

# **TURKISH RETAIL INDUSTRY AND THE RELATIONS WITH ALBANIA**

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## **Abstract**

This study showed how the structure of the retail industry has been transformed since 1920s in Turkey by the new retail formats. The Turkish retail industry has been developing since 1980s. It had too many foreign operations and Turkish retailers have begun to enter foreign countries for a long time. Turkish operations in Albania were analysed since Albania has taken too much investments that leading to retail development and Turkey was the third-largest foreign direct investor in Albania. The study analysed secondary data about retail industry in Turkey and Albania. It aimed to explain the history of retail industry in Turkey and show the situation of Albania in retail development. The study was original because of the lack of academic research focused on Turkish retailing and Turkish investments in Albania. Future research may be related to the measuring the incentives and obstacles of Turkish investments in Albania with a field study.

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**Keywords:** Retailing, Turkey, Albania, investment

## **Introduction**

The history of Turkish retail industry has had many developments for a century. Especially the years after 1980s were important for the development of retailing in Turkey. In this study, the stages of Turkish retailing were shown and the characteristics of Turkish retailing were explained. After that, the retail development in Albania and the relationships with Albania were analyzed. In the conclusion part, strengthening the relationships between two countries was advised.

## **The Period Before 1980**

In the Republican Period between 1920 and 1950, modern retailing sector could not be developed since the usage of central food distribution system and lack of relations with foreign countries. Consumption cooperatives were established in Istanbul in 1913 as the first attempts in order to develop modern food retailing sector. However, government was dominant in controlling the prices of consumption goods especially after the law in 1936 which controlled the prices of consumption goods (Bocutoglu and Atasoy, 2001).

During 1950s chain-stores began to operate with the self-service concept to increase welfare level and reduce the effects of inflation. The Encouragement of Foreign Investment Law - No. 6224 was enacted in 1954. With this law, Migros which is the largest retailer in Switzerland was established by Istanbul Municipality in 1954 to improve distribution channel, decrease distribution costs, and increase competition. Migros offered the most favourable price and quality under the control of municipality, increased the convenience of products with the circulation of mobile sales trucks, and offered the modern retail elements such as first hygienic packaging, first label, and shelf life application (Erdogan, 2003). Migros opened its first store in 1957 in Istanbul.

After the establishment of Migros, Gima was established as a national supermarket chain and aimed to supply main food products cheaper as Migros. During these years, private companies have not been developed yet and government was still the dominant factor in the economy. Retail sector did not require high capital, qualified employees, and entry barriers (Erdogan, 2003).

In 1960s, private companies such as Beymen, Vakko, Yeni Karamürsel, and IGS began to rise in the retail sector whereas the biggest retail companies were just consumption cooperatives which developed self-service retailing concept in these years (Bocutoglu and Atasoy, 2001). These activities that contribute to the development of retailing sector initiate the establishment of multi-storey stores and chain stores (Savasci, 2002).

Tansas which was established in 1973 with the goal of providing cheaper meat and coal opened its first store in 1976 in Izmir and improved the supermarket technology in the retail industry. The numbers of food retailers have begun to rise in the industry. Food retailing aims to satisfy consumer needs by offering food and non-food products, and also customer services (Ozkan and Akpınar, 2003). Within the scope of these developments at the end of 70s, there were two main alterations in the sector: food retailers started to offer non-food products such as detergent and oil besides the food products, and traditional mom-and-pop store retailers began to specialize on one product line especially food products instead of specializing on perfumery products, stationery products, and drugs (Erdogan, 2003). The draft law on encouragement of large scale retailers in 1973 was suggested to improve retail industry however; it has failed (Tek and Ozgul, 2005).

### **The Period after 1980: Privatization and Internationalization**

Until 1980s import-substituting policies have been followed in Turkish economy. In the year 1980, these policies were left and the policies related to open to foreign countries with export-led began to be followed. Export activities were encouraged by applications such as subsidies and tax refund, and domestic commodity markets were opened to the world markets. In 1989, with the removal of all the arrangements concerning international capital movements, the convertibility of the national currency was ensured and the economy was opened to foreign countries completely (Kose and Oncu, 2000). Government policies oriented towards deregulation in retailing as well as in the economy generally. Privatisation was one of the major policies of government to liberalise the economy. Migros was privatised in 1975 by Koc Holding, and also Gima was privatised soon after government announced its privatisation plans. To encourage foreign and big domestic investments, the government gave incentives to the retailers. The establishment of shopping centres and large stores, also called big box retailers, were supported through investment incentives starting in 1985 (Ozcan, 2001). The first shopping centre called Galeria was opened in Istanbul in 1988. The retail industry has gone through major changes since the late 80s.

Coskun (2001) claimed that Turkey's stance on foreign investment has become increasingly open and aggressive since the major economic policy shift from import-substituting towards export-led development in 1980. International investors have been taking an increasingly part in the Turkish economy. Reshaped foreign investment regime makes it possible that all fields open to the Turkish private sector are open to foreign investment without any limitation. Consequently, total foreign investment reached from \$97 million in 1980 to over \$8.6 billion in 1998. Foreign investments have been still going on to increase and new laws have been developed. The Encouragement of Foreign Investment Law - No. 6224 in 1954 was enhanced, updated, and turned into the Foreign Direct Investment Law - No. 4875 in 2003 (Ozbilgic, 2012).

Turkish retail structure was fragmented and non-integrated until 1990s; small-scale, capital-weak, independent, and family owned retailers were dominating the retail trade

(Kumcu and Kumcu, 1987; Samli, 1964, 1970; Kaynak, 1982, 1986; Tokatli and Boyaci, 1998). The years 1990s were the beginning of retail era for Turkey, 2000s were the years of modern retailing and internationalisation movements (Tek and Ozgul, 2005). In 1992, the numbers of grocery stores were 124.877 whereas the numbers of supermarkets were 11.373 (Kursunluoglu, 2006). Organized food retailing was developing slowly in these years. During 90s, many retailers have started to operate in Turkey and during 2000s internationalisation movements strengthened the industry. The Germany's largest cash and carry store Metro entered into Turkish market in 1990. Promodes that was founded in 1961 in France as a supermarket opened its operations in Turkey. Another French hypermarket Carrefour began to operate in Turkey in 1993. In 1996, it became CarrefourSA after the joint venture association between Carrefour and Sabanci Holding. Kipa was established in Izmir with the investments of 100 investors in 1992 and opened its first store in 1994 in Izmir. Bim that became the number one in Q Ratio among 250 retailers according to the Deloitte (2013) opened its first store in 1995 as a discount retailer.

Tokatli and Boyaci (1998) showed the foreign retailers in the industry: US companies McDonalds, Kentucky Fried Chicken and Pizza Hut entered into the market in the late 1980s, Subway and Burger King in the 1990s. French Printemps (1987) and British Marks and Spencer (1995) were among the pioneering retailers in the department or variety store category. In the clothing sector many retailers entered into the Turkish market for example Italy's Benetton (1986) and Sisley (1991), the US company Levi's (1989), the British retailer Mothercare (1988), and many others such as Burberry's, Austin Reed, Stefanel, Versace, Ermenegildo Zegna, Naf Naf, and Chanel.

It was also possible to see different retail format in these years with the increasing capacity of foreign investments. Direct selling is a type of non-store retailing and category killer retailers are the types of store retailing (Varinli and Oyman, 2013; Kursunluoglu, 2009). Direct selling has been improved in Turkey in 1990s; the US companies Avon and Amway started their operations in 1993. The US company Toys R Us and the Swedish Ikea entered into the Turkish market in 1996 and 2003 respectively as category killers.

Along with the new retailers' operations in the industry, the retail industry has developed. Modern retailing has been improved and has replaced of traditional retailing activities. Yilmaz and Altunisik (2003) showed that the biggest national groups started to invest in Turkish retail sector and Turkey became a country that has been given priority for entering by the foreign investors. The retail sector has continued to grow up as the numbers of national and international retailers increase.

At the beginning of 2000s, Turkish economy has suffered from the financial crises and before the end of the effects of 2000 crisis, 2001 crisis has arisen (Yeldan, 2001). It was shown that after these crises, most sectors preferred downsizing however; organized retailing sector especially supermarkets continued to grow. In 2005, the numbers of organized retailers have increased but the numbers of grocery stores were still higher than the numbers of organized retailers. The numbers of supermarkets were 968 in 2003; it increased to 1.258 in 2005 (Kursunluoglu, 2006). The profits of organized retailers began to increase thanks to lower price, and higher sales promotions against traditional retailers such as grocery, stationery, and perfumery stores. The competition in the retailing sector has still been in progress not only among organized retailers but also organized and traditional retailers.

Turkey Grocery Stores and Dealers Federation (2000) showed that market shares of hypermarkets and supermarkets in the total retail market were 10 % in 1995, 14 % in 1997 and it was estimated that it would reach 35 % in 2004. Consumers preferred purchasing from organized retailers instead of grocery stores due to supermarkets offered lots of products varieties, faster service, store atmosphere elements such as exhibition and internal design,

wide shopping area, reliable image, lower price, early opening and late closing, different customer services such as parking, café, restaurant, and playground.

Towards the end of 2000s, Turkish retail industry has evolved with domestic and foreign investments. 2000s were the years of modernization work and internationalization. In the year 2003, English supermarket chain Tesco acquired Kipa and moved on the operations as Tesco Kipa. In 2005, Carrefour acquired Gima and Endi which belong to Fiba Holding. American discount store chain Wal-Mart has thought to enter Turkish market through acquiring Migros. Migros opened its first outside store in 1996 in Baku, Azerbaijan under the name of Ramstore. Except these internationalization activities, mergers and acquisitions have continued among Turkish retailers. For example, Migros acquired Tansas in 2005. Thus, Migros became the biggest food retailer with 721 stores in Turkey.

Ozcan (2007) analysed Migros activities and according to Ozcan, Migros made a strategic decision to expand in Russia and central Asia since it was nearly impossible to enter the European market for an emerging Turkish retailer while European competitors such as Tesco focused on the Eastern European market. Migros have become a symbol of modern retailing in Russia and central Asia. In 2006, Migros had three stores in Azerbaijan, ten shopping malls and forty-nine stores in Russia and two shopping malls and five stores in Kazakhstan; it also had stores in Bulgaria and one store and a hypermarket in Macedonia. Baku was selected as a first case of international expansion because of its cultural and physically closest to Turkey. It was followed by the investments in Russia, Kazakhstan, and Balkans (Bulgaria and Macedonia) and these investments made Migros international retailer. Migros entered the Russian market during the economic crisis in 1998 as Ramstore. Ramstores were welcomed by Russian politicians and consumers at a time when Russia was not an attractive market for large Western retailers and there were still food shortages.

Turkey Grocery Stores and Dealers Federation (2000) claimed that consumers preferred hypermarkets and supermarkets instead of grocery stores because of they offered low price. Kursunluoglu (2008) showed that consumers preferred hypermarkets and supermarkets instead of grocery stores thereby some reasons except price such as being a reliable retailer, having broad merchandise assortments, and having an impressive in-store atmosphere.

The law drafts about protecting the competition in retail industry have been prepared for many years. The first law was prepared in 1973 as it was mentioned below, and the second one was prepared in 2008 to protect small sized retailers. According to the law draft, supermarkets and hypermarkets over than 400 m<sup>2</sup> should establish out of town, have free car park and limited working hours. There are many laws in other countries such as Sherman Antitrust Act of 1890, Clayton Antitrust Act of 1914, Robinson–Patman Act of 1936 in America, Sapin Law in 1993 in France, PPG6 in 1988 in England (Lebhar, 2012; Courser, 2005; OECD, 1998; Tek, 2008; Wood et al., 2006). The urban population is higher in Turkey than other European countries. It has been creating the potential use of both shopping centres and traditional retailers. Yet small-scale retailing has been struggling to compete with organized, large scale retailers and shopping centres, it seems that the competition has continued to favour the latter (Erkip et al., 2013).

### **Characteristics of Turkish Retailing**

Ozcan (1997) showed the five main elements that influence and form the Turkish retailing sector. The first element was the evolution of specialization in Turkish retailing. Within this evolution, store concept and its product line have changed from the stores that sell everything to the stores that specialize on specific product line. The second element was the opening domestic market to the foreign countries thanks to economic growth and liberal politics. It has increased the capacity of foreign investments in retail sector. New

technologies and technics were the third element that affect retail sector in a positive way, thus retail sector has begun to be more organized and modern retailing has developed. The fourth element was that multinational European retailers' interests on Southern European markets have influenced Turkish retail sector. Mergers and acquisitions have provided to enter the advanced methods into the retail industry. The fifth element was the increasing in disposable income and formation of new consumption models. For example, consumer behaviours have changed and consumers have begun to develop different shopping styles such as buying from shopping centres since shopping centres contain every need in specialized stores under one roof.

Retailing sector has been developing for two decades in Turkey. Especially after the year 2000, the industry became the pioneer sector of the economy since its increasing attraction. The attraction of retail sector have been affected by some factors (Cengiz and Ozden, 2002; Tahiroglu, 1999) such as increasing in consumption, increasing the numbers of large sized retailers' stores, attracting investments through deferred payment and cash selling, being profitable investments in the long term for the investors since finding the appropriate location for stores were limited and expensive, increasing the encouragements of foreign investors by domestic investors about entry strategies like mergers, acquisitions, joint ventures.

There were two main factors that European retail chains entered Turkish market. The first one was that per capita consumption rates had reached a stable structure in Western Europe. The second reason was about the restriction of hypermarkets' activities for conserving the competition in the industry. The most important countries in trans-boundary retailing were England, France, and Germany (Erdogan, 2003).

Turkish retailing shares many of the characteristics of other Southern European economies such as the presence of a large number of small and individually operated companies, a modest rate of capital accumulation, and traditional food production and distribution systems which are also typical in Greece, Portugal, and Spain (Ozcan, 2000; Bennison, 1995; Salgueiro, 1995) and also Eastern European countries such as Hungary and Poland where the transformation of retailing has also been recognized as incipient in 1990s (Tokatli and Boyaci, 1998).

**Table 1: The most common retail formats in Europe**

	Channel 1	Channel 2	Channel 3
France	Hypermarket	Supermarket	Specialty Stores
England	Superstore	Supermarket	Convenience Stores
Germany	Discount Stores	Hypermarket	Specialty Stores
Italy	Supermarket	Hypermarket	Specialty Stores
Spain	Hypermarket	Supermarket	Specialty Stores

*Source: Myers, 2003, Orel, 2010.*

Myers (2003) showed the most common retail formats in Europe and they were generally food retailers as it can be seen in Table 1. UK food retailers have not been as ambitious as their counterparts in the non-food retail sector; they have been more concerned with the development of the superstore format in the domestic market (Myers and Alexander, 1996). Turkish retailing also has focused on the food retailing in these years. Torlak et al. (2005) shows that the customers of supermarkets and discount stores have different behaviours; for example the supermarket customers perceive physical aspects and store policy dimensions at a higher level whereas the discount store customers give more priority to the interaction with personnel dimension.

Table 2 below shows the top ten retailers worldwide in 2011. Wal-Mart was number one in annual revenue with \$ 446,950 million and its growth share was just 6 % whereas Costco's revenue growth was the highest with 14.1 %.

**Table 2: Top 10 Retailers Worldwide, 2011**

Rank	Name	Country of origin	Retail revenue (US\$mil)	Retail revenue growth	Numbers of countries in operation	% revenue from foreign operations
1	Wal-Mart	U.S.	446,950	6.0 %	28	28.4 %
2	Carrefour	France	113,197	- 9.8 %	33	56.7 %
3	Tesco	U.K.	101,574	5.8 %	13	34.5 %
4	Metro	Germany	92,905	- 0.8 %	33	61.1 %
5	Kroger	U.S.	90,374	10.0 %	1	0.0 %
6	Costco	U.S.	88,915	14.1 %	9	27.0 %
7	Schwarz	Germany	87,841	5.8 %	26	55.8 %
8	Aldi	Germany	73,375	3.7 %	17	57.1 %
9	Walgreen	U.S.	72,184	7.1 %	2	1.5 %
10	The Home Depot	U.S.	70,395	3.5 %	5	11.4 %

Source: Deloitte, 2013

Carrefour and Metro had the biggest share in the numbers of countries served and they took more than half of their revenues through foreign operations. Also German retailers Aldi and Schwarz took the biggest part of their revenues through their foreign operations however their foreign operations were less than Carrefour and Metro.

According to Deloitte (2013); fast moving consumer good (FMCG) sector was the leading sector in 2011. The share of retail companies by sector: 54 % FMCG (135 companies of 250), 22 % hardlines and leisure (55 companies of 250), 15.6 % fashion (39 companies of 250), 8.4 % diversified (21 companies of 250). The retail market for FMCG consists of various retail channels. The International Standard Industry Classification (ISIC, Revision 3) classifies retail channels into seven categories at the 4-digit level: ISIC 5211 retail sale in non-specialized stores, ISIC 5219 other retail sale in non-specialized stores (department stores, etc), ISIC 5220 retail sale of food, beverages and tobacco in specialized stores, ISIC 5231 retail sale of pharmaceutical and medical goods, cosmetic and toilet articles, ISIC 5251 retail sale via mail order houses, ISIC 5252 retail sale via stalls and markets, and ISIC 5259 other non-store retail sale. There is no firm in categories ISIC 5251 and 5252 in Turkey (Celen et al., 2005). Within the effects of globalization, Turkish retailing concentrate on FMCG sector with its numerous retailers. The growth rate of FMCG in Turkey was 0.8 % in November 2011 whereas it increased to 4.8 % in September 2013 (Retail Turkiye, 2013).

### Relations with Albania

The Turkish retail industry has been developing since 1980s. It has too many foreign operations and Turkish retailers have begun to enter foreign countries for a long time. Turkish foreign operations in Albania were analysed since retailing sector in Albania takes too much investments nowadays and one of the strongest investors in Albanian retail industry is Turkey.

Albania was classified as low-medium country in terms of degree of privatization and development of retail sector according to the information about foreign direct investment, governmental efforts, retail sales level, number and type of retailers. Albania seemed to have limited development in the retailing sector, and thus was rated as a low-medium country. In the result of cluster analysis, it was classified as Low to Low-Medium (LLM) developed country (Manrai et al, 2001). Bitzenis and Nito (2005) analyzed the obstacles and problems encountered when doing business in Albania and showed that the most important obstacles were unfair competition, changes in taxation procedures, lack of financial resources, and problems related to public order.

In recent years the transitioning economy, the new class of consumers, and the change in the food retail sector have changed consumer behaviour and consumption preferences in Albania (Chan-Halbrendt et al., 2010). Albanian consumer behaviours and life styles have

changed because of the economic growth, improvement in the standard of living, fast urbanization, and trade liberalization in the country. The transition from a centrally planned socialist economy to a market oriented economy has also given rise to a larger urban middle-income class of consumers. The food demand from the emerging urban middle-income consumers, combined with the gradual consolidation of the retail sector and the recent establishment of the first supermarket chains, has strong implications for the agrifood industry, which in the past has been almost exclusively based on price (Leonetti et al. 2009). Increase in urban middle income consumers along with consolidation of the retail sector has created changes in consumption preferences in Albania.

The GRDI ranks the top 30 developing countries on a 0-to-100-point scale for retail investment based on several macroeconomic and retail-specific variables such as market attractiveness (25%), country risk (25%), market saturation (25%), and time pressure (25%). The countries were classified as “on the radar”-first ten countries, “to consider”- countries in the rank 11-20, and “lower priority”- countries in the rank 21-30. Some countries from the 2013 GRDI were shown in Table 3.

**Table 3: 2013 Global Retail Development Index™**

Rank 2013	Country	MA*	CR*	MS*	TP*	GRDI	Rank 2012
1	Brazil	100	86.2	43.3	48.3	69.5	-
2	Chile	95.6	100	18.7	54.3	67.1	-
3	Uruguay	92	73.9	63.5	36.5	66.5	+1
4	China	62.1	67.9	34.3	100	66.1	-1
5	United Arab Emirates	95.8	94.6	3	60.8	63.5	+2
6	Turkey	86.8	83.7	28.9	50.9	62.6	+7
7	Mongolia	17.7	37	99	96.5	62.5	+2
8	Georgia	36.6	63.8	83.4	61.9	61.4	-2
9	Kuwait	87.8	87.1	36.4	22.2	58.4	+3
10	Armenia	32.3	63.6	93.5	43.6	58.2	N/A
15	Sri Lanka	16.6	60.5	81.8	58.6	54.4	-
20	Jordan	53.1	65	65.9	19.6	50.9	-2
25	Botswana	38.7	82	31.8	38.5	47.8	-5
30	Albania	30.6	35	73.6	40.9	45.1	-5

\* MA = Market attractiveness. 0 = low attractiveness, 100 = high attractiveness; CR = Country risk. 0 = high risk, 100 = low risk; MS = Market saturation. 0 = saturated, 100 = not saturated; TP = Time pressure. 0 = no time pressure, 100 = urgency to enter

Source: A.T. Kearney, 2013

Turkey continues to grow up and it moves seven spots in the GRDI to take 6th place. In Turkey, retail expansion is fuelled by strong consumer demand and high levels of disposable income. The modern retail environment is becoming more diverse in this market, with sectors such as luxury, apparel, and consumer electronics booming and quickly expanding outside of major cities. Albania at 30th rank remains attractive to some international retailers, particularly from neighbouring markets, yet their potential has fallen compared to other developing markets in the GRDI because of their small size and low levels of consumer wealth. Although the economic situation in Greece and Italy has affected consumer spending in Albania, government moves to liberalize the economic framework. Belgian food retailer Delhaize has emerged as a leader in the market after its 2011 acquisition of Delta M Group, with 19 outlets in the country. Carrefour's Marinopoulos franchise acquired the Euromax supermarket chain to strengthen its position in Albania. The market has plenty of room for growth. With small, independent stores dominating the landscape, the top five grocery players represent only 2 percent of the market (A.T. Kearney, 2013).

Kaleshi and Solanki (2010) showed that the EU countries made 77% of all companies operating in Albania, with a total number of 1,000 foreign companies. Italy and Greece are the main investors due to the fact that these countries are bordering Albania. Moreover, these

two countries are the main export countries of Albanian products. When taking into consideration the numbers of foreign companies operating in Albania, 40% of foreign companies were Italian, while 26% of them are Greek. During the years 1998-2007, Albanian Government has signed mainly trade agreements with some countries to stimulate FDI inflows, and one of them was Turkey. The Balkan countries made 13% of the total number of the investing companies, and they were dominated by Turkey, which made 8% of the total number of foreign companies operating in Albania.

Free Trade Agreement between Turkey and Albania was signed in 2006. With this agreement, tariff and non-tariff barriers were eliminated and numerous subjects such as sanitary and phytosanitary measures, technical barriers to trade, intellectual property, rules of origin, internal taxation, anti-dumping and countervailing measures, safeguards, and balance of payments measures were regulated. Trade volume between Turkey and Albania was estimated as 354 million US\$ in 2012 with a contraction of 10 % compared to 2011. In 2012, imports from Albania were 99 million US\$, whereas exports to Albania were 256 million US\$ (Ministry of Economy, 2012).

According to the foreign capital stock of Albania (Kaleshi and Solanki, 2010); the main investor was Greece with 54 % of the total investments. The Greek investments in Albania were spread up in the following sectors: 62 % in the telecommunication, transportation and depot sector; 18 % in the banking sector; 7 % in the industry sector. Turkey was the second investors 12 % of the investments. There has been a privatization of important sectors in the Albanian economy, including land lines of telecommunication through the company ALB Telekom, and this has made Turkey the second country. Italian companies were the third with 11 % of the capital inflows in Albania. Two main sectors were banking and industry sector. The fourth country was Austria with 10 % of the investment in two main sectors as banking and insurance. Germany (3 %), USA (2%) were the other investor countries.

According to Kaleshi and Solanki (2010), foreign enterprises have operated in different sectors in Albania. The first sector was trade/retail shops and trade arbitrage, the second sector was industry, mainly textiles and clothing by Italian companies, and the third was banking sector. On the other hand, the main sector of investment is the transportation, storage, and communication sector. This sector represents 40.5 % of the capital. The second sector was monetary and financial intermediaries with 33 % of total capital, the third sector was processing industry with 11 % of capital and the fourth sector was wholesale and retail trade, automobiles, motorcycles, personal belongings and appliances with 5.9 % of total capital.

The biggest Turkish investor in Albania is Calik Holding. It was one of the main players of the communication sector of Albania by acquiring the largest fixed line and internet provider (Albtelecom) and its GSM license (Eagle Mobile) in 2007. Eagle Mobile was the first operator that offers edge and mobile TV. Mukli et al. (2012) analysed the FDI and entry strategies of foreign mobile operators to Albania market. In this context, Vodafone Albania and Eagle Mobile have been analysed as the biggest operators in Albania. Albtelecom has increased its market efficiency by offering high service quality, powerful technical infrastructure, and special campaigns. Calik Holding acquired 60 percent shares of Banka Kombetare Tregtare (BKT), the second biggest bank of Albania. BKT which was selected the best bank of Albania twice aimed to develop its position in Albanian economy (Calik, 2009).

Mucaj (2013) claimed that Albania is a tax heaven and there is no custom duty for all capital investment from investment companies. In the last 20 years, Turkey has invested approximately US\$1 billion in Albania. Turkey and Albania have over 160 bilateral agreements in almost every area of cooperation. More than Turkey's 50 largest companies



operate currently in the Albania. Total trade volume between two countries reached 43.840 million leke in 2012. Albania import textile products from Turkey (KobiEfor, 2013). There are lots of Turkish brands such as Koton, Lc Waikiki, Little Big, and Collezione in Albanian shopping centres such as QTU and City Park. Pegasus Airlines has continued its investments in Albania as a service retailer.

## Conclusion

In a conclusion, there has been lots of trade capacity between two countries especially in retail industry. Two countries have lots of common share in economic perspective. Small and medium sized enterprises have significant role in both economies (Keskin and Senturk, 2010). The investments in retail industry should be developed by the governments' incentives. The future research may focus on analysing the incentives and barriers of Turkish investments in Albania with the technics of survey.

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