Retail competitiveness in a middle sized border town (Komárno, Slovakia)

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Abstract

Our study deals with the rapid transformation of the Slovak retail network as well as it analyzes the changes in shopping habits in Komárno, a medium sized border town in Slovakia. The first part of this paper, which is based on a desk research, analyzes the transformation of Slovak retail trade in the past few years. After providing an overlook of the national trends, the characteristic features of retail trade in Komárno are introduced. Those economic processes are pointed out which have initiated fundamental changes in the retail trade of this gateway town in southern Slovakia. In the second part of the paper we introduce the results of the field research carried out on two sets of samples with 300 respondents each. The investigation was aimed at finding out about peculiarities arising from the economic recession and from the fact that Komárno lies on the border.

The research was carried out between 2008 and 2010 in order to explore the effects of the downturn on shopping habits. In our research we aim to find out, whether the closeness of the frontier and its distorting influence on economic processes can have a significant effect on market actors. Therefore we consider the permanent monitoring of cross-border market processes to be extremely important, so that (retail) businesses are able to react to individual rapid changes in the economic environment. Since nearly one third of the 174 micro-regions in Hungary and several regional centers are situated directly in frontier regions, it is especially important for retail businesses run in those regions to find out about the economic conditions prevailing on the other side of the border.

Keywords: cross-border retail trade, shopping centers, competitiveness, shopping habits.

Introduction

The towns and settlements lying near the border have gone through significantly divergent historical developments in the past three quarters of a century.

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This divergence was present in their demographic, ethnic, religious, economic, educational, cultural and other developments (with a special view to changes in the situation of the Hungarian minority in Slovakia). Thus, there were substantial differences between settlements on the two sides of the border in the level of economic development and in the standard of living. These differences were especially manifested in the case of Komárno in Slovakia and Komárom in Hungary, which used to be one town on the Danube until they were forcefully divided by the new Hungarian–Czechoslovak border in 1920. It took nearly seven decades (except the period between 1938 and 1945) until the Hungarian and the Slovak parts of the town got into a situation (in the 1990s) that the preconditions of a long-term, coordinated, joint urban development were given. Nowadays the two towns are coming closer to each other in many respects. The most important signs of this advance seem to be manifested in the increasing number of commuters employed on the other side of the border, developing tourism and cross-border retail trade, gradually growing international migration and the renewal of personal relationships as well as in increased vehicle and pedestrian traffic, which has arisen from the above mentioned phenomena.

The above developments promote the approach of the two towns in the fields of organizational, institutional and personal relations as well as in culture, sports, education etc. The volume of foreign capital investments arriving to the region has also started to increase. What is more, new bilateral and multilateral cross-town cooperation programs and regional development cooperation programs have been launched in the framework of EU-related activities, such as the Euroregion Vagus-Danubia-Ipolia or the Pons Danubii EGTC.

Retail trends in Slovakia

The Slovak retail network has gone through significant structural changes (Dawson, A.J. 2007). A large number of shopping centers of different size and profile have been opened since the second half of the 1990s both in Slovakia and Hungary. The four popular hypermarket chains in Slovakia are the following: Tesco, Kaufland, Hypernova and Carrefour (Sikos, T.T. 2007). Besides these a number of different supermarkets and deep discounters also appeared on the market. Due to their smaller size these can be found in the city centers or in their vicinities. The following can be mentioned as examples: Billa, Jednota, CBA or Lidl.

Table 1 shows the turnover of the Top 10 retailers in the past three years as well as the number of stores added to their chain. The top four retailers managed to keep their position on the market. Tesco is one of the most popular and

Table 1. Top 10 retailers in Slovakia, 2007–2009

2007			2008			2009		
Retail chain	Number of stores	Turnover in billion Slovak crowns	Retail chain	Number of stores	Turnover in billion Slovak crowns	Retail chain	Number of stores	Turnover in billion Slovak crowns
1. Tesco	58	35.7	1. Tesco	70	40.5	1. Tesco	81	34.40
2.C&C Metro	5	17.6	2. C&C Metro	5	18.5	2. C&C Metro	5	13.80
3. Billa	90	13.3	3. Billa	94	14.4	3. Billa	100	13.20
4. Kaufland	29	10.8	4. Kaufland	35	11.2	4. Kaufland	40	10.60
5. Ahold Retail	25	8.0	5. Ahold Retail	25	8.3	5. GG Tabak	80	9.30
6. CBA SK	280	5.3	6. Nay	24	6.9	6. Ahold Retail	25	7.53
7. Lidl	98	4.9	7. GG Tabak	80	6.3	7. Lidl	112	5.30
8. Labaš	9	4.1	8. Lidl	110	5.8	8. Nay	25	5.20
9. Coop BA	23	3.2	9. CBA SK	250	5.7	9. CBA SK	250	4.90
10. Coop NZ	110	2.8	10. Baumax	14	5.3	10. Baumax	14	3.70

Source: AC Nielsen, 2008–2010.

most dynamically developing retail chains in Slovakia. It has more than 80 stores ranging from hypermarkets through supermarkets to Tesco Express stores. Though Metro did not open new stores in the above mentioned period, their turnover increased considerably. Billa managed to keep its position by opening new stores: in 2009 they had as many as 100 stores. The same applies to Kaufland, with the difference that their growth in the number of stores was not as large as the one of Billa. Hypernova, which is run by Ahold Retail, was not able to maintain its earlier position, and its place was overtaken by GG Tabak, which sells mainly tobacco products and newspapers. Nay, the electrical shop chain lost its sixth position and ended up in eight place at the end of the period. Baumax appeared on the Top 10 list in 2008, and it has been able to keep its position since then. The fact that retail chains in cooperative ownership lost their position is also supported by the fact that the two largest cooperative chains disappeared from the Top 10 list. These are the two Coop Jednota chains, one with its seat in Nové Zámky and the other one with its headquarters in Bratislava (Yudelson, J. 2010).

Food industry suffered the least as a result of the downturn in 2009; however, food retailers' turnover also fell for the first time in fifteen years. The combined turnover of retail chains decreased considerably, namely by 12%. Nay, Baumax and Metro saw the most dramatic decrease: their turnover fell by 25–30%. On the other hand, the turnover of Billa, Kaufland and Lidl fell only by 5–8%. It was only GG Tabak that increased its sales. The above decreases were also caused by the fact that fewer retail chains opened new stores in 2009. The expansion of retailer centers slowed down. This had not happened in the previous five years. Merely some 60 centers were opened in 2009, which was much lower than the corresponding number a year earlier. Further expansion and the launch of new projects can be expected in 2010. Billa is planning to open at least 10 new stores, and Jednota hopes to open 40 units. Kaufland is expecting to implement 20 new projects in the next five years.

After providing an overview of the most important retail trends and market situation on national level let us analyze the specific features of retail trade in the town of Komárno. The analysis can be divided into three major parts. In the first part those macroeconomic processes will be investigated that have fundamentally influenced the retail sector. We will also analyze the most important factors of the town's retail trade. Finally, it will be provided a comparative analysis of the results of our field research carried out in 2008 and in 2010.

Macro factors influencing retail trade

The development of the retail sector depends on the fluctuations of effective demand. There are parallels between the unemployment processes of Komárno District and its economic development, thus the purchasing power of its population can be well characterized by unemployment trends in the district *(Figure 1).*

Unemployment in Komárno District has developed in three stages since 1997. The first stage can be described with persistently high unemployment rates. The number of jobless people permanently exceeded ten thousand. The rate of unemployment decreased rapidly during the second stage between 2004 and 2008. This was due to the economic development of the country. Free movement of labor arising from the country's EU accession also contributed to the decrease. Several thousands of people from Komárno and the surrounding region found employment with one of the companies that had settled in the industrial park in Komárom on the other side of the border in Hungary. In the third stage, which still lasts, the number of those looking for a job has been rocketing as a result of the economic downturn. The number of unemployed people has come near to ten thousand again. Due to the fact that in the third stage unemployment increased again the proportion of discretionary income

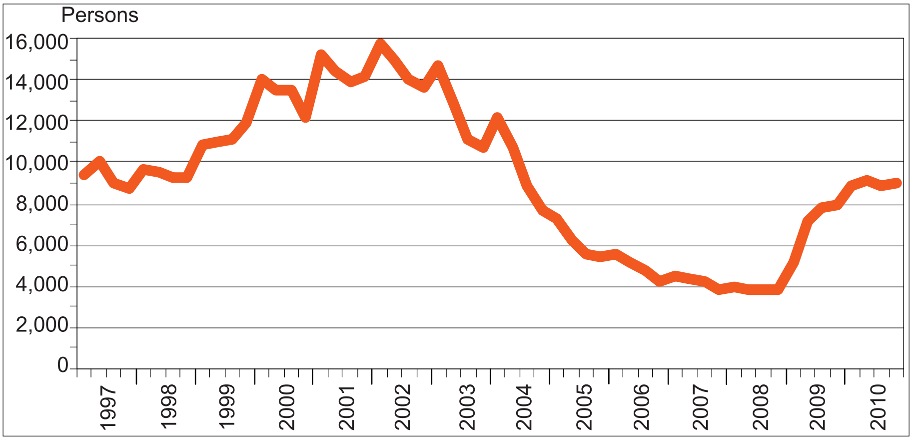

Fig. 1. Change in the number of unemployed people in Komárno District
Source: www.upsvar.sk

in households decreased, bringing the retailers in the town into a difficult situation. On the other hand, it is not only macro market conditions that influence business opportunities of retailers in Komárno. Since the town lies on the border, retail trade in Komárno is also significantly influenced by the exchange rate between the Hungarian forint and the euro (earlier the Slovak crown). By looking at the long-term course of the exchange rate between the above-mentioned two currencies it can be concluded that the forint has been permanently loosing value against the Slovak crown (euro) since 2004. The depreciation of the forint was not only the result of the downturn in 2008. It was already present in the period when the Slovak economy was developing fast and the Hungarian economy was sluggish, or stagnating (from the second half of the 2000s) *(Figure 2).*

The constant weakening of the forint proves to be beneficial for Hungarian retailers close to the border; on the other hand, it puts retailers who run their businesses in Komárno and in other frontier regions into an unfavorable position.

Changes in the exchange rate weaken the position of Slovak retailers in two respects. On one hand, doing the shopping in Hungary is increasingly worth for those who earn euros in Slovakia. The reason for this is that the purchasing power of forints that they get for one euro is higher in Hungary than the purchasing power of a euro in Slovakia. Moreover, those Slovaks who are employed in Hungary increasingly tend to spend their forints in Hungary in order to avoid loss on exchange. The number of the latter ones in the whole frontier region amounts to more than ten thousand (Hardi, T. 2008). Their

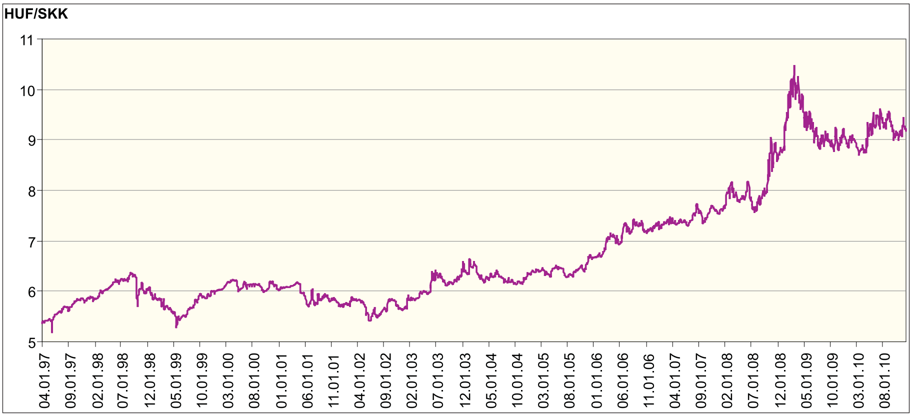

Fig. 2. Hungarian forint/Slovak crown exchange rate developments. Euro became the legal tender in Slovakia on 1 January 2009. The exchange rates as of 2009 shown above have been calculated with the permanent Slovak crown/euro exchange rate (30.126 SKK/EUR). *Source*: www.mnb.hu

shopping habits have been analyzed in a number of studies (Sikos, T.T., and Tiner, T. 2007; Sikos, T.T. and Kovács, A. 2008; Kovács, A. 2010).

Retail trade development processes in Komárno

In the following part of our study the most important features of the retail sector in Komárno will be analyzed. First, the most important market actors will be introduced (Terry, C. 1994), and then the role of the most important retail establishments in town, i.e. hypermarkets, will be looked upon. This will be followed by the analysis of the retail function of the historical town center. We will also investigate what dangers the shops located in the town center would be exposed to if a new shopping center were built in town. In the closing part the most important characteristic features and developments of the cross-border retail trade will be highlighted, and the trends throughout the deepening crisis in 2009 and during the time of the slow recovery in 2010.

Retail networks on the two sides of the border

The spatial processes of the retail trade of Komárno can be understood only if they are analyzed together with the retail network developments of the southern neighboring town in Hungary, Komárom. Therefore, in the following a short overview of the two towns' retail sector developments will be provided by touching upon its most important elements.

There are numerous parallels between the retail sector developments of the two towns. Komárno has a population of 37,400 and Komárom has 19,900 residents, and the retail trade of both settlements is dominated by Western European capital-intensive retail networks *(Table 2.)*

Table 2. The most important international food retailers in the two towns

Komárno		Komárom	
Retail unit	Opened in	Retail unit	Opened in
Kaufland	2002	Spar	1993
Hypernova	2003	Penny Market	2000
Billa	2005	Tesco	2005
Family Center	2008	Spar	2007
Lidl	2010	Spar	2009

Source: Own collection

None of the towns have a significant shopping center in their town center; however, both towns have a restored, reconstructed department store, or a retail establishment of a strip mall kind (Sikos, T.T. and Hoffmann, I. 2004). As examples of reconstructed department stores in Komárno the Ister (former Váh) retail establishment and Komárno Shopping Center (former Prior) could be mentioned. The one in Komárom, Hungary is the former Duna Department Store. An example of strip malls is the Family Center in Komárno, which opened in 2008. An investment project of minor importance that was carried out following the change of regime was the opening of Millennium Üzletház in Komárom.

Before the financial crisis hit in 2008 there were plans to open a 12,000-square-meter shopping centre in Kossuth Square, which is the market square in Komárno. However, due to the crisis the project has been postponed indefinitely.

The already implemented and planned developments have considerably changed the traditional shopping areas, i.e. the centers of both times. The retail network of Igmándi Street in Komárom as well as the network of Župná, Palatínova and Valchovnícka streets in Komárno have regressed. Stores have been replaced by catering and entertainment facilities, such as cafes, restaurants, clubs etc. *(figures 3* and *4).*

Comparing the maps from 2005 and 2010, it can be concluded that the retail network of the town center has been transformed significantly during the last five years. It has been prompted by a complex system of factors: the spread of new types of retail stores *(cf. Table 2),* the lack of capital in local small businesses and the unfavorable effects of the economic regression that started at the end of 2008 have all contributed to this change.

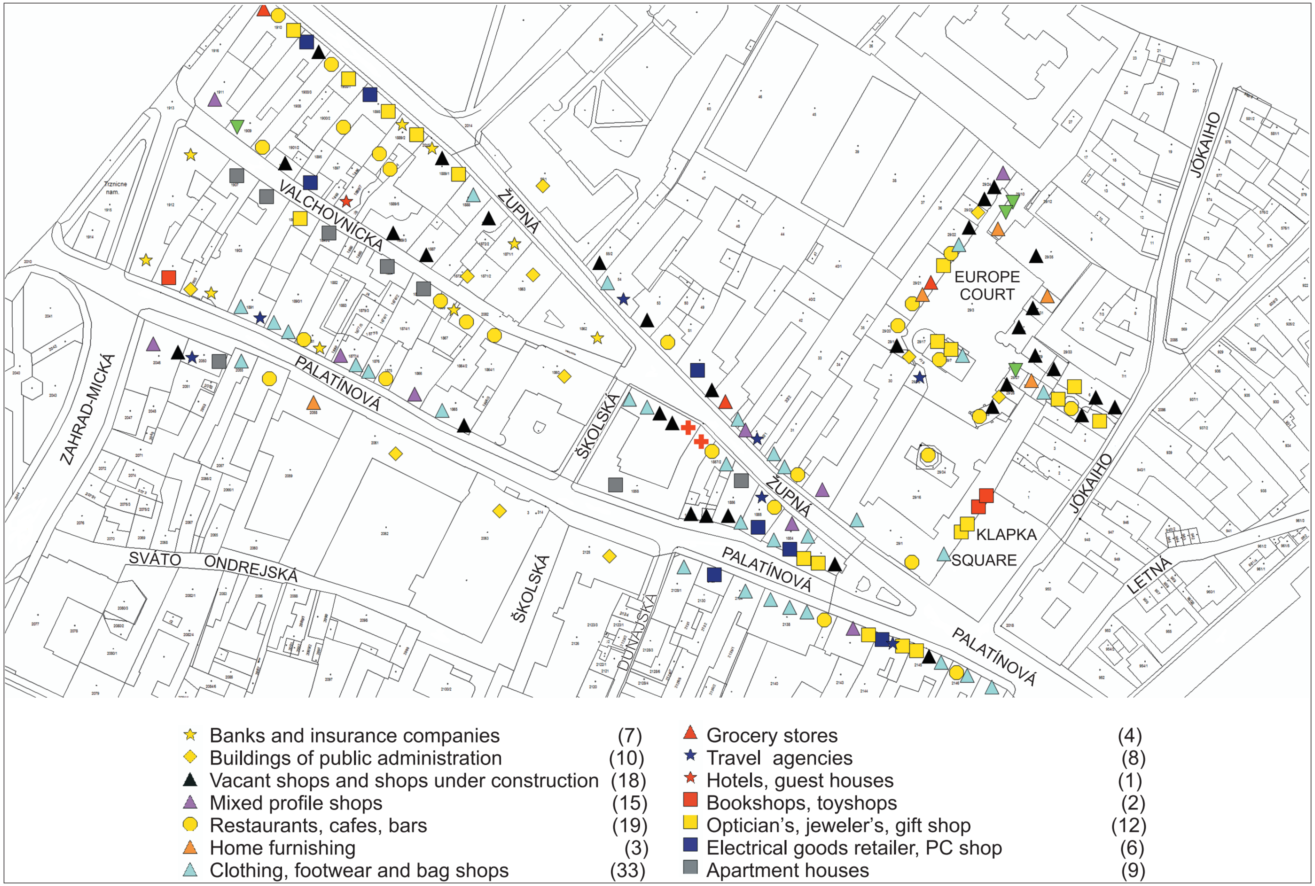

Fig. 3. Retail network of Komárno's town center, 2005. *Source:* Sikos, T.T. and Tiner, T. 2007.

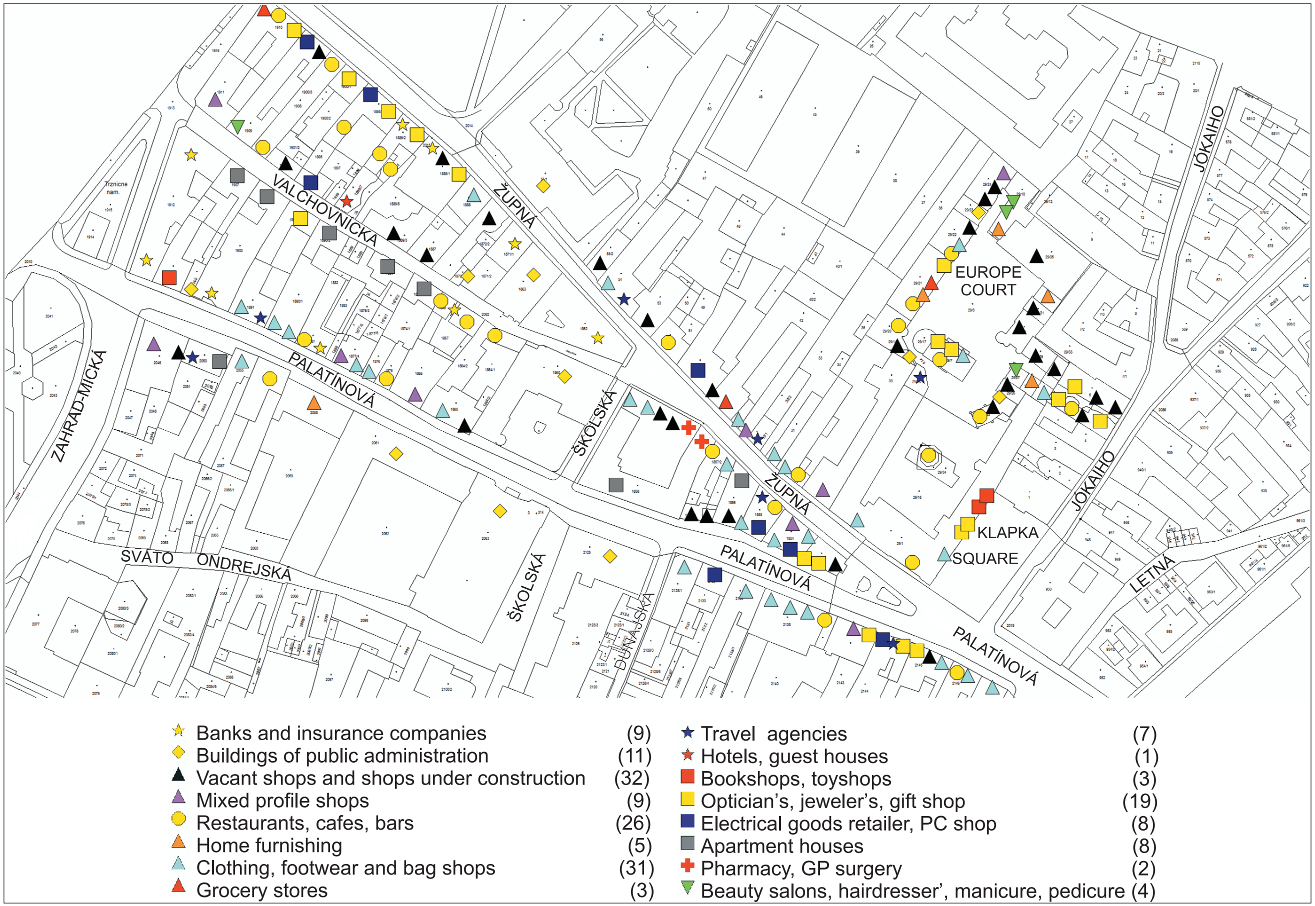

Fig. 4. Retail network of Komárno's town center, 2010. *Source:* own collection, 2010

The most important elements of the change could be summarized as follows: the number of vacant shops has increased dramatically; the number of businesses involved in the catering industry has also increased considerably; retailing function, that had a significant role in the past, has lost importance. What is more, new service units such as hairdressing and beauty salons and healthcare services (GP surgeries, pharmacies) have appeared in the downtown. The transformation of the town center is still in progress. Tenant fluctuation is extremely high. There are stores that do not stay open even for a year.

On the basis of our observations the service units are not able to replace all retail stores that have closed; thus, the number of vacant shops is growing. The shopkeepers react to falling demand in different ways. In order to survive they reduce the size of their shops, which brings along an increased number of stores in the center. Furthermore, completely or partly new, supposedly more competitive store profiles have appeared.

It can be concluded that the retail market of the two towns is rather competitive. Consumer preferences are influenced both by the macroeconomic circumstances outlined above and by the marketing strategy and market behavior of each store. The fact that the two towns lie on the frontier results in a special competitive environment, where there is not only horizontal competition (between shops of similar profile, function) and vertical competition (between shops with different size and function) in retail trade, but due to the closeness of the two towns and the permeability of borders there is international competition between the retailers.

In our empirical research the most important elements and relations of this complex competitive market situation were explored. In the next part of the paper the most important results of our research will be summarized. Two surveys were carried out: one in 2008 and another in 2010. In both of them 300 respondents were asked. Our data collection took place in the most important retail zones of Komárno (Župná and Palatínova streets, Klapka Square, Jókaiho Street and the Hypernova and Kaufland shopping centers) as well as at J. Selye University in order to ensure that different age groups, different social strata and different income levels were represented in the research sample.

Analysis of changes in shopping habits

The distribution of respondents is similar in the two research samples. One third of respondents are male, two thirds are female. The reason for the higher representation of female respondents is the fact that shopping is still mostly done by women. Therefore, our aim was to represent this fact in our research sample, too. Data collection took place on different days of the week, in different parts of the day in order to ensure that respondents who regularly do their shopping on certain days and at certain times would be represented in the sample with a similar probability.

The distribution of respondents shows well that all age groups of the population are represented in the sample. However, the age group of people from 21 to 40 was overrepresented in the sample purposefully. The reason was that this group is important for marketing communication, since the sensitivity of its members to new advertisements and messages is high. Furthermore, their brand loyalty is rather low and they have considerable discretional income and represent high purchasing power.

The age distribution of the samples from 2008 and 2010 is very similar, so the results of the two surveys are comparable *(Figure 5).*

Considering the occupation of the respondents it can be seen that the majority of shoppers in the town work in the service sector, or they have some sort of white-collar jobs. Due to their special customer needs and behavior, students/undergraduates can be considered to be an important part of our sample. Most respondents who were put to the "Other" category are homemakers or they are on maternity leave. The proportion of retired people, in accordance with the age distribution of the sample, is low *(Figure 6).*

A vast majority of respondents in both samples finished secondary education, which corresponds to the general education level in the region.

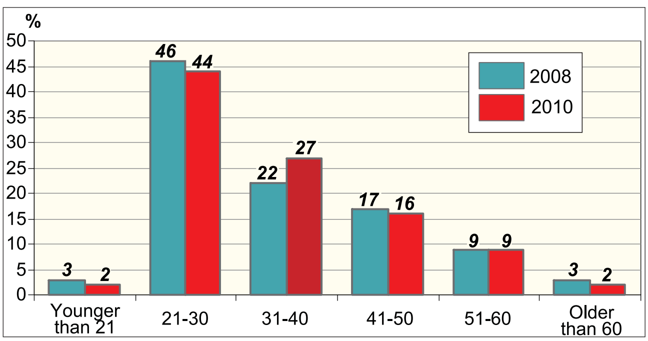

Fig. 5. Age distribution of respondents. *Source:* Own collection

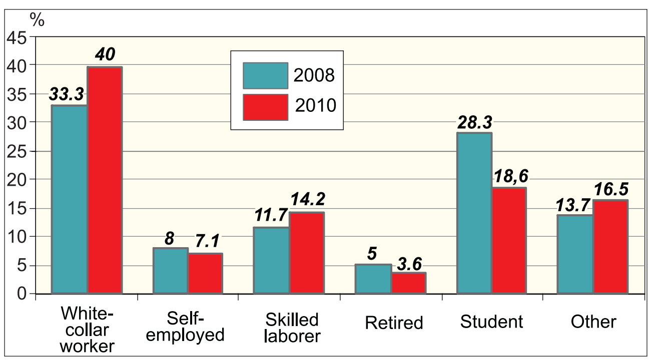

Fig. 6. Distribution of respondents by occupation, 2008, 2010. *Source:* Own collection

The sample from 2010 includes more respondents with a first- or second-level university degree; however, the difference between the two samples in this respect is insignificant *(Figure 7).*

After examining the basic features of the research sample (age, occupation, education level) it can be concluded that the social and economic status and the demographic features of respondents in the two samples are similar to a large extent. Thus, the results of the two data collections are comparable. In the next part of the paper a comparative analysis of the two questionnaire surveys will be carried out with an aim to find out what caused the changes in shopping habits in two years.

When analyzing shopping habits, one of the most important issues is the analysis of shopping frequency. Although only two years passed between the two data collections, the shopping frequency of customers in Komárno changed considerably. In 2008 nearly 60% of respondents purchased something in different retail units nearly every day. In contrast, a similar proportion in 2010 belonged to the group of those who did their purchases only few times a week. The proportion of those doing daily purchases decreased by 20

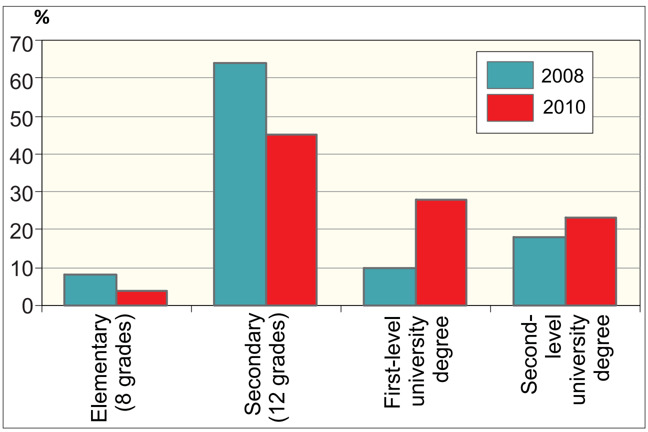

Fig. 7. Distribution of respondents according to education level. *Source:* Own collection

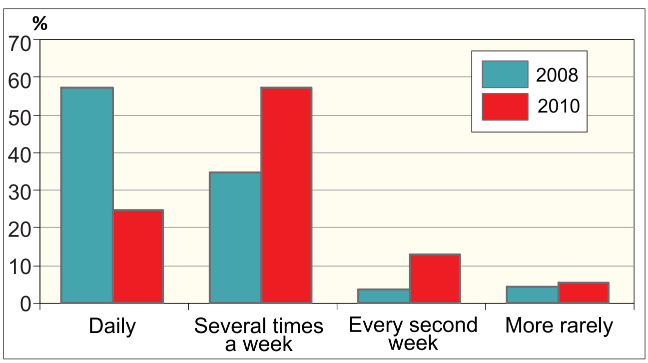

Fig. 8. Shopping frequency of respondents. *Source:* Own collection

percentage points *(Figure 8)*. The reason for this might probably be the rise in unemployment caused by the economic recession and the consequent fall in incomes. The number of ad-hoc, impulse purchases decreased; shoppers spend their money more carefully; they rationalize their shopping trips, since getting to the shops also costs money.

Besides the evaluation of shopping frequency another important piece of information is shop preferences and the changes that might have taken place in it. In the framework of both surveys the respondents had to mark the most important hyper and supermarkets in Komárno and Tesco in Komárom in order of how often they visit each one. *Figure 9* shows the position of retail establishments in the years 2008 and 2010.

Respondents were asked to rank stores on a scale of 1 to 5, where the ranking was proportionately higher to the frequency of their visits to that store. *Figure 9* shows the individual average scores of each chain. Lidl does not figure in *Figure 9*, since it was opened in 2010; therefore, comparison with 2008 was not possible.

It was Kaufland in both years that was visited most frequently by respondents from Komárno. The reason for its popularity is that this retail establishment situated near the road to Bratislava is the largest one and offers the lowest prices among all centers (as far as respondents stated). There are several Coop-Jednota supermarkets in town. These came in as second on the list for the reason that they are located close to respondents. The significance of cross-border retail trade is also proven by the fact that the Tesco store located in Komárom, Hungary is the third most popular retail establishment among

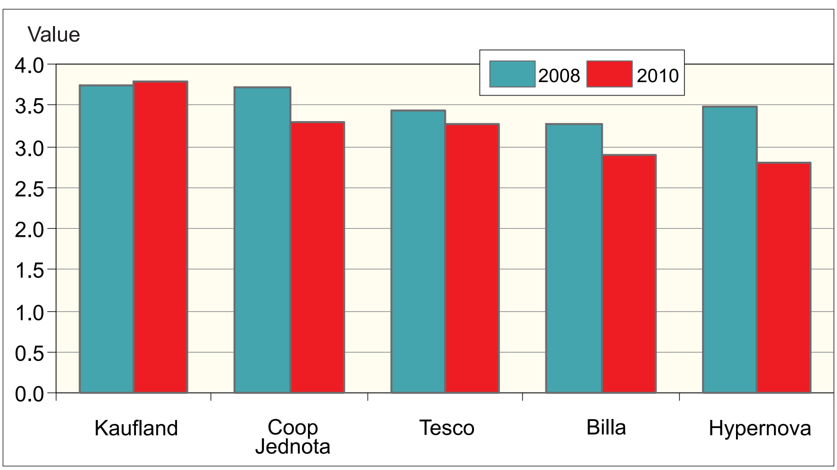

Fig. 9. Change in the popularity of food retailers situated in Komárno and Komárom. *Source:* Own collection

respondents from Komárno, Slovakia. Tesco's popularity lies in its closeness to respondents, in its price level (and in the favorable development of exchange rates), in its wide selection of goods and in the fact that a large number of respondents are employed in Hungary. The least visited center among shoppers in Komárno is Hypernova. Its popularity has decreased considerably in the past two years. Even the Billa supermarket situated in the town center proved to be more popular. One of the reasons for Hypernova's so called weak performance might be the fact that its owner, Ahold Retail, stopped its expansion in Slovakia in the last few years. It has been announced to withdraw from the Slovak market several times. As a result, this stagnation and uncertainty has a bad influence on the quality of its services.

Besides the preference survey concerning hypermarkets we also aimed to find out what role they have in the distribution of different commodity groups. Hypermarkets are retail units with large floor space selling primarily foodstuff, where other fast moving consumer goods (FMCG) and consumer durables are also available.

Not surprisingly, 80% of respondents buy foodstuff in these stores. However, besides these, as it has been proven by both surveys, 40% also regularly purchase toiletries, and 10% regularly buy clothing, books and electronics *(Figure 10).* This means that hypermarkets have a considerable market share on the non-food market too.

Shopping frequency from a business point of view can be construed only together with data showing how much shoppers spend per shopping

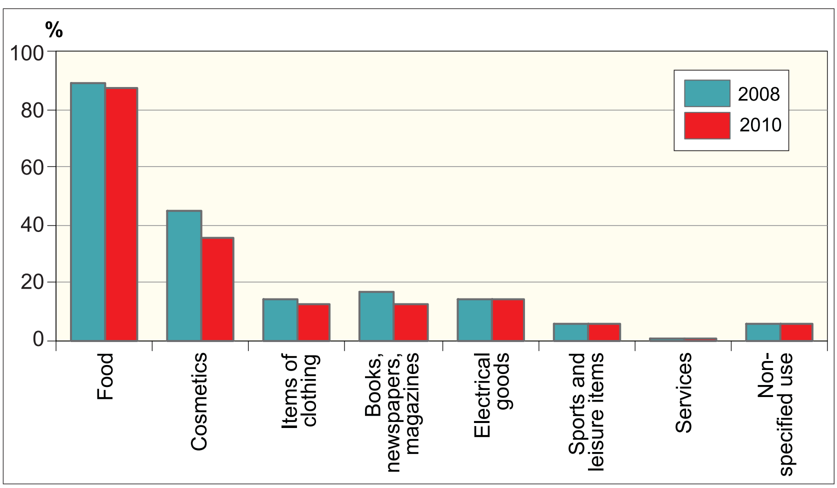

Fig. 10. Goods purchased in hypermarkets and supermarkets included in the research.
Source: Own collection

trip. The values of spending per shopping trip in 2008 and 2010 were nearly equal; no significant changes can be found between the data gathered in the two years. Almost half of the respondents spend between 20 and 40 euros (appr. between 5,000 and 10,000 Hungarian forints) per shopping trip.

The downturn has not influenced the value of baskets per shopping trip significantly. Nevertheless, as it can be seen in *Figure 10*, it considerably contributed to a decrease in shopping frequency. This means that shoppers do their shopping less frequently, supposedly considering more carefully what to buy; still, their spending per shopping trip has not decreased. Though it must also be stated that it has not increased either, which due to inflationary influences meant a certain decrease in real value *(Figure 11).*

The reason why the value of spending per shopping trip has not decreased is perhaps the following: shoppers behave rationally if, besides the fixed costs arising from one shopping (i.e. time spent with shopping and the cost of getting to the shop), they do not decrease the average basket value of each shopping. If their spending per shopping trip decreased, it would result in the increase of proportional costs of each item purchased.

The town centre and the expected effect of the planned shopping center

Besides analyzing the shopping habits of those shopping in the most important retail centers of the town we also consider it important to analyze what

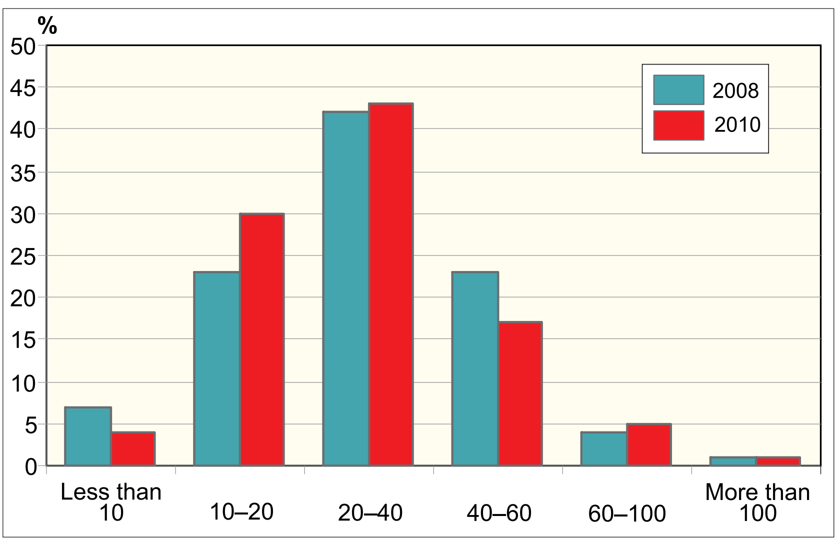

Fig. 11. Average spending per shopping trip, in EUR. *Source:* Own collection

the attitude of Komárno residents is to the traditional high streets of the town (Župná, Palatínova and Valchovnícka streets, Klapka Square). We also aimed to find out what the residents' attitude is to the opening of the new shopping center (Aquario Center Komárno).

The market dominance of new retail centers is demonstrated by the fact that nowadays only 26% of respondents visit regularly the shops situated in the town center (those that were left). 65% of respondents stroll the traditional high streets of the town only rarely *(Figure 12)*. The decreasing retail function of town centers and the falling number of shops there is caused by the drain effect by modern, large-area shopping centers usually situated away from the town center. Retail shops in the town center of Komárno are gradually replaced by establishments involved in catering and/or tourism (though also with low prosperity).

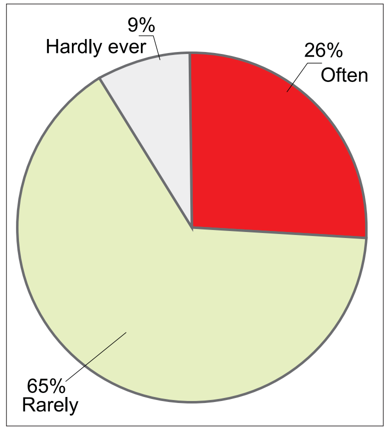

Fig. 12. Frequency of respondents' visit to the town center. *Source:* Own collection

The shop preference of those visiting the town center is important from two aspects *(Figure 13)*. On one hand, it shows the profile of shops currently operating in the center. On the other hand, the profile of shops currently run in the center is similar to the shop mix of a shopping center: there are a lot of

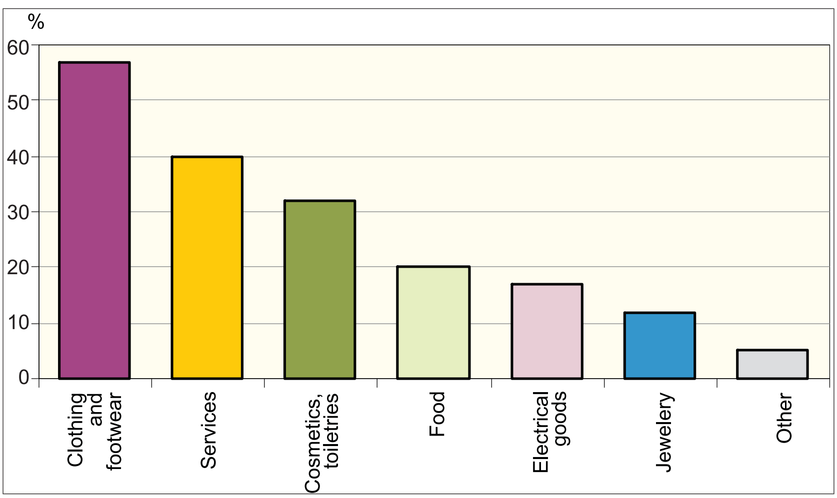

Fig. 13. Proportion of shops visited in the town center. *Source:* Own collection

service-based units, a large number of shops selling clothes, shoes, cosmetics and perfumes. This fact is a warning that the building of the planned shopping center might considerably bring the popularity of the tow center further down.

The opening of Aquario Center will presumably further decrease the already low popularity of the town center. Shoppers from its gravity zone will probably prefer the covered and air conditioned premises of the shopping center, where they will have opportunities for shopping and entertainment without being influenced by weather conditions outside.

However, the opinion of respondents expressed in 2010 does not correspond fully with our expectations. Only 30% of them consider the building of a shopping center to be an absolutely positive thing. Nearly 50%, which is a large amount, think that the investment is unnecessary. As much as 25% think that the majority of people do not have enough disposable income that can be spent in shopping centers *(Figure 14).*

A difference in the opinion of residents is a typical phenomenon, since usually a large number of opinions for and against large investment projects are expressed publicly. Consequently, these form the opinion of the population. The opinion of those being against the shopping center investment project is based upon the statement that the retail sector of Komárno already provides a wide choice. A new shopping center, however, does not necessarily mean further capacity growth; it rather causes a change in spatial distribution. A group of retailers based in the town center are expected to leave the traditional

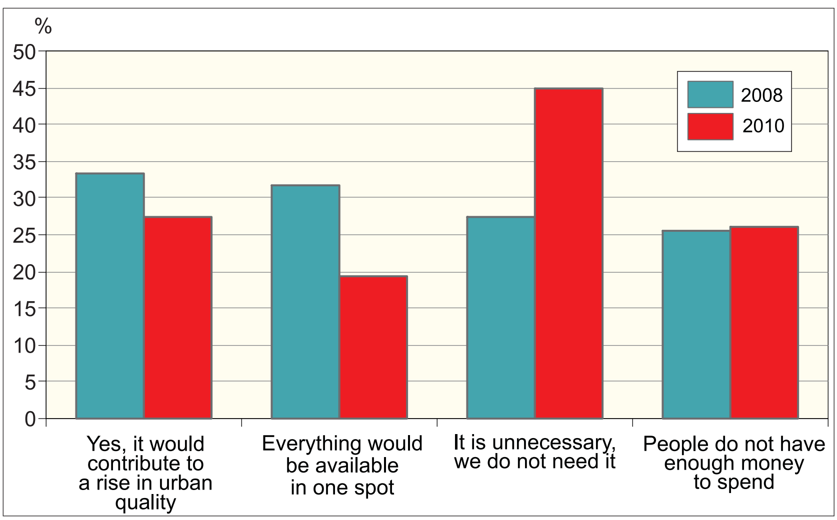

Fig. 14. People's views concerning the planned shopping center in town. *Source:* Own collection

high streets and will open new stores in the shopping center with hopes to make higher profits. This phenomenon has been observed in other towns as well: new shopping centers so to say drain the existing retail zones of their competitive shops, thus creating new, so called covered town centers.

The other group of skeptics represent the opinion that people usually do not dispose of enough income, which would provide for the profitability of a new shopping center and its shops. It deserves attention that this view was similarly present in both surveys, and 25% of respondents had the same opinion already in 2008. This piece of information might prove to be useful for the investor, when determining the shop mix of the shopping center. The reason for this is that according to the results of the survey one fourth of the shoppers in Komárno are highly price sensitive and have low income.

Trends of cross-border retail trade during the economic downturn

As a result of the fact that Komárno lies on a border the retailers of the town compete with each other in a special environment. The reason for this is that there is not only horizontal and vertical competition on the market, but there is also international competition between Slovak and Hungarian retailers.

The presence of cross-border retail trade can significantly influence the success of retailers in a border zone in a way that it can generate additional demand from the other side of the border, or contrarily, it can also cause that domestic shoppers will do their purchases abroad.

This process has been observable in Komárno and Komárom for several decades. What is more, nowadays, after EU enlargement and the introduction of Schengen borders, this process has gained intensity. The reasons for this are the following: a large-scale cross-border commuting of workforce, free movement of goods and services and rapid changes in exchange rates in the past two years.

Cross-border retail trade processes are influenced by a complex system of factors. It is not only exchange rate developments that drive these processes; although currency exchange rate developments have an important role in them (Kovács, A. 2010). In the following we will try to introduce a few important peculiarities of this complex phenomenon. Developments in the euro/forint exchange rate largely influence the shopping frequency of Slovaks in Hungary *(Figure 15; cf. Figure 2)*. Based on our sampling in 2010, our respondents' shopping frequency abroad was analyzed during the following two periods: the spring of 2009 when the forint's value against the euro was extremely low, and the first half of 2010 during the time of exchange rate correction. In 2009 (310 forints to the euro) 25% of respondents went shopping in Hungary several times a week, and one third of them did the same at least once in every two weeks. They went mainly to Komárom, Győr and Budapest. In 2010, however, 25% of respondents went shopping in Hungary only every second week, and another one fourth shopped there not more often than once a month. The decrease in shopping frequency is remarkable; however, the values from 2010 indicate that half of the respondents, which is a noteworthy amount, go shopping in Hungary every month. This brings in additional revenues for local retailers, and additional VAT revenues for Hungary *(Figure 15).*

In order to be able to estimate how much money is potentially spent in the shops of Komárom by Komárno residents it is not enough to analyze shopping frequency but it is also necessary to find out how much money they spend there. As it can be seen in *Figure 16,* as much as 50% of respondents spend 1–10% of their disposable income in Hungary, and another 25% spend between 10 to 20% of their disposable income there. 10% of respondent spend 20–30% of this amount abroad and another 10% use more than 30% of this sum in Hungary. Only 10% of respondents do not shop in Hungary at all. On the basis of *Figure 16* it can be worked out how much a so called average

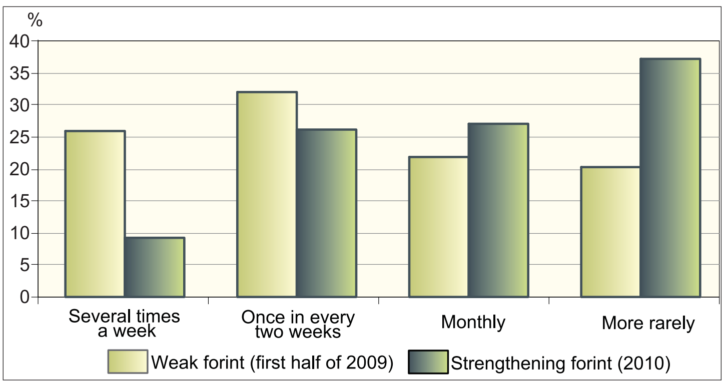

Fig. 15. Shopping frequency of Komárno residents abroad. *Source:* Own collection

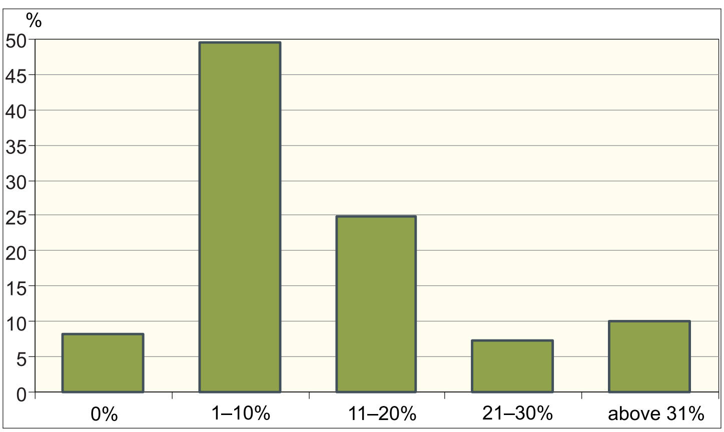

Fig. 16. Proportion of money spent abroad to the total amount of monthly purchases. *Source:* Own collection

shopper spends abroad. Thus, it can be stated that Komárno residents spend as much as 12% of their disposable income in Hungary, which represents a considerable revenue shortfall for retailers in Komárno, and it means a significant amount of additional revenues for shopkeepers in Hungary.

For the Hungarian retailers it is also important to know where people from Slovak frontier settlements do their shopping in Hungary, and in which retail centers they can generate additional revenues.

The majority of respondents residing in Komárno, namely 70%, do their shopping in Komárom, Hungary. In the case of other Hungarian towns, the further they are located, the fewer people go shopping there. It is also important to highlight, that the town of Győr, situated 30 kilometers from Komárno, and Budapest, located 100 kilometers away, were also mentioned in the questionnaire as shopping destinations *(Figure 17)*.

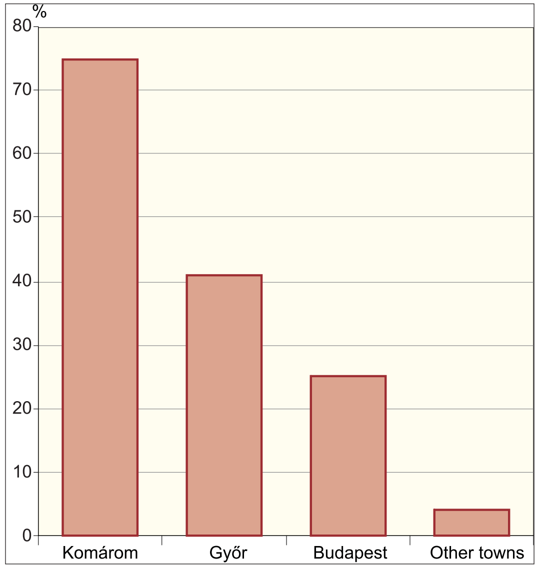

Fig. 17. Towns visited in Hungary. *Source:* Own collection

The reason for this is that both towns have highly developed retail networks, and the quality of services is also high. Another explanation for the rising frequency of visits is that Slovak–Hungarian cross-border friendship as well as family ties and business relationships have been renewed in the past few years.

Conclusion

In our research the retail sector of Komárno, a border town in a special geographical position, was analyzed. The research consisted of a desk research and of a field survey. Our aim was to introduce the special features of retail trade in this important Slovak gateway town, with special regard to shop preferences, changes in shopping habits and other special phenomena that arise from the fact that the town lies on the border.

The research was carried out between 2008 and 2010 in order to explore the effects of the recession on shopping habits of the population.

It has been found out that the transformation of Slovak retail trade has been very similar to the one of Hungary, though with a time shift of a few years. Internationally owned multinational retail corporations have gained a dominant market position in Komárno too; thus significantly altering the retail sector. On the basis of our field research it can be stated that international retail corporations have fundamentally changed local shopping habits. The retail function of the town center has regressed, and the building of the planned shopping center will contribute to the further intensification of this phenomenon. The economic downturn has affected consumption and shopping, since there has been a measurable decrease in shopping frequency, while the value of spending per shopping trip stayed the same. Thus, it has been concluded that the recession and its impacts, such as growing unemployment and a decrease in wages, have negatively influenced consumption in Komárno as well. Cross-border retail trade gained hitherto unprecedented intensity at the start of the crisis in 2009. The particularly weak forint attracted a large number of shoppers to Hungary, and this caused a further fall in demand in Slovakia. During the analysis of this phenomenon it has been proven that a large number of shoppers are involved. Furthermore, besides exchange rate developments, there are also differences in shop profiles and in the commuting patterns of employees that significantly influence the above phenomenon.

The aim of our research was to examine how the downturn and the town's special frontier position affected its retail trade processes, and perform this analysis in the framework of a field research carried out in Komárno. We also aimed to highlight the impact of the economic and geographical environment on retail trade, which is of high importance during the process of recovery from the crisis, especially in today's Europe with gradually vanishing state borders.

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