

## EXTRA SERVICES OF RETAIL TRADE FORMAT “EASY SHOP” IN CITY AND COUNTRYSIDE.

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**Key words:** retail trade, retail trade market, competition, customer demand, retail trade turnover, quality of services.

The present article reveals the overall picture of retail trade market in Russia and also in Ryazan and Ryazan region as well which helps to understand which tendencies can be detected and identified in this region; considers peculiarities of retail services; discovers the role of extra services in enterprises of trade retail of different formats. As a format which aroused much of interest and attracted much of attention, “easy shop” was examined in details in two positions, namely in the city centre and countryside; analyzes the features of extra services and their value concerning the present format.

The sector of retail trade in Russia has been demonstrating stable rates of growth for many years already as well as more intensive development and is now one of the most attractive segments of the national economy. The 2007 retail trade turnover in the RF (according to the RosSTAT data) increased by 15,2%<sup>1</sup>; in Ryazan and Ryazan region the respective turnover, in comparison with the previous year, increased by 13,6 %<sup>2</sup> and 12,3%<sup>3</sup>, accordingly.

A rapid growth of the Russian retail trade market and an active development of federal and regional retail trade networks are to a great extent caused by the growth of active incomes, the rise of purchasing power of consumers and the incredibly accelerating demand for consumer goods. The leader of the Russian retail trade is the food sector; though the non-food one is developing with the same pace.

At the present moment, the domestic retail trade market witnesses a high competition between trade networks which feature a wide range of goods of the same choice within a single format. An increased interest of owners to new formats of trade, proliferation of demand, requirements and desires towards the goods choice, quality of service, extra services and level of service are all caused by dog-eat-dog competition.

One should mention that in some large cities there is a tendency of “consumers flow” from shops-discounters (where the price-formation is based on the model of daily low prices (DLP)) to some more comfortable hypermarkets<sup>4</sup>. The consumers’ choice, their loyal attitude to this or that shop are greatly influenced by serious and differentiated approach

to consumer demand, upgrading of service level, provision of some extra services, control of quality and many other as well.

The situation on the Ryazan region retail trade market is as follows. Large and medium organizations are the shares of 51,3% of retail trade turnover for 2007 within the retail trade companies<sup>5</sup>. The last year witnessed and fixed some changes in assortment of selling goods. There is a significant rise of consumer demand for durable goods, caused by the increased welfare of people, the renewal of assortment, and also a wide discount services. The rates of growth of durable goods selling surpass the ones of day-to-day goods and food. Thus, the situation within the consumer market at its present state is characterized by a steady growth of the retail trade turnover physical mass, a rise of active incomes (which leads to the rise of demands coming from consumers to assortment, services quality, extra services and service level).

The retail trade enterprises now pay primal attention to the problems of gaining and maintaining consumer loyalty which is closely connected with the choice of services of retailer that might meet the expectations and demands of clients.

The special character of retailers’ services means, as a rule, that they are produced and consumed at the same time and could not be stored and appear with no material goods at all (in other words, having goods means opportunity to providing services of retail trade and vice versa).

At the present stage of the market development enterprises have to provide services that are of maximum quality. There are noticed a more careful consideration of consumers’ needs, making ser-

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**Extra services provided to consumers to by “easy shop” of city and countryside kinds**

Figures	Enterprises of retail trade “easy shop”	
	“Tzarskoe ugozhchenie”	“Fion”
location	Ryazan	Ryazan region Settlement of Stenkino
<b>Extra services:</b>		
Exchange of goods	+	+
Availability to order goods missing within the assortment	+	+
Ability to consume the goods right on the spot	+	+
Free cutting	+	+
Custom bakery	+	–
Free call to taxi	–	–
Lost and found department	+	–
Free parking	+	+
Toilet utilities	+	+
billing (terminal for cell service billing)	–	+
Plastic card payment	+	–
Discount cards	+	–
Free packing	+	+
Recreation area (build - in caf)	+	+
Consumer-friendly opening hours	+	+
Advertising promotion (tasting)	+	+

vices more affordable (with the equal expenses - more profitability), diversification of the goods.

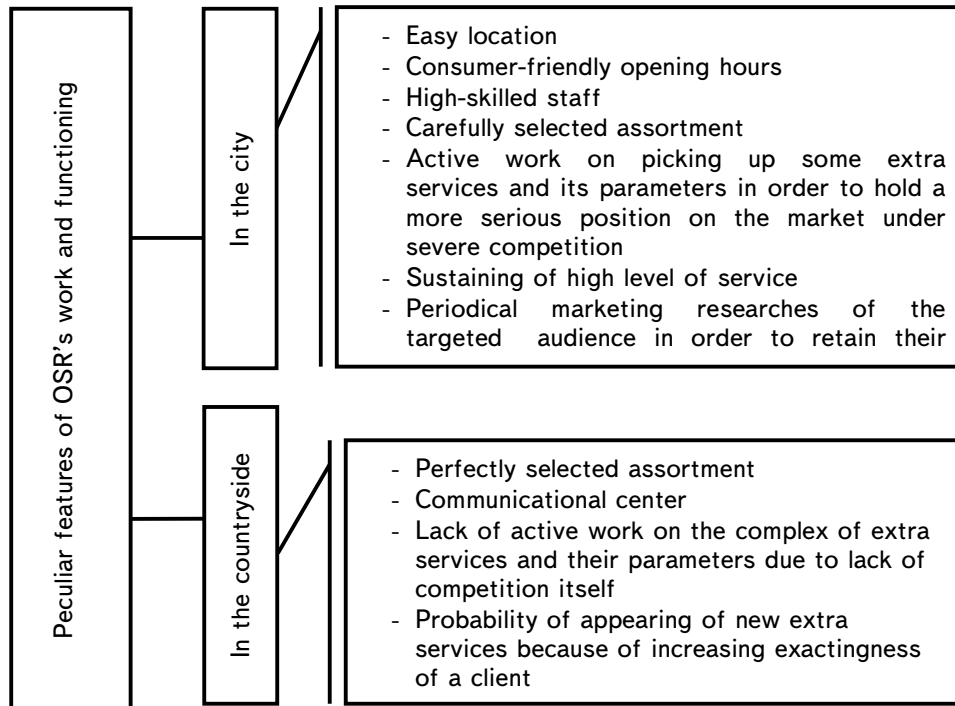
A set of retail trade enterprise (RTE) can be viewed as the whole scope of two sectors - basic and extra services. It is necessary to mention that in all formats of retail trade the basic service is contently the same; the differences are only revealed with the parameters of their provision (assortment, place and time of provision). Some extra services, on the contrary, have got different product mix and characteristics (parameters of provision) even within the same format. In order to survive and strengthen one’s positions and status on the market under severe competition, retail trade enterprises form and offer an individually fit and selected set of extra services.

Ryazan market is now divided between the most successful, stable and progressing formats of retail trade as supermarkets “Spar”, “Soroka”, “Bars”; discounters “Diksi”, “Magnolia”, “Magnit”, “Piaterotchka”; hypermarkets “Nash”, “Lenta”, “Globus”, “Ashan”, “Metro cash&carry” etc.

Some large players in the retail sector (supermarkets and hypermarkets) possess a large financial freedom and can afford, seeking for consumer’s loyalty and their being attracted, such a tool as providing a maximum wide choice of extra servic-

es. “Magazin u doma”, i.e. easy shop, a shop of one-step-reach (OSR) choose a bit different commercial conception - an individual approach to every single consumer. Despite high prices, consumers are ready to pay more than they would pay in an out-of-the-way supermarket because right here the key role is that of the effectiveness of the provided services (OSR format implies a great number of extra services). Quite a reverse approach to development of this kind of service one can remark in discounters’ trade conception - it is price that can only attract the consumers: minimal choice of extra services, minimal level of service. Consequently, we suppose that “easy shops” attract the greatest interest of all for the sake of research mainly because home-like atmosphere personified attitude to a consumer, a wide range of services and their high quality come as a strong advantage for competition. The present format can gain additional attractiveness for constant and potential consumers since it possesses a kind of flexibility which enables it to widen a range of provided services.

Nowadays retailers pay a greater attention to OSR format: “The growth of active income of people, willingness to economize the time, upgrading of demands for buying comfort, active building of new micro districts - these are the tendencies



**Pic. Comparison of peculiar features of one-step-reach shops in the city and countryside**

which favor the development of this format of retail trade....Despite attractiveness of supermarkets, consumers prefer to do shopping near the house. Even in Moscow the quantity of OSR needs to be increased by 30 %. The percentage of such shops is incredible low, namely, 1-3%”<sup>6</sup>. The choice of services for OSR format will inevitable depend upon location, whether city or countryside (see the table). This factor affects the compiling of set of services for such shops, besides, there are traced some differences between easy shops’ development in cities and countryside.

It is obvious that an urban resident has a broader choice of shops (under conditions of severe competition every enterprise strives to attract client’s attention). The situation is not the same if we go down to communities outside cities. In the countryside there are just one or two shops are open which can be regarded as easy ones with some limitations. The level and quality of comfort and convenience depend upon the number of living people and the local income rate.

The recent years have been marked by the growth of agricultural sector (ACS), which is then followed by the inflow of people to this place, and by proliferation of demographic situation (high birth rate both in cities and countryside); as it was noticed above, by the proliferation of active income of people, which causes the so called consumer boom. Contemporary consumer, increased in num-

ber and with improved paying capacity, is becoming harder to please in respect of quality and quantity of the provided services not only in city centers but also far beyond its bounds.

As for its contents, “easy countryside shop” is not only a trade but also communicative centre (buying, delivery of goods, trade services are far from to be the only functions of retailers). When there is a sustained demand, one can come to offer the following services:

- ◆ clothes repair;
- ◆ shoes repair;
- ◆ household appliances repair;
- ◆ hairdresser;
- ◆ health care services;
- ◆ specialists consultation etc.

The targeted audience of this shop is almost all countryside people. Due to the lack of competition to such a retail trade enterprise it is much easier than in cities to improve the client’s loyalty doing here both his or her basic or extra purchases. Situated in the city bounds, OSR perform its business activity under severe competition and count on a relatively small percentage of consumers sustaining of which takes it much more pains than in the countryside. Relying on the aforementioned facts and thoughts, we can formulate peculiar features of OSR’s work in city and beyond its bounds (see picture).

To conclude, it is worth mentioning that the choice of extra services can be altered by some minor changes and deviations towards increasing or decreasing of their quantity because it is affected by such factors as consumers preferences and the targeted audience's demand. Easiness and comfort of "easy shops" were not yet appreciated to a full scale by a domestic consumer but we think that it is just a matter of time - the present format will be adopted and enjoy as much of success as large formats of the Russian retail do nowadays.

No matter how strong serious players are, even a most tiny network or a separate shop have more chances to come to a consensus on the local level with immediate partners, to take into careful consideration all the peculiarities of

the regional development and also mentality of a local consumer

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<sup>1</sup> Russian retail: an outside point of view // Market of securities. 2008. №6 (357).

<sup>2</sup> Socio-economic status of Ryazan region in the 1<sup>st</sup> quarter of: Collection of articles / ROSstat; RyazanStat. Ryazan, 2008.

<sup>3</sup> Socio-economic status of Ryazan region in the 1<sup>st</sup> quarter of: Collection of articles / ROSstat; RyazanStat. Ryazan, 2008.

<sup>4</sup> *Odintsova A.* tendencies of market // Company management. 2007. №11 (78).

<sup>5</sup> Trade in Ryazan region: Collection of articles / Federal Agency of State Statistics; RyazanStat. Ryazan, 2008.

<sup>6</sup> *Avshaumova R.* Size does matter // Company management. 2007. №11 (78).