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A STUDY OF STATE OF RETAIL SUPPLY CHAIN IN ALBANIA

Abstract

Retail Sales market in the last few years is developing with modern elements which have changed the view of retail sales. Online trading is one of the factors. As a result, retailsales in Albania is of great importance and has potential to develop in the future.This is comes as a result of the market structure and the market share of the participants. Consequently, the supply chain is expected to play an important role. But how effective is this chain and how does sharing technology make the difference between partners? In order to realize the study goals, the data was collected through questionnaires by interviewing the respective owners and perpetrators. The study sample is 48 retailers. A qualitative analysis has been carried out focusing on identifying the problems, about the elements of efficiency and the sharing of information through theology.

Key words: efficiency, information sharing, retail market, supply chain.

1.   Introduction

The retail market in Albania is considered a developing market. Over the last few years, hypermarkets or other forms of retailing have appeared in this market. In fact, this market is mainly formed by mid-size shops and supermarkets. However, the retail market has only developed in recent years. So in this market there are a large number of small, medium-sized stores and supermarkets where the latter are rapidly increasing in numbers and laps.

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In business, retail sales are considered the most important element as they represent the sale of products and services from individuals or businesses to the end user. Retail trade has been the main trends and developments such as, changing customer needs and increasing experiences for buying more products, retail consolidation, developing multi-channel retail strategies, changing the nature of the retail competition between retail formats, etc.The factors that have affected retail change and developments are: demographic changes in Albania, lifestyles, socio-economic trends, etc. However, the greatest influence on the development of retail trade is now being provided by the information technology factor.In this sense, today is developing the combination of online sales and retail sales in the store, which brings benefits both for the consumer and the retailer. Normally, this role greatly facilitates technological development, which assists the entire supply chain to ensure that products are produced and distributed through fast and low-cost supply channels.Retailers need timely delivery of the goods in order to have a satisfied customer. According to Newman and Cullen (2007) "if the produc is not in the shop, you can not show it to your clients! As a resault you can not sell it!"

According to Goldman (1974), the nature of developing countries seems to vary in many ways from those of developed countries in terms of economic stability, cultural considerations, industrial resources and technological credibility. The purpose of managing the retail supply chain is to reduce inventory costs, deliver goods according to customer specific requirements and customer satisfaction. As a result, an efficient management of the retail supply chain generates efficiency, higher productivity and preserves the flow of information in the supply chain. In the supply chain all parties are involved directly or indirectly to meet customer requirements. The supply chain does not only include manufacturers and suppliers, but also carriers, warehousing, retail and wholesalers and consumers (Chopra and Meindl, 2010). Wholesale and retail retailers, part of the supply chain, require a higher circulation of their products by increasing their level of profitability (Korsita and Cania). In this regard, the primary focus of this study will be at the very end of supply chain distribution, retail companies. These companies are constantly in direct contact with end customers, as they all receive direct feedback from the customer about the products or services offered by the supply chain.Consequently, they return to the important link and link the supply chain integration with consumer satisfaction or customer loyalty (Stock et al., 2010). Increased pressure from suppliers to sell their products faster, more quality and more cost-effective products has implied pressure on higher efficiency in the supply chain (Korsita and Cania). As a result, specific objectives will be focused on: (a) the impact and importance

of efficiency in the supply chain; (b) identification of supply chain problems; (c) the impact of information technology on sharing information between partners; (d)assessing the effectiveness of communication in enhancing the supply chain performance; (e) assessing the impact of the relationship between suppliers and retailers in the services provided to consumers; (f) valuation of inventory management behaviour. Thus, through these specific objectives, it will be possible to observe whether supply chain management involves the integration of intra-company activities and reaches the external market suppliers.

2.   Literature Review

SCM is customer-oriented with the aim of integrating business planning and balancing demand and supply across the entire supply chain from the original producer to the last customer/customer (Cooper et al., 1997).The supply chain focuses on the analysis of primary processes such as transformation processes or transactions within and between vertically linked firms (Thomas and Christopher 2009).From the perspective of developing countries, SCM focuses mainly on improving processes and quality as well as optimizing distribution. A research undertaken by Francis et al. (2008), focusing on the food sector and specifically improving quality in Argentina and Great Britain, confirmed the role of implementing quality standards in supply chain performance. Information and communication systems are considered as the backbone of SCM approach. The management of these elements requires the implementation of inter-functional and inter-organizational processes, which rely on information sharing, coordination of operations and the establishment of close collaboration between firms (Trienekens, 2011).On the other hand, supply chain management is the integration of activities that buy materials and services, transform them into final products and distribute them to the customer.These activities include purchasing and outsourcing activities, adding many other functions that are important to connect with suppliers and distributors. The objective is to build a supply chain that focuses on maximizing value for the final customer. At the moment, competition is no longer between companies, but is among supply chains.

Sparks (2006) explained the evolution of supply chain management in retail markets. He considered a number of changes in the supply chain in retail markets, such as the direct response to changes in consumer demand.He explained how these changes encourage the incorporation of changes in the supply chain in retail markets. This logistics is an important component for supply chain management in modern times.Logistics can be internal or external in retail markets. On the other hand, Kotzab (2005) showed the importance of

logistics. According to him, the importance of logistics within the shop is a key determinant of retail business success.In the model he studied, he included logistical processes that were carried out within a shop starting from the moment of entry into the shop until the exit from the store. Aghazadeh (2004), in his study, explored ways to improve logistics and distribution in the retail food industry. The study explains the concepts of logistics and supply chain as well as the new challenges in the food industry. The study also discusses industry successes and failures. The results show a slow pace in achieving supply chain goals and in an easier distribution. This study discusses how consumers plan time, solving these challenges.They include the customer in the process of supply chain planning, product life cycle management, promotion, seasonal product planning through integration of category management, cost-effective delivery channels, and capacity-determination in stores.

Also, Sonpal (2006) cites that the effect of the supply chain on retail markets is the understanding of what the customer needs and then work continuously to meet these needs through resources, the product development mechanism.According to him, the effect of the supply chain on retail markets is to understand what the needs of the consumer are and then work continuously to meet these needs through resources, the product development mechanism.Using stimulating models it shows how changes in the distribution cycle, disposition of shared information at sales points and customer requirements affect supply chain efficiency (Steckel, et al., 2004).

3.   **Methodology**

In order to collect the data for this study, the questionnaire was used. The questionnaire structure consisted of six questions. The first question in this questionnaire contains information about the type of activity, as a wholesaler and retailer. The other four questions contained information about the person answering the questionnaire, his position in the organization, the contact options and the period or time in this business. While the sixth question contains the most important information, gathering information about the elements, practices and efficiency of the supply chain.

Distribution of questionnaires was done through direct contact at the business site. Of the 100 questionnaires distributed, 48 were received. So, the sample of this study is 48 questionnaires. In this study, 48 stores were surveyed, which develop their activity on the coastline from Ura e Dajlanit to Mali i Robit, Durrës. The study was conducted by interviewing shop owners or responsible persons. Shops are dispersed throughout the area at the front of the main street.

Their location is at intersections in order to have more clients. The size of the shops generally vary from 1002 to 600m2. Data analysis was divided into three phases. In the first phase the analysis focuses on inventory management, the next phase stops at intermediary, price and information operators, and third deals with supply chain study, such as customer relationship management, supply chain management.

4.   **Results and Discussion**

Retailers should be familiar with the information about the course that the productfollows. In order for the product to be available in the store, retailers should to manage the supply chain following product flow and manage the demands for the product. They should be in a position to determine what is sold at the store and to accurately predict the changes that may occur in relation to product demand. Logistics and, in particular, supply chain management plays a decisive role in retail sales.In small shops, turnover is faster. The business trend is to be positioned close to the main roads because it has higher turnover traffic to customers. This is shown in the graphic below.
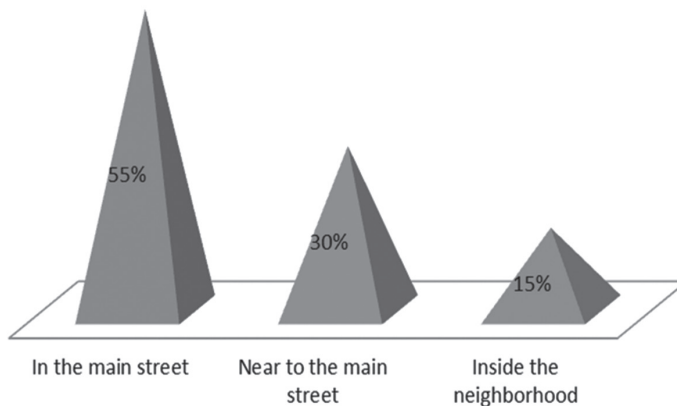

Figure 1. The location of businesses

Basic food products stay in the shop for 1-7 days, vegetables rotate for 1-4 days, non-food products are circulating for 5-200 days and drinks are circulating for 6-365 days.Moreover, the inventory of these stores is managed by their owners and finding suppliers is their responsibility. From the survey it turned out that franchise stores spend less time on inventory management, about 1-6%. About 75% of respondents said they spent about 20% of their time managing inventory.So, through this observation, we point out that franchise stores have a

developed system developed of the supply chain.On the other hand, about 70% of retail stores receive their supplies at distribution centres.This is shown in the graph below (figure 2).
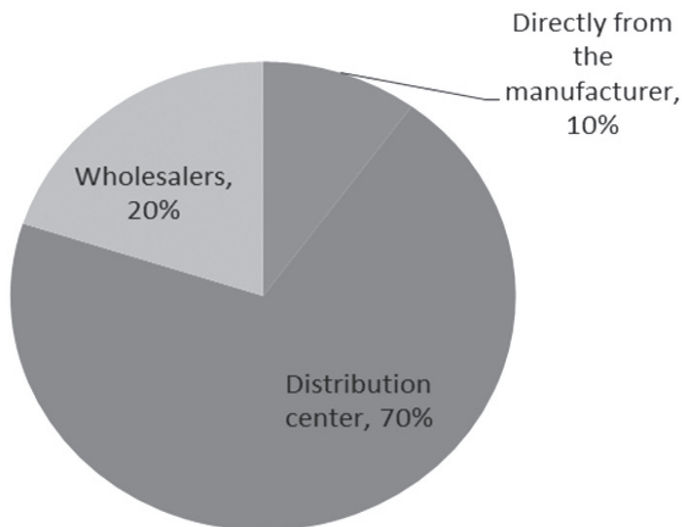

Figure 2. Source of supplies

The distribution network of food products is developed in two directions: through orders (it has a duration of 1-3 days) and receiving the product at the store from the main distributor.The study showed that 30% of the markets made the process of subsequent payment purchase.This was due to the fact that the suppliers have established a reliable relationship that allows late payments. While the highest concentration of functions is obtained from the city of Tirana about 60% and about 25% of supplies come from the city of Durres.

Whilst, et at. (1986) found that information sharing in the food sector reduces costs by 23 percent. In this regard, there is a need for observation for the use of artificial intelligence and the possibility to share information.The main benefit of information sharing consists in lowering costs and increasing efficiency in the supply chain. Likewise, the highest level of information sharing is associated with the highest order completion rate and shorter time in the order cycle (Lin et al., 2002).However, in Albanian companies, chain integration, chain coordination, chain development and information sharing are key management practices of the supply chain (Spaho and Miter, 2012).

The study showed that 25% of them use a computer for shop management, of which about 40% of the market use computer inventory management and

60% accounting. This shows that there is a lack of information technology development and moreover the retention of customer data in a database is not available by most of them.Consumers in these stores come from approximate areas, resulting that 70% of them come with the family to complete the purchase process, 15% of clients come alone and the other 15% are accompanied, as shown in figure 3.Kapil and Avijit (1999) introduced a model of behaviour in the store based on the assumption that family members seek to minimize travel costs, which are related to the purchase and the costs of carrying goods.They found that the link between family characteristics and behaviour in the store could be quite complex. Of course, for some families, the buying process may be recuperative, while for others the buying process is linked to the salary level.
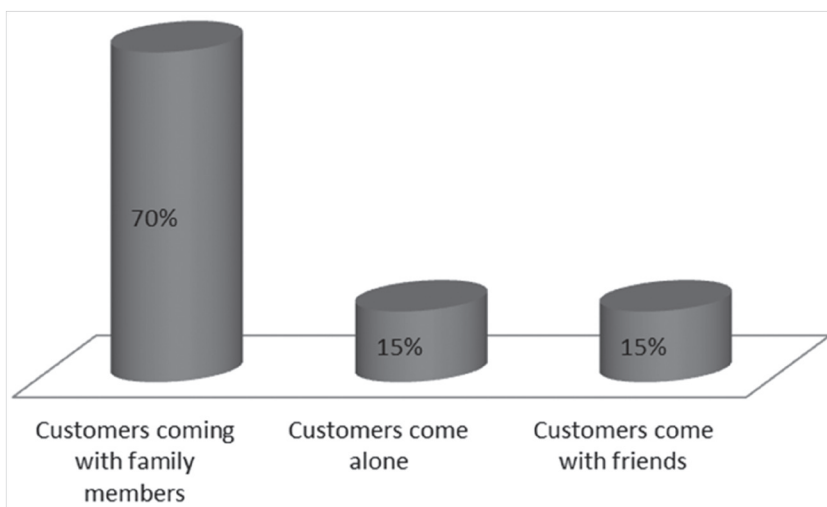

Figure 3. Realization of purchasing process by consumers

In their studies, the authors, Kapil and Avij (1999), found that the relationship between family characteristics and behavior in the store may be quite complex, for some families the process of buying can be relaxing, while for others this process is related to the level of salary.According to the authors, this behavioural model of the store is based on the assumption that family members seek to minimize travel costs, which are related to the purchase and the costs of carrying goods.On the other hand, through the data observed, consumers spend about 1-10 minutes in 50% of the purchasing process, 50% of consumers spend 10 minutes on a purchase.
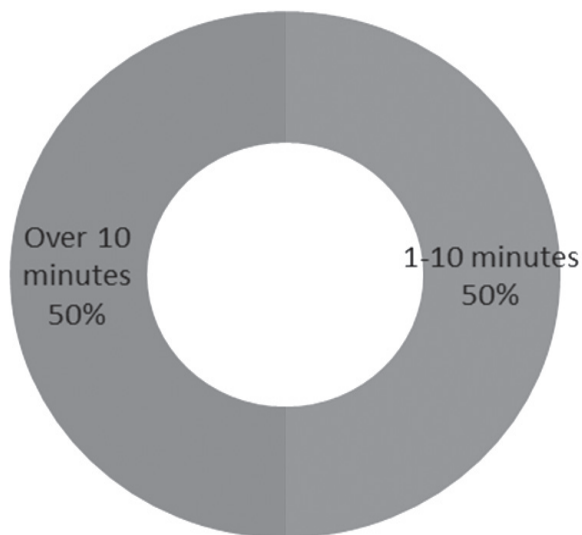
Figure 4. Time consumed by consumers

As consumers come from nearby areas, retailers and owners of these markets are very familiar with customers. This means that small shops are in direct contact with consumers and potentially increase the sharing of information on different products. In fact, sales in a store differ not only from one season to another, but also from one week to another. To identify how the sales change over the course of a month, we have analyzed 10-day sales divisions. The results shows that 40% of the sales are made during the second 10days of the month, while 35% of sales are made during the first 10 days and 25% of sales have been made over the last 10 days.

Kohli and Jaworski (1990) proved that organizations focusing on market orientation aim to improve customer demand on the basis of information obtained from the market.

In addition to these aspects, the quality of its sharing information refers to the extent to which an organization shares a variety of relevant, accurate, complete, and confidential information timely with supply chain partners (Sheu et al ., 2006). In a way, to achieve effectiveness in the supply chain, we have to rely on cooperation, cooperation, exchange of information, trust, partnership, joint technology, and a fundamental change from the management of special functional processes to the integrated process management supply chains (Akkermans et al., 1999). Based on these previous surveys and based on the findings of the study, such as the use of technology, product distribution network, reliability for subsequent payments, the efficiency of the supply chain in this

sector is of particular importance for further improvement the supply chain.In this sense, there is a need to develop more technology in terms of keeping the customers data.

5.   **Conclusions**

Supply chain management plays an important role in retail sales. Successful supply chains manage product flows, information and financial resources to provide customers with a high level of product availability.One of the key elements of the supply chain is the source and supplier selection.The study showed that French stores spend less time with inventory management, as they have a developed system for the supply chain.This also enables the product distribution network, which is developed in two directions: through orders (it has a duration of 1-3 days) and receiving the product at the store from the main distributor. Also, it was found that only 30% of stores made purchases with subsequent payments. The study found that there is a lack of information technology development, as the use of computers is only in ¼ of the market. However, consumers come from related areas, shopkeepers are very familiar with customers and as a result they are in direct contact with consumers and potential growth for receiving information from customers on different products. So detailed customer information is not complete.In this regard, the success of a company, the growth of the quality of its consumer services, the growth of customer satisfaction and its loyalty and the increase of its competitiveness will only be possible if the whole chain in which it is part works effectively and is well-integrated enough to perform his duties as a whole.

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