

QUALIMA

Abstract

Analyses of SBS in the context of QUALIMA

Project Partner: RF Pongau

Prepared by: Silvia Kappacher (Author of study)

Date: 10.04.2005



QUALIMA

Content

1	PROBLEM DEFINITION	3
2	RESEARCH QUESTION	3
3	GOALS	4
4	STRUCTURE AND PROCEEDING.....	4
5	THE CUSTOMER	5
6	ANALYSIS OF COMPETITIVENESS	6
7	FROM THE DATA TO THE STRATEGY	6
8	CONCEPT OF THE SBS.....	7
9	CONCEPT AND PROCEEDING OF THE QUESTIONNAIRES	11
10	RESULTS	12
11	STRENGTHS AND WEAKNESSES OF THE SBS	21
12	SUMMARY	24

1 Problem definition

Since 1970's the three neighbouring villages Schwarzach, Bischofshofen, and St. Johann in the Salzburg region in Austria are separately organized with action committees regarding advertising their retail trade companies. Since October 2001 these three platforms have joined and form the association SBS. Approx.. 200 trade and production companies are part in this association. (see SBS platform 2001, press release)

Under the slogan "achieving success together" the platform SBS tries to reach the goal of strengthening the purchasing power in the region and to decrease the flux of trade to the city of Salzburg and it's environment.(comp. SBS platform 2002, internal document)

The purpose of the association is the "promotion of common, economic inquiries and interests of each association members, in particular by planning, co-ordinating and execution of joint advertising measures." (Statutes SBS platform: Point 2)

The development of the retail trade in the capital city Salzburg is a trigger for the efforts in the Pongau region. Salzburg city refers to an above average high number of shop spaces in shopping centres (Salzburg has the highest shopping centre density, as stated in the local news paper "Salzburger Nachrichten" 15.06.2003). The two largest shopping centres in suburban Salzburg are Europark and the Airport Centre. These centres are well attainable via motorway and are growing constantly. The distance between the city of Salzburg and the three places St. Johann, Bischofshofen and Schwarzach is approx. 50 - 65 km. Connected with the rising mobility of the population (see Holl 1990: p. 415f) these centres are considered the main competitors of the retail trade in the Pongau (interview with Mr. Hammerer). This consideration is confirmed in the thesis (diploma) in the context of the analysis of the actual situation.

The attractiveness of the shopping centres lures the population from the Pongau region to the state capital. The exact purchasing power flux from the Pongau to the city of Salzburg and suburban Salzburg was not confirmed yet, however the consequences of the purchasing power flux are drastically represented by the regional forum Pongau: Many enterprises lose their implicit basis of contracts, above all the young and the qualified population emigrate to Salzburg city, because the chances for better jobs are higher and therefore the municipalities lose inhabitants (see regional forum Pongau 2002)

On the basis of these risks for the retail trade in the Pongau the organization SBS with different common activities now wants to decrease the flux of the domestic purchasing power and also, wants to ensure the supply with all inquired products to the population with an incomparable, various and extensive offer. (see SBS platform 2001, press release)

2 Research question

Derived from this initial economic situation of the Pongau region and from the objective of the organization SBS, the answer to the following main research question is centre of the thesis

How can the attractiveness for the customers in the region of the cities St. Johann, Bischofshofen, and Schwarzach (SBS) be increased and thus the purchasing power flux to the competitive shopping centres decreased?

3 Goals

The principal purpose of the thesis is to compile a development strategy for the three municipalities Schwarzach, Bischofshofen, and St. Johann with focus on the retail trade.

This development strategy is to increase the attractiveness the shopping facilities of the three cities.

In order to be able to reach this principal purpose, the following partial goals must be reached:

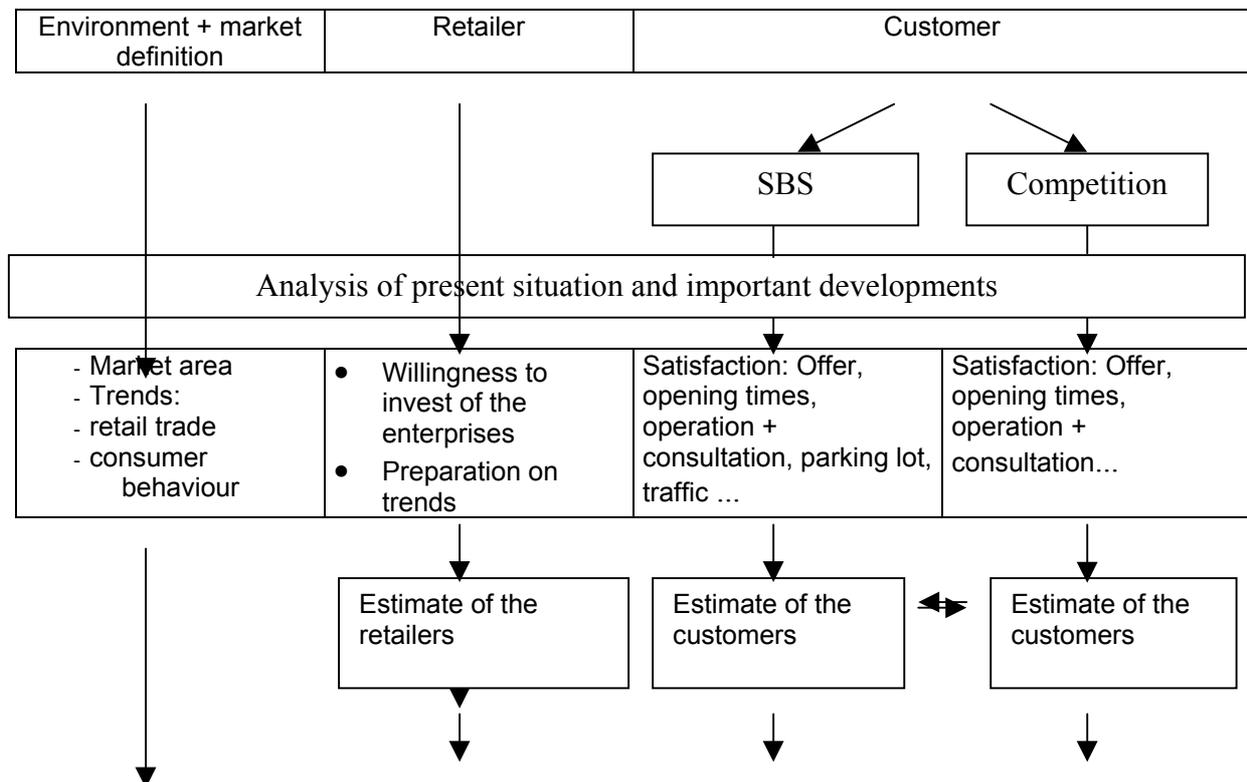
- * Representation of the trends in retail trade and consumer behaviour
- * Chances and risks of the retailers
- * Determination of the customer satisfaction
- * Strengths and weaknesses of the cities SBS
- * Strengths and weaknesses of the competitors

Since the foundation of the organisation SBS only little scientifically material for the analysis is available. The analysis phase will be the emphasis of the thesis. For this reason only small points of a development strategy can be pointed out.

4 Structure and proceeding

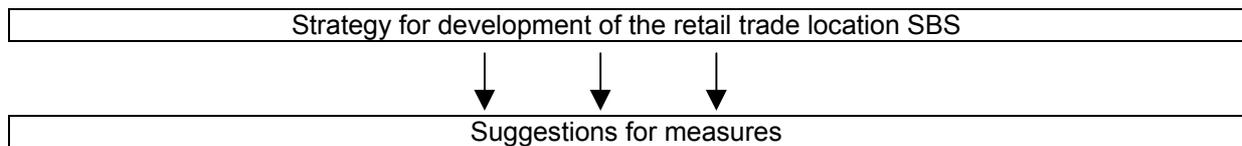
There is a large number of very different methodical approaches for the development of strategies. The proceeding in the thesis essentially relies on the process of the strategy development of Schäfer's "City centre development and retail trade". In order to compile a strategic direction and to be able to represent the development potential of the region, the strengths and the weaknesses of the cities concerned must be analysed; and chances and risks which can be expected must be determined. (Schaefer 1998: p 262)

The following overview shows the proceeding in the thesis (diploma).



Input to the workshop:

- Trends in the field of consumer behaviour and retail trade
- Chances / risks and willingness for investments of the retailers in SBS
- Actual target profile of the SBS evaluated by the customers
- Actual target profile of the competition evaluated by the customers
- Actual state comparison of SBS and the competition, evaluated by the customers

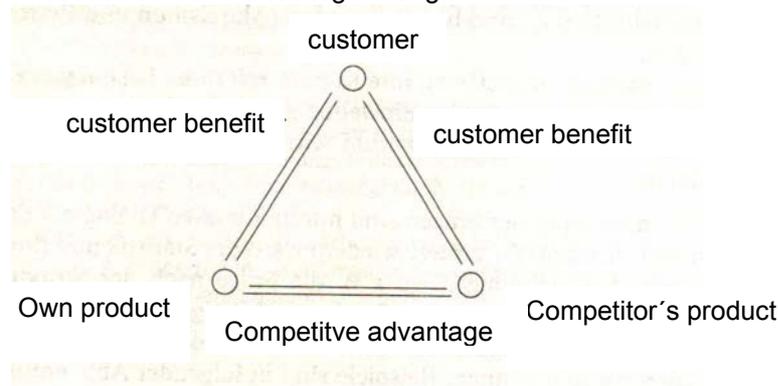


The investigation ranges of the actual state analysis selected in the thesis were derived from the principles of the market study. According to Pietschmann and Vahs each situation analysis must consist of the following investigation ranges: Market definition, customer, enterprise, competition, and environment. (Pietschmann, Vahs 1997: S 24ff)

5 The Customer

The customer is located in the centre of the strategic triangle

Illustration 1: The strategic triangle



(Kastin 1999: p 297)

In principle the customer is guided by his conception over the use of a product. After a comparison of the desired product from the offering retailer, the customer decides for the retailer that is best in his opinion (competitive advantage). The determination and evaluation of competitive advantages are attributes of the analysis of competitiveness. In the customer research the concerns are the determination of the customer use, the purchase criteria and the specific product requirements (see Kastin 1999: p 297f).

For a customer-oriented enterprise the outstanding position of the customers means that all enterprise activities are to be geared in such way that the desires and needs of the customers are fulfilled in the highest possible measure (see Pietschmann, Vahs 1997: p 30)

The analysis of the customers is divided thereby into two ranges:

Target group research: Who are my customers?

Customer research: What are the needs of the customers? How much are the customers satisfied with the offered services? (Kastin 1999: p 297f)

In the thesis the target group research is covered by means of the market definition. The range customer research is compiled by means of telephone questioning. In a target actual profile deviations between the desires and the actual satisfaction values are pointed out.

6 Analysis of competitiveness

The intensified competitiveness and stagnating markets make it necessary for entrepreneurs to supply themselves with information about the competitors. Goal of the analysis of competitiveness is the determination of possible competitive advantages in relation to the competition (see Kastin 1999: p 230).

The first step of an analysis of competitiveness is the determination of the main competitors. For that reason it must be determined, which alternatives are applicable for the customers and where else they can get their purchases instead in SBS. In a next step the determination of the strengths and weaknesses of the competitors are necessary in comparison to the own organisation (see Pietschmann, Vahs 1997: p 32f)

7 From the data to the strategy

After the collection of the data and following interpretation of the market study the decision phase has to take place. Here a definition for further proceeding has to be analysed, and how one comes from the existing data to a decision and thus to a definition of the further proceedings.

That means for the thesis, that starting from the problem represented and on the existing market information, a development strategy has to be compiled.

"The highest goal in trade is to maximize profit." (Schmitz, Koelzer 1996: S 21). In reference to the association SBS this means, to reduce the purchasing power flux to competitive regions and to reanimate the three cities.

Additional revenues in trade are to be expected if either new customers are won or the regular customers spend more money.

Thus one can differentiate between two fundamental aims:

Gaining of new customers: To achieve this goal it is necessary to communicate the services in such a way, that an interest is aroused

Keeping and gaining regular customers: Customers become only regular, if they are familiar with the services. In order to ensure highest customer satisfaction, the needs of the customers must be observed. And enterprise is to constantly offer and adjust its services according to customer needs (see Schmitz, Koelzer 1996: p 22ff)

With the help of the information gained from this analysis of the actual situation a concept is to be compiled for the association SBS, which corresponds to these two fundamental goals of the trade.

8 Concept of the SBS

1. What is SBS?

In October 2001 the association "SBS platform" was founded, which represents the union of the three existing advertising platforms "EZ St. Johann" "Bischofshofen AG" and "Schwarzach Aktiv". SBS stands for the municipalities St. Johann, Bischofshofen and Schwarzach (see statutes SBS platform: Point 1). The association counts approx.. 200 trading and industrial companies.

Under the slogan "Gemeinsam zum Erfolg" (unified to success) the SBS platform pursues the goal of decreasing the purchasing power flux to the city of Salzburg and thus to strengthen the trade in the region. (comp. SBS platform 2002, internal document) The purpose of the association is the "promotion of common, economic demands and interests of the members, in particular by planning, co-ordinating and executing joint advertising measures." (Statutes SBS platform: Point 2)

The philosophy of the SBS platform is:

*"To commonly approach the customer
to let him know, that buying in the Pongau purchasing mile
has a great variety...*

*... it is meeting joy, life, friends,
celebrating events together,
but also apprenticeship and employment protection "
(SBS platform 2002, internal document))*

The platform SBS finances itself with membership fees, which are specified by the plenary assembly (see statutes SBS platform: Point 3). The budget as of 31 July 2003 has been fixed with € 18,880.00 for the three members EZ St. Johann, AG Bischofshofen and Schwarzach Aktiv. This amount is increase with promotions of the European Union and the state of Salzburg as well as incomes are added from advertising activities in the SBS journal. (SBS platform 2002, internal document)

Structure of the three municipalities

The three neighbouring cities St. Johann, Bischofshofen and Schwarzach count 23,873 inhabitants (statistics Austria 2003, on-line).

Municipality	2001	1991	+/- absolute	+/- in %
St. Johann	10.260	8.855	+ 1.405	+ 15,9 %
Bischofshofen	10.087	10.138	- 51	- 0,5 %
Schwarzach	3.526	3.489	+ 37	+ 1,1 %
Total	23.873	22.482	+ 1.391	+ 6,2 %

(Source: Statistik Austria 2003, online)

From the table it is evident that the number of inhabitants is slightly rising in the three cities. To emphasize one particular city, St. Johann, registers supra-regional increases. Apart from the population trend, tourism is actually to be seen as a potential for the retail trade. In the three cities tourism is particularly settled in St. Johann. The city counts with the holiday resort "Ferienparadies Alpine Village" approx.. 3500 guest beds.

As a further potential for the retail trade in the SBS, numerous higher schools are to be considered, which attract pupils from the whole Pongau region. Geographically seen the three municipalities lie in the centre of the district Pongau, approx.. 50 km away from Salzburg city.

Background and emergence of the SBS

Over decades there have already been advertising communities in the three neighbouring cities St. Johann, Bischofshofen, and Schwarzach which worked independently from each other. In a contest around the favour of the customers the municipalities spurred themselves mutually. Due to the changes in the surrounding of the city Salzburg with the establishment of vast shopping centres, the three municipalities arranged themselves and started to co-operate in its advertising activities.

The following points are of common interest: (see SBS platform 2001, press release)

Together instead of lonely

The action- and purchasing associations of the three municipalities have the same problems: Structurally the advancement of the three communities depends on few engaged persons. The trade seem to splinter in sub-groups and the competition in Salzburg city and surrounding becomes larger and more influential. Together SBS wants to clarify with small costs and much improvisation that the co-operation of the three advertising communities can make a relevant contribution for the stabilization of the trade in the region

Our offer is the best

The offer is the best because it is first of all in the reach for the Pongau people. Secondly the customers have an personal connection to the local enterprises, since the flair and the atmosphere of the region are obtained by the personnel and the business philosophies. Further the quality of the operation is better regarding authority and friendliness than in the shopping centres. A co-operation of the SBS with the AMS (state-owned employment office) and the WIFI (nationwide economic promotion institute) contribute to it.

The variety

SBS's purchasing mile has a great variety of products. It goes beyond the standard products in the various shopping centres and additional, individual, and domestic products are offered.

The partnership

With approx.. 200 specialist shops SBS an ideal advertising partner for the region. The SBS as central partners supervises the empty shop spaces, offers shop window surfaces and similar. Through common appearance the power to influence is stronger with local and supra-regional (e.g. European Union) decision makers. Beyond that the entire partnership profits from a broad exchange of experiences between the three municipalities.

Incomparable

SBS wants to finally think beyond the own municipalities. Within the co-operation customers should be recommended to other places without competitive thinking, empty shop spaces should be offered to the partners in the neighbouring municipality and the customers should be able to reach all three town centres with a bus. Beyond that common activities are organized and in the future customers are to get an attractive member ship card for all member enterprises to bind the customers to the region.

Local supply

St. Johann, Bischofshofen and Schwarzach represent a centre in the region. The people from the nearby small villages come in order to buy goods. This local supply chains must not become victims of the shopping centres in Salzburg. An important goal of the SBS is the guarantee of the supply of the region with all needed product groups. Beyond that SBS wants to merge smaller neighbouring places and support them with co-operation.

Excerpt from past actions

SBS purchasing cheque (“Pongauer Coupon”)

Since 10 December 2001 common purchasing cheques are in use, which can be redeemed in all member enterprises of the SBS. These purchase cheques represent cash money for the member enterprises. The regional banks are in co-operation with the member enterprises, which cash these cheques automatically with the SBS office account or the member companies' accounts. A fast processing of the cheques was to be ensured. The SBS purchase cheques are the first important step to mutual marketing (see SBS platform 2002, internal document)

Annual common Christmas activity (“Weihnachtsaktion”)

Starting with November all member enterprises of SBS give for each purchase over € 15.- a participation coupon, which gives the customer the opportunity to win attractive prizes during the weekly drawings or at the final drawing e.g. SBS purchasing cheques for the value of € 10,000.- or material prizes such as a water bed. The final drawing is supported by the regional media. With this activity the association's mutuality is demonstrated. (see SBS platform 2002, internal document)

Additionally to the common activities a uniform wrapping paper is used in all member enterprises. Under the slogan "SBS hilft helfen" (SBS helps to help) SBS co-operates with the ORF Salzburg and its charity 'Licht ins Dunkel' (nationwide TV station's charity 'Light into the darkness'). All revenues of the wrapping paper, which the member enterprises buy and pass on free of charge to the customers, go to this charity.

SBS-Magazine

On a quarterly basis the SBS supplies its members with a customer magazine, where news from the three cities, meetings and various price privileges are published. Additionally this SBS magazine is also an advertising medium for the member enterprises, which contribute with advertisements to the financing of the magazine (see SBS platform 2002, internal document)

The past activities show the commitment of the supervisors of the SBS and are in principle to be evaluated positively. However, at present it still lacks the development of ideas, which go beyond individual measures and a concept of stabilization of the represented region.

Market areas of SBS

In the following table the number of participation cards from the different municipalities is indicated absolutely and in % to the entire participation cards. The municipalities, which were involved with less than 100 cards for the “Christmas Activity” are not considered this table.

The spatial origin of the customer of the SBS			
Sequ. No.	Municipality	Number of cards	in %
1	5600 St. Johann	4635	18,9 %
2	5500 Bischofshofen	4075	16,6 %
3	5620 Schwarzach	2941	12,0 %
4	5621 St. Veit	1518	6,2 %
5	5622 Goldegg	1345	5,5 %
6	5602 Wagrain	808	3,3 %
7	5452 Pfarrwerfen	752	3,0 %
8	5611 Großarl	745	3,0 %
9	5630 Bad Hofgastein	650	2,7 %
10	5651 Lend	644	2,6 %
11	5550 Radstadt	608	2,5 %

Study - Summary

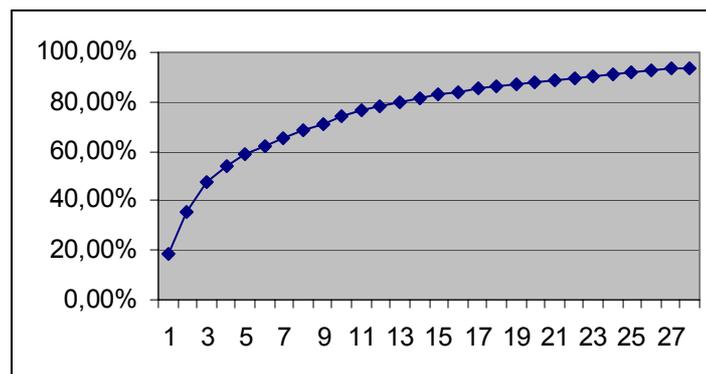
12	5503 Mitterberghütten	443	1,8 %
13	5505 Mühlbach	438	1,8 %
14	5632 Dorfgastein	405	1,7 %
15	5450 Werfen	369	1,5 %
16	5453 Werfenweng	281	1,1 %
17	5542 Flachau	273	1,1 %
18	5640 Bad Gastein	266	1,1 %
19	5451 Tenneck	220	0,9 %
20	5541 Altenmarkt	215	0,9 %
21	5511 Hüttau	213	0,9 %
22	5661 Rauris	206	0,8 %
23	5660 Taxenbach	202	0,8 %
24	5612 Hüttschlag	185	0,8 %
25	5522 St. Martin	162	0,7 %
26	5020 Salzburg	147	0,6 %
27	5531 Eben	145	0,6 %
28	5603 Kleinarl	135	0,5 %
	Total	23.026	93,9 %

Source: Appendix II; Listing of the participation cards at the Christmas Activity SBS

From this table it is evident that the customers of the SBS with exception of Rauris (0.8 %), Taxenbach (0.8 %) and the city Salzburg (0.6 %) originate from the area Pongau. This catchment area covered 77,872 inhabitants in the year 2001, whereas 23,873 inhabitants belong to St. Johann, Bischofshofen and Schwarzach (statistics Austria 2003, on-line)

The following diagram informs about the number of participation cards of the customers of the SBS in a municipality in relation to the entire number of the participation cards. The number of participation cards can be seen in percent related to the revenue, since only for purchases over € 15.00 a card was given out. Seen absolutely no comparison is possible, since first of all revenues under € 15.00 were not registered and secondly not all cards were filled out.

III.. 2: Summed up portion of the customers from the different municipalities of the entire participation cards



Source: Appendix II; Listing of the participation cards at the Christmas activity; SBS

From this diagram it is evident that the inhabitants of the eight municipalities – St. Johann, Bischofshofen, Schwarzach, St. Veit, Goldegg, Wagrain, Pfarrwerfen and Grossarl - constitute two thirds of the conversion. This information represents an important basis for the marketing of the SBS.

9 Concept and proceeding of the questionnaires

In August 2003 the member enterprises of the SBS were asked through means of questionnaires for an estimate of their enterprise.

A goal of the questionnaire was to investigate on the willingness of the retailers in the SBS for investments and innovativeness. Beyond that it was asked whether the retailers are prepared for new trends and therefore for the future.

The questionnaire was developed as follows:

Statistical part

In order to estimate the dispersion and thus to estimate the weight of the statements given by the retailers, first the location, the category of commodities and the sales area were analyzed,

Products

This part of the questionnaire concentrated on the kind and variety of the product groups. These questions are to show whether the retailers follow first of all the trend to 'one stop shopping' or secondly whether they react on the trend of the market drop of the middle price segment.

Employees

In this part for the questionnaire the qualification of the employee in sales was asked. It was assumed that higher qualified employees provide more comprehensive and better service.

Willingness to invest

This part gives information on the plans of the retailers regarding development and/or dismantling of the business activities and shows how active the members will be in the next two to three years.

Trends in consumer behaviour

Here it is analyzed whether the retailers are prepared on the trends of

- *) elderly and more active consumers,
- *) the rising environmental awareness,
- *) the rising health awareness
- *) and the increasing time scarceness

Internet/E-Commerce

This part deals with the spreading of Web Sites and e-Commerce activities in the SBS.

Event shopping

The last part of the questionnaire is to show the commitment and the creativity of the SBS retailers regarding the entertainment of the customers apart from the usual sales talks.

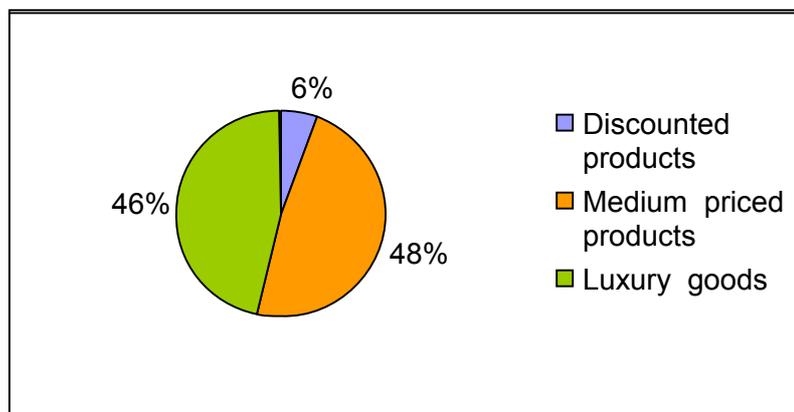
In total 159 questionnaires were dispatched to member enterprises of the SBS in the context of general information of the SBS. Since the SBS has also non-retail members, e.g. the municipalities, some enterprises in the hospitality industry and banks, it was taken care, that only retail enterprises are part of the questionnaire activity. At expiration of the return period 46 questionnaires for the evaluation were present. This results in a return ratio of 28,9 %.

10 Results

Products

The following diagram informs about the price range of the offered products in the business of the SBS.

Price range of the offered goods in the SBS



Source: Retail trade questioning August 2003; S. Kappacher, SBS

This diagram shows that altogether 94 % of the offered products are in the price range "medium priced products" and "luxury goods". The portion of the discounted products with a total of 6 % is comparably small

Consequences

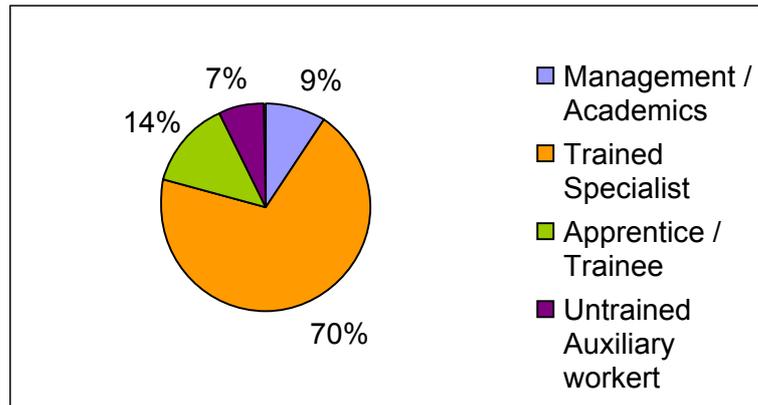
If one looks at the trend of the heterogeneous consumer behaviour that consumers inquire ever more discount and luxury goods and at the same time the demand of medium-priced goods decrease, one can see the lack of discounted products in the SBS. Further the largest part (48 %) of the products is in the medium-priced range, whose demand decreases strongly according to this trend in the future. These two realizations from the questioning represent a risk for the future retail trade area SBS.

Employees

The average number of employees of the answering enterprises is 7,4 persons. However, more interesting is the fact that 54.2 % of the retailers employed less than five employees in sales.

The following diagram is in respect of sales employee qualification.

Qualification of the employees in the sales



Source: Retail trade questioning August 2003; S. Kappacher, SBS

From this diagram it is evident that over two thirds of the entire number of employees are trained specialists. The portion of the qualified employees - the high-level personnel and the trained specialists - amounts to 79 %. Furthermore is to be emphasized that per six qualified employees an apprentice and/or a trainee is on training.

Consequences

Structure

The predominantly small-structured retail enterprises in the SBS is shown in the large number of the enterprises with less than five employees in the sales. This fact is to be considered particularly within the range of the strategy development and the measures, since the courses of action are reduced compared with large trading enterprises. This applies particularly with organizational affairs: Many small enterprises are harder to convince than some few large companies.

Qualification level

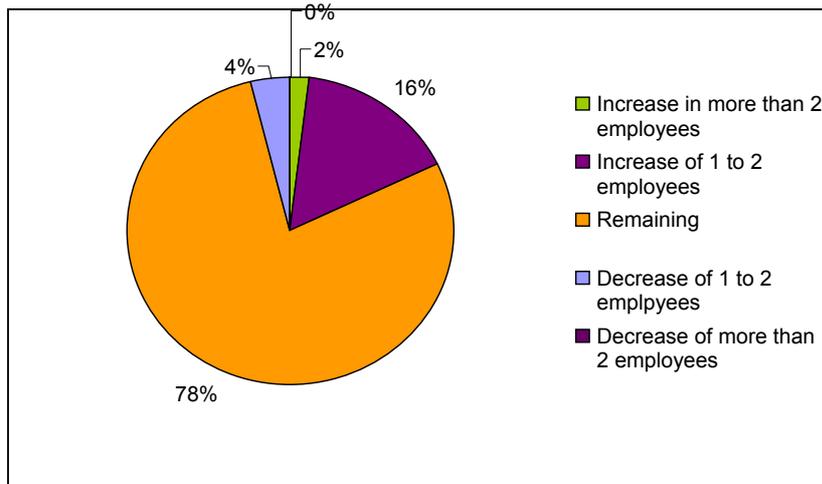
On the assumption that better qualified employees provide better service to customers, the portion of qualified employee with approx. 80 % is to be evaluated as strong point of the SBS. The number of unskilled auxiliary workers is to be classified as small with only 7 %.

Willingness for investments

The willingness to invest is analyzed on the basis the future employment figures and the planned operational changes. This part is to give information over the plans of the retailers regarding development and/or dismantling of the business activities. The following diagram informs about the activities of the retailers planned in the near future. The question was, how the employment figure will develop in the next two to three years.

Development of the employment figure in the next two to three years

employee = full time employed person

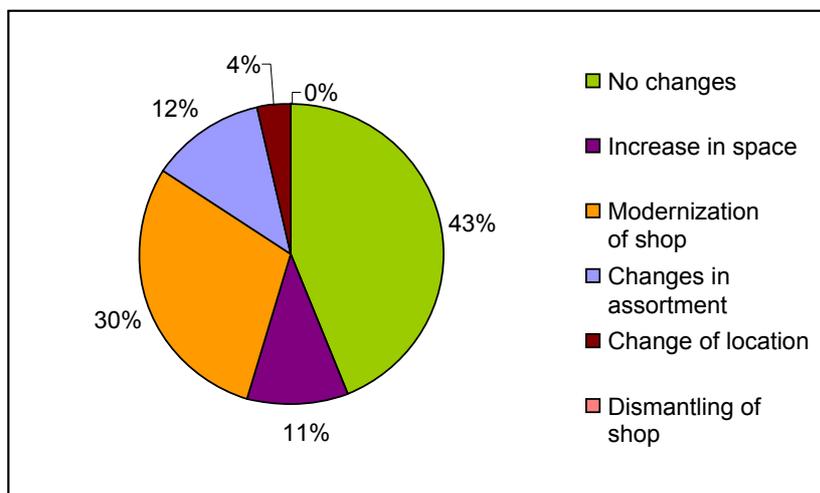


Source: Retailer questioning August 2003; Sylvia Kappacher, SBS

In total the majority of retailers indicate (78%) that the number of employees will remain the same in the next two to three years. The number of the entrepreneurs which will increase the number of personnel is four times higher than the number of the retailers with planned dismantling of employees. No entrepreneur plans a dismantling of more than two people.

The next diagram shows the willingness to invest of the SBS enterprises.

Planned operational changes



Source: Retailer questioning August 2003; S. Kappacher, SBS

The enterprises, which did not plan changes in the next two to three years, are approx. a third of the entrepreneurs with 43 %. A third of the enterprises plan a business modernization. A space extension and/or a change in the assortment shows in each case approx. 10 %. The number of entrepreneurs planning to close down the business amounts to 4 %.

Consequences

The results of the questioning show a differentiated picture of the "willingness to invest" for the SBS retailers.

On the one hand it is to be seen from the results that many retailers do not intend changes in the SBS. The number of the employees remains the same with approx. 80 % of the enterprises and also the number of the enterprises, which did not plan changes in the next two to three years, is high with 43%.

Compared with the present economic situation of the retail trade in Austria, the result is not surprising: According to an analysis of the chamber of economics at present each second trading enterprise shows losses. A recovery of the industry draws only for the spring of 2004. On the other hand the number of the enterprises, which planned in the near future an operational change outweighs with 53 %.

In summary the stagnating number of employees is not classified as risk for the retail trade of the SBS, since a continuous business activity in the next two to three years can not be interpreted as an endangerment of the enterprises. Thus this result is classified as neutral.

The number of the planned operating misalignments and the number of the enterprises, which will diminish employees, are to be evaluated as small with in each case 4 %.

Trends in consumer behaviour

The trend, that the elder consumer (over 50) is more active and due to the demographic developments, shows that this group of society will be particularly consumer relevant in the future. From the result of the questioning it is evident that the majority of the retailers do not react to development forecast. For this reason this questioning result is evaluated as risk for the retail trade of the SBS.

Both the question about pollution free products and/or advertising in reference to environmental awareness and the question about repair possibilities was affirmed both of approx. two thirds of the retailers. Connected with the trend of the increasing responsibility in relation to the environment this result is to be evaluated as chance for the retail trade in the SBS.

The trend of the increasing health awareness is with 57% of the retailers included in the product range and/or their advertising activities. This result is to be evaluated thus as chance for the retail trade of the SBS.

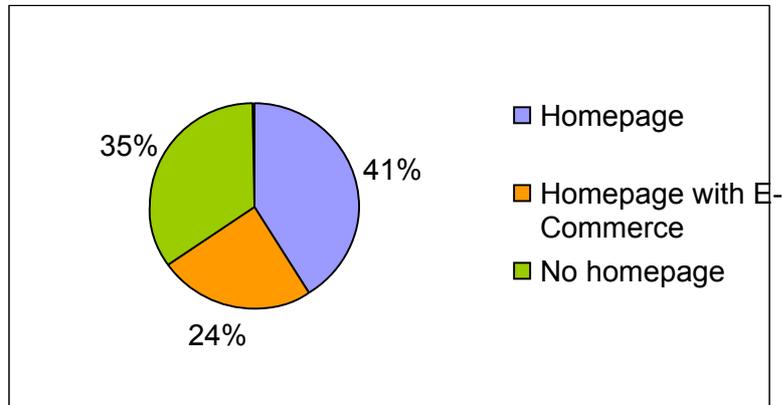
Also the last point of this section of the retailer questioning can be rated as chance for the retail trade in the SBS, since the majority of retail trade offer a delivery service and help thus the customers to substantial saving of time.

Internet / e-commerce

This part of the actual state analysis deals with the employment of new media.

The retailers were asked whether the enterprise has a homepage with information about the enterprise, and if, whether they offer the possibility to buy goods via Internet. (e-commerce).

Homepages / E-Commerce in SBS



Source: Retailer questioning August 2003; S. Kappacher, SBS

Approx. two thirds indicate that there is a homepage with information about the enterprise. 24 % of the retailer offer customers the possibility to buy goods via Internet.

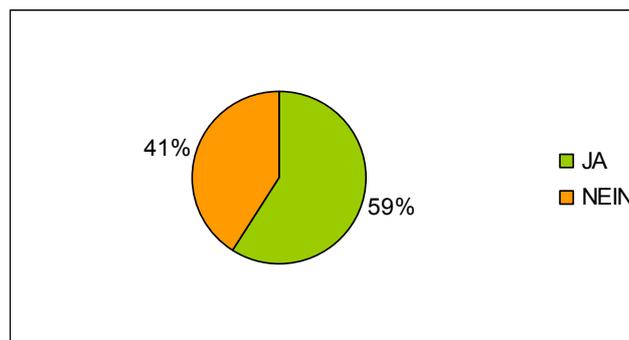
Consequences

A forecast trend of the retail trade states that e-Commerce will increase due the rising number of the internet accesses. The portion of the company-owned homepages is with a total of 65 % in the SBS very high, however the number of the enterprises, that offer e-Commerce is less than a quarter and too small to evaluate. For this reason the point "e-Commerce" is classified as risk for the future retail trade.

Diversion of the everyday life

On the question "Are you organising any activity additionally to the usual advertisement and sales promoting measures e.g. arts events, exhibitions, children events, presentations...?" the following answers were given:

Sales promotion / advertising measures



Source: Retailer questioning August 2003; Sylvia Kappacher, SBS

The majority of the retailers (59 %) affirmed the question about additional sales promoting measures. Beyond that the retailers were asked to mention their advertising measures.

The following points were mentioned:

- Fashion shows (10 x)
- Culture in the business, e.g. readings, exhibitions, vernissages, music performance (7 x)
- Presentations (3x)
- Workshop/further training with customer (2 x)
- House fairs (2 x)
- Magazine competition (2x)
- Demonstrating days (1 x)
- Wellness Days (1 x)
- Children days (1 x)
- Children excursions (1 x)
- Open Days (1 x)

Consequences

The trend of the event shopping demands ever more creativity and commitment of the retailers. The customers do not only demand the pure supply of goods, but they also want to be entertained. Throughout the result of the questioning can be interpreted as positive. More than half show commitment in the reference to the desired event shopping. However, in order to be able to analyze this point more precisely, the information about the frequency of such events would have been informative. Unfortunately this was not considered during the composition of the questionnaire.

During the listing of the advertising events the number of the fashion shows, as classical instrument of presentation of goods in clothing is noticeable – specially shoes and sports clothing. To be pointed out is the connection of retail trade and cultural events. In total seven retailers indicate that they organize such events in their business.

The point "Workshop/further training with customers" is very interesting. In this activity the entrepreneur confronts the customer with a kind of presentation and/or the customer actively takes part.

Altogether one can state that the commitment for sales promoting measures, which goes beyond the framework of the usual advertising, is present throughout the SBS. In reference to the creativity of the measures it is to be criticized that little new is organized. Since the retailers of the SBS only partly correspond to the trend of diversion of the everyday life, this point is seen to still be developed and therefore seen as risk.

Summary: Chances and risks of the retailers

From this part of the actual state analysis a chance/risk catalogue develops as result. The consequences from the retail trade questioning connected with the future trends result in following breakdown of chances and risks

Chances of the retail trade in the SBS

The majority of the enterprises have planned an operational change in the near future. Thus, the commitment to remain competitive is high.

The trend of the increasing responsibility in relation to the environment is already well integrated in the business activities of the retailers in the SBS.

Likewise is the trend of the increasing health awareness considered with the retailers of the SBS.

Corresponding to the trend of the rising time scarceness the majority of the retailers offer delivery services.

Risks of the retail trade in the SBS

Too little discount products in the SBS are offered. At the same time the offer for goods in the medium-priced range is too large, since this price range will lose importance in the future.

The number of offered categories of commodities in a business connected with the trend "one stop shopping" is too small

There is too little commitment within the target group "50+"

The trend of the e-commerce is not present yet with the majority of the retailers.

The trend of event shopping and/or the desired diversion of the everyday life shows only little creativity. In this range in the future more commitment will be necessary.

Concept and proceeding of the telephone questioning

The customer opinion poll was accomplished on workdays, in each case at the end of September between 16:30 hrs and 19:00 hrs. The time was selected because, between office closing time and local TV news most persons are attainable and thus a high representation of all social classes is expected (see Kastin 1999: p. 24 f)

In total 100 customers of SBS were asked. Due to the limited range of the thesis with the choice of the population the three customer-strongest places were chosen. These are according to the market definition St. Johann, Bischofshofen and Schwarzach.

This population covers 23,873 inhabitants (statistics Austria 2003, on-line). Since children and young people under the age of 15 years are not consumer relevant - as at this age predominantly parents take over the purchases - the population is reduced to 19.470 customers in the area of St. Johann, Bischofshofen and Schwarzach (statistics Austria 2003, on-line).

The selection of the questioned people from the population was chosen coincidentally on the basis telephone numbers in the telephone directory.

The questioning of the customers pursues the main goal of seizing the satisfaction of the customers regarding achievements of the SBS and regarding achievements of the main competitors. Beyond that the recognition of the organization SBS and the shopping behaviour are determined.

In reference to the composition the following table gives information to the questioned people.

Portion of the questioned people in comparison to the population structure			
	Population	Questioned	Question in %
Origin			
St. Johann	8.185	40	0.49%
Bischofshofen	8.359	40	0.48%
Schwarzach	2.926	20	0.68%
Total	19.470	100	0.51%
Age			
until 20 Y.	1.600	11	0.69%
betw. 21 - 40 Y.	7.262	33	0.45%
betw. 41 - 60 Y.	6.099	27	0.44%
61 Y. and older	4.509	29	0.64%
Gender			
female	10.177	62	0.61%
male	9.293	38	0.41%

Children and young people under 15 years of age are included in the figures.

Source: Customer opinion poll Sept. 2003; S. Kappacher, SBS and statistics Austria, on-line

Consequences

First these results confirm that the shopping centres outside of the city Salzburg are the main competitors for the retail trade in SBS.

The concrete number of the purchasing power flux does not serve for the categorization in strengths and/or weaknesses, but is a first scientific estimate of the purchasing power flux in the three places. Beyond that the determined value represents a basis for any following determinations of the SBS and temporal comparisons.

It is remarkable that the population until the age of 40 buys more in Salzburg city and surroundings than older persons. The age group starting from 60 years of age shops less in the shopping centres around Salzburg (a minimum of 0,8 %).

The reasons for that could be the lack of offers for young customers and families in the SBS or in the decreased mobility of the older population.

Satisfaction with the offer of the SBS and the competition

The following points were evaluated by the questioned people:

*) Evaluation of the industries food/medicine, clothing/shoe/sports, book/games and household equipment/electrical/flowers regarding the assortment (Do you get everything what you want to buy?) and the number and kind of business (Are sufficient businesses present?)

*) Technical consultation in regards of friendliness and qualification

*) Opening times

Consequences

For the strategy workshop the comparison of the offers in the SBS and the shopping centres outside of the city Salzburg are interesting.

This shows clearly that the customer satisfaction of the offer of the competitors - with the exception of the "food/medicine" industry – is higher than in the SBS industries. Above all young people and the population between 20 and 39 years evaluate the competitors better. The questioned people over 40 years or age are more satisfied with the offer of the SBS than with the offer of the shopping centres outside of the city Salzburg. For this reason the satisfaction of the population under 40 years with the offer of clothing, shoes, sports, books, games, electrical, household, and flowers is classified as weak. For this age group the offer must be arranged more attractively in the future. The satisfaction of the customers over 40 years is evaluated as strength.

Evaluation of technical consultation

In total technical consultation in the SBS business was very well evaluated. The competitors were visibly bad evaluated regarding the consultation with an average mark of 2,7 than the SBS businesses. The older the questioned customers are, the more dissatisfied they were with consultation in the shopping centres outside of the city Salzburg.

Consequences

The results of this questionnaire obviously show that the customers with technical consultation are more satisfied in the SBS than with the operation in the shopping centres outside of the city Salzburg. The point qualification and friendliness of technical consultation is evaluated as strength of the SBS businesses.

Opening Hours

The customers are very happy with the opening hours of the SBS and the competitors. In the evaluation of the SBS it shows that the population up to 40 years of age are more dissatisfied than the older questioned people.

Traffic

In the context of the customer opinion poll the customers were questioned about the satisfaction with the public local passenger traffic, the offer of parking lots and the satisfaction with the traffic volume and/or the annoyance by the traffic.

Consequences

The points public local passenger traffic, parking lot situation and the traffic volume was evaluated as "very good" to "good". Thus the questioning results can be rated as strengths of the SBS. The desires and suggestions will be considered in the context of the recommendation of measures.

Purchase-accompanying activities

Following activities were mentioned in the context of purchase accompanying activities:

- More theatre (3x)
- More music events (2x)
- More comedy shows (2x)
- More activities for young people (2x)
- Increase variety (1x)
- More in Schwarzach (1x)
- More lectures (1x)

Consequences

Since the gastronomy and cultural offers were evaluated in each case with the mark 2,0, these two points are to be considered as strengths of the SBS. However, in reference to the offered culture scene it is to be noted that the population up to 40 years of age is visibly less satisfied than the older people. For this target group special measures are to be considered.

The townscape and/or the city-formative conditions in the SBS are to be interpreted likewise as strong as the average mark in the SBS is 1,7.

11 Strengths and weaknesses of the SBS

The chapter customer opinion poll serves the actual state analysis in the framework for the determination of the strengths and weaknesses of the SBS from the customers view. In summary, the following strength/weakness catalogue is the result of the customer opinion poll

Strength of SBS

The general acknowledgement of the SBS is high with 70 %

The offer at clothing, shoes, sport, books, games, electrical, household and flowers is sufficiently present for the population over 40 years.

The entire food and medicine industry is better evaluated in the SBS than the competition.

The customers are satisfied with the qualification and friendliness of technical consultation in the SBS and evaluate them better than the competition.

All traffic conditions in the SBS are evaluated "very good" to "good". The most important suggestions on the part of the customers were to increase the frequency of public local passenger traffic between SBS.

The gastronomy and cultural offer is evaluated as "very good" and "good". Nevertheless, it should be considered that the satisfaction of the young people and the people between 20 to 40 years is lower than with the older social classes.

The townscape is evaluated very positively altogether.

Weaknesses

The acknowledgment of the SBS is low with the population over 60 years

The offer at clothing, shoes, sport, books, games, electrical, household and flowers is a little satisfying for the population under 40 years.

The opening hours are more badly evaluated in the SBS than with the competitors. Above all the customers wish for themselves uniform opening hours in the entire SBS. Furthermore, it is criticized that the businesses open too late in the morning and that at noon there is no continuous opening hours.

The Strategy workshop of the SBS

<p style="text-align: center;">Strengths:</p> <ul style="list-style-type: none"> ▪ Generally high acknowledgement ▪ Offer of Clothing, shoes, sports, games, electrical, household and flowers for the population above the age of 40 years ▪ Offer of food ▪ Qualification und friendliness of technical consultation ▪ Gastronomy and cultural offer ▪ Townscape ▪ Traffic situation (Parking lots, public transport, traffic volume) 	<p style="text-align: center;">Weaknesses:</p> <ul style="list-style-type: none"> ▪ Acknowledgement of the population beyond 60 years of age ▪ Offer of clothing, shoes, sports, games, electrical, household and flowers for the population below the age of 40 years ▪ Opening hours
<p style="text-align: center;">Chances:</p> <ul style="list-style-type: none"> ▪ High number of planned operational changes ▪ Good preparation for the trends: <ul style="list-style-type: none"> ▪ „Environmental awareness“ 	<p style="text-align: center;">Risks:</p> <ul style="list-style-type: none"> ▪ Too little commitment for the target group „50+“ ▪ No or little preparation for the trends: <ul style="list-style-type: none"> ▪ „e-Commerce“

▪ „Health awareness“

▪ „Event shipping“ – „Diversion of the everyday life“

Goal catalogue

Standardization of the opening hours: In the year 2006 the opening hours should be more uniform by around 10 %, than at the current time

Standardization of membership dues: In the entire SBS until 2006

Number of SME members in the SBS is to rise by 5% and 10% of large enterprises are to be part until 2007

Standardization of the parking system and the town centre bus in the three places to 2007.

The acknowledgement of the SBS with the customer below 40 years of age is to increase to a min. of 95 % and customer beyond 40 years of age is to increase to a min. of 75 % by the year 2007.

Until 2007 the name SBS has to become a brand name that stands for service and quality. More than 50 % of the customers are to relate these values with SBS.

Customer binding is to be increased.

Events for the population below 40 years of age are to be created. Until 2006 there should be at least three events per year organized particularly for young people and "remained-young" people.

In the future the potential of the "vacationing guest" must be better used. Goal: strengthened structures of co-operations with the tourism. Until 2007 at least two co-operation projects are to be accomplished with the resident tourism.

To show the success or failure of the workshop following goals are shown:

Goals of the Workshops

1. Critical argumentation with the results from the actual state analysis - in particular with the strength/weakness and chance/risk catalogue
2. definition of goals for the association SBS

Increase of customer binding measures

The goal "customer binding is to be increased" is not measurable. However, since it was defined in the workshop as an important point, the following measures are suggested for the increase of customer binding:

SBS Card:

In the context of the European Union project "Qualima", which supports the association SBS in securing local supply, the project SBS Card is introduced. The following measure suggestion deals with the kind and the possible capacity of this customer card.

An SBS Card, which contains special 'teasers', is offered to each customer. This card can be either the customer's own card or after the example of the Innsbrucker INNPlus Card (see Innsbruck city marketing) can be the customer's own charge card. The performance of the SBS Card can contain the following advantages for the users (see Innsbruck city marketing):

Under the slogan to "earn money when buying" and after a certain annual turnover a discount is given on bought goods. In Innsbruck e.g. 2 to 4 % of the total purchase sum is returned to the customer each spring and beginning of autumn.

The customers are informed first by their dealer about special offers.

The SBS Card is to be seen as an incentive for the customers in SBS member trades. The higher the purchasing sum in the SBS businesses is, the more money is returned.

Direct Mailing: With the SBS Card the SBS enterprises have customer data at their disposal. These should be used for direct mailings. For example regularly e-mails or folders with special offers can be sent out to the members.

Another advantage is the training of shop assistants. If the customers are satisfied with the service, they will gladly recommend the business to friends and therefore contribute to a higher customer frequency. Here, the association SBS can offer training courses with professional advisors, so that also small enterprises, which cannot organize such training courses due to the size, animate their employees to the further training.

12 Summary

In this last chapter a summary of the results of the thesis is represented. It is examined, to what extent the research question has been answered and if the goals have been achieved.

As a reminder the research question is presented here again:

How can the attractiveness for the customers in the region of the cities St. Johann, Bischofshofen, and Schwarzach (SBS) be increased and thus the purchasing power flux to the competitive shopping centres decreased?

It applied to achieve the following goals (principal purpose and partial goals) in the thesis.

- Development of a development strategy on retail trade for the three cities Schwarzach, St. Johann, Bischofshofen
- Representation of the trends within the range retail trade and consumer behaviour
- Chances and risks of the retailers
- Determination of the customer satisfaction
- Strengths and weaknesses of the cities SBS
- Strengths and weaknesses of the competition

For the organization this thesis represents a first scientifically founded total summary over the retail trade location St. Johann, Bischofshofen, and Schwarzach.