

**CHANGING TREND ON GROCERY GOODS SHOPPING:
WHY HYPERMARKET AND WHY GROCERY SHOP?**

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ABSTRACT

Shopping is an activity that most people love and shopping trips is the second important trips behind work trips. When foreigner retailer especially hypermarket entered in Malaysia market at the end of 1990 it make a phenomena. And cause of that shopping behaviour of many consumer in major town where majority of foreign hypermarket situated was changed. Base on a sample survey of consumer behaviour at Puchong (outskirts of Klang Valley) we tried to examine why consumer choose a deferent retail types when shopping a grocery goods.

Key words: grocery goods, hypermarket, grocery shops, consumer behaviour

1.0 Introduction

Everybody love shopping and the place that everyone goes is shop. Many people confuse the meaning of shopping that only refer when consumer buy an expensive and branded goods at specific location like shopping complex, department store, speciality store or luxury shops. Shopping doesn't mean go to shopping centre or departmental store or branded shop and buy a thing that higher prices like clothes, electric and electronic goods, watch etc. Shopping include go to any retail store whatever big or small to do a purchase. And a shopping trip can be defined as a journey to any retail center, irrespective of size and type the store or shop, and wheatear the purchase is made or not (Barber, 1995). Shopping trip is the important journey and only work trip (journey to work) is more important (Vickerman and Barmby, 1984; Bacon, 1992). It because people need to buy something and the places they go is retail store or shop.

Good can divide into three types which are consumer goods, comparative goods and specialty goods. Consumer good is goods that everyone needs to survive in life like food, clothes and home (basic needs). Without this goods people cannot live in good condition and other scholar call it convenience goods. The second type of good is comparative goods which are similar as consumer goods but more expensive. Include in these group is branded and import goods and many people call it shopping goods. The third is specialty goods that relatively expensive compare with other types of goods and not many people can buy it cause of prices. Car, gold, luxury goods, antic goods and other very expensive good is including in this category. In these studies, grocery goods are including in the consumer goods types.

There are many types to classify retail outlet and retail location. According to Guy (1998), retail outlet can be classification by types of goods, shopping trips purpose, types of store, store ownership, retail areas, shopping centers by size and function and shopping centers by physical form. It makes a dilemma and puzzling for practitioners and researcher to choose which types of classification is the best. Unfortunately, every researcher has their own classification depend on objective, interest and research conducted.

2.0 Literature Review

Retailing consist of the business activity involved in selling goods and services to consumer for their personal, family or household use (Bellenger dan Goldstucker, 1983; Berman and Evans, 2001) or final consumer. Many research in retail conducted by researchers from various disciplines which are economic, business, sociology, anthropology as well as geography. It cover many topic was related in retail activity like channel of distribution, consumer behaviour, technology apply in retailing, location planning and changing retail activity through time.

The study of consumer behaviour is one of the most popular topics when researcher conducted a research in retailing. Consumer behaviour refers to the behaviour that consumer display in searching for, purchasing, using, evaluating, and disposing of product and services that they expect will satisfy their needs. The study of consumer behaviour is the study of how individuals make decision to spend their available resources (time, money, effort) on consumption-related items (Schiffman & Kanuk, 1994).

For geographer they interest in spatial interaction model to know if any spatial factor influence in consumer decision to shopping. The primer model in spatial interaction model develops by Reilly through Model of Gravitation (1931). In the model, Reilly found the breaking point between two retail store that consumer goes to purchase goods. After that many researcher from differences disciplines include Huff (1963), Mc Fadden (1974), Nakanishi and Cooper (1974) and Fotheringham (1983). Other research in consumer behaviour concentrates in grocery shopping was applied by Putrevu and Ratchford (1995), about model of consumer behaviour for groceries shopping.

3.0 Retail Activity in Malaysia

Retail is an important activity in Malaysia and it contributes 14.7 percent or RM 45, 080 million to the National Gross Domestic Production (GDP) in 2005 (Refer to Table 1). From 1970 and beyond the contribution of this sector in national GDP was increase 2 660 percent and the growth is continuously expect although the current global economic situation not very conducive. The challenge comes from the higher fuel price in the global market as well as the increase of inflation.

**Table 1: Contribution Wholesale, Retail, Hotel & Restaurant Sector
On Gross Domestic Product (1970 – 2005)**

Year	Total (RM '000)	Percent (%)
1970	1 633	13.3
1975	2 219	12.8
1980	3 295	12.6
1985	6 911	12.1
1990	8 700	11.0
1995	25 304	15.2
2000	31 081	14.9
2005	45 080	15.0

Sources: Malaysia (Malaysia Planning – various years)

Historically retail activity in Malaysia was change through times in terms of size, format and goods. Before independent and at the early of independent, size of shop relatively small and sole only consumer goods. Majority located at the urban area beside of main road where premise are usually double or three-story pre-war shop houses with retail activity on the ground floor and dwelling units in the upper floors. The large scale department store and supermarket built in the late 1970s and early 1980s (Lim Yoke Mui *et.al*, 2003). It followed by super regional shopping centre in late 1980s which feature one or more anchor tenant and several small scale shops under one roof. By the end of 1990s and beyond, shopping centre which have more than one million square foot floor space was built together with leisure facility like cinema, playground for children, bowling lane, ski facilities as well as foot court. At certain shopping complex it combine with commercial activity especially office space for instance Suria KLCC (Petronas Twin Tower) and Berjaya Times Square.

Category of retail store in Malaysia can define base on size in square foot (f²) or square meter (m²). The store has more than 400 m² can category in large format and less 400 m² fall in small category. In every range of size in large category it can divide in other sub category namely supermarket, superstore and hypermarket (Refer to Table 2). Size is relative and varies across market and retail category. In France and Britain, large format retailer is a store at least 5 000 m² (Arnold dan Luthra, 2000). According in Portugal law, large format store is 2 000 m² in counties with 30 000 and more habits and over 1 000 m² otherwise (Farhengmehr *et.al.*, 2000)

Table 2: Retail Category by Size (m²)

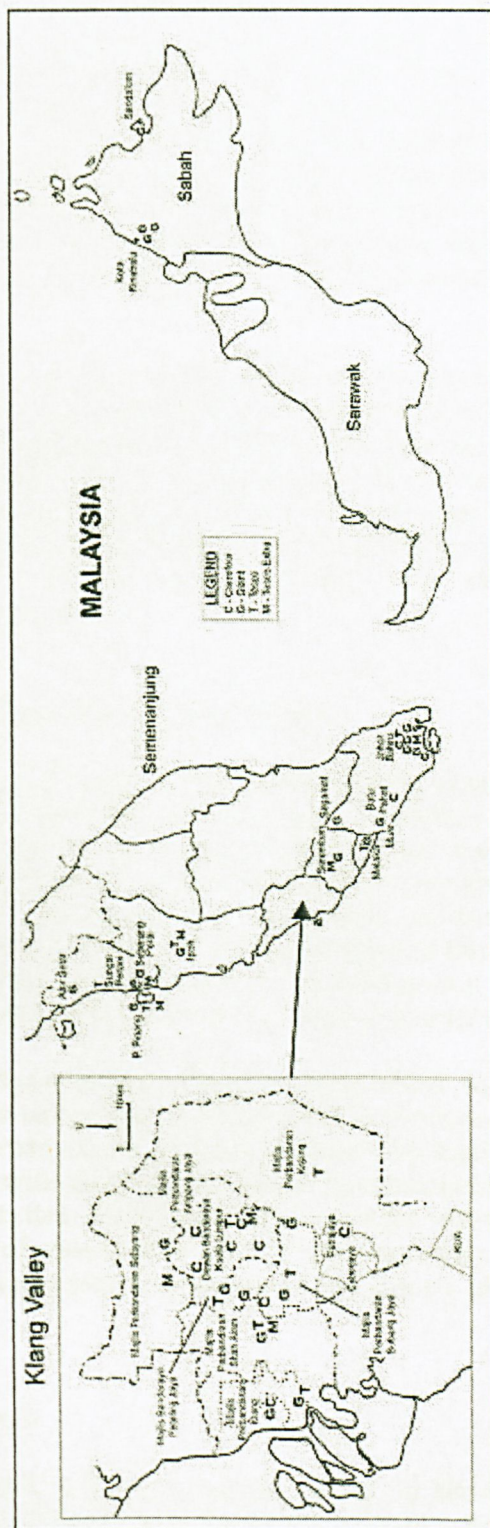
Category	Size (m ²)	Types	
Small	Less 400 m ²	Grocery Store	Various Name
		Mini market	99 Speedmart
		Convenience Store	7 Eleven, Kwik Save
Large	400 – 2 000 m ²	Supermarket	Giant, Cold Storage, Econsave,
	2000 – 4 500 m ²	Departmental Store	The Store, Jusco, Parkson, UO
		Superstore	Giant, Tesco
	More 5 000 m ²	Hypermarket	Carrefour, Giant, Tesco, Pacific, Mydin
Others	Less 5 000 m ²	Speciality Store	Bata, Bonia, Levi's, Body Shop
		Pharmacies	Guardian, Watson
		Other	

Sources: Abd. Rahman and Rosmadi (2007)

4.0 Hypermarket in Malaysia

Hypermarket in Malaysia can define as retail store that have size 5 000 m² and above. The size is biggest cause other scholar call it big box (Jones and Doucet, 2000; Arnold dan Luthra, 2000) and power centre (Hahn, 2000). Another scholar call it 'killer category' or 'giant killer' cause it make bad implication on small retailer around it.

Map 1 : Foreigner Hypermarket Distribution in Malaysia



The first hypermarket in Malaysia was set up in 1993, when Dutch retailer, SHV Holding opens a large and modern retail complex Makro Cash & Carry in Shah Alam. Under Malaysia regulation, every foreign retailer want to open hypermarket must make a joint venture with a local company where the local must hold at least 30 percent of the stake. In this case SHV Holding makes a joint venture with Perbadanan Kemajuan Negeri Selangor (PKNS) and PKNS-LFD Private Limited. Although, in 2006 Makro Cash & Carry was take over by British biggest retailer Tesco and quit from the Malaysian market. Until now there are three foreign retailers were operated hypermarket in Malaysia namely Carrefour (second biggest retailer in the world), Tesco (biggest retailer in United Kingdom) and Dairy Farm's Retail from Hong Kong. At the same time, local retailer such as The Store (biggest retailer in Malaysia), Mydin, Eonsave and Bintang Retail also operated hypermarket.

Currently there are more than 60 hypermarkets across the country and half of it located in three most developed regions namely Klang Valley, Johor Bahru and Penang. Most of the hypermarket was owned by foreigner retailer (Refer to Map 1). The unbalance of distribution of hypermarket at certain location cause government takes an action to control this situation. Under the Guideline on the Opening of a Hypermarket, by Ministry of Domestic Trade and Consumer Affairs (MDTCA), applications to operate hypermarkets in the Klang Valley, Johor Bahru and Penang, will not be allowed for the next 5 years, with effect from 1 January 2004 (<http://www.kpdnhep.gov.my>).

5.0 Why Hypermarket and Why Grocery Shop

The development of hypermarket in Malaysia cause changing in term of shopping pattern for the whole consumer especially in urban area. Previously, consumer went to small and traditional retail outlet like grocery shop, mini market and market (various name – wet, dry, morning, night, Sunday, Monday.....) to do shopping grocery goods. Majority consumer will go to this kind of place to do purchase their grocery goods, and the other went to supermarket that the number is little. These scenarios continuously happened through time until in the middle of 1990s when hypermarket was firstly operated. The development of hypermarket especially in the urban area causes shock and phenomena for the whole consumer and certain retailer.

For consumer, hypermarket offered a value added when do shopping. Hypermarket offered variety of goods under one roof, convenience environment, lot of parking space, foot court and the most important reason is prices, compare with small and traditional retail store. The price is lower compare with grocery store cause, hypermarket buy in bulk from producer and wholesaler. Certain goods that sell in hypermarket are same with the price small retailer buy from wholesaler. The change of consumer lifestyle in urban area where time is limited in the evening also contributes the changing places to shopping from grocery shops to hypermarket that opened until midnight.

6.0 Puchong Background

Puchong is located in state of Selangor, about 30 kilometres from Kuala Lumpur city centre and managed by Subang Jaya Municipal Council (Refer to Map 2). Puchong was functional as one of satellite town for Kuala Lumpur where development of residential and commercial activity very active. Currently, there are more than 120 000 resident in this area where the majority is Chinese ethnic, followed by Malay and Indian. Puchong offered conveniences location to shopping where are many retail outlet located in these area. First Tesco

hypermarket in Malaysia was located in Puchong, Giant superstore (Bandar Puteri); Giant hypermarket (Bandar Kinrara) and IOI Mall shopping complex are located within two kilometre radius around Tesco hypermarket.

Map 2: Location of Puchong



7.0 The Data

The data was collected from the survey used questionnaire form at three main residential neighbourhoods around Puchong which are Taman Wawasan, Taman Puchong Intan and Taman Puchong Indah. In each location 50 respondents involve in this survey. Table 3 below show the demographic characteristics of the respondent. Most of respondent range in age from 20 to 39 years, 52 percent were women, 90 percent were working in private sector and nearer 53 percent of respondent have income range from RM 1000 to RM 2000.

Table 3: Respondent Characteristic in Study Area

	Total	Percent (%)
Gender		
Male	72	48
Female	78	52
Ages		
Below 20	5	3.3
20 – 29	71	47.3
30 – 39	55	36.7
Above 40	19	12.7

Works		
Alone	41	27.3
Government	12	8.0
Private Sector	90	60.0
Others	7	4.7
Income		
Below RM 1000	31	20.7
RM 1001 – 2000	80	53.3
RM 2001 – 3000	34	22.7
Above RM 3000	5	3.3
Household Income		
Below RM 1000	9	6.0
RM 1001 – 2000	17	11.3
RM 2001 – 3000	44	29.3
RM 3001 – 4000	27	18
RM 4000 – 5000	25	16.6
Above RM 5000	28	18.7

From the form was distribute, the respondent was ask to rank the reason that listed where 1 is an important and 10 is not important. List of reason are distances from home to shopping centre, prices of goods, number of goods offered by retailer, number of goods buy by consumer, parking spaces, shopping environment, other activity offered, name of store, location of shopping centre and credit offered by retailer.

8.0 Finding

From the data, we found that there are no significant differences between reason shopping grocery goods at hypermarket and grocery shop. But, we can trace and compare which factor is important for consumer when shopping grocery goods. The most important factor that consumer concern when shopping is distance from home, where 79 and 83 out of 150 respondents from both hypermarket and grocery store rank it at number one. Then, it followed by prices where 63 and 70 out of 150 respondent rank it at number two. It means consumer is known and satisfied with the differences price offered by both hypermarket and grocery shop. From our experiences prices offered by grocery shop normally higher rather than hypermarket.

After that, it followed by number of goods offer by retailer and number of goods buy by consumer. Both of factor is strong to influence shopping decision by consumer cause in another research we conduct consumer will go to hypermarket when buy many goods but go to grocery shop when buy small amount of goods. This situation hugely link with distance and price where normally distance from grocery shop is close rather than hypermarket and price in grocery shop normally expensive rather than hypermarket.

From the table, we also guess a group of factor that not effect a decision of consumer to shopping namely other activity offered, name or band of store and credit offered by retailer. From the data show at Table 4, majority respondent rank it below of number eight for instance 91 and 85 out of 150 respondent from both hypermarket and grocery shop rank it number ten at credit offered by retailer.

Table 4: Rank of Factor That Consumer Concern When Shopping

No of Position	Reason	Hypermarket	Grocery Shop	Reason	Hypermarket	Grocery Shop
1	Distance from home	79	83	Shopping Environment	1	2
2		16	14		0	2
3		9	7		4	2
4		13	8		11	2
5		5	0		30	2
6		1	2		45	44
7		1	0		23	33
8		0	0		9	11
9		0	0		1	13
10		0	1		0	4
N/A		28	37		28	37
1	Price of Goods	34	15	Other Activity Offered	0	0
2		63	70		0	0
3		11	15		0	1
4		3	7		0	1
5		3	4		2	6
6		6	2		2	7
7		3	1		46	39
8		0	0		41	36
9		1	1		26	23
10		0	0		27	2
N/A		28	37		28	37
1	Number of Goods Offered	4	2	Name of Store	0	1
2		21	10		0	0
3		59	58		2	2
4		22	29		1	1
5		14	11		2	0
6		2	1		3	5
7		0	2		10	8
8		1	1		42	46
9		1	0		38	33
10		0	1		26	19
N/A		28	37		28	37
1	Number of Goods Buy	4	13	Location	1	0
2		15	4		7	13
3		11	10		11	12
4		49	50		10	2
5		21	24		8	5
6		15	10		22	18
7		7	1		16	14
8		1	3		13	9
9		1	0		36	40
10		10	0		0	3
N/A		28	37		28	37
1	Parking Space	1	0	Credit Offered By Retailer	0	1
2		3	2		0	1
3		13	3		3	4
4		12	11		4	4
5		36	64		0	0

6		27	22		0	2
7		14	11		6	6
8		6	0		10	9
9		9	2		12	3
10		3	0		91	85
N/A		28	37		28	37

N/A = No Answer by Respondent

9.0 Conclusion

The change of retail environment in Malaysia especially in urban area makes an instant effect for consumer when shopping grocery goods. The decision to shopping is not make base on only one factor but combination in deference factors. Current situation where higher on fuel prices, increase of inflation and tight in household budget, claim consumer to shown a good manners when shopping.

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