 to 12,000sqm. The leading global hypermarket chains are Wal-Mart, Carrefour, Tesco, Kroger, Target, Safeway, Albertsons, Auchan, Leclerc and Ahold.

### 7.4. Discount stores

Buyers shop in discount stores for themselves or for others, primarily for future consumption. These formats have a limited number of cash registers, and products are bought on the self-service principle. They are situated not only in the core urban areas, but also in the peripheral areas. In-store trade activities are limited in these stores. Shoppers come to the store by car and on foot, and as a rule the store has private parking lots for shoppers. The buyers’ income range is low, and these stores are frequented by shoppers who are the most price-sensitive. The level of service offered is quite low, as are operational costs and retail profit margins.

The number of items in offer ranges from 600 to 1,000 (so-called hard discount stores) or 3,000 to 5,000 (so-called soft discount stores). These stores are characteristic for a very low level of SKU rotation. The items on offer are of limited assortment and packaging formats. The offer of private brand products is much more dominant in discount stores. Hard discount stores keep only those private brand products which are category leaders, while soft discount stores keep a larger variety of private brand products. The surface of these retail stores ranges from 500 to 1,500sqm. The leading global discount chains are: Aldi, Schwarz Group, Tengelmann, Rewe, Carrefour, Dollar General, Family Dollar Stores, Edeka, SuperValu and Dansk Supermarked.

Europe is the homeland of discount retail and 14 leading global discount companies realized 83% of the total gross turnover within the European markets. This is also confirmed by the fact that six leading global discount retailers are also Europe’s six leading discount retailers. Germany is dominant in the European sector of discount retail. Over 40% of the total sales in the discount retail sector in Europe takes place in stores in Germany.

### 7.5. Cash & carry stores

Cash & carry stores are the go-to place of purchase for professional buyers: institutions, hotels, restaurants, cafes, small stores etc. The shopping is primarily done for future consumption (for the next couple of weeks). Buyers who do their shopping in these stores are usually registered users...
and a prerequisite for the shopping may be possession of a special consumer’s card. Cash & carry stores have multiple cash registers, and products are bought on the self-service principle. The stores are located in the broader urban area. These retail formats implement limited in-store marketing activities. Shoppers come to the store by car, and as a rule the store has private parking lots for shoppers. The income level of non-professional buyers is low and they are the most price-sensitive.

The number of items offered ranges from 15,000 to 25,000. These stores are characteristic for a high level of SKU rotation. For each category the offer is limited to two or three top brands, and there is a broad assortment of private brand products. The assortment focuses on fresh food (fruits, vegetables, meat etc.), as well as products in jumbo packs. The surface of these retail stores ranges around 4,000 to 12,000sqm. The leading global cash & carry chains are Costco, Wal-Mart, Metro Group, BJ's Wholesale Club, Baugur, SHV Makro, Rewe, Bestway, Casino and Massmart.

7.6. Specialized stores

The assortment of products in specialized stores is quite broad, but is limited to one or several related categories of products. These stores usually sell beverages, personal hygiene products, fruits and vegetables, meat etc. The stores are located in the core urban area. The level of in-store trade marketing activities is quite limited. Although due to the development of other retail formats the significance of specialized stores has been decreasing, they have existed as a retail format in many markets.

8. THE INFLUENCE OF CONSUMER BEHAVIOR ON SHAPING THE RETAIL STRUCTURE OF CONSUMER GOODS

The structure of consumer goods retail differs from market to market. Some markets are characterized by high occurrence of supermarkets, others by conventional stores, hypermarkets etc. Some markets do not have certain retail formats at all. In any case we can say that conventional stores, supermarkets, hypermarkets, discount stores, cash & carry stores and specialized stores are the integral elements of the modern consumer goods retail structure. The level of development of a given market is one of the basic prerequisites for these formats to occur in the retail structure of that market. However, the retail structure is formed under the influence of consumer behavior, i.e. economic, sociological, psychological, geographic and demographic factors.

In highly developed markets the retail structure completely reflects the needs of the consumers, i.e. their behavior, and the structure, or the layout and correlation of retail formats are such that they provide for maximum efficiency of retail. On the other hand, in underdeveloped markets the retail structure is not completely tuned to consumer behavior, thus resulting in lower retail efficiency. Income and price are the two main economic factors that influence consumer behavior. Depending on these factors, consumers make decisions on shopping. For example, consumers with lower income usually pick discount stores, hypermarkets and cash & carry stores because these formats offer lower prices compared to other retail formats.

Culture, subculture, social class, role and status, family, relevant and referent groups are basic determinants of sociological behavior. In different countries retail formats are differently positioned under influence by different cultures. For example discount stores are most frequent in Germany, while hypermarkets are most frequent in France, considered to be their country of origin. Unlike Germany, where discount retail formats are dominant, in Italy the consumers are brand loyal and to them shopping in discount stores is viewed unworthy. Research has shown that when buying fruits and vegetables consumers in the Czech Republic and Slovakia prefer supermarkets and hypermarkets, while consumers in Hungary and Poland prefer specialized stores.

Personality, views, opinions, purchase significance, innovation, risk assessment, motivation and class awareness are the basic psychological factors that influence consumer behavior. Some consumers demand a higher level of service and are prepared to pay a higher price. They usually choose a hypermarket or supermarket within a larger shopping center that offers other services and activities. On the other hand, there are consumers who pay less attention to the level of service and comfort when shopping and pick discount stores or other similar retail formats. Shopping decisions are certainly influenced by the location of the retail store as well. Consumers usually opt for shopping in
retail objects which are closer to their place of residence and at a suitable location. Demographic factors, such as size of population, age or gender structure, level of education, urban or rural environment etc., also have some impact on shaping the retail structure. For example, the elderly who live on their own have enough free time, but their movement is limited and they are unable to go shopping to distant hypermarkets. They shop in conventional stores, supermarkets or discount stores which are close to their place of residence. On the other hand, young, educated, working consumers do not have the free time and they are more oriented towards shopping in hypermarkets, where they go once every two to four weeks and stock up on supplies until their next shopping trip.

Table 2 displays an overview of the basic factors that characterize different retail formats in a modern retail market.

<table>
<thead>
<tr>
<th>RETAIL FORMAT</th>
<th>ECONOMIC FACTORS</th>
<th>SOCIOLOGICAL FACTORS</th>
<th>PSYCHOLOG. FACTORS</th>
<th>GEOGR. FACTORS</th>
<th>DEMOG. FACTORS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conventional store</td>
<td>broad range of buyers’ income, above average prices</td>
<td>buyers of all social classes (layers)</td>
<td>average level of comfort in shopping</td>
<td>buyers live in the immediate vicinity of the retail store</td>
<td>buyers live in a below-average household</td>
</tr>
<tr>
<td>Supermarket</td>
<td>broad range of buyers’ income, above average prices</td>
<td>buyers of all social classes (layers)</td>
<td>high level of comfort in shopping</td>
<td>buyers live in the vicinity of the retail store</td>
<td>buyers live in an average household</td>
</tr>
<tr>
<td>Hypermarket</td>
<td>broad range of buyers’ income, above average prices</td>
<td>buyers of all social classes (layers)</td>
<td>high level of comfort in shopping</td>
<td>buyers do not live in the vicinity of the retail store</td>
<td>buyers live in an average and above-average household</td>
</tr>
<tr>
<td>Discount store</td>
<td>Low buyers’ incomes, lowest prices</td>
<td>buyers of all social classes (layers)</td>
<td>low level of comfort in shopping</td>
<td>buyers live in the vicinity of the retail store as well as at more distant locations</td>
<td>buyers live in an average and above-average household</td>
</tr>
<tr>
<td>Cash &amp; carry</td>
<td>Lowest prices</td>
<td>professional buyers and buyers from lower social classes (layers)</td>
<td>low level of comfort in shopping</td>
<td>buyers do not live in the vicinity of the retail store</td>
<td>buyers live in an above-average household</td>
</tr>
<tr>
<td>Specialized store</td>
<td>broad range of buyers’ income, above average prices</td>
<td>buyers of all social classes (layers)</td>
<td>average level of comfort in shopping</td>
<td>buyers live in the vicinity of the retail store</td>
<td>buyers live in an average and below-average household</td>
</tr>
</tbody>
</table>

Under the influence of various factors segments of buyers are formed who are oriented on different retail formats. Conventional stores are the first choice for daily purchases of small quantities of basic groceries and for shopping in a situation when the time available to the buyer is quite limited. Therefore the range of buyers’ income is quite broad and they are willing to buy at above-average prices. These formats are frequented by members of all social classes, the comfort level for shopping is average and buyers live in the immediate vicinity of the retail store and in a household which is usually below-average in size. Consumers buy larger quantities in supermarkets than in conventional stores, and there are situations where the time the buyer plans to spend on shopping can be limited. The income range is broad, the prices average, the buyers are members of all social classes and the comfort level expected at the store is usually high. Some buyers have certain limitations in movement but mostly all buyers live near the retail store in an average-sized household. Consumers go to hypermarkets to purchase larger quantities of the supplies they spend over a relatively long period of

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time (a month or more) and usually have no time limitations. The income range in this retail format is broad but the prices are below average. Hypermarkets are used by buyers from all social layers who usually expect a high level of comfort in shopping, live in a location distant from the retail store and in a household which is average or above-average sized. Discount stores are frequented by shoppers who are the most price-sensitive. Hence their income level is usually low, and the prices at which they buy the items are the lowest. These formats are favorable for buyers from lower social layers who do not expect a high level of comfort in shopping. They live near the retail store, or in relatively more distant locations, in households at or below average. Cash & carry stores are mainly used by professional buyers. Those buyers who shop for personal use are very price-sensitive and look for the lowest possible prices. They are usually from lower social layers and do not expect a high level of comfort in shopping. Their place of residence is usually distant from the retail store and their households are above-average sized. Specialized stores are frequented by shoppers who expect a great variety of a certain product category which is very important to them. It is usually fruits and vegetables, beverages, meat, personal hygiene products etc. The buyers’ income range is quite broad but they expect to shop at below-average prices. These formats are used by members of all social classes, the comfort level in shopping is average and buyers live near the retail store and in a household which is usually at or below average. Of course, it is important to point out here that for all the aforementioned factors and all listed retail formats there are exceptions and that the influence of these factors can be different in different situations.

The presented models of retail formats are general in character. However, taking into account the political and economic specificities of markets, they are acceptable in the market of Bosnia and Herzegovina.

9. CONCLUSION

The process of retail development in the past few decades has been very dynamic, and the changes that took place in retail in the past period are of such proportions that it is more and more discussed as a trade, i.e. retail revolution. Today the position of retail in the consumer goods marketing channels is greatly altered to what it used to be several decades ago when the intensive development of retail began. Modern retail is concentrated and the leading trade chains may have thousands of retail stores in countries around the world. As retail developed, the retail structure became more and more complex. The number of retail stores decreased, but the average size of a retail store increased.

Consumers in the market act differently depending on the influence of economic, sociological, psychological, geographic and demographic factors. For the success of retail it has always been important to understand the influence of these factors to optimize the structure of the retail network. It is also important to note that, due to the different influence of the listed factors, the retail structure is different from country to country. Although retail markets of individual countries are different by not only their different retail structure, but also by the correlation of traditional and modern retail depending on the level of development of a given market, and consequently by the correlation between the manufacturers and retail, we can still conclude that the urban development of retail is making its role more and more significant, meaning that the role of retail today is becoming dominant in distribution channels.

Based on the segmentation of retail a typology can be derived for retail formats, so we can say that in Europe today, the dominant retail formats are: conventional stores, supermarkets, hypermarkets, discount stores, cash & carry stores and specialized stores. What the retail structure will look like in a specific market, or what the correlation will be among these formats mostly depends on factors such as: buyer income, prices, preferences, informedness, rational behavior, budget limitations, unsatisfied needs, culture, subculture, social class, social status, family, relevant groups, referent groups, buyer personality, motivation, class awareness, views, opinions, location, population size, age and gender structure, level of education, relation between rural and urban population etc. Understanding consumer behavior and retail structure is crucial not only to modern retail but also to every manufacturer because the simpler and quicker path of the product to the end user certainly is one of the main goals of every manufacturing company.
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