

FOOD RETAILING IN MALAYSIA:
A STUDY OF SUPERMARKET USE IN PENINSULAR MALAYSIA

A THESIS
SUBMITTED IN FULFILMENT OF THE REQUIREMENTS FOR
THE DEGREE OF DOCTOR OF PHILOSOPHY
IN THE DEPARTMENT OF BUSINESS AND MANAGEMENT,
UNIVERSITY OF STIRLING

BY
KHALIFAH BIN OTHMAN
NOVEMBER 1987

1987

ABSTRACT

FOOD RETAILING IN MALAYSIA: A STUDY OF SUPERMARKET USE IN PENINSULAR MALAYSIA.

This study examines the extent and patterns of supermarket use in Kuala Lumpur, the capital city of Malaysia and the town of Alor Star, a small town in the northern part of Peninsular Malaysia. A total of 436 household heads were interviewed for the study. Although the supermarket was first introduced in Malaysia in 1964, the study revealed that the adoption of supermarkets among respondents was still low. Even in the high income residential areas, the percentage of respondents that could be classified as heavy users was less than 50%. However, the percentage of heavy users was found to be significantly higher in high and middle income residential areas than that of low income residential areas. The study also showed that there were different patterns of food shopping behaviour among respondents. Perishable food is commonly bought from wet-markets, staple food is normally purchased from neighbourhood grocery stores while processed food is mainly bought from supermarkets. Log-linear analysis showed that car-ownership has the strongest influence on the extent of supermarket use. Among the three major ethnic groups the Chinese were found to have the strongest tendency to patronize supermarkets. On the other hand the Malays

were found to have the lowest tendency to become heavy supermarket users.

The results of this study could be seen as useful, first, to supermarket operators in Malaysia in planning their marketing strategies. Consumer profiles associated with heavy supermarket users may be used as a basis for market segmentation. Secondly, it is useful to the government in its modernisation process of retail outlets, particularly in smaller towns, which should proceed slowly and with care. The urgent need of the food retail system today is the improvement and modernisation of the present wet-market system, where fresh food should be sold efficiently in a more hygienic environment.

ACKNOWLEDGEMENTS

First and foremost I would like to express my sincere and utmost gratitude to my supervisor, Professor John Dawson, without whose guidance and encouragements would not have made the completion of this project possible.

I wish also to thank the staff members of the Department of Business and Management, University of Stirling for their valuable advice. Particularly to Dr. Leigh Sparks, who had helped me to review my questionnaire; to Mr Mark Gabbot and, from the Computer Advisory Service, Mr. Simon Booth for their invaluable guidance in the sorting out of the Log-linear models.

May I also take this opportunity to thank the Institut Teknologi Mara and the Malaysian Public Services Department for jointly sponsoring my study at the Stirling University. I am most grateful for their financial support.

To the students and lecturers of Institut Teknologi Mara at Shah Alam and Perlis Branch who have diligently helped me to carry out the survey, the words "Thank you" are never enough. I also wish to thank Encik Muhamad Embung of Dewan Bandaraya Kuala Lumpur, and Encik Ahmad Abdullah of Majlis Perbandaran Alor Star for their assistance in providing the sample frames for the consumer survey.

Lastly, but by no means the least, my gratitude goes to my wife, Rufiah and my four children, Azrin, Fikri, Nani and Zuri for their understanding and emotional support throughout the course of my project.

TABLE OF CONTENTS

	Page
Abstract.....	i
Acknowledgements.....	iii
Table of Contents.....	iv
List of Tables	vii
List of Figures.....	x
CHAPTER 1: PROBLEM STATEMENT AND RESEARCH OBJECTIVES.....	1
Introduction.....	1
The Problem.....	3
Research Objectives.....	6
Significance of the Study.....	8
Limitations of the Study.....	13
Supermarket: Definition.....	14
Development of Supermarkets.....	16
Factors Leading to the Growth of Supermarkets.....	20
Summary.....	25
CHAPTER 2: CONCEPTUAL FRAMEWORK.....	28
Introduction.....	28
Institutional Change in Retailing.....	29
Wheel of Retailing.....	29
Retail Life Cycle.....	32
Retail Accordion.....	34
Dialectic Process.....	37
Natural Selection in Retailing.....	39
Three Wheels of Retailing.....	40
Retailing Environment.....	43
Store Choice.....	56
Store Image.....	58
Store Attributes and Store Image.....	60
Summary.....	65
CHAPTER 3: RESEARCH METHODOLOGY.....	67
Introduction.....	67
· Research Hypothesis.....	67
· Research Design.....	69
· Consumer Survey.....	75
Sampling Procedure.....	77
Survey Methods.....	81
Sample Size.....	82
Sample Frame.....	85
Pilot Survey.....	87
The Fieldwork.....	88
Supermarket Survey.....	88
Data Analysis.....	89
Problems and Difficulties.....	90
Summary.....	92

CHAPTER 4: THE MALAYSIAN SETTING.....	93
Introduction.....	93
A Brief History.....	95
Demographic Structure.....	96
Economic Background.....	99
Urban Growth.....	106
Future Economic Outlook.....	107
Malaysian Retail Scene.....	111
Types of Retail Institutions.....	114
Traditional Retail Outlets.....	114
Modern Retail Outlets.....	123
Malaysian Retail Trend.....	125
Summary.....	134
CHAPTER 5: SUPERMARKET DEVELOPMENT IN PENINSULAR MALAYSIA.....	137
Introduction.....	137
Growth of Supermarkets in Peninsular Malaysia.....	138
Joint Venture Supermarket Companies.....	145
Factors Leading to the Growth of Supermarket in Malaysia.....	148
Characteristics of Malaysian Supermarkets.....	152
Summary.....	160
CHAPTER 6: RESEARCH FINDINGS (1).....	162
Introduction.....	162
Description of Samples.....	162
Income.....	162
Income and Residential Areas.....	167
Income and Ethnic Group.....	172
Ethnic Group and Residential Areas..	173
Ethnic Group and Occupation.....	175
Education.....	175
Income Level and Family Size.....	179
Income Level and Car-Ownership.....	180
Income Level and Credit Facilities..	182
Income Level and Working Wife.....	183
Income Level and Opinions on Prices at Supermarkets.....	184
Food Retail Outlets.....	186
Retail Outlets and Household products.....	188
Conclusions.....	201
CHAPTER 7: RESEARCH FINDINGS (2).....	203
Introduction.....	203
Basic Patterns of Supermarket Use.....	203
Use of Supermarkets.....	203
Supermarket Use and Income.....	211
Supermarket Use and Residential Areas.....	216
Supermarket Use and Ethnic Group....	221
Supermarket Use and Occupation.....	225

Supermarket Use and Education.....	228
Supermarket Use and Working Wife....	230
Supermarket Use and Car-Ownership...232	
Opinions on Supermarkets.....	236
Functional Relationships between	
Supermarket Use and	
Socio-Economic Variables.....	240
Logit Models.....	241
Hypothesized Relationships.....	241
Conclusions.....	255
CHAPTER 8: SUMMARY AND CONCLUSIONS.....	259
Research Implications.....	268
Suggestions for Further Research.....	269
BIBLIOGRAPHY.....	272
APPENDIXES:	
Appendix 1: Household Survey	282
Questionnaire.....	291
Appendix 2: Supermarket Survey	
Questionnaire.....	292

LIST OF TABLES

Table	Page
2.01	Illustration of Retail Life Cycles.....35
2.02	Store Attributes for Department Stores and Grocery Stores.....63
2.03	37 Factors: How they stack up?.....64
4.01	Malaysia: Population Size and Age Structure 1980-1990.....97
4.02	Population Distribution between Rural and Urban Area- by Ethnic Group.....100
4.03	Basic Indicators.....102
4.04	Composition of Malaysian Exports by Value.....103
4.05	Malaysia: Balance of Payments.....110
4.06	Number of Hawkers in Selected Asian Cities.....117
4.07	Urban Retail Statistics in Peninsular Malaysia: 1976-1980.....126
4.08	Principal Retail Statistics - Peninsular Malaysia 1980: Types of Retail Institutions by Legal Status.....128
4.09	Types of Retail Establishments.....131
4.10	Principal Statistics of Retail Establishments in Peninsular Malaysia by States.....133
4.11	Retail Statistics in Peninsular Malaysia 1980: By States and Population.....135
5.01	Major Supermarkets Operating in Peninsular Malaysia.....142
5.02	Provision Shops and Supermarkets: Share of the Retail Market.....143
5.03	Supermarkets in Major Malaysian Towns - Peninsular Malaysia.....144
5.04	Supermarket Joint-Ventures - Peninsular Malaysia...147
5.05	Public and Private Sector Housing Performance - Peninsular Malaysia.....149a
5.06	Registered Private Motorcars in Use - Peninsular Malaysia..... 152
5.07	Major Supermarkets in Kuala Lumpur.....154
6.01	Characteristics of Respondents.....163
6.02	Distribution of Income of the Respondents.....165
6.03	Chi-Square Analysis of Income.....166
6.04	Summary of Mean Household Income of the Surveyed Residential Areas.....168
6.05	Oneway ANOVA - Income Level and Residential Areas..168
6.06	Multiple Range Test (LSD): Income Level and Residential Areas.....170
6.07	Cross-Tabulation of Income Group and Residential Areas171
6.08	Cross-Tabulation of Ethnic Group and Income Level.....173
6.09	Cross-Tabulation of Ethnic Group and Residential Area..... 174
6.10	Cross-Tabulation of Ethnic Group and Occupational Category.....176

6.11	Cross-Tabulation of Educational Background and Area of Study.....	177
6.12	Cross-Tabulation of Educational Background and Residential Areas.....	178
6.13	Cross-Tabulation of Income Level and Number of Children.....	180
6.14	Cross-Tabulation between Income Level and Car-Ownership.....	182
6.15	Cross-Tabulation between Income Level and Credit Facilities.....	183
6.16	Cross-Tabulation between Income Level and Working Status of Wife.....	184
6.17	General Opinions on Prices at Supermarkets.....	185
6.18	Income Levels and General Opinions on Prices at Supermarkets.....	186
6.19	Grocery Retail Outlets: Percentage of Households Using Particular Types of Retail Outlets.....	190
6.20	Major Retail Outlets for Groceries: Proportions of Groceries Bought.....	192
6.21	Cross-Tabulation of Category of Household Products and Major Retail Outlets.....	193
6.22	Major Shopping Outlets for Household Necessities: Kuala Lumpur and Alor Star.....	195
6.23	Products that are always bought from Supermarkets..	198
6.24	Products that are not normally bought from Supermarkets.....	199
6.25	Products that are normally bought from neighbourhood grocery stores.....	200
6.26	Products that are not normally purchased from Neighbourhood Grocery Stores.....	201
7.01	Frequency of Shopping Trips to Supermarket.....	204
7.02	Reasons for Shopping at Supermarkets.....	205
7.03	Cross-Tabulation between Frequency of Shopping Trips to Supermarkets and Amount Spent per Trip.....	206
7.04	Composition of Average Monthly Household Expenditure - Peninsular Malaysia, 1980.....	207
7.05	Supermarket Scores of Respondents.....	209
7.06	Chi-Square Analysis of Supermarket Score.....	210
7.07	Cross-Tabulation between Supermarket Use and Income Level.....	212
7.08	Chi-Square Analysis: Category of Supermarket Users and Level of Income.....	213
7.09a	One ANOVA - Income Level and Supermarket Use.....	214
7.09b	Multiple Range Test: Income Level and Supermarket Use.....	215
7.10	T-test of Supermarket Score between Kuala Lumpur and Alor Star.....	216
7.11	Cross-Tabulation of Category of Supermarket Users and Residential Areas.....	217
7.12	Chi-Square Analysis: Category of Supermarket Users and Residential Areas.....	219
7.13	Oneway ANOVA: Supermarket Use and Residential Areas.....	220

7.14	Multiple Range Test: Supermarket Use and Residential Areas.....	220
7.15	Cross-Tabulation of Category of Supermarket Users and Ethnic Group.....	222
7.16	Chi-Square Analysis: Category of Supermarket Users and Ethnic Group.....	223
7.17a	Oneway ANOVA: Supermarket Score and Ethnic Group...	224
7.17b	Multiple Range Test: Supermarket Use and Ethnic Group.....	224
7.18	Cross-Tabulation of Category of Supermarket Users and Occupation.....	226
7.19a	Oneway ANOVA: Supermarket Use and Occupational Category.....	227
7.19b	Multiple Range Test: Supermarket Use and Occupational Category.....	228
7.20	Cross-Tabulation of Supermarket Use and Education.....	229
7.21	Chi-Square Analysis: Category of Supermarket Users and Level of Education.....	230
7.22	Cross-Tabulation of Supermarket Use and Working Status of Wife.....	231
7.23	Cross-Tabulation of Supermarket Use and Car-Ownership.....	233
7.24	Chi-Square Analysis: Category of Supermarket Users and Car-Ownership.....	234
7.25	Supermarket Shoppers and Modes of Transport to Supermarkets.....	236
7.26	General Opinions Regarding Prices at Supermarkets..	237
7.27	Cross-Tabulation of between Category of Supermarket Users and Opinion on Prices at Supermarkets.....	238
7.28	Response to the Statement: Supermarkets are for High Income People.....	239
7.29	A Four-Way Table: Income Level, Ethnic Group Car Ownership, and Supermarket Users.....	244
7,30a	Logit Models Fitted.....	246
7.30b	Comparisons of Models: Difference in L and Degrees of Freedom.....	247
7.31	Observed, Expected Frequencies and Residuals of the Selected Logit Model.....	248
7.32	Model Coefficient of the Selected Logit Model.....	249
7.33	Estimates of Parameters Using the Selected Logit Model.....	251
7.34	Modes of Transport to Supermarkets.....	253

LIST OF FIGURES

Figure		Page
1.01	Consumer/Retailer Environment Affecting the Growth of Supermarkets.....	21
1.02	Effects of Mobility on Consumer Shopping Habits and Store Size.....	24
2.01	Wheel of Retailing.....	30
2.02	The Retail Life Cycle.....	33
2.03	The Retail Accordion.....	35a
2.03a	Dialectic Process.....	38
2.04	The Three Wheels of Retailing.....	41
2.05	Changes in Food Retailing over the Course of Economic Development.....	50
2.06	The Two-Circuit Model.....	53
2.07	A Framework for Comparative Analysis of the Evolution Patterns of Food Retailing System in Developed and Developing Countries.....	55
2.08	Store Choice Process.....	57
3.01	Correlates of Supermarket Use.....	70
3.02	Research Design.....	72
4.01	Map of Malaysia.....	94
4.02	Retail Institutions in Malaysia.....	115
7.01	Hypothesized Relationship.....	242
7.02	Revised Relationship.....	256

CHAPTER 1

PROBLEM STATEMENT AND RESEARCH OBJECTIVES

INTRODUCTION

One of the major issues that often confronts most governments of developing countries is the inefficiency of food marketing system in urban areas (FAO 1975). Inefficient food marketing has many manifestations. It can be seen particularly in the physical distribution and handling of goods resulting in a high proportion of wastage arising from spoilage and spillage. In consequence food prices may increase and become more expensive to the urban population. This is of considerable concern to everyone especially the urban poor where expenditure on food constitutes a high percentage of household income. For instance, in Malaysia, the average expenditure on food is 32% of the total household expenditure (Department of Statistics, 1986.)

The amount of food being spoiled and wasted in food markets in developing countries is very high. (FAO 1975). "... In Djakarta's Pasar Induk Kramat Jati, for instance, the daily wastage is about 150 metric tons or 15% of the daily volume handled. This is common in Asian markets..." (FAO 1975, p. 34). In another study of a wholesale market in Tehran, commodity spoilage for perishable fruits and vegetables was 20% and 10% for semi-perishables, such as potatoes and onions (Kriesberg 1976). The situation in

Malaysia is equally appalling. According to the Malaysian Fishery Development Authority (Lembaga Kemajuan Ikan Malaysia), Malaysia's total annual catch for fish was about 745,000 tonnes, out of which more than 149,000 tonnes (20%) worth in the region of M\$300 to M\$450 million were lost annually through spoilage (New Straits Times, December 4th. 1986, p.12). It is a common sight in most wet markets to find spoilt vegetables and fruits dumped in garbage trucks in the evening.

There are quite a number of reasons for such a high level of wastage. One of them is poor storage facilities for highly perishable goods such as fresh produce, meat and fish. Ideally, these perishable products need to be transported, stored and kept in cold rooms and refrigerators. In addition to the lack of refrigeration facilities, these perishables are normally displayed by heaping them on small counters, exposed to heat, flies, dust and public handling. If left unsold, by the end of the day, these perishables will get spoilt and have to be thrown away. In order to compensate for the high level of wastage, retailers have to charge the consumers high prices for these perishables.

It is quite a common practice, especially in Asian countries, for fish and vegetables to be packed in round bamboo baskets, stacked on top of each other and transported by lorries from the collection centres to the central markets. (FAO 1975). The soft structure of the bamboo

baskets does not support the heavy weight of the stacking load. Consequently, a proportion of the fish and the vegetables are squashed and damaged. Upon reaching the central markets, they are manually unloaded from the lorries and emptied, then being spread on the floor for grading. This rough manual handling further adds to the wastage. It should also be noted that the nature of the construction and internal layout of most central markets and the continued availability of cheap manual labour makes it almost impossible to use modern mechanical devices such as fork lifts and belt conveyors.

THE PROBLEM

The problem of spoilage and wastage is a major one faced by the developing countries in respect of food marketing. Continuous efforts to increase food production such as improved irrigation schemes, double cropping or fishery projects become meaningless if the much needed food become damaged and spoilt before it even reaches the consumers. It is not surprising to have a situation where the poor farmers are poorly paid for their products and the consumers have to pay a high price for their daily food. Part of the explanation often used by wholesalers and retailers for such a situation is the high wastage of produce and they have to be compensated in the form of higher prices to be passed on to the consumers. As such it is indeed very important that food production should be closely coordinated and integrated with the marketing activities. "...lower transportation

costs, better storage and handling and more efficient processing of commodities... contribute to quality of food and lower prices for consumers." (Kriesberg 1976).

On the contrary, the situation is different in developed countries. Food production is highly integrated and coordinated with the marketing system. Fresh fruits, vegetables, meat and fish are efficiently processed, graded, packed and transported direct to the retailers. The availability of good supporting infrastructures such as a good transportation system and a good communication system have made it possible for highly perishable goods to be delivered to the central markets in a shorter time. In addition, well-equipped lorries with refrigeration facilities, good packing system and handling devices have also helped to minimise physical damage to these perishables. To ensure that these goods stay fresh when they reach the consumers, cold rooms and specially made chilled display counters are installed in the supermarkets.

One important point that needs to be stressed is the higher degree of vertical integration in food marketing system in developed countries compared with developing countries. Vertical integration can be effective in raising channel efficiency. In contrast to the traditional retailers in developing countries, food retailers in the developed countries mainly operate through the supermarkets. These supermarkets are operated by large retail organisations, normally with several branches operating

throughout the country. Because of their size, volume of sales and buying power, these large firms are able to exert their influence in food processing and distribution system. "...the growth of market dominance by multiples with their self-service stores, have imposed high standard of grading and packing on their suppliers ..." (Malcolm 1983). Purchases are normally made direct from the producers or the manufacturers, thus bypassing the traditional wholesalers. It is also not uncommon for these supermarkets to operate their own transport system, warehouses or depots, in some cases their own factories and farms. Even more common in developed countries are informal and contractual vertical integration. Such vertical integration system has not only assured a continuous supply of goods to the consumers, but also helped to reduce food prices through improved efficiencies.

The growth of large retail organisations selling through supermarkets and hypermarkets in developed countries has been one of several factors resulting in a continuous decline in the number of small independent retailers (Dawson 1979, Hunt 1983, Davies et al 1986). The operational efficiency of these large retailers has made it possible for them to adopt competitive retailing strategies such as adopting a low margin high volume sales policy. The competitiveness of these large retail foodstores over small independent grocers has significantly increased the market share of the food industry controlled by the large firms.

This again reinforces their position and power to influence food processors and producers in terms of packaging, quality and standards (Burns 1983). In this context, the experiences of the developed countries could be used as an example in tackling and solving some of the problems of food marketing in developing countries. Even though there are some doubts regarding the role of supermarkets towards providing cheaper food to the urban poor, there are widely aired arguments that the growth of such institutions should be encouraged. The supermarkets can play an important role in influencing the food retailing industry in developing countries. The introduction of supermarket technology and improved practices can have important impact on the entire food retailing system (Slater et al 1969, FAO 1975).

RESEARCH OBJECTIVES

The study of supermarket use in Malaysia is designed to achieve the following objectives:-

1. To determine the extent of supermarket use by urban based Malaysian consumers. The finding would be important in terms of looking at the future growth of the supermarket industry. It is imperative that acceptance of supermarket as a viable marketing institution be determined in view of the Malaysian government's policy on the modernisation of the retailing industry (Fifth Malaysia Plan, 1986).
2. To examine the growth and development of the supermarket industry in Malaysia. The study will

provide insights as regard to the development, growth and the future of the supermarket industry in Malaysia.

3. To find out the characteristics and the profile of Malaysian urban consumers who are currently users and nonusers of supermarkets. Analysis of preferences, shopping habits and behaviour will provide useful marketing information for supermarket operators as a basis for developing marketing strategies.
4. To determine key socio-economic and demographic variables that affect the use of supermarkets. By analysing the relationships of the extent of the use of supermarkets and the variables, supermarket planners are able to formulate relevant marketing strategies to improve their performance.
5. To assess the roles of supermarkets on the distribution system, food processing, packaging and consumption patterns in Malaysia. This is important in view of assumptions made by the government in trying to modernise the food retailing industry.
6. To provide recommendations concerning the growth of large scale retail organisations in the future. This is in terms of planning of market places, shopping centres and public policies .

SIGNIFICANCE OF THE STUDY

Malaysia has been experiencing relatively strong economic growth ever since its independence in 1957. From 1971 to 1985 the average growth of GNP in constant prices was 5.6%. As the result the implementation of its First Malaysia Plan (1965-1970), Second Malaysia Plan (1971- 1975), Third Malaysia Plan (1976-1980), and the Fourth Malaysia Plan (1981-1985), a strong growth in its economy has taken place. More infrastructure such as roads, communication system, hospitals and schools has been built. "...Not only did per capita income, in current prices increased by nearly 12% per annum or 4.9% in real terms, but the quality of life also improved." (Fourth Malaysia Plan 1981, p.2). As a result of the economic growth, there is also a growing process of urbanisation in the country. The rate of growth of GNP during 1971-1980 was 4.6% per annum (Fourth Malaysia Plan 1981). As towns and cities become congested and more densely populated, the government adopted a new urban strategy. Under the new strategy (1980-1990), more new townships will be established in regional development areas. (Fourth Malaysia Plan p.183). During the implementation of the Third Malaysia Plan, several new townships and regional development areas were identified and basic development of infrastructure requirements were also substantially carried out.

"To complement the growth of major urban areas in each state as well as to avoid concentration of population and services within these areas, satellite towns and service centres will be developed. Within Kelang Valley, the development of Shah Alam, Kelang, Kajang, Bangi, Rawang and Sepang will receive priority attention to disperse urban growth away from Kuala Lumpur... At the same time, second order towns such as Alor Star and Kangar in the North... will be developed to complement the growth of regional centres." (Fourth Malaysia Plan, 1981, p.184)

The current and future growth of new 'satellite' towns and cities necessitate systematic urban planning to be undertaken. This includes systematic plans of shopping centres and complexes. Modern shopping outlets such as supermarkets and superstores form a vital aspect of urban planning. As such a study of consumer behaviour as regards to the adoption of and acceptance of supermarket as a new marketing institution is an important consideration in developing plans for future urban development.

Apart from the new townships in the new regional growth areas, the existing cities and towns also need to replan their present urban structure. Most of the central food markets have been outgrown by population growth and city expansion. These central markets no longer provide services as effective as when the population growth was smaller and urban areas more compact. Their present locations are no longer suitable to the city dwellers. Most of the central markets are situated in the heart of the city, and as such, often cause chaotic traffic congestion and unhealthy sanitation in the surrounding areas. This has caused

concerns to city halls and municipalities. Plans to relocate and restructure these markets are being made, and some city halls have already taken steps to improve the wet markets. For example, Kuala Lumpur City Hall has shifted the old central wet market and replaced it with several more hygienic supermarket style of markets. (Sunday Times, Malaysia, 11th August, 1985). This could be seen as a beginning of a changing process of traditional wet market (fish and vegetable bazaars) or locally known as "pasar", transforming them into cleaner and more hygienic markets. Therefore a study in the consumer adoption of supermarkets is timely and provides useful information for city planners and urban development authorities in understanding consumer shopping behaviour as guidelines for future planning.

The concept of supermarkets in developing countries may be considered as an innovation. It is a new form of retailing involving new technology and marketing expertise. Slater et al (1969) in their study of "Market Processes in Recife Area of Northeast Brazil", studied the ability of a supermarket to affect local prices. The entry of a low margin supermarket created a domino effect in the market causing other self service stores and neighbourhood shops to reduce their gross margin (Slater, 1969). This helped to keep prices relatively low for consumers. In a report submitted by FAO (Food and Agriculture Association, United Nations), it was observed that:

"...The supermarkets has an important impact on the entire food system by introducing more efficient merchandising technology and improved practices , such as grading, prepacking, fixed price labels, hygienic conditions and close stock control..." (FAO, 1975 p.26).

The success of the supermarkets in the West has prompted some enterprising businessmen and government agencies to introduce supermarkets in their countries. The supermarkets are expected to be equally successful as well as playing the same roles in the the developing countries as they have done in the West. In Malaysia, the encouragement made by the government is reflected in the modernisation policy of the retailing industry as described in the Fifth Malaysia Plan:

"The traditional small business will be encouraged to adopt more modern business methods so that they will be able to contribute towards the development of a modern and efficient distributive system in the country. They will be encouraged to upgrade their operations...establish chain stores or integrate vertically with trading houses. These efforts will increase the efficiency, productivity cost-effectiveness of the distributive system." (Fifth Malaysia Plan 1986, p.369).

In view of such encouragement precisely made by the government, it is therefore quite significant and timely to study the acceptance and the use of supermarkets by the Malaysian consumers.

Kaynak (1980) in his analysis for the failure of Migros-Turk Supermarket in Turkey concluded that when a new marketing institution such as supermarkets is introduced to an area where its people are culturally different and used

to different shopping habits, there would be resistance from the people. Goldman (1982) found an interesting feature of supermarket adoption in Jerusalem. He found that it does not follow that those consumers who are able to shop in the supermarkets will necessarily purchase all their food needs from the supermarkets. He referred this as "selective adoption phenomena." (Goldman, 1982).

Three important studies so far have been made in the area of retailing and food distribution in Malaysia. Jackson (1976) made a study of wholesale and retail food market in Kuala Lumpur. He concluded that the eating habits of the Malaysians are strongly entrenched in the consumption of fresh food - fresh meat, fresh vegetables and fresh fruits - instead of canned or frozen food. As such, he concluded that the role of the food bazaar (wet market) is going to remain as an important feature in the Malaysian food retailing (Jackson, 1976).

McTaggart (1965) made a study of the clientele of the first supermarket in Malaysia. He observed that a large proportion of the customers in this supermarket were European and expatriates. However, it should be noted that the study was made in 1965, when the socio-economic environment was different.

The latest study in Malaysian retailing was made by Toh et al (1985). Their study was on the trends in Malaysian small retail business. According to the study, the trend of

large scale retail institutions competing and displacing small independent retailers has not yet occurred on a widespread basis. However, it is beginning to take place in the urban areas and will continue (Toh et al, 1985).

Apart from the study made by McTaggart (1965), there is no other specific study made on supermarkets in Malaysia. The research that is reported in this thesis is based on a survey of consumer households rather than on consumers who patronise the supermarkets as made by McTaggart. The household survey would provide a comprehensive analysis of consumer shopping habits i.e. inclusive of those who patronise supermarkets and those who use traditional retail outlets. The present study complements and contributes to the existing body of knowledge in the field of retailing in Malaysia.

LIMITATIONS OF THE STUDY

This study is limited to the behavioural aspects of food shopping with an emphasis on supermarket use in the urban areas of Malaysia. A household survey was carried out in Kuala Lumpur, the capital city of Malaysia, and the town of Alor Star, a state capital of the state of Kedah in the northern part of Peninsular Malaysia. As such, the validity of the findings made in the study is limited to the areas in which the areas were made. Due to limited budget, time constraint and non-accessibility of financial data on supermarket companies, a comprehensive in-depth study of supermarket operations was not undertaken.

SUPERMARKET : Definition

Generally there is no standard definition of a supermarket. Some writers distinguish a supermarket from other traditional grocery stores by the physical size of the store and the merchandise that are offered. Some define it by measuring the volume of sales and others by looking at the mode of operation. As pointed out by McClelland (1963), there were three kinds of difficulties arising in defining a supermarket. First, is that of minimum size, second is that of the characteristics and extent of self-service and third is that of stock requirements. In the United States, a supermarket was first defined by the Supermarket Institute as a self-serviced departmentalised food store having a minimum sales volume of \$1/4 million. In 1954, the minimum sales volume was revised to \$1/2 million, then \$1 million more recently to \$2 million (Charvat 1961, McClelland 1963, McCarthy 1971, Mandell 1985, Lewison and De Lozier 1986). In the United Kingdom, as defined by Euromonitor (1981), a supermarket is...:

"...self service shops with centralised check-outs and a sales area of over 2,000 square feet. Initially supermarket focussed on food...shifted into non-food areas - hardware goods, stationery, kitchenware, textile, durables, leisure goods." (Euromonitor 1981, p.6).

From the above definitions, the mode of operation and the physical size of the store area are the most important criteria in determining whether a store is a supermarket or a traditional provision shop. For the purpose of this

research, the working definition of a supermarket would include the following characteristics:

- (a) A self-service store with centralised check-outs.
- (b) Large physical size - more than 2,000 square feet.
- (c) Generally selling a wide assortment of grocery items, fresh produce and meat.

The above criteria define in essence the concept of a supermarket - a large scale, self-serviced food retailing. The characteristics and the nature of operations of the supermarkets make it possible to deliver the goods as cheaply as possible to the general consumer. It also implies a relatively large sales volume which itself suggests particular buying practices which are different from more traditional store type. The operation of a supermarket is based on the following premises:

1. Convenience and fast service. Self-service in supermarkets eliminates waiting time. Customers do their own grocery selection instead of waiting for the counter clerks to prepare their orders. This reduces waiting time as well as reducing the cost of employing clerks to service customers.
2. Mass merchandising of volume items to achieve low price and maximum economies in food distribution. The supermarket is usually a low price

operation on the premise that it is not gross margin that is important but rather the total money that can be earned, and these can be maximised by selling large volumes of fast-moving items at lower prices than those available in other outlets.

3. High productivity based upon the most efficient methods of material handling and production. Obviously the productivity per man-hour of labour employed in a supermarket dealing with volume items is many times higher than that of service clerks in traditional stores who handle every item individually. This is because the product selection process is being done by the customer.

DEVELOPMENT OF SUPERMARKETS

Early development of supermarkets can be traced to 1916 in the United States. This was when Clarence Saunders started the first self-service grocery store - Piggly-Wiggly. At that time, the concept of self service was entirely novel. In contrast to the general practice during those days, instead of being served at the counter, a customer was able to browse through the aisles and took his own time to select his groceries and pay at the centralized check-out counter. As a result of this innovation, the store made tremendous sales increase (Appel 1972).

Even though the self service concept was introduced in 1916 by Clarence Saunders, it was not until 1930 that the growth of the present form of supermarket started. This was when Michael Cullen opened the first King Cullen Store at Jamaica, New York. In addition to the self-service concept, he introduced the low-price high volume concept. Within two years, he operated eight supermarkets in Jamaica with an annual sales volume of six million dollars. His stores were located in low rent areas on the fringe of the city, often in abandoned warehouses. This made it possible for him to achieve the low price high volume strategy (Markin, 1963).

Similar to other forms of innovation, emulators soon began to enter and compete with King Cullen. In 1932, Big Bear Supermarket was opened in Elizabeth, New Jersey. A 50,000 square foot automobile factory was modified into a supermarket. The success of these "cheapies" attracted other chain stores such as A & P, Kroger National Tea and Safeway to follow suit and adopt the supermarket strategy. Thus, the beginning of a supermarket era started. In 1936, there were 1,200 supermarkets in the United States, representing 5.5% of the food store sales. By 1941, there were 8,175 supermarkets with more than 20% of total industry sales (Charvat, 1961).

Thus, the acceptance and adoption of supermarkets by the American consumers resulted in an accelerated growth of supermarkets in the United States between 1937 and 1941. Supermarkets began to play a vital role in the American

society. Supermarket companies were able to influence the food manufacturers, the distribution system and the packaging industry. With the advance of refrigeration technology, transportation system, communication system and higher household income as well as increase in car ownership, the consumption pattern of the American consumers started to change. However, the ability of the supermarket industry to adapt to this consumer change was the key factor in the growth of the supermarket industry. By 1955, the supermarket share of the grocery trade was 60% and increased to nearly 70% by 1959 (Peak and Peak 1977).

In the United Kingdom, although the concept of self-service was common during the Second World War, it was not until 1950 that the first supermarket was introduced. It was established by Sainsbury in Croydon. Three years later, Sainsbury opened its first 7,500 square foot supermarket in Lewisham (Hunt, 1983). Since then the number of supermarkets increased substantially. In 1957, there were 80 supermarkets; in 1966, there were 2,700 and by 1978 there were 6,200 supermarkets spread throughout the country. (Euromonitor, 1981). Today, another extension of the growth of supermarkets has taken place - the hypermarkets or superstores. These are large self-service retail establishments having their sales floor area exceeding 2,500 square metres (Euromonitor, 1981) and selling a much wider range of goods than ordinary supermarkets.

As for the developing countries, it was not until the 1960's that supermarkets were introduced. Almost all these supermarkets were located in big cities catering for the European and American expatriates. In Malaysia, the first supermarket was introduced in 1964 (McTaggart, 1965). In his study "The Weld Supermarket : A study of a Kuala Lumpur Shopping Centre and its Clientele" in 1966, McTaggart concluded that the supermarket was heavily patronised by Europeans (47.2%). However, now, after a period of 20 years, with the increased proportion of Malaysian middle class society as a result of increased personal income, it is perceived that the percentage of Malaysian patronage has increased.

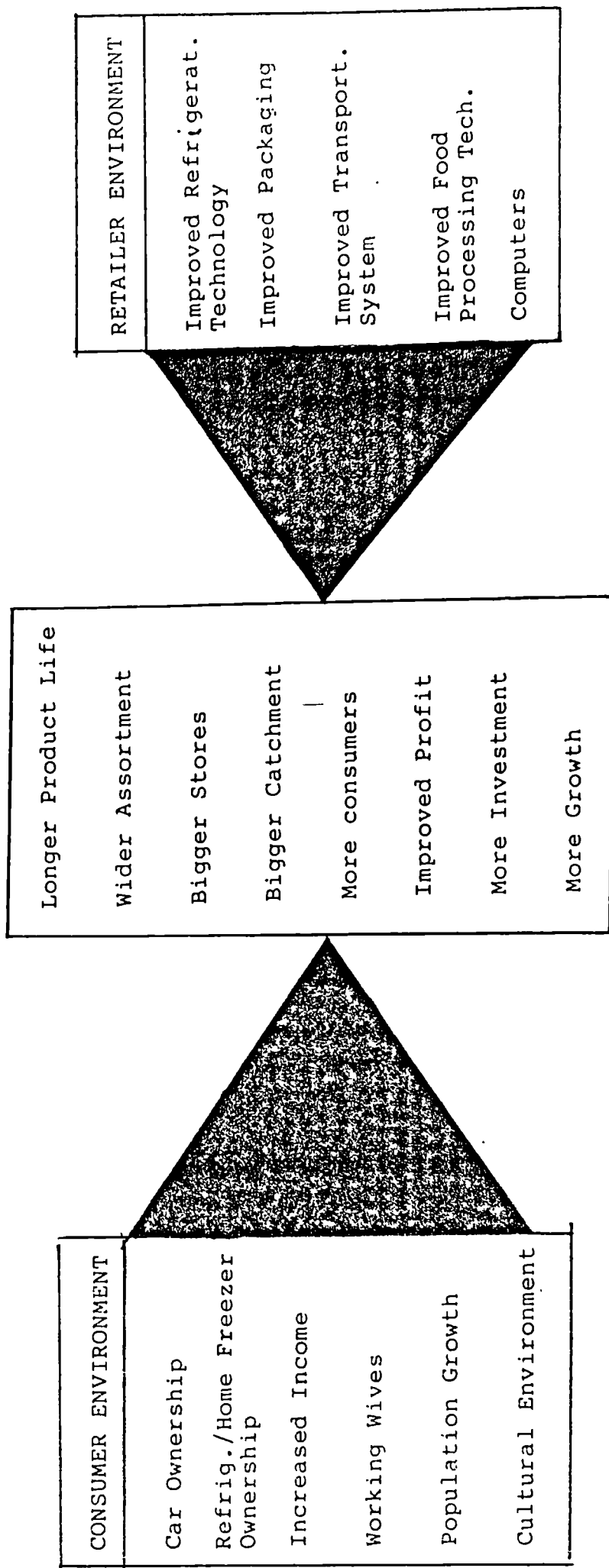
One important phenomenon that should be noted with the growth of supermarkets since 1930's, is that it has led to the decrease and decline in the number of small independent retailers. Corner shops or the Mom and Pop stores started to decline steadily. The same situation also took place in the United Kingdom and other Western European countries (Dawson 1979, 1983, Davies et al 1986). In fact, strict public policy to limit the growth in the number of supermarket was formed in some countries to protect the interest of traditional stores (Gayler 1984). This has also seen the deaths of some supermarkets and the expansion in size of others as constant take-overs and mergers took place.

Factors leading to the growth of supermarkets

The growth of supermarkets is the result of several interactions of socio-economic, demographic and technological factors that have been taking place in Western countries throughout the century. Socio-economic and demographic factors include increased population growth after the Second World War, increased number of household units, increased income and increased number of working housewives. Technological changes have included the automobile, refrigeration and food processing technology (Figure 1.01).

Increased population growth in North America and Europe after the second world war resulted in an increased demand for consumer goods and for a greater variety of food products. The effect on foodstore sales caused by the population growth and by the changes in consumption habits and consumer behaviour has been significant. In addition, postwar marriages in both North America and Europe has also brought about a significant increase in the number of household units. In fact, "The number of United States households has grown more rapidly than total population". (Markin, 1968). Other countries such as the United Kingdom and other European countries also experienced the same phenomena. Such an increase in population and household units has provided a large enough catchment area for

Figure 1.01
CONSUMER/RETAILER ENVIRONMENT
AFFECTING THE GROWTH OF SUPERMARKETS



successful supermarket operation. In addition, with rapid rural-urban migration that has taken place after the War, the population concentration in the urban areas has further stimulated the growth of supermarkets.

The economic growth experienced by the United States after the second world war was phenomenal. From 1948 to 1966, disposable personal income has increased from \$189.3 billion to \$505.3 billion or 16.7% increase. This growth in income in the American population was a great stimulus to the growth of the supermarket industry (Markin 1968).

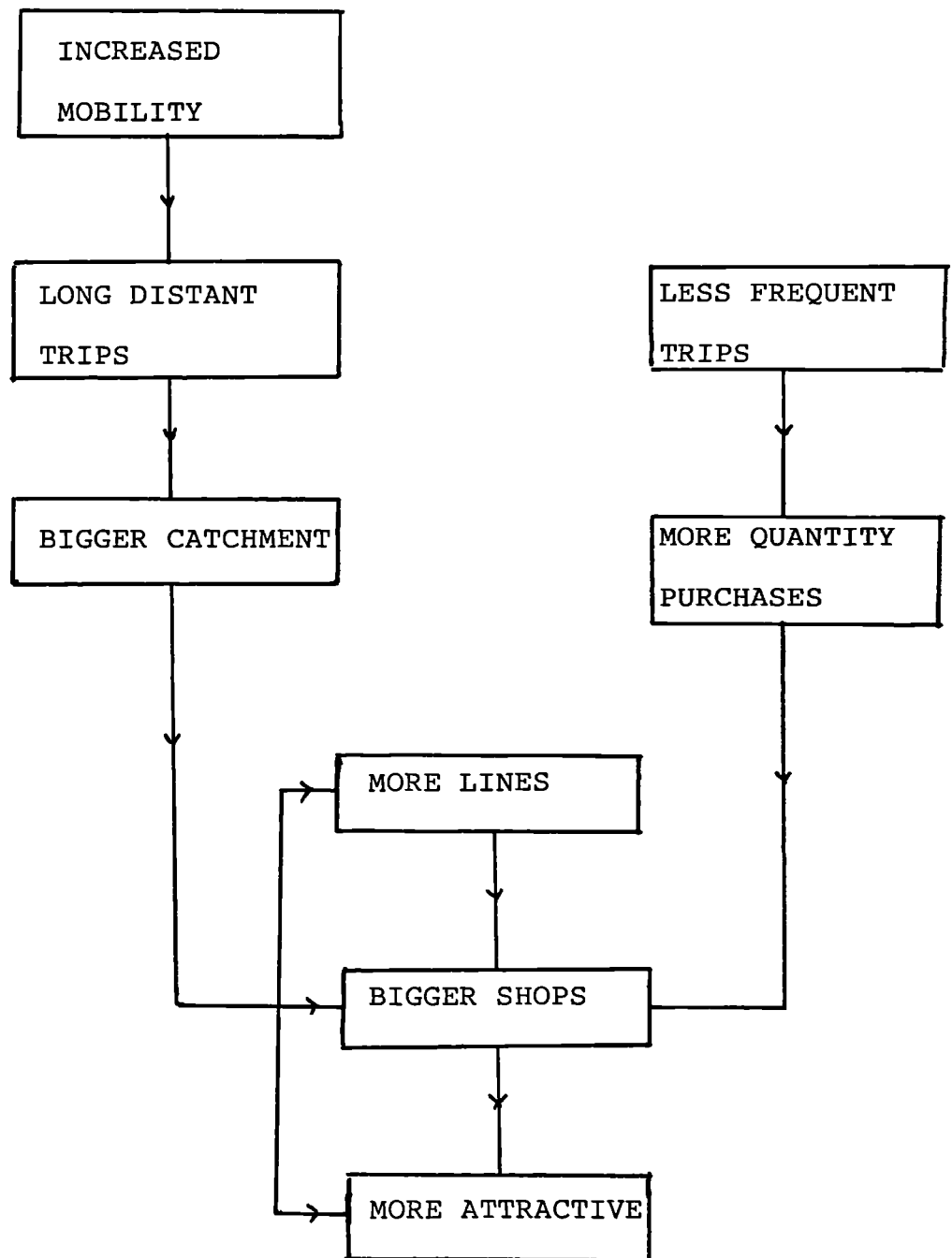
Apart from the growth of the population and personal disposable income, the post-second world war period also experienced an increasing number of lower middle income class society. Kuznet (1953), defined "lower-middle income" class as family units earning between \$2,000 - \$4,000 per year. In 1954, he found that over 40% of all family units had an after tax income between \$4,000 - \$7,500 (Kuznet, 1953). The widening of the middle income class in the American society resulted in an increased market segment for the modern large foodstores - the supermarkets.

Since the early phase of supermarket growth in the 1930's, two important technological developments have taken place, namely the automobile and refrigeration. These technologies were largely responsible for changes allowing consumers to change their consumption habits and so in turn allow the rapid growth of supermarkets. With the increasing

trend of car ownership, the shopping mobility of consumers especially among the American and the European families, has been greatly increased. Instead of depending on daily food purchases from neighbourhood grocery stores, they were able to travel longer distance for their grocery supplies. Such mobility provided a wider and bigger catchment area for the supermarket (Figure 1.02). As had been mentioned earlier, in order for the supermarkets to be able to thrive, a large catchment area is necessary for a large volume of turnover. The concept of refrigeration and deep-freezing had significantly expanded the product lines that could be offered by supermarkets through self-service techniques. Deep freeze facilities in the supermarkets together with home-freezer ownerships have made it possible for supermarkets to expand their frozen food lines. The widening of number of lines made supermarkets more attractive places at which to shop, which in turn encouraged consumers to travel longer distances to them. In travelling longer distance consumers were also willing to buy more as they, in general, reduced the frequency of their visits to stores. In buying larger quantities, consumers encouraged firms to build bigger stores. All these have stimulated the growth of supermarkets.

In addition to the advances in refrigeration technology, food processing technology such as food canning and preservation techniques has further stimulated the growth of food sales in the supermarkets. Modern food canning and

Figure 1.02
Effects of Mobility
on Consumer Shopping Habits and Store Size



packaging have simplified handling processes in the supermarkets.

Recent changes in life-styles have to a certain extent contributed to the changes of the consumption patterns and habits of the consumers. The increasing number of working housewives in recent years have given rise to increased demand for convenience food - canned, chilled and frozen food. Working housewives are often not willing to spend their time purchasing their grocery needs from several specialised stores. Instead, they prefer the convenience of the one-stop-shopping in the supermarket thus saving time for other activities. However, the question of whether supermarkets have influenced customers' shopping habits or whether customers' shopping habits have altered methods of retail operation, product lines and service offered is a moot point (Markin, 1968).

SUMMARY

Food production has become an important issue in most countries. It has become even more critical in the case of developing countries where population growth is sometimes higher than the increase in food production. To overcome this, continuous efforts have been taken by various government agencies through modernisation of agricultural technology such as farm mechanisation, irrigation schemes, double cropping, better seeds and fertilisers. However, all these are on the production side of the food industry. The marketing aspect of agricultural products has not been

integrated into the whole system. As such, the distribution of agricultural products has been disjointed and uncoordinated. It is not surprising to find that in some developing countries, as much as 20% of the much needed food has been wasted due to spoilage. Therefore, improvements in the food marketing system could provide some solutions towards reducing food wastage and thus help to lower food prices, especially among the urban poor where expenditure in food constitutes more than half of the household expenditure. Through the adoption of supermarket technology, it is perceived that food wastage could be reduced and consequently help to bring down food prices. The introduction of supermarket technology will also have some positive influences on other aspects of the distribution system. This will be in terms of food packaging, food processing, food grading, and transportation system.

Supermarkets in Malaysia has been in operation since 1964. However, it is only in the last 5 years that some significant growth has taken place. It is the objective of this study to look at the development of supermarkets in Malaysia and relate how this modern form of retailing has been accepted by urban Malaysian consumers. It is considered that the results of this study will provide some useful guidelines for town planners in making future plans for locating shopping centres and market places in the light of the development of new regional townships as outlined by

the Fourth Malaysia Plan. In view of the modernisation policy of the retailing industry as reflected in the Fifth Malaysia Plan, the study will also provide some insights as regards to the consumer acceptance of modern forms of retailing such as the supermarkets.

CHAPTER 2

CONCEPTUAL FRAMEWORK

INTRODUCTION

In order to understand some of the structural changes and patterns of retail development that are slowly taking place in developing countries, it is most appropriate at this juncture to study some of the patterns of retail development and evolution of retail institutions that have taken place in the West. Although the same patterns of retail developments may not necessarily repeat itself in the developing countries, an understanding of developments in the past in the developed countries will provide some lessons for policy makers, planners, entrepreneurs and the like to cope with the situation in less developed countries.

Before the introduction of the supermarkets in 1930's, the retail scene in the United States was dominated by small independent general stores. Today the supermarkets and larger superstores account for about 90% of the grocery trade in the United States and Canada. The growth of supermarkets and superstores has been accompanied by the decline of small independent general stores. A similar pattern of development has also taken place in the United Kingdom (Dawson 1979, Davies et al 1986). This chapter will review and examine some of the theories and concepts of institutional change in retailing.

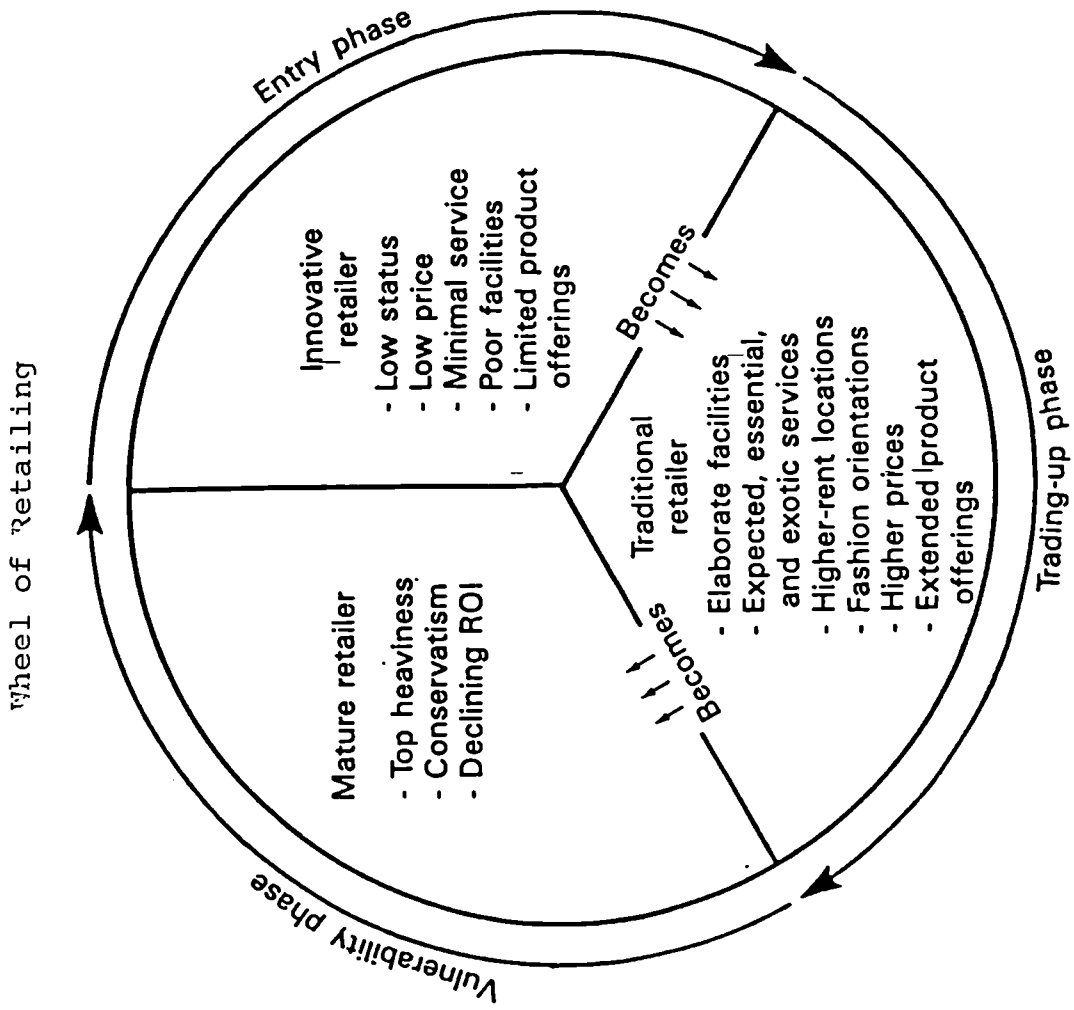
INSTITUTIONAL CHANGE IN RETAILING

Conceptually, there are two forms of retail evolution in food retailing institutions. First, is a "cycle " type of evolutionary pattern in which retail change is hypothesized as cyclical in nature. It is presumed that, over a period of time, the cycle repeats itself. Second is the "stage" type of evolution pattern whereby development of retail trends is thought to consist of a series of stages leading from a simple form of retail outlet to a complex form of retail organisation (Hollander 1960, Regan 1964, Izraeli 1971, Gist 1968, Kaynak 1982, Savitt 1983).

Wheel of Retailing

Perhaps, the most widely known cycle theory is "The Wheel of Retailing" introduced by McNair in 1958. According to McNair (1958) the "wheel" starts when a new, low price, low cost institution enters the market (Figure 2.01). The new appeal for this innovative institution is the low price which is achieved through minimal service being offered to the customers, together with its unsophisticated store layout and often, but not always, its out of town location on low cost sites. This unconventional but innovative retail method tends to attract more customers from the traditional stores. The success of this new innovative store, however, is quickly emulated by other stores. In the process of trying to differentiate itself from the emulators, the original innovative store becomes involved in a process of "trading-up". This trading-up process normally takes the

Figure 2.01



Source: Brown, S. (1987), p.11.

form of offering elaborate services and facilities, and locating itself in a better neighbourhood. As a result, operating costs increase, changing the original innovative store from a low-cost and low status retailer to a high cost and high status retail store. The last cycle of the "wheel" is the maturity phase. This phase is often characterised by increasing operating costs and declining profit. A high price strategy makes it vulnerable to another new innovative retail store to start the wheel to turn in a new cycle by adopting a low price, low cost strategy.

The "wheel of retailing theory" has been used to explain the evolution of retailing institutions especially in grocery retailing and departmental stores in North America and Western Europe. The evolution of specialised traditional shops such as the butcher's or the bakery to modern supermarkets provides a classic example of the wheel of retailing concept. However, there are some exceptions and limitations to this theory. For example, the emergence of a new form of retailing which is characterised by high costs and high margins such as a vending machine, fails to fit into the "wheel of retailing." It is also not universally applicable. In developing countries, the emergence of supermarkets and department stores may be described as being "transplanted" into the upper class society and thus appear without going through the process of 'evolution' (Hollander 1960, Gist 1968, Kaynak 1979). As written by Hollander, "The number of non-conforming examples suggest that the wheel

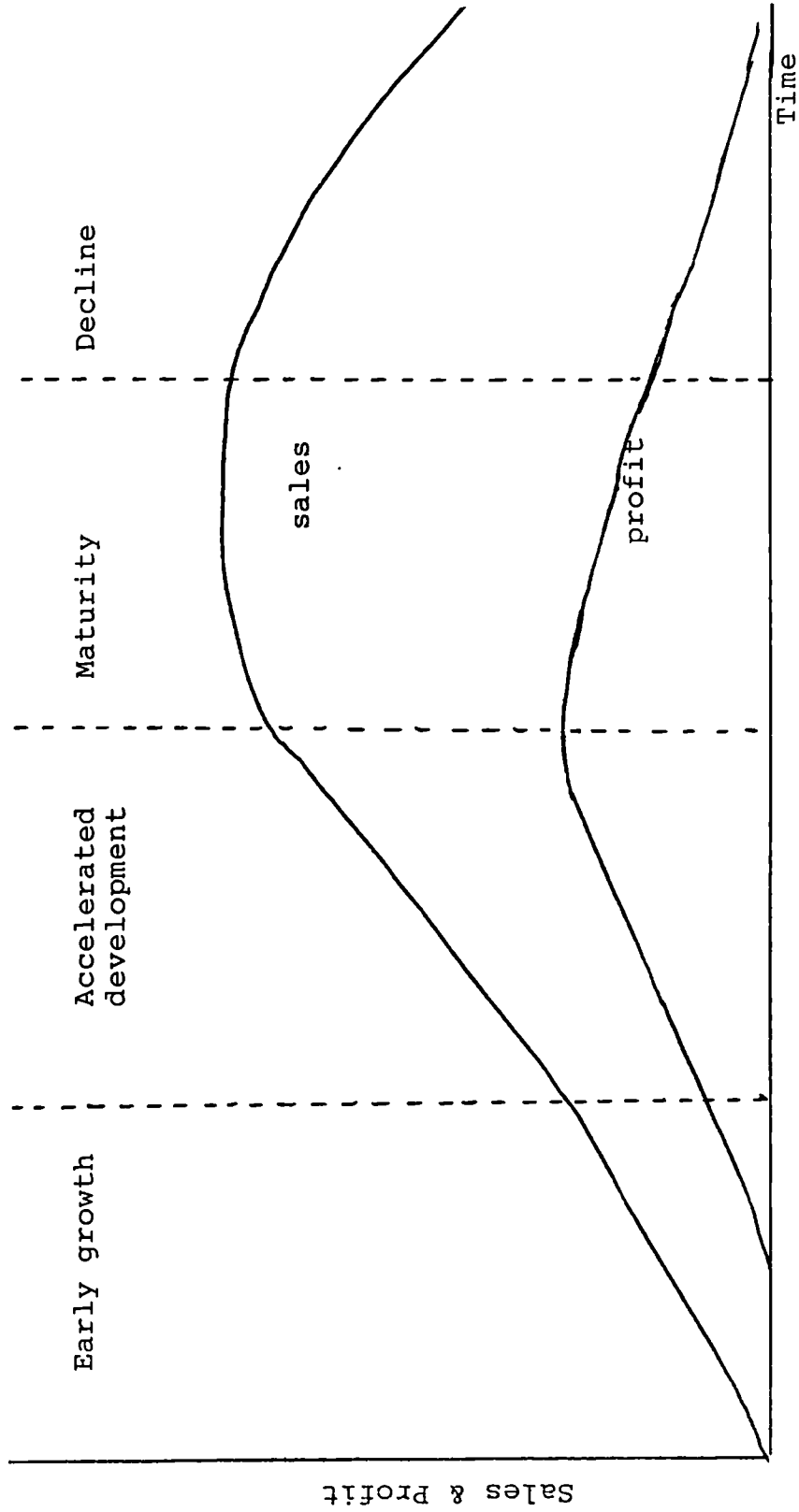
non-conforming examples suggest that the wheel hypothesis is not valid for all retailing". (Hollander, 1960 p.41).

Retail Life Cycle

Various stages of growth experienced by retail institutions may also be explained by another theory known as the "Retail Life Cycle", derived from widely known "Product Life Cycle" theory. According to the Retail Life Cycle theory, an innovating retail institution goes through four stages of development (Figure 2.02). The first stage is the innovating stage characterised by a period of early growth where market penetration and profits are low, and formats are being tested. The second stage is the accelerated development phase characterised by a period of rapid growth in sales, market shares, profits, and expansion of physical facilities. The third stage is the maturity phase. This is where the firm has reached its highest market share but at the same time competitors start to emerge and consequently profits start to decline. The length of this maturity period depends on the skills of the management to plan and monitor its strategies in the face of increasing threats from competitors. The fourth and the final stage of retail life cycle is called the decline stage. At this stage competition is catching up and getting keener, resulting in shrinking market shares and decreasing profits. If no drastic positive steps are taken to salvage the situation, then this may be the end of the retail life cycle of the firm. McCammon (1973) estimated that the time taken for department stores to

Figure 2.02

The Retail Life Cycle



Note: The duration of the stages (horizontal scale) is variable depending on many circumstances. The four stages are portrayed equally on the time scale for schematic purposes only.

Source: Adapted from Davidson, Bates and Bass (1976), p.91.

reach maturity is 100 years whereas the time taken for catalogue showrooms to reach maturity is only 10 years (Table 2.01).

Retail Accordion

Another popular cycle theory is known as "Retail Accordion" introduced by Hall, Knap and Winsten (1961). Gist (1968) referred to this as "the General-Specific-General Cycle". The theory suggests that the retail sector experiences alternating market domination by stores with wide and narrow product assortments. (Figure 2.03). This is exemplified by general stores with wide assortments of merchandise which are succeeded by limited line specialty stores. Hollander (1960) cited the case of the retail pharmacy trade as a good example to illustrate the two phases of the Accordion process. Before the American civil War, drugs were dispensed by physicians as well as general merchants; later after the war physicians stopped dispensing drugs even to their patients. The dispensing function was passed to the druggists. Similarly, the general merchants also surrendered a large part of the pharmacy business to the druggists. These drug stores eventually became specialised store dealing with only pharmaceutical products. However, this did not last for long. The specialised nature of the drugstores became steadily diluted when more and more non-medical items were added as side lines. Thus drugstores became more general in nature and to a certain extent played the roles of general food stores and discount stores (Hollander 1960).

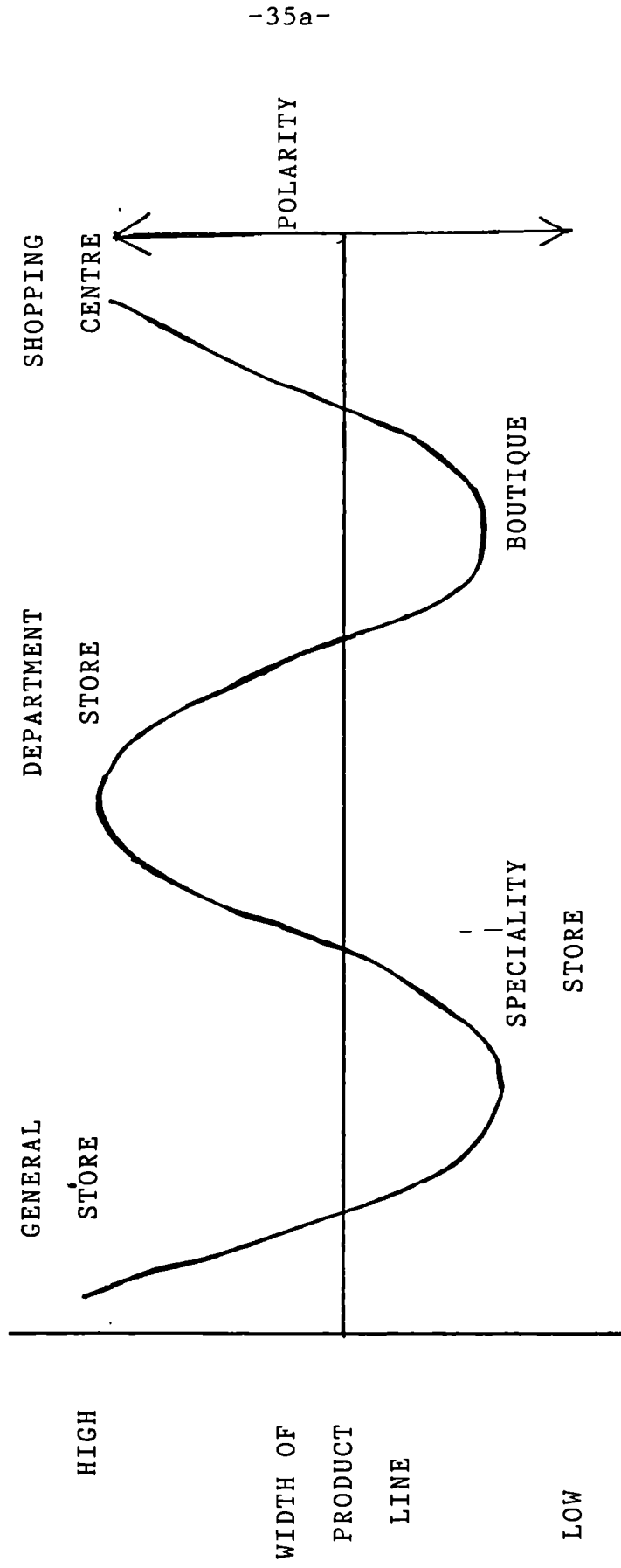
Table 2.01

Illustration of the Accelerating Pace
of Retail Life Cycles

Retail Institution	Early growth	Maturity	Approx. Time Required to Reach Maturity
Department Stores	Mid-1860's	Mid-1960's	100 years
Variety stores	Early 1900's	Early 1960's	60 years
Supermarkets	Mid-1930's	Mid-1960's	30 years
Discount dept. stores	Mid-1950's	Mid-1970's	20 years
Fast food service outlets	Early 1960's	Mid-1970's	15 years
Home improvement centres	Mid-1960's	Late 1970's	15 years
Furniture warehouse showrooms	Late 1960's	Late 1970's	10 years
Catalogue showrooms	Late 1960's	Late 1970's	10 years

Source: McCammon (1973), p.3.

Figure 2.03
The Retail Accordion



-35a-

Source: Martenson (1981).

According to Hollander (1960), despite an increasing trend towards scrambled merchandising in the retailing industry, openings will always exist for narrow and deep assortment specialist retailers. This is due to a number of reasons. Some retailers will prefer to remain as specialists or look at themselves as artists or craftsmen in their trades rather than becoming growth-minded businessmen. Some specialist store owners do not want to convert their business into general stores for fear of retaliations by fellow retailers. Moreover, in certain cases, restrictive public regulations prevent entry into certain fields, as in the case of pharmacy and alcoholic beverages. Cost factors may be another reason that prevents a retailer from expanding his business from a specialist store to a general store. More capital is required in order to accommodate a wide and deep assortment of merchandise. With limited capital, wide assortment means shallow and limited selections. On the other hand, the competitive nature of the retail business necessitates the retailer to maintain a certain minimum stock within each conventional merchandise category in which he operates. As such, a retailer who has a limited capital or managerial capability will have no choice except to concentrate on the specialised trade. Nevertheless, this does not mean that there is no future for specialised retailers. As pointed out by Hollander (1966), despite the growth and expansion of large stores towards scrambled merchandising, the changing trends and complexities of consumer behaviour and environments will continue to create

markets and opportunities to support highly specialised and highly differentiated retailers:

"The specialised units must continuously adjust to find and fill consumer requirements that scrambled stores cannot or do not satisfy. But such opportunities are likely to continue, and even increase, for a long time to come." (Hollander 1966, p.54.)

Dialectic Process

Gist (1968) suggested another explanation to the institutional retail change termed the "Dialectic Process". This process may be described as "the melting pot" process whereby the old conventional retail institution (thesis), merges together with a new innovative retail institution (antithesis) to form another new form of retail outlet (synthesis) (Figure 2.04)

The Dialectic Process starts when a conventional form of retail institution, a thesis, is being challenged by a new innovative newcomer termed as an antithesis. In contrast to the old traditional method of operations practised by the conventional retailer, the innovative newcomer's retail strategy is characterised by self-service, low margin, low price and high volume. In facing such competition, the conventional retailer adjusts and finally adopts the form of retail strategy thus negating some of the newcomer's attractions. The newcomer, however, over a period of time,

Figure 2.03 (a)

DIALECTIC PROCESS

"Thesis"

Department Store
High margin
Low turnover
High price
full service
downtown
location
plush facilities

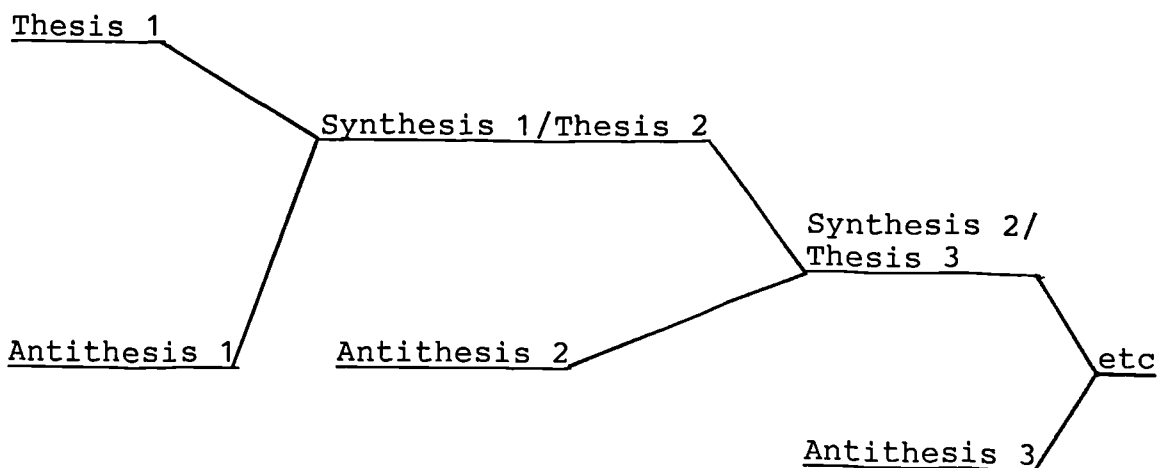
"Synthesis"

Discount Dept. Store:
Average margin
Average Turnover
Modest prices
Limited services
Modest facilities

"Antithesis"

Discount Store
Low margin
High turnover
Low price
Self-service
Low rent
location
Spartan
facilities

Figure 2.03 (b)



Adapted from: a) Lewison and DeLozier (1982), p.37
b) Gist (1968), p.107.

will upgrade his services and locations. As a result of mutual adoptions, the two types of retailers (thesis and anti-thesis), gradually move together and become more compatible in terms of prices, services and merchandising. At this stage, the two institutions become similar and indistinguishable. Thus a new form of retail institution is born (synthesis). However, in this phase, the "Synthesis" is vulnerable to a new competitor from another new innovative retail institution which will start another cycle of the dialectic process.

Natural Selection in Retailing

In another attempt to explain institutional retail change, Dreesman (1968) drew an analogy with Darwinian theory of natural selection, i.e. the survival of the fittest. In his article, "Patterns of Evolution in Retailing", Dreesman explained the concept of "natural selection in retailing" by comparing it with the process of evolution and mutation of biological systems as they adapt to the environment for survival. According to Dreesman, there is already a similarity between retailing and biological sciences. In both instances, the "mutation" - in economic science we would rather refer to as "innovation" - is clear cut (Dreesman, 1968). Similarly, retail institutions such as the general trading stores, the neighbourhood corner shops, the chain stores, the department stores, the supermarkets and the hypermarkets have undergone a similar evolutionary process.

Three Wheels of Retailing

In extending McNair's "wheel of retailing" (McNair, 1958), Dov Izraeli introduced another theory known as "Three Wheels of Retailing" (Figure 2.04). In the developing countries, the present modern retail institutions such as department stores and supermarkets do not go through the "wheel" process. Some of these large and modern retail institutions are the branches and subsidiaries of large retail organizations in the developed countries. They are just "transplanted" from developed countries into the cities of developing countries. "In the developing countries, the first supermarkets and department stores were positioned as high-service, high priced institutions." (Izraeli 1973, p.70).

According to Izraeli, instead of one wheel as suggested by McNair, there are three wheels representing the traditional retailers, the innovating high-cost retailers, and the innovating low-cost retailers. (Figure 2.05). When the innovating retailers start to expand their markets, they are forced to become conventional in order to appeal to a larger market segment. In facing the competition, the conventional retailer (D) reduces its prices and services whilst the innovative, low cost/price retailer (A), upgrades its services and thus increases its prices. This process of adjustment diminishes the differences between the competing

Figure 2.04
The Three Wheels of Retailing

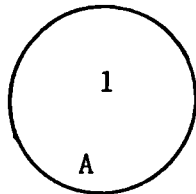
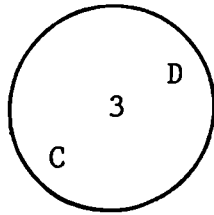
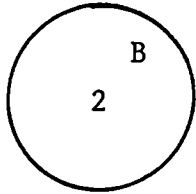


Figure 1: Emergence of low-end innovative institution A and high-end innovative institution B

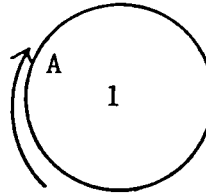
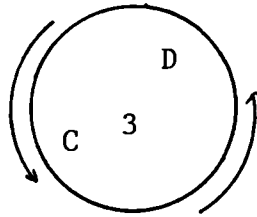
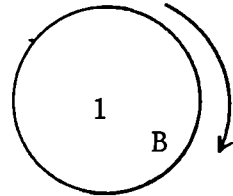


Figure 2: Response of established institutions C and D, and reactions of innovative institutions A and B.

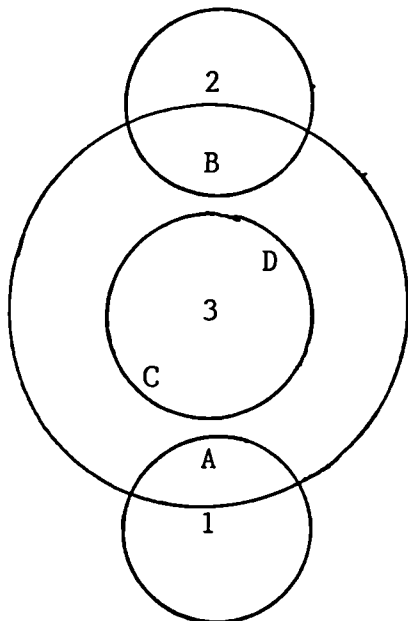


Figure 3: Establishment expands through additions of former innovative institutions A and B.

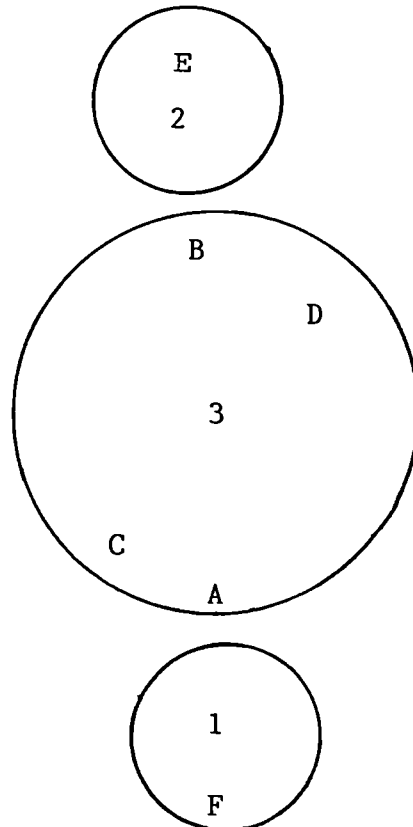


Figure 4: The cycle starts again with entry of E and F.

institutions. Finally the two new innovators (A and B) become part of the establishment. As such... "the cycle, which began in conflict, ends with accommodation." (Izraelli 1973, p. 72). In fact, this transformation process is also similar to the "dialectic process" as suggested by Gist (1968). The settlement of the conflicting institutions creates a climate for the emergence of new innovating institutions which in turn starts a new cycle of the three wheels of retailing.

From the previous discussion, there is no doubt that the models and theories that have been put forward have helped to explain some of the retail changes that had taken place throughout the century. However, there is limited reference to the external environmental factors that provide the stimulus for the innovation itself. Kaynak (1982) pointed out that the "Wheel of Retailing" theory is not applicable to developing countries. In developing countries "... the behaviour of retail stores appear to run counter to the wheel hypothesis ... in Turkey, supermarkets are based on a high margin and low-volume philosophy". (Kaynak and Cavusgill 1982, p.239). Theories such as the "wheel of retailing" assume that economic, cultural, social and religious environments of the developing countries are the same as the North American or West European environment; but in reality they are not. There are vast differences between the two types of environments. As such, theories like The

Wheel of Retailing, the Accordion or the Retail Life Cycle may not be fully applicable.

Retailing Environment

Etgar (1984) criticised the models developed so far as closed system models. Development and changes in retailing are viewed as originating from and being explained by the patterns of development of the institutions themselves. Consequently, such closed system models disregard the inherent dependency of any retailing system on its environment. As such, changes in retailing are expected to reappear on a predictable basis and are not linked to environmental changes outside the retail institutions (Etgar, 1984). For example, the wheel theory, the dialectic theory or the Accordion theory do not explain the relationship of retail institutions with the economic, social, cultural and political environment in which they are operating. This is particularly so in the case of developing countries, as rightly pointed out by Kaynak (1982). The same opinion is shared by Savitt (1983) when he reiterated:

"... retail change theories provide some direction to understanding how retail institutions have evolved, but generally without regard to the process of economic development. They have not been viewed as concepts to be integrated into the process ..."
(Savitt 1983, p.5)

The relationship between retailing and economic development has stirred some interests among several researchers

(Arndt 1972, Wadinambiaratchi 1965, Cundiff 1965, Hirschman 1978 and Savitt 1983). However, to measure or define economic development is not an easy task. The meaning of economic development has ranged from economic growth to modernisation, to distributive justice and to a socio-economic transformation. As a working definition, economic development will be defined as a process whose purpose is to increase the welfare of the individuals within the country (Savitt, 1983). Some of the factors which are included in defining economic development are; (a) movement from agrarian to industrial society; (b) increasing level of material wealth such as income per capita and GNP; (c) increasing level of employment; (d) increasing level of external trade and profits from foreign exchange; and (e) increasing levels of societal well-being as measured in terms of literacy, education, infrastructure, health conditions and the like.

Similarly, it is also as difficult to define retail change. However, Dawson (1979) listed three axes or aspects of retail change. These are: (1) a structural axis - along which different methods of retail operation are taking place according to their economic viability. (2) Locational axis - along which different types of location are found suitable for retailing. (3) An administrative axis - where public (governmental) control is found and varies. As such retail change may be in terms of methods of retailing such as from counter service to self-services; or different types of

retail outlets such as from a bazaar to a department store in a shopping centre; or from a sole proprietor to a public limited company.

Wadinambiaratchi (1965) made a study of channels of distribution in relation to the stages of economic development in 9 countries. By analysing the indicators of economic development and the marketing structures of the nine countries, he concluded that the channel structures of retail distribution reflect the stage of economic development. Some of the findings made in the study were (Wadinambiaratchi 1965):

1. The more developed countries have more levels of retail outlets such as more specialty stores, supermarkets and department stores, and also more stores in the rural areas.
2. The role and influence of foreign import agents decline as the economy develops.
3. As the economy develops the manufacturer wholesaler-retailer functions become separated.
4. With increasing economic development, wholesalers' role is becoming similar to those in North America.
5. With increasing economic development, the financing function of a wholesaler start to decline and the wholesale mark-ups start to increase.
6. With the increasing economic development, the number of small stores decline and the size of average store increases.

7. As the economy develops, the role of pedlars and itinerant traders as well as the importance of open-garden-fair diminishes.

Similarly, Cundiff (1965) presented four hypotheses to explain the process of retail change and economic development:

- "1. Innovation takes place only in the most highly developed system;
2. The ability of a system to adopt innovations successfully is related directly to its level of economic development. Certain minimum levels of economic development are necessary to support anything beyond most simple retail methods;
3. When the economic environment is favourable to change, the process of adaptation may be either hindered or helped by local demographic-geographic factors, social mores, governmental action, and competitive pressures;
4. The process of adaptation can be greatly accelerated by the actions of aggressive individual firms." (Cundiff 1965, p.60)

In the first hypothesis, retail innovation was identified as new retail development. This, according to Cundiff (1965) includes four new retail operating methods, namely (1) self-service; (2) strong emphasis on high stock-turn - based on a low mark up, high volume strategy; (3) the placement of large retail outlets or groups of retail outlets in suburban locations away from city congestion; and (4) automated retailing involving the use of computers. Twenty countries were selected for the study and the four hypotheses were tested. Economic indices such as index of production per capita, telephone in use per capita and percentage of self-service stores were used as

measurements. The findings of the study provided some evidence in support his hypotheses (Cundiff, 1965).

Almost along a similar line as Cundiff (1965), Arndt (1972) made a comparative study on the relationship of changes in economic, technological, social and cultural environment and structural changes in retailing. Based on the results reported by Cundiff (1965), 3 hypotheses were tested:

- "1. The incidence of supermarkets within a given country is related to that country's level of economic development;
2. In highly developed countries, cost pressures result in a tendency to exploit economies of scale. Thus, within a certain range, a country's level of economic development is related to the size of retail establishments;
3. Temporal lags in the development of retail systems between countries tend to approach the same length as temporal lags in the most important environmental factors. That is, selected retail structure and economic and social environment indicators in an economically advanced country (Sweden) may be used as a basis for forecasting future retailing trends in a less advanced country (Norway)". (Arndt 1972, p. 41).

To test the above hypotheses, 16 countries were selected. GNP per capita and personal consumption expenditure per capita were used as economic indicators. In addition, passenger car ownership and geographical concentration of population were also used to reflect the environment. Other variables including average number of persons engaged per retail establishment, number of inhabitants per retail establishment, and number of inhabitants per supermarket were also used to reflect retail structure. It was found that the results of the analysis

supported all the three hypotheses postulated. As such, it was concluded, "the results of the study provide some empirical support for the notion that the structure of retailing system is a function of selected characteristics of the societies they serve." (Arndt 1972)

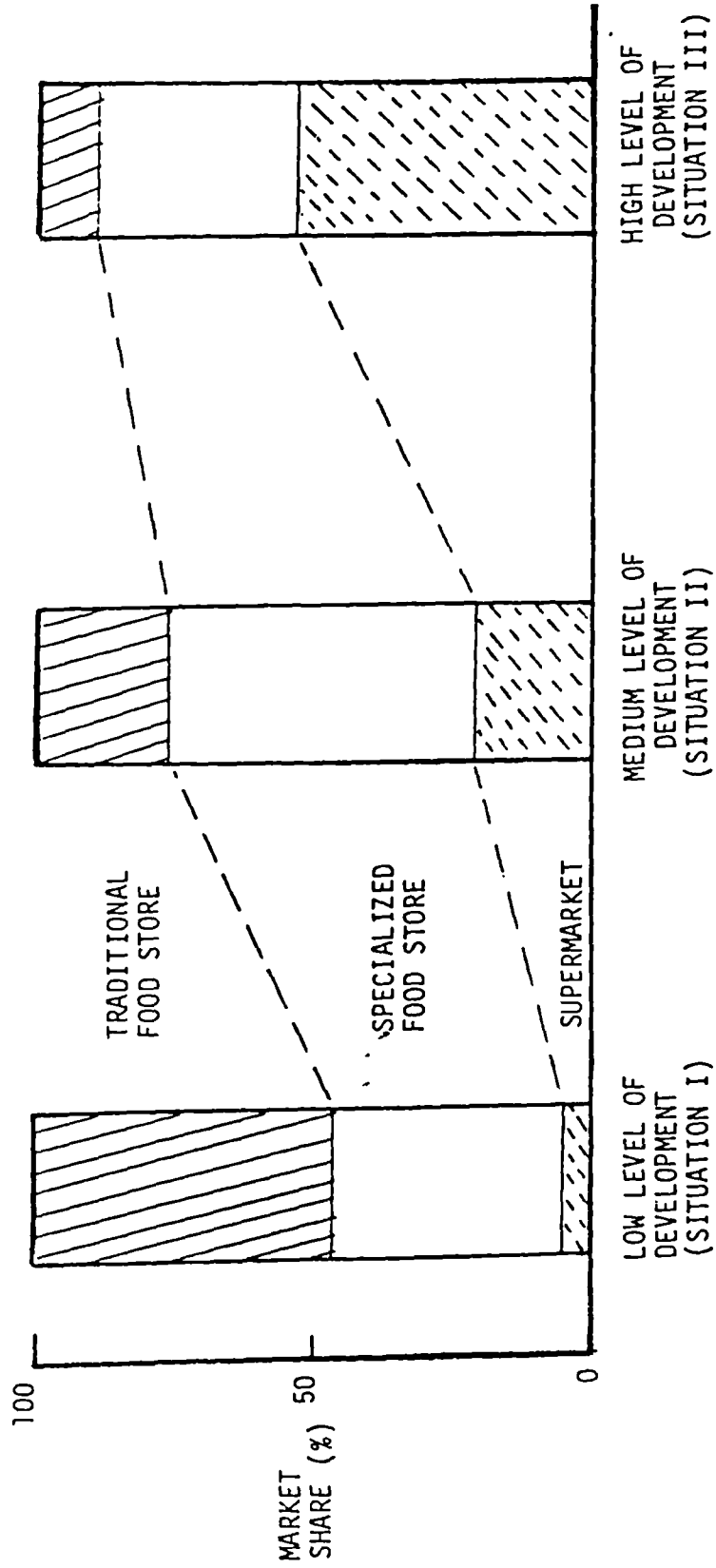
Retail development in developing countries, however, does not evolve at the same phase as in North America or Europe. In contrast to the large supermarkets and super-stores of Western developed countries, food retail outlets of the developing countries are characterised by open wet markets or bazaars and small grocery shops. Supermarkets and other modern retail outlets are mostly located in urban areas and are highly segmented toward the upper income group (McTaggart 1965, Jackson 1976, Goldman 1976, Cundif 1977, Yavas et al 1981, Kaynak and Cavusgil 1982).

In explaining the unique situation of retail development in Hong Kong, Tse (1974) proposed a simple spatial model termed as "retail development continuum". By this model, retail distribution systems are seen to progress from an essentially traditional informal level characterised by hawkers, mobile vendors and street hawkers to modern or formal systems dominated by large scale units such as food chains and supermarkets. "Market and street trading is a feature of low level retail development. Its relative importance in overall distribution diminishes as the economy advances." (Tse, 1974 p. 28). In addition, he suggested

that within Third World countries this "retail development continuum" will vary spatially according to different levels of settlement. The simplest and most traditional distribution system is found in the remote rural areas. Smaller urban centres are at an "intermediate stage" with a "dual marketing system" in which traditional shops and non-shop retail outlets coexist. The big city system comprises a mixture of traditional and modern retail outlets combining the activities of street hawkers concentrating on fresh food while the distribution of other goods is handled almost entirely by "shop-type operators" (Tse, 1974). However, the notion of a direct relationship between a distribution system and stages of economic development, as has been suggested by Tse (1974) is not new. Similar views were also suggested by Wadinambiaratchi (1965), Cundiff (1965), Bromley (1971) and Arndt (1972).

Mitterndorf (1975) suggested that changes in food retailing in developing countries take place largely in response to economic development. Almost similar to Rostow's Stages of Economic Growth, three different situations were distinguished to reflect varying degrees of economic development (Figure 2.05). Situation I is characterised by the predominance of many retailers and hawkers which is typical of the least developed countries such as in Tropical Africa and some Asian countries. Situation II is associated with the existence of well-established traditional grocery stores and specialized

Figure 2.05
CHANGES IN FOOD RETAILING OVER THE COURSE OF ECONOMIC DEVELOPMENT



SOURCE: Mittendorf (1978)

retail outlets such as in Central and Northern Europe forty years ago, which is now common in urban centres of Latin America, in Mediterranean countries as well as the more developed Near and Far Eastern cities. Situation III refers to those cities with higher consumer incomes such as parts of Latin America and Western Europe. In this situation integrated and associated food stores are well developed and the food retail distribution system is highly organized. An increasing proportion of fruit and vegetables is distributed direct to supermarkets without passing through the traditional wholesalers. The role of these wholesalers is only supplementary in dealing with highly seasonal and perishable food. The three situations are illustrated in Figure 2.05.

However, Jackson (1979) had reservations as regards to Mitterndorf's hypotheses. According to Jackson (1979), although it cannot be denied that changes in retail structures do occur as a result of economic development, it is questionable whether economic growth operating in different environment eventually leads to the same outcome in changing the distribution systems similar to the Western cities. There is doubt over whether this will result in a continuous decline in the role of wet markets, hawkers and street traders. The Third World countries do not necessarily undergo the same pattern of development as experienced in the West. Their population growth especially in the cities,

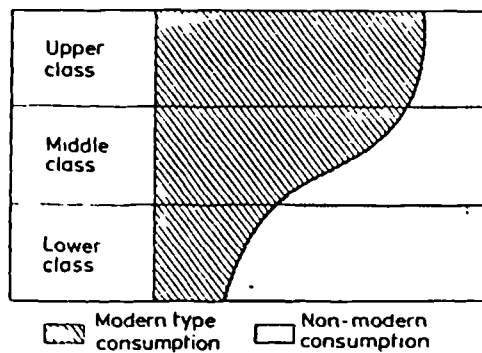
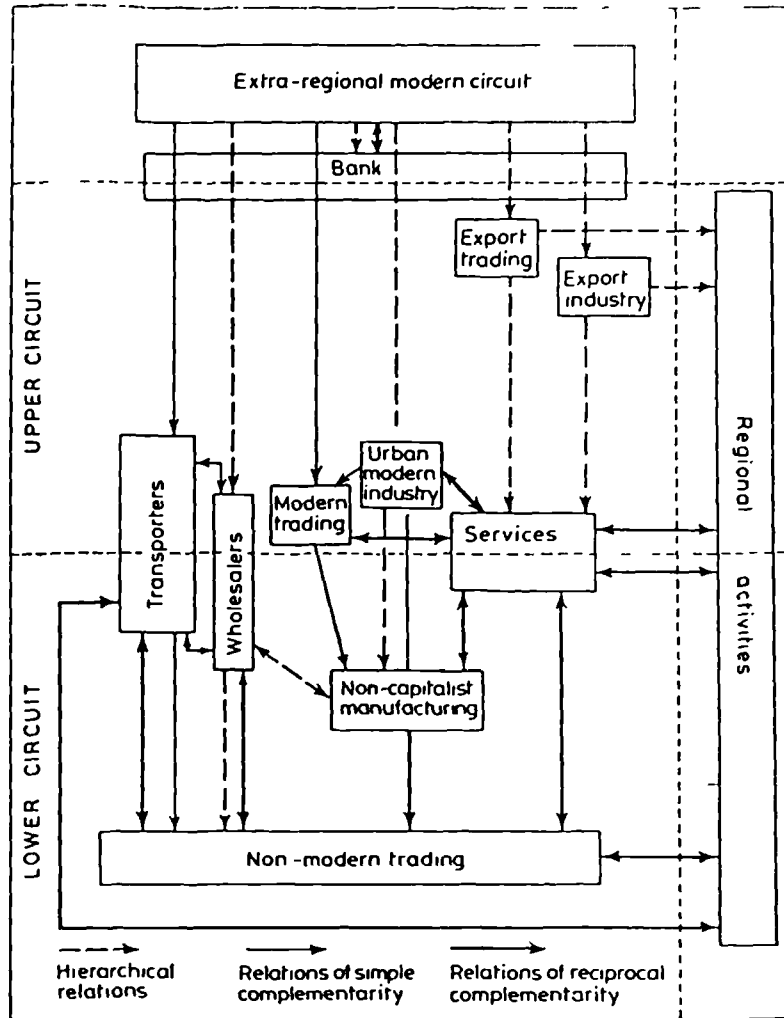
is too high to permit development projects to have any effect on the urban poor. As such ...

"...they will remain predominantly cities of the poor in which disparities in income are significantly greater than in the West and in which high level of unemployment and an over-abundance of labour are continuing characteristics." (Jackson 1979, p. 298).

As an alternative to Mitterndorf's hypothesis, Jackson (1979) suggested the Santos model of urban dualism. Under this model, two subsystems are identified as "upper circuits" and "lower circuits" (Figure 2.06). The upper circuit is characterised by Western forms of distribution system, notably fixed shops, large scale impersonally organised self-serviced supermarkets and department stores. This is targeted towards the upper and middle income group of the urban population. On the other hand the lower circuit is associated with the informal sector, characterised by street trading and small traditional family operated shops. The relationship between the two circuits may be described as "competitive" and "complementary". In cases where they offer alternative goods and services, they are in direct competition and one may expand at the expense of the other. However, in most cases they are complementary and they cater for different needs or different types of consumption. This may be explained by looking at the presence of hawkers and street-traders co-existing side by side with large modern supermarkets in Asian cities. In describing the retail situation in Malaysia, Jackson (1979) put it:

Figure 2.06

The Two Circuit Model



Income distribution and participation in the two circuits

Source: Santos (1975), pp. 19-20.

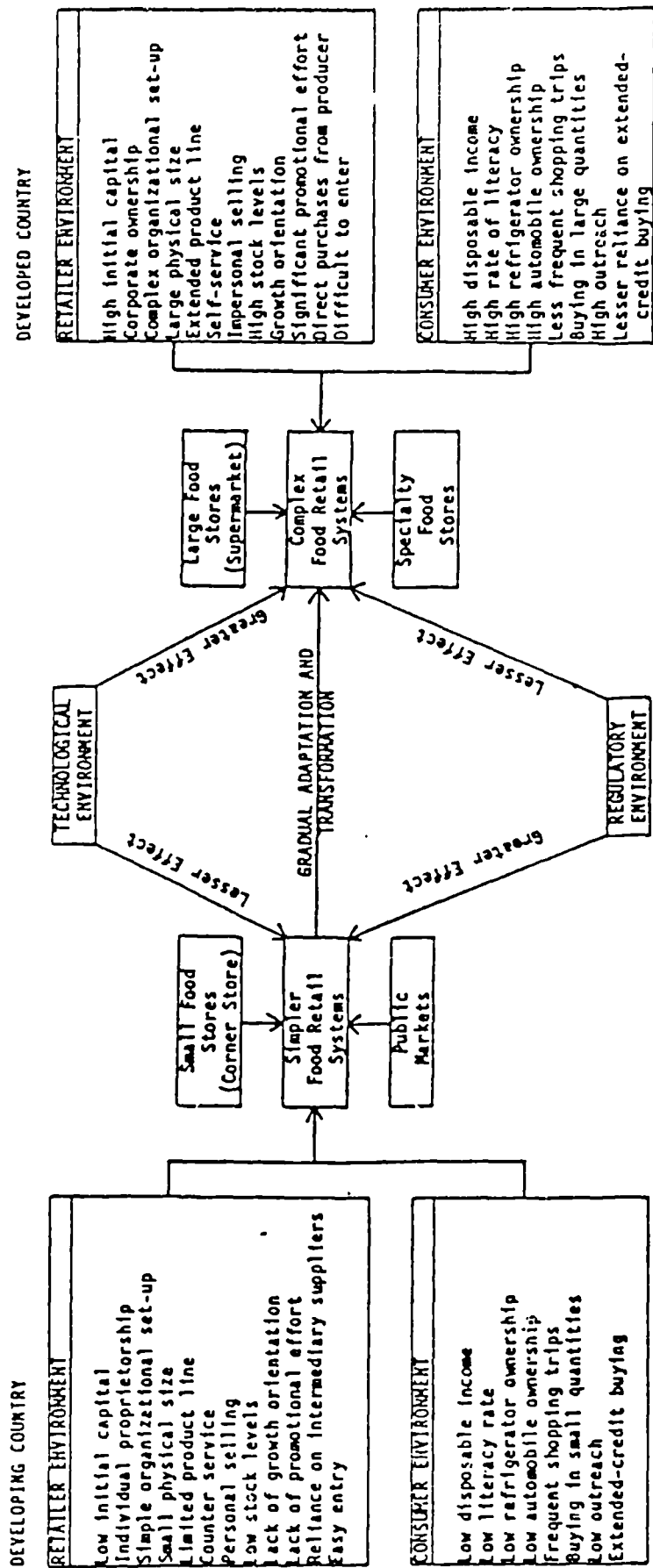
"The wealthy of Kuala Lumpur do patronise supermarkets, but they continue to buy fresh food in the markets, and they eat in shophouses and at hawker stalls as well as in modern airconditioned restaurants or coffee bars..." (Jackson 1979 p.296)

Kaynak and Cavusgil (1982) suggested a more comprehensive model to explain the evolution patterns of food retailing systems in developed and developing countries (Figure 2.07). Two types of environments are identified - namely, retailer environment and the consumer environment. These two environments influence the types and structures of retail institutions in a country, that is, whether it is a bazaar system or a highly organised supermarket chain system. In addition, these retail institutions are subsequently affected by technological and regulatory environment. These two environments indirectly transform the existing traditional institutions into modern forms of retail outlets. However, the rate at which these retail outlets are transformed depends largely on the extent of the influence of these two environments.

In developing countries, consumer environment is characterised by (a) low disposable income; (b) low literacy rate; (c) low refrigerator ownership; and (d) low automobile ownership. Consequently, these factors result in frequent shopping trips, small quantity purchases and dependency on extended credit facilities. The retailer environment is characterised by (a) low capital; (b) individual or sole proprietor type of ownership; (c) simple

Figure 2.07

A FRAMEWORK FOR COMPARATIVE ANALYSIS OF THE EVOLUTION PATTERNS OF FOOD RETAILING SYSTEMS IN DEVELOPED AND DEVELOPING COUNTRIES



SOURCE: Kaynak and Cavusgil (1982)

organisational form; (d) small in physical size; (e) limited product line; (f) counter service instead of self-service; (g) reliance on intermediary suppliers; (h) lack of promotional efforts (i) personal selling; and (j) easy entry.

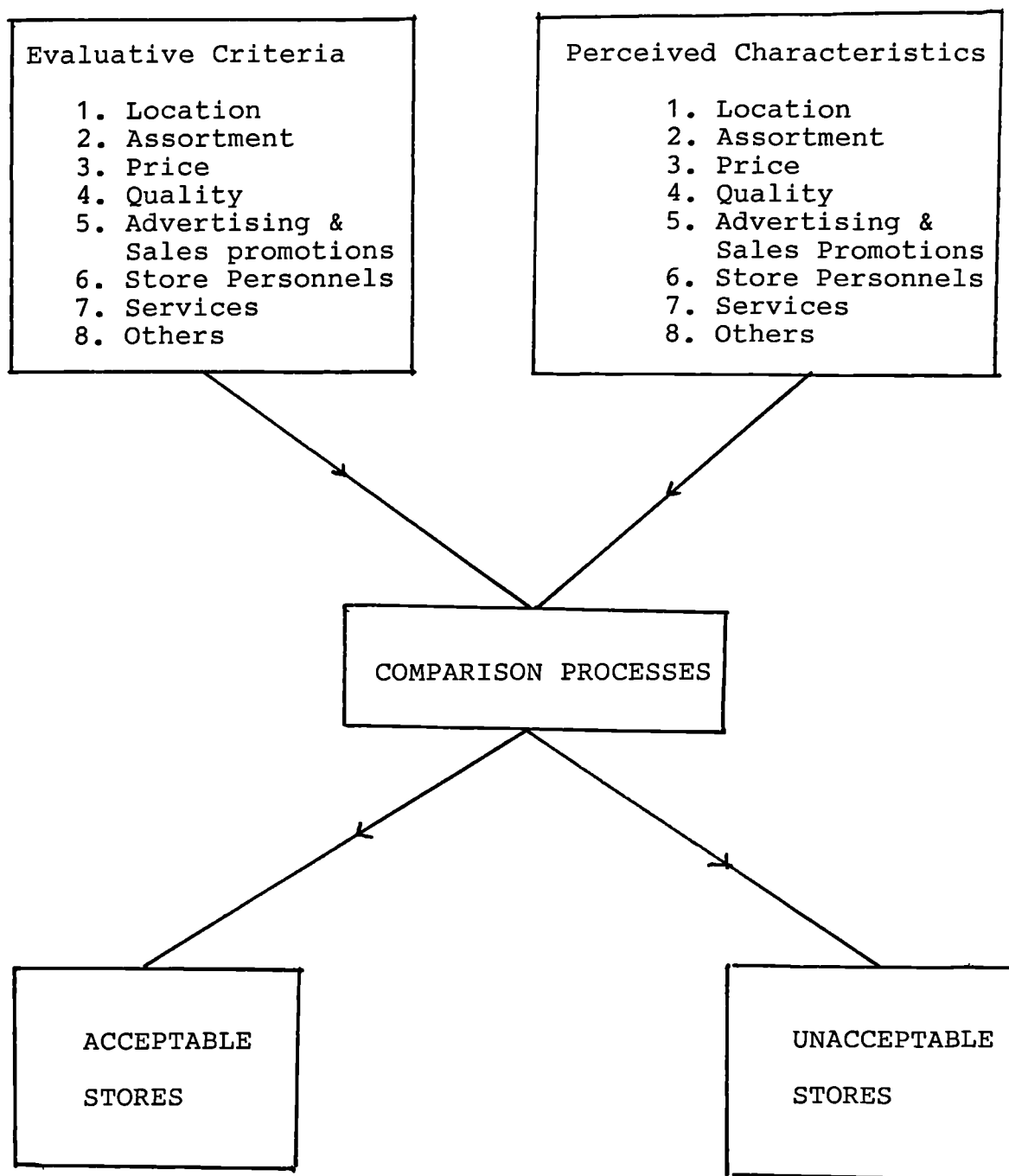
On the other hand, we find different situations in the developed countries where generally the consumer environment is described as having: (a) high disposable income; (b) high rate of literacy; (c) high refrigerator and freezer ownership; and (d) high automobile ownership; which brings about a certain pattern of shopping habits that are conducive to the growth of modern forms of retailing such as supermarkets and department stores.

STORE CHOICE

While the first part of this chapter discussed the relationships between environment and the development of retail institutions, the following paragraphs provide some discussions on behavioural aspects of store choice. This is deemed to be important in the light of understanding the patterns of consumer behaviour in developing countries with regards to store choice. In this context, decisions are made whether to shop in a supermarket, wet-market or in a traditional neighbourhood grocery store.

When deciding which store to visit, a consumer normally goes through a process which may be conceptualized in Figure 2.08. As shown in the diagram, the process may be

Figure 2.08
Store-Choice Processes



Source: Engel, Blackwell and Kollat (1978), p. 506.

divided into 4 phases. They are evaluative criteria, perceived characteristics, comparison process and decision making stage.

In the evaluation process, a consumer will set his own criteria as regards to the importance of various store attributes. Such store attributes are location, product assortment, price, merchandise quality, store facilities sales promotions and advertising, store personnel and services. On the other hand, a consumer also forms a perception of what he thinks of the characteristics of the store that he is considering. His perceived characteristics of the store is influenced by several factors including his past experiences, group influence and his attitude. The third step is the comparison process where evaluative criteria are used to compare what he perceives to be the characteristics of the store. The last process is the decision making stage where the consumer decides whether the store is acceptable.

However, it should also be noted that a consumer does not necessarily go through such a process for every shopping trip he makes. It sometimes depends on past experiences. If experiences in the past have been satisfactory, the choice will then be just of a routine matter.

Store Image

Consumers' shopping behaviour, such as the choice of store is influenced by their perceptions of those stores. Such

perceptions are referred to as store-image. As defined by Martineau (1958) store image is "...the way in which a store is defined in the shoppers mind, partly by its functional qualities and partly by an aura of psychological attributes." (Martineau 1958, p. 47). As discussed by Lindquist (1975), Martineau uses two key phrases in conceptualizing image. The first is "functional qualities". "Functional qualities" refers to store characteristics such as assortment of goods, prices, store layout, credit policies, cleanliness and other qualities that may be compared with other competitors. The second key phrase is "psychological attributes" which includes the feeling of warmth and at ease, friendliness, the sense of belonging, pride, excitement and interest. From the definition which has just been mentioned, it may be implied that consumers form a store image on both functional as well psychological perspective simultaneously (Linguist 1978).

Kunkel and Berry (1968), in their research concerning the behavioural aspects of store image defined store image as....:

"... discriminative stimuli for an action's expected performance. Specifically retail store image is the total conceptualized or expected reinforcement that a person associate with shopping at a particular store ... An image is acquired through experience and is thus learned." (Kunkel and Berry 1968 p.22).

In this definition Kunkel and Berry (1968) have added two important characteristics to the concept of store image. Firstly it is acquired through experience and secondly it is

a learned process. Therefore, store image is subject to modification and change over time. A consumer's image of a store may sometimes be changed by a single bad incident or experience.

From the above definitions, we may now summarise that store image is complex in nature consisting of both tangible and intangible factors that may be present simultaneously in the mind of a consumer. It is acquired through experience and subjected to change from time to time. In this connection supermarkets in developing countries are often perceived as having an image of expensive high-class retail outlets compared to wet-markets and traditional grocery stores. Similarly, fresh food such as fish and vegetables are perceived to be "more fresh" than those found in supermarkets (Fung et al 1983, Kaynak and Cavusgil 1982). Probably by having the right marketing approach by supermarket companies, this image could be changed over time.

Store Attributes and Store Image

Several studies were made by various researchers to establish the determinants of store choice. Among them was Lindquist (1975) who reviewed published results of store image/attribute studies of 26 scholars of consumer behaviour. From the study, he categorised the attributes into 9 groupings. These are:

- (1) Merchandise - five attributes are included under this category. They are: quality, depth and breadth of product assortment or selection, styling or fashion, guarantees and pricing. These attributes are important to consumers and their store patronage sometimes largely depends on the importance of these attributes attached to the stores.
- (2) Service - this includes availability of self-service, store personnel, delivery service, ease of merchandise returns and store credit policies.
- (3) Clientele - this is in terms of social class appeal, self-image congruency and the quality of services and personal attention provided by store personnel.
- (4) Physical facilities - this attribute category includes all the facilities available in a store such as elevator facilities, air-conditioning, lighting and public toilet facilities.
- (5) Convenience - Three attributes are included in this category. They are convenience in general, locational convenience and parking convenience.
- (6) Promotion - This category covers sales promotions such as special offers and discounts, advertising, displays and trading stamps or coupons.

- (7) Store atmosphere - It is a situation where one feels at home when one is in the store, that is, the feeling of warmth, acceptance or ease.
- (8) Institutional factors - This category includes the type of projection that the store is portraying, whether it is conservative or modern. This also includes attributes such as reputation and reliability.
- (9) Post-Transaction Satisfaction - This encompasses post purchase services such as repair and adjustments; the most important consideration in this attribute category is customer satisfaction.

In a study of retail store selection for department stores and grocery stores, Hausen and Deutscher (1978) observed that out of 41 store attributes listed, the attribute "dependable product" ranked first as the most important attribute in both types of stores. However, for department stores attribute "fair on adjustments" ranked second while for grocery stores attribute "store cleanliness" ranked second. Table 2.02 shows detailed rankings of the first 10 most important attributes and the 5 least important attributes for both types of stores. From the table, it can be generalized that department store shoppers appear to be concerned about the quality of the merchandise (attributes ranked 1, 3, 4), the degree of the ease of the shopping process (attributes ranked 5, 6, and 7) and post transaction satisfaction (attributes ranked 2, 8, and 9).

Table 2.02

Store Attributes for Department Stores
and Grocery Stores

TOP TEN ATTRIBUTES

<u>Department Stores</u>	<u>Grocery Stores</u>
1. Dependable product	1. Dependable product
2. Fair on Adjustments	2. Store is clean
3. High Value for money	3. Easy to find items you want
4. High-quality product	4. Fast check-out
5. Easy to find item you want	5. High-quality products
6. Fast check-out	6. High value for money
7. Helpful personnel	7. Fully stocked
8. Easy to return purchases	8. Helpful store personnels
9. Easy to exchange purchases	9. Easy to move through the store
10. Store is clean	10. Adequate number of store personnel.

BOTTOM FIVE ATTRIBUTES

<u>Department Store</u>	<u>Grocery Stores</u>
1. Store is liked by friends	1. Easy to get home delivery
2. Many friends shop there	2. Lay away available
3. Store is known by friends	3. Easy to get credits
4. Company operates many stores	4. Many friends shop there
5. Lay-away available	5. Store is liked by friends

Source: Hansen and Deutscher (1977), p.69.

Grocery shoppers are concerned about the store's merchandise (attribute ranked 1, 5, and 6), the ease of shopping process (attributes ranked 3, 4, 7 and 8), and store cleanliness (attribute ranked 2).

In another study conducted by Progressive Grocer and Home Testing Institute in 1979 in the United States, "Cleanliness" turned out to be first in rank as the most desired attribute among 37 factors listed. "Low price" came second in rank. The least desired attribute was found to be "Sell hot food to take-out or eat in store". (Zbytniewski 1979). Table 2.03 shows a ranking of the top ten store attributes. Compared to the observations made by Hausen and Deutscher (1977) five attributes namely store cleanliness, high value for money or low prices, high quality merchandise, fast checkout and well-stocked store were common factors found to be the most desired grocery store attributes.

Table 2.03

37 Factors: How They Stack Up

<u>Characteristics</u>	<u>Rank</u>
Cleanliness	1
Low price	2
All Prices clearly labled	3
Good produce department	4
Freshness-date marked	5
Accurate, pleasant checkout	6
Shelves kept well stocked	7
Convenient Store location	8*
Good parking facilities	8*
Good dairy department	10

*: Tie score

Source: Zbytniewski (1979) p.107

SUMMARY

This chapter has discussed some of the concepts in institutional change in retailing. Two broad classifications of retail theories have been put forward by several researches to explain the pattern of retail change throughout the century. Such theories are classified as "cycle" theory and "stage" theory. Among the widely known cycle theories are the Wheel of Retailing (McNair 1958), the Retail Life Cycle (Davidson, Bate and Bass 1976) and the Retail Accordion (Hall, Knap and Winsten 1961). The stage theories are perceived as unidirectional retail development trends where changes in retailing are thought to consist of a series of stages of development leading from a simple form of retailing to a complex form of retailing establishment. Among the stage theories are Mitterndorf's Three Stages of Retail Development and Retail Development Continuum (Tse 1974).

Whilst both, the cycle and the stage theories, provide some valuable insights on patterns, changes, and evolution of retail institutions, however they are regarded as originating from a closed system and as such fail to explain the relationships between retail institutions and the environments. The development of modern retail institutions in developing countries provides a good example where such theories fail to apply. The last part of this chapter discussed briefly the concept of retail store choice and store image. Some of the store attributes were discussed.

These are deemed to be important in influencing the selection of retail outlets.

CHAPTER 3

RESEARCH METHODOLOGY

INTRODUCTION

This chapter outlines the considerations and the methods under which the research was carried out. The first part of the chapter discusses some of the issues that were considered in designing the research. This also includes discussions on various survey methods including postal surveys, telephone interviews and personal interviews. The second part of this chapter discusses the sampling procedures for data collection. The chapter also describes the method used for data analysis. Finally the chapter provides an account of some of the problems encountered during the process of data collection.

RESEARCH HYPOTHESIS

This study investigates the extent of the use of supermarkets by urban consumers in Malaysian towns. Researches in other developing countries indicate that the use of supermarket is very limited and only restricted to high income group (Gueirin 1964, Slater et al 1961, Goldman 1981, Yavas et al 1981 and Kaynak and Cavusgil 1982). The first supermarket was introduced in Kuala Lumpur in 1964. McTaggart (1965) in his study of the clientele of Weld Supermarket, the first supermarket in Malaysia, reported that the use of the supermarket was highly confined to expatriates and high income group of the local population. However, several changes have taken place since then. Rapid

economic development in the 1970s has considerably changed the physical structure of Malaysian towns, particularly Kuala Lumpur, the capital city of Malaysia. There has been an increase in the proportion of the middle class groups in the urban population. This is reflected in the increase of new middle class residential areas scattered around the suburban areas of Kuala Lumpur. The number of large supermarkets has also increased considerably. Today there are around 200 major supermarkets in Peninsular Malaysia, and about 60 are located in Kuala Lumpur/ Petaling Jaya area.

Hypothesis 1: Based on the literature review on use of supermarkets in other developing countries, the first hypothesis in this research is that the extent of the use of supermarkets in Malaysian towns is low, that is less than 50% among the urban population.

Hypothesis 2: The extent of supermarket use in Malaysian towns is different, such that extent of supermarket use in big cities is significantly different from smaller towns.

Hypothesis 3: The extent of the use of supermarkets in Malaysian towns is significantly associated with socio-economic and demographic variables. Such variables are income, occupation, age, education, ethnic groups, car

ownerships, refrigerator ownerships and areas of residence.

Hypothesis 4: There exists a pattern of use of retail outlets for certain categories of food and household goods; such that fresh food is mainly bought from wet-markets, dryfood is mainly bought from traditional grocery stores and processed food is mainly bought from supermarkets.

Hypothesis 5: Among the socio-economic variables, it is hypothesised that income has the strongest influence on the extent of supermarket use. In order to test this hypothesis, the general form of the study is therefore described as:

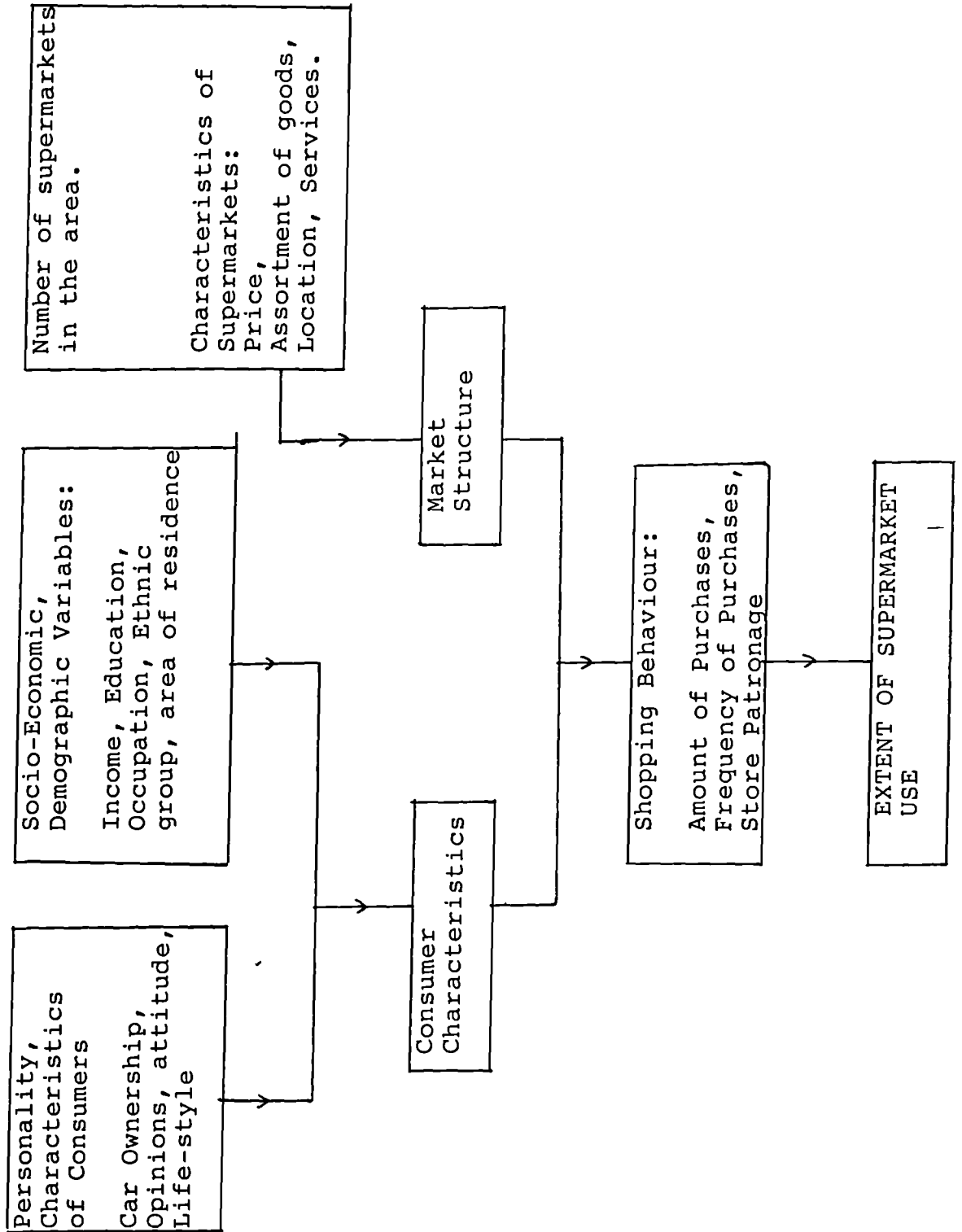
Extent of Supermarket Use = f (Consumers' Characteristics, socio-economic/
environmental variables)

A conceptual framework of this hypothesis is shown diagrammatically in Figure 3.01.

RESEARCH DESIGN

One of the preliminary steps in conducting a research project is to formulate a research design that is consistent

Figure 3.01
Correlates of Supermarket Use



with the research objectives. Kinnear and Taylor (1983) define a research design as:

"...the basic plan which guides the data collection and analysis phases. It is the framework which specifies the types of information to be collected, the sources of data, and the data collection procedure." (Kinnear and Taylor 1983, p.118).

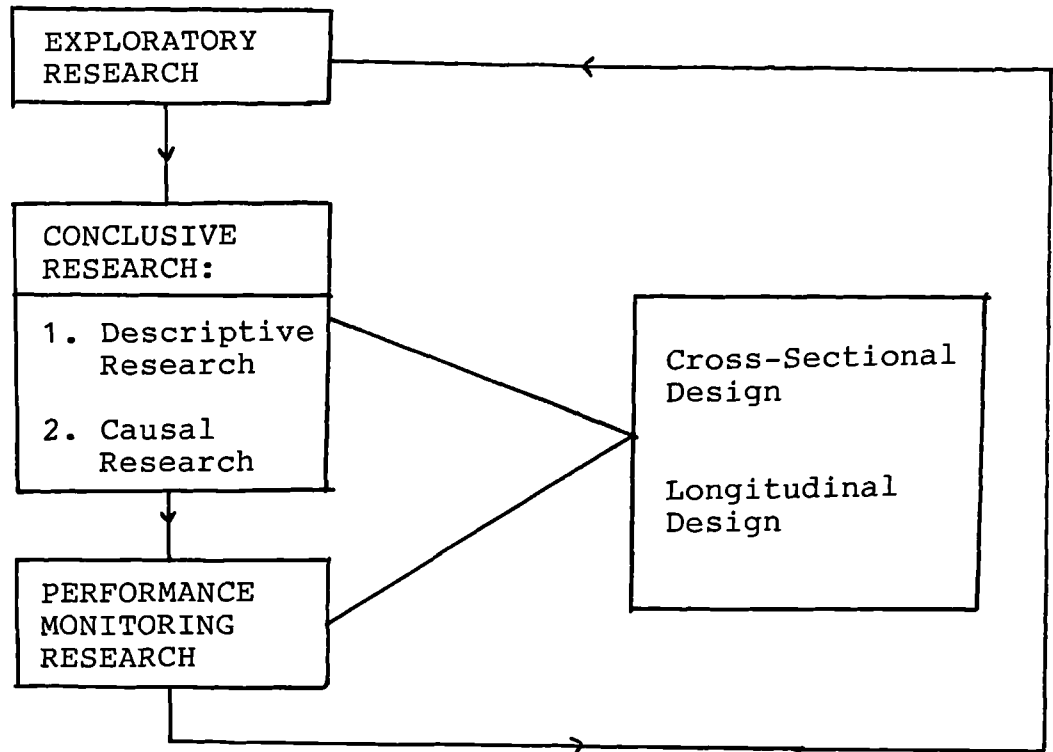
Research may be classified in several ways depending, on the objectives and the types of research. Generally, there are three types of research. They are:

(1) exploratory research, (2) conclusive research which includes descriptive research and causal research, and (3) performance monitoring research. Figure 3.02 shows a schematic diagram of the three types of research mentioned. Although this classification is far from perfect, it provides a general idea of the common types of research that are often undertaken.

1. Exploratory Research

Exploratory research is appropriate when the research objectives include (a) identification of problems and opportunities (b) a broader understanding of the situation in which the variables are operating, (c) establishment of priorities as regard to the potential significance of various problems and opportunities, (d) grasping management and research perspective regarding the character of the problem situation, (e) identification and formulation of alternative courses of action, (f) gathering information

Figure 3.02
Research Design



Source: Kinnear and Taylor (1983), p.119

regarding practical problems associated with carrying out conclusive research (Kinnear and Taylor 1983).

2. Conclusive Research

Conclusive research may be subdivided into (a) descriptive research (b) causal research. It is designed to provide information for evaluation of alternative courses of actions.

a) Descriptive research: A large proportion of marketing research studies can be classified as descriptive research. Descriptive research is used when the objectives of the research includes (Kinneer and Taylor 1983):

- i) Description of the characteristics of certain phenomena and determining the frequency of occurrence. For example, based on information gathered from known users of a certain product, a reseacher would want to develop a profile of "an average user" according to age, sex, education, and so on.
- ii) Determination of the extent to which the variables under study are associated.
- iii) Predictions regarding the occurrence of the phenomena under study.

b) Causal research: Sometimes a researcher is concerned to establish cause-and-effect relationships of certain phenomena. Causal research is designed to provide evidence to explain such cause-and-effect relationships. It is suitable when the objectives of the research includes (Kinneer and Taylor 1983):

- i) to determine which variables are the cause of the phenomena being predicted,

- ii) to understand the nature of functional relationships between the variables (causes) and the phenomena being predicted (effects).

3. Performance-Monitoring Research

Sometimes it is necessary for a researcher to assess the performance of certain activities such as sales, expenses, margins and profitability. Performance-monitoring research provides information for the researcher to monitor these activities accordingly. The objectives of performance-monitoring research are:

- i) to report and monitor changes such as sales performance, market shares, and to determine whether the performance is according to what has been anticipated.
- ii) to report changes in environmental situations such changes in economic conditions, and determine whether such changes have been anticipated when the plans were made.

As has been illustrated in Figure 3.02, conclusive research (descriptive and causal) and performance monitor research may be carried out as a cross-sectional study or a longitudinal study. Cross-sectional study is widely used in descriptive research. This form of study provides a "snapshot" of variables of a sample of the population under study at a point of time. Longitudinal study, as opposed to

cross-sectional study, is characterised by a repeated study of a fixed sample of a population over a period of time. There are two types of "panels" used in longitudinal studies. They are true panel (or traditional panel) and omnibus panel. Both, the true and omnibus panel, make use of fixed samples. The difference between the two panel is that in the true panel, the same variables are measured repeatedly, whilst in the omnibus panel the variables that are measured are different (Kinneer and Taylor 1983, Churchill 1983).

CONSUMER SURVEY

Given the research objectives of this study as outlined in Chapter 1, it is not difficult to point out that this research is considered as a descriptive research. It fits into the general category of objectives of descriptive research outlined in the early part of this chapter. In view of these objectives, it was decided that the research will be in the form of a cross-sectional study. As such, a consumer survey in the form of a household survey was undertaken.

A consumer survey provides detailed information as regards the shopping habits, preferences of shopping outlets, household expenditure on food and other relevant consumer characteristics. Analysis of these data throws some light on the patterns and trends of current consumer behaviour as far as their purchases of food necessities are concerned. In addition, the result of such analysis also

reflects the profile of the consumers, that is, in terms of their income, educational background, and ownership of certain relevant luxury goods such as cars, refrigerators and televisions. A sample of the questionnaire is attached in Appendix 1.

The area covered in the survey was the city of Kuala Lumpur, i.e. the capital city of Malaysia, and the town of Alor Star, a medium sized town in the northern part of Malaysia. Alor Star is also the capital of the state of Kedah. Kuala Lumpur, by the nature of its capital city status of Malaysia, is the largest city in Malaysia and has a population of approximately 1,000,000. Whereas Alor Star, a typical Malaysian town has a population of about 125,500.

The reason for selecting Kuala Lumpur and Alor Star is to make a comparison between two sets of urban environment. Kuala Lumpur is the centre of government and commercial activities and as such is representative of marketing conditions in some of the major towns in Malaysia such as Ipoh (population 329,000), Penang (population 321,000) and Johor Baharu (population 270,000). It could be conceived that Kuala Lumpur is the place where most of the new ideas or innovations take place. From there these new ideas are being diffused to other parts of the country. Similarly, modern shopping centres and supermarkets first started in Kuala Lumpur and later began to spread to other towns. On the other hand, Alor Star is regarded as an intermediate town, but has been identified as having a strong potential

growth (Fourth Malaysia Plan, 1981). Hence, it could be said that the town of Alor Star would represent a typical Malaysian middle market. As such it is envisaged that a study of the consumers in these towns, i.e. Kuala Lumpur and Alor Star, would give a cross-sectional view of typical urban consumers in Malaysia.

In addition, a comparative study of the consumers between the two towns gives some reflections of similarities and differences of urban consumers in two towns of different sizes in the same country. The similarities and differences of consumer behaviour as well as consumer profiles provide useful information as far as the formulation of marketing policies is concerned.

Sampling Procedures

The sampling method that was used for the research is stratified systematic random sampling. Each town was stratified into four strata. They were the high/upper-middle income group, middle middle-income group, lower middle income group and low income group. Each income group was identified according to the type of houses, location of these houses, market value and rental value of these houses. The classification of these houses was based on the Property Market Report 1984 published by Ministry of Finance 1985. All the residential areas in Kuala Lumpur and Alor Star were stratified according to the above-mentioned groups. For each group, one residential area was randomly selected. For example, for Kuala Lumpur, the residential houses in the

following areas are grouped in Group 1 (High/Upper-middle income group): Bangsar Park, Bangsar Baru, Damansara Height, Taman Tun Dr. Ismail, Bangsar Height, Pantai Hill, Medan Damansara and U.K. Height. Out of the above areas, Taman Tun Dr. Ismail was picked. In the same manner, the residential areas classified under Group 2 (Average Middle income group) were grouped together and one residential area was randomly selected.

For Kuala Lumpur, the following areas were selected:-

1. Taman Tun Dr. Ismail - (Population:12,000). This is a high/upper-middle income group residential area consisting of modern detached double storey houses, bungalows and link houses. The market value for a double storey detached house ranged from M\$380,000 to M\$450,000 and a double storey link house in this area ranges from M\$175,000 to M\$212,000. In terms of current rental value, it ranges from M\$550 to M\$1,000 per month for a double storey and \$2,600 to \$5,000 for a double storey detached house (Ministry of Finance 1985).
2. Taman Overseas Union Garden - (Population:13,000). This is considered as an average middle middle income group residential area where the market value of the double storey link houses ranges from M\$140,000 to M\$162,000 and a double storey

detached house is around M\$355,000. In terms of rental value it ranges from M\$450 to M\$500 per month for double storey link house and \$1,000 to M\$1,500 per month for a double storey detached house. (Ministry of Finance, 1985). The majority of these houses are double storey linked houses and single storey terrace houses.

3. Kampung Datuk Keramat - (Population: 20,000). This is a city fringe village consisting of mixed types of house, i.e. modern detached brick houses as well as timber houses. Due to its location and surroundings, the houses in this area command lower market values. As this area is not covered by the Property Market Report 1985 an estimated rental value of a double storey link house would range around \$200 to M\$300 per month whereas the market value would be between M\$80,000 to M\$100,000.
4. Jalan Pekeliling Flats - (Population: 12,000). These are low cost flats built by city hall mainly for low income families. They consist of several blocks of multi-storey flats. Most of these flats are owner-occupied and as a condition of purchase, renting is prohibited by the City Hall, unless permissions are first sought. As such, it is difficult to determine the market

rental value. The selling price for the flats ranges between M\$20,000 to M\$30,000.

For the town of Alor Star, the following residential areas were selected:-

1. Taman Golf and Taman Lumba Kuda - (Population: 4,000). These are two small housing estates adjacent to each another consisting of upper-middle income residents. (Economic Planning Unit, 1982). The rental value for a double storey house ranges from M\$300 to M\$350, and for a double storey detached house, ranges from M\$600 to M\$750 a month.
2. Taman PKNK - (Population:10,000). This residential area can be classified as an average middle income area. The rental rate for double storey houses in this area is almost the same as those in Taman Golf and Taman Lumba Kuda, but the market value of the houses in Taman PKNK is lower than those in the other two residential areas. The majority of the houses in this area are double storey linked houses and single storey terrace houses.
3. Kampung Derga - (Population:5,000). This is a town-fringe village, consisting of a mixture of concrete and village timber houses. Rental value in this area is low.

4. Rancangan Perumahan Awam, Mergung - (Population: 6,000). This consists of low cost single storey terrace houses built by the state government to cater for low income families earning less than M\$500 a month.

Survey Methods

There were several options available to the researcher in choosing the method of collecting data. The three potentially relevant methods for the survey were postal questionnaire, telephone interview and personal interview. Each method has merits and demerits and therefore, a careful consideration has to be made in order to suit a particular research requirement.

For this particular study, a personal interview method was selected. A major reason for the selection of this method of survey was the possibility of getting a higher rate of response than in the case of other methods. Compared to postal questionnaires, personal interviews would provide an opportunity for the interviewer to explain the purpose of the interview and thus secure a better chance of getting a response especially in a developing country, where illiteracy could pose a problem. Telephone interview would also allow explanation of the survey with the same result, but telephone ownership in developing countries is restricted to the high income group, and to use it as a means of interviewing would provide a biased sample.

It is generally agreed that personal interviews are more expensive to conduct compared to postal questionnaires, but the fact that the rate of response is normally higher than postal questionnaire makes it possible to concentrate on a smaller sample size. It is common that the response to mail questionnaires is very low, as low as 10%, and that the cost per completed questionnaire may in effect be higher than a personal interview (Moser and Kalton, 1985).

Personal interview also provides opportunities for the interviewer to explain in person, anything that is not clear. This increases the accuracy and the quality of the data.

In mail questionnaires, there is no way of ensuring that the questionnaires are being completed by the household head or the wife. Sometimes they are completed by children of householders. Personal interviews can avoid such a problem.

Sample Size

One of the issues that normally confronts a researcher in conducting a survey research is the determination of the correctness of a sample size. A large sample size would give a better accuracy in terms of lower standard error. However, a larger sample also increases the probability of committing non-sampling errors, such as errors in administering the data collection process. Besides, having a large sample size does not always guarantee low sampling errors

such as the case of 1936 Literary Digest debacle (Moser and Kalton, 1985). On the other hand, small sample size would increase the probability of committing sampling errors such as having a high standard error.

Theoretically, in determining the sample size of a survey research, the following considerations have to be taken into account:-

- a) The degree of precision, accuracy and the representativeness of the samples in order to be able to form a general picture of the overall population. The precision of the result depends on how large a standard error can be tolerated. Normally a larger sample size would provide a smaller standard error and thus would give higher precision in the result. However, the trade off for this is that a large sample size would be costly to administer and would be subjected to non-sampling errors.
- b) The financial constraint faced by the researcher. Survey research, especially the field work such as interviews, could be very expensive. A large sample size would require a bigger financial allocation. Hence the financial allocation for the research would jointly determine the size of the sample.

- c) Time constraint. This could also be a limiting factor in determining the sample size. A large sample size would take a longer time to complete.
- d) The way the results are to be analysed also affects the sample size. For example, the size of the samples in each sub-group or stratum should be sufficient to be analysed meaningfully. In cross tabulation, the number for each cell needs to be considered in order to be able to be analysed realistically.

There are a number of formula designed to determine the required sample size for a survey. However, they are not that simple, straight forward and practical to be applied in every situation nor are they wholly relevant to undertaking survey research in developing country. For example, every variable in a questionnaire has its own ideal sample size. For a survey which consists of 20 variables we may require about 20 different sample sizes. "... the required sample size varies (1) inversely with the size of precision required, (2) directly with 's' (standard deviation) and, (3) directly with the size of confidence level desired..." (Kinneer and Taylor 1983, p. 227).

In addition, in order to be able to calculate the optimal sample size, estimates of standard deviation of the sample for each variable have to be made and such estimates should be based on other similar studies done previously.

"The troublesome thing about our calculations of required sample size is that we need a value of 's' (standard deviation) for absolute precision and a value of s/x for relative precision. If we do have these values, in all likelihood we already know what we want to know about a particular variable." (Kinnear and Taylor 1983, p.229).

For categorical data such as in this study, it is difficult to estimate the mean, standard deviation and the standard error. Such statistical sophistication of determining sample size is better suited for continuous data (Kinnear and Taylor 1983).

After considering all the above factors, it was decided that a sample size of around 60 to 70 households per strata were sufficient for the study.

Sample Frame

There were two alternative types of sample frames that were possible to be used for the consumer survey. The first type was a list of names and addresses obtained from the electoral register of the constituency in which the residential area is located. The second type of sample frame was a list of addresses of every house in the selected residential areas obtained from their respective local authorities. Both types of sample frames were examined and evaluated. It was found that the second type of sample frame, that is the lists of addresses obtained from the local authorities were more up to date and easier to administer. Furthermore the lists of names and addresses of voters from the electoral register did not fully correspond

to the selected residential areas and in some cases one address appeared more than once in a list. This is not surprising since two or three persons who are over 21 years old may live in one house. To avoid double counting if this electoral register is to be used as a sampling frame, some editing work would have to be done. For the purpose of this survey, it was decided therefore, to use the lists of addresses issued by the local authorities as sampling frames. Since these lists were used by the city hall for purposes of collecting rates, they were assumed to be up-to-date.

In order to give an equal chance of every house to be selected from the sampling frame, systematic random sampling method was devised. For Taman Tun, a residential area having 2300 houses, it was decided to select 70 houses. This means that one in ever 32 houses was selected. In order to have a random starting point, a random number between 1 to 32 was chosen. A pocket calculator with random number facility was used for the purpose. Once the random starting point was determined, the subsequent 32nd house in the list was selected as a sample. However, in order to avoid the problem of periodicity, that is the probability of selecting the same type of house such as corner house resulting from constant selection interval, the pages of housing lists were shuffled. An additional sample of 35 houses (50% of the original sample size) was selected as replacement reserves. These reserves were used in cases

where the originally selected houses were inaccessible to the interviewers. Similarly, the same process of sample selection was done for other areas. A total sample of 280 houses was selected for the Kuala Lumpur area and for the town of Alor Star, the same number of houses was selected.

Pilot Survey

A pilot survey was conducted in a residential area in Kuala Lumpur in July 1985. The aim of the pilot survey was to test the questionnaires and to find out problems and possibilities related to the survey so that they could be tackled prior to the actual conduct of the survey. Seventeen household heads were interviewed, using structured questionnaires. As a result of the pilot survey, adjustments to the questionnaires were made. In addition, it was learned that instead of using different sets of questionnaires for English speaking respondents and Malaysian language respondents, only one set needed to be used. The English version of the questionnaire was translated into Bahasa Malaysia (Malaysian language) with the same order of questions. This was found to be necessary in order to be able to administer the interview effectively, avoiding fumbling between the two versions of questionnaires (English and Bahasa Malaysia) when approaching a respondent. Furthermore, by using only one set, it was found that keeping track of the questionnaires was made easier by using control numbers. In order to ensure a precise and correct meaning of the translated version, the questionnaire was

checked, rechecked and verified by several lecturers from a local university.

The Fieldwork

The survey work was in the form of household interviews carried out by college students. For Kuala Lumpur, 10 students were selected and trained for the fieldwork. For the town of Alor Star, 15 college students acted as interviewers. Two lecturers, one for each town, were coopted as field supervisors. From time to time, random checks were made by the supervisors and the researcher to ensure that the interviews were genuinely carried out. Based on the experience of the pilot survey conducted in July 1985, it was necessary for the interview to be conducted on Saturday evenings and Sundays only. This is because it was found that most of the household heads would not be at home during working hours of week days and would only be back from work at around 5.30 in the evening when most of them would be too tired and quite reluctant to entertain any request for interviews. Saturday is a half-working day when most household-heads would be free and relaxed by evening.

SUPERMARKET SURVEY

In order to get some background information on supermarkets in Malaysia, a survey on the supermarket companies in Kuala Lumpur was also made. The purpose of this survey was to find out the nature and the trends in the supermarket industry in Malaysia. There are about 30 supermarket companies in Malaysia operating about 200 supermarket

companies in Malaysia operating about 200 supermarket outlets throughout the country. About 20 of these companies have their outlets in Kuala Lumpur area and all of them were approached for the survey. Structured questionnaires were sent personally to all the companies. Personal explanations were made to the managers about the survey. The questionnaires were collected personally two days later. The reason for sending and collecting the questionnaires personally is to ensure a high rate of response.

DATA ANALYSIS

Since the consumer questionnaires were precoded and designed to suit the SPSSX computer package, the process of coding the consumer data into the computer was straight forward. At the early stage of the process of data analysis, univariate analysis was used to provide descriptions of the variables under study as well as to detect typographical and coding errors. Corrections were made and frequency distributions were again run through the computer to check for further possible errors. This process of cleaning the data was carried out until all errors were eliminated.

The next step in the process of analysing the data was to investigate the relationships between variables under study. This was done by using simple cross-tabulations or contingency tables. In order to determine whether there were significant associations or relationships between one variable with another, Chi-Square tests of statistical independence were carried out. The null hypothesis for this

test is that the two variables under study are independent of one another.

However, the Chi-Square test is limited to an analysis of only two variables at a time. It is not meant to examine the relationship of more than two variables simultaneously. Therefore an analysis of functional relationships between a dependent variable and a number of independent variables cannot be made by using Chi-Square test. For this, it is necessary to use a technique that is capable of explaining the functional relationships between a dependent variable and a group of independent variables with categorical data. Although multiple regression technique is able to deal with several independent variables simultaneously, it is not capable of handling categorical data. Therefore, Logit model, a type of loglinear analysis is recommended (Norusis 1985, Haberman 1978). In analysing the use of supermarkets, the category of supermarket users which is the dependent variable, is hypothesised to be influenced by independent variables, such as income, ethnic group and car-ownership. By using Logit model, the strength of each independent variable in influencing the dependent variable could be quantitatively determined (Green, Carmone and Warchspress 1977).

PROBLEMS AND DIFFICULTIES

The survey which was carried out was not without its problems. At the early stage of the preparation of conducting the survey there were problems of getting the

sample frames. For reasons of confidentiality, city halls were quite reluctant to supply house addresses in the area that were selected to be surveyed. Appointments had to be made to see the officers in charge to explain and convince them as to the purpose of the survey. Only then, the lists of addresses were supplied.

The survey was carried out in the month of July and August 1986. This coincided with the General Election in Malaysia which was on 3rd August. Since the election date was announced only 3 weeks in advance, it was not possible to make plans to avoid the election fever. With house to house political campaigns going on, the interviewers had to spend extra efforts in explaining to the householdheads that they were not conducting any political campaigns but were students from a business college carrying out a household survey for an academic purpose.

One factor that was overlooked when planning the survey was the weather. After a dry spell for about three weeks in early July, it started to rain almost every evening throughout the survey period. On three occasions, the survey had to be called off because of heavy rain. This caused considerable inconvenience to the interviewers.

Getting access to some houses in some residential areas was a major problem. Some of the houses in high income residential areas were totally fenced, and sometimes it was almost impossible for the interviewers to talk to the

household heads since the person who always meet the interviewers at the gates were servant girls. Some of them were not very cooperative. Only after some persuasions, were they willing to call the household heads.

Apart from carrying out a household survey, this study was also supplemented by a survey of supermarket companies. It was in the supermarket survey that the reseacher faced a major problem. As mentioned earlier, there were about 20 supermarket companies operating about 60 supermarket outlets in Kuala Lumpur/Petaling Jaya area. Out of the 20 companies approached, only 7 companies were willing to answer the self administered questionnaires. In most other cases, it was not possible to make any appointment to see the managers.

Summary

This chapter outlined the research procedure including the sampling process, data collection and method of data analysis. The research is a descriptive research using a cross-sectional study. A household survey was carried out in the form of personal interviews using sets of highly structured questionnaires. Two groups of students were engaged as interviewers. A total of 436 household heads were interviewed. Overall, the field work was a successful one. However, the supermarket survey, which was designed to supplement the main study was not really encouraging. This was due to a high rate of nonresponse by supermarket companies.

CHAPTER 4

THE MALAYSIAN SETTING

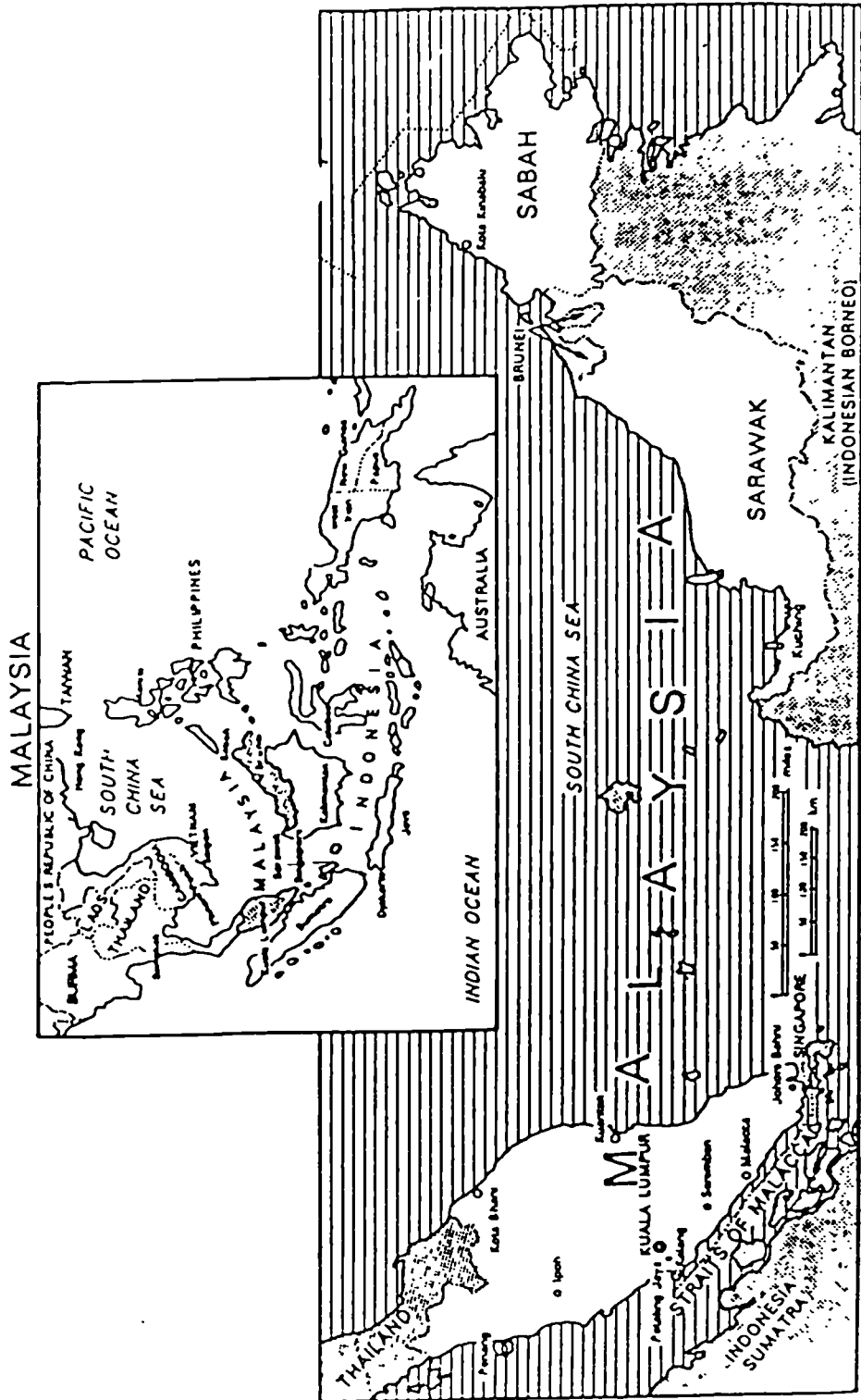
INTRODUCTION

The Federation of Malaya, which consists of 11 Malay states in the Malay Peninsula, achieved its independence from Britain in 1957. It was not until 1963 that Malaysia was formed when the then Federation of Malaya merged with Singapore and the Borneo territories of Sabah and Sarawak. Singapore left Malaysia two years later to form an independent republic.

Geographically, Malaysia is situated in South-East Asia between 1° to 7° north of the Equator. As such its climate is warm throughout the year with the temperature ranging between 75° F to 85° F. West Malaysia, which consists of the Malay Peninsular and several small islands surrounding it has an area of 50,806 square miles (about the same size as England) and East Malaysia, which consists of the state of Sabah (formerly known as British North Borneo) and Sarawak both on the island of Borneo, has a total area of 76,776 square miles (Figure 4.01).

Politically Malaysia has been a stable country. It is a democratic country governed under a similar parliamentary system as the United Kingdom. Since its independence in 1957, the country has been governed by the same ruling party, The National Front, a coalition party of three major

Figure 4.01
Map of Malaysia



ethnic parties in Malaysia - the United Malay National Organization, the Malaysian Chinese Association and the Malaysian Indian Congress. Except for the racial riot in May 1969, there has not been any major political turmoil in the country.

A brief history

The modern history of Malaysia started in the mid-1870's when Britain took an active interest in the Malay states surrounding the British Straits Settlement (Singapore, Penang and Malacca). This was mainly due to the discovery of tin in the west coast states of Peninsular Malaysia, Perak and Selangor. Quarrels and fights among Malay chiefs led to British intervention into the political affairs of the Malay states. The discovery of tin led to a rapid influx of Chinese immigrants into Malaya through the Straits Settlements. Constant gang wars among the Chinese tin-miners further reinforced the British direct intervention in the Malay States. Through the British help, order was finally restored and in 1895, with the signing of Pangkor Treaty, Federated Malay States was formed with Kuala Lumpur as the capital. This marked the beginning of the British rule in Malaya. With the rapid expansion of tin mine areas, roads, railways and other basic infrastructure soon came into existence along the rich tin belt of the west coast region of Peninsular Malaysia.

The tin boom started the first wave of development in Malaya. Towns began to grow and flourished surrounding the

tin mining areas. It should be noted that it was mostly the Chinese immigrants who worked in the tin mines and the Malays remained in the rural areas as farmers and fishermen. This partly explains the present situation where the majority of the urban population in Malaysia is Chinese.

The second wave of development in Malaya came after the introduction of rubber into the country in 1905. As a result of the widespread use of motorcars worldwide, demands for natural rubber grew into new heights. This led to rapid expansion of rubber plantations along the coastal belt of West Malaya. Immigrants from India were brought in to work in rubber plantations. By the end of the First World War, Malaya became a major producer and exporter of natural rubber and tin.

During the second World War, Malaya was occupied by the Japanese. When the Japanese surrendered in 1945, Malaya was again under the British rule. It was after the war that the Chinese-dominated Malayan Communist Party began their guerilla jungle warfare against the government. With Communist terrorist insurgencies, the move for self government was hampered. It was not until 31st August 1957 that independence was granted by the British.

Demographic Structure

Basically Malaysia is a young nation. As indicated in Table 4.01, about 81% of the population are below 40 years old in 1985. About 38% are between the age of 0 - 15 and only 3.%

Table 4.01
 Malaysia: Population Size and Age Structure
 1980 - 1990

Age Group	1980		1985		1990 (Est.)	
	'000	%	'000	%	'000	%
0 - 14	5,542.5	39.9	6,046.5	38.3	6,613.9	37.0
15 - 24	2,931.6	21.2	3,290.6	20.9	3,551.2	19.8
25 - 39	2,749.1	19.8	3,356.9	21.3	4,018.6	22.5
40 - 54	1,553.9	11.2	1,822.8	11.5	2,180.4	12.2
55 - 64	611.0	4.4	716.5	4.5	851.6	4.8
65 +	491.1	3.5	557.8	3.5	661.5	3.7
TOTAL	13,879.2	100.0	15,791.1	100.0	17,877.2	100.0

Source: Fifth Malaysia Plan 1986, p.130

of the population are above 65 years old. This is in contrast with developed countries such as the United Kingdom, Japan and United States with their aging populations. According to the population census (Department of Statistics, Malaysia, 1983), the median age of Peninsular Malaysia population is 19.8 years and the median age for household heads is 40.5 years. The fact that a large percentage of the Malaysian population is young has a significant impact for consumer demand in the years to come.

As at the end of 1984, the total population of Malaysia is about 15.3 millions of which 82% resided in West Malaysia. It is a multi-racial country consisting of 54% Malays, 35% Chinese, 10% Indians and 1% other races. This means that apart from being multi-racial, Malaysia is also a multi-religious and multi-cultural country. The Malays are Muslims, the Chinese are mostly Buddhists and the Indians mostly Hindus. The rate of population growth for the last five years has been 2.5%. By world standard this is quite high. In fact it is the highest in the South-East Asian regions: Indonesia 1.9%, Singapore 1%, Philippines 1.9% and Thailand 1.9%. At this rate by 1990, the total population of Malaysia is expected to reach 17.9 millions (Fifth Malaysia Plan, 1986). Table 4.02 provides a detailed breakdown of the Malaysian population structure. As can be seen from the table, the percentage of the urban population has increased from 28.8% in 1970 to 37.4% in 1985. By 1990,

the urban proportion is expected to increase to 40.7% (Fifth Malaysia Plan, 1986).

One important aspect of ethnic population distribution in Malaysia is that the majority of the Chinese population lives in urban areas. In 1970, 59% of the urban population is of the Chinese ethnic group, 27% are Malays, 12.8% Indians and 1.1% from other ethnic groups. However, this trend is slowly changing due to the migration of the Malays from the rural areas to urban areas. In 1985 the Malay population in the urban areas has increased to 41.3% (Table 4.02). With this trend by 1990, the proportion of the Malay population in the urban areas is expected to increase to 45%, and reducing the percentages of the Chinese and Indian to 43.7% and 10.1% respectively (Fifth Malaysia Plan, 1986.)

Another salient feature of the population distribution in Peninsular Malaysia is that the west coast region is more densely populated than the east coast region. This is mainly due to the large tin deposits along the west coast region of Peninsular Malaysia. Because of this, developments during the colonial years were mostly concentrated in the west cost states.

Economic Background

For the last 29 years, the economy of Malaysia has been expanding at a high rate of growth. Table 4.03 shows the average growth of GNP from 1960 to 1982 as 4.3%.

Table 4.02

Population Distribution Between Rural and Urban Areas
By Ethnic Group - Peninsular Malaysia
(,000)

Ethnic Group	1985				1990 (Estimated)					
	Urban %	Rural %	Total	Urban %	Rural %	Total	Urban %	Rural %	Total	
Malay	2199.7	41.3	5125.9	67.1	2976.2	45.6	5516.8	68.3	8493.0	
Chinese	2516.4	47.2	1732.0	22.7	4248.4	43.7	1730.5	21.5	4579.2	
Indians	570.9	10.7	741.0	9.7	1311.9	662.4	10.1	778.7	9.6	1441.1
Others	39.4	0.8	43.5	0.5	82.9	39.9	0.6	52.0	0.6	91.9
TOTAL (%)	5326.4 (41.1)	100	7642.4 (58.9)	100	12968.8 (100.0)	6527.2 (44.7)	100	8078.0 (55.3)	100	14605.2 (100.0)

Source: Fifth Malaysia Plan (1986), pp.134 - 135.

Compared to its Asian neighbours, Malaysia's per capita income is among the highest in the region (Table 4.03).

Basically Malaysia is an agricultural country. Malaysia has been the world's largest producer and exporter of natural rubber. As such agriculture has been the single most important sector of the economy. Apart from natural rubber, other commodities such as timber, palm oil, cocoa, pineapple and pepper have also become major agricultural exports of Malaysia. "In 1978, Malaysian exports accounted for about two-third of the world's export of palm oil and one-fifth of the global tropical hardwood exports." (Central Bank Malaysia, 1979, p.7). However its share of the contribution of GDP has declined considerably. For instance in 1957, agriculture, forestry and fishing sectors together accounted for about 40% of the value added in GDP and two-third of the country's export earning. By 1978, its share was reduced to about 25%. (Central Bank, Malaysia, 1979). The reason being that the economy has been diversified into other sectors such as tin, natural gas, petroleum and manufacturing.

Malaysia, by its nature as a commodity raw material exporting country, is heavily influenced by the world's fluctuating market demand for raw materials. Although specialization on rubber and tin provided the country with a satisfactory rate of economic progress, overdependence on the two primary commodities exposed the country to economic instability due to wide fluctuations of world prices for

Table 4.03
BASIC INDICATORS

Some selected countries	Population (millions) mid 1982	Area thousand of sq.km.	GNP Per capita (US\$)	Av. Annual Growth rate '60-'82	Average annual inflation rate 60-82
<u>South-East Asia</u>					
<u>MALAYSIA</u>					
Indonesia	14.5	330	1860	4.3%	7.2%
Philippines	152.6	1919	580	4.2%	19.9%
Singapore	50.7	300	820	2.8%	12.8%
Thailand	2.5	1	5190	7.4%	5.4%
	48.5	514	790	4.5%	9.7%
<u>South Asia</u>					
India	717.7	3288	260	1.3%	8.4%
Pakistan	87.1	804	380	2.8%	12.7%
Bangladesh	92.1	144	140	0.3%	14.9%
Sri Lanka	15.2	66	320	2.6%	13.3%
<u>East Asia</u>					
Rep. of Korea	39.3	98	1860	6.6%	19.3%
Hong Kong	5.2	1	5340	7.0%	8.6%
<u>Industrialized Countries</u>					
Japan	118.4	372	10080	3.6%	6.9%
United Kingdom	55.8	245	9660	2.0	14.2%
United States	231.5	9393	13160	2.2%	7.3%
West Germany	61.6	249	12460	3.1%	4.9%

Source: World Development Report
1984.

these raw materials. As such, it has been the government's policy over the past years to diversify the economy into a broader base. "Over these years Malaysia has managed not only to maintain its position as the world's largest producer of rubber and tin, but also became the world's largest exporter of palm oil, tropical hardwood and pepper." (Bank Negara Malaysia, 1979, p.7). Table 4.04 indicates that the production proportion of natural rubber has been reduced from 33% of the total exports in 1970 to 10% in 1984 and tin from 20% in 1970 to only 3% in 1984; whereas the export proportion of petroleum has increased from 4% in 1970 to 22% in 1984, palm oil has also increased from 5% in 1970 to 12% in 1984 and manufactured goods from 12% in 1970 to 31% in 1984. However, with a slump in the world economy beginning in 1985, the price of raw materials again suffered a heavy drop, resulting a decrease in the total amount of exports.

Table 4.04

Composition of Malaysian Exports by value

	1970	1980	1984	1986
Natural Rubber	33%	16.4%	10%	8.9%
Tin	20%	8.9%	3%	1.6%
Timber & logs	16%	9.3%	11%	7.4%
petroleum	4%	23.8%	22%	16.2%
Palm Oil	5%	8.9%	12%	8.6%
Manufactured goods	12%	21.8%	31%	40.5%
LNG	-	-	-	6.6%
Others	10%	10.3%	11%	8.7%
Total	100%	100%	100.0%	100.0
	(M\$5,163 m)	(M\$28,172m)	(M\$38,275m)	(M\$33,552m)

Source: Ministry of Finance, Malaysia (1984, 1986) p.162, p.87.

It has also been the government's policy over the years to stimulate the growth of manufacturing industry in the country as a means to diversify the economy from overdependence on the export of primary commodities. Through the First (1965 - 1970), Second (1971 - 1975), Third (1976 - 1980), Fourth (1981 - 1985) and Fifth (1986 - 1990) Malaysia Plan, provision of basic infrastructure was undertaken to stimulate industrialisation. By the end of 1986, the manufacturing sector contributed to almost 41% of the country's exports compared to only 12% in 1970 (Table 4.04).

The study of the economic background of Malaysia is not complete without mentioning The New Economic Policy (NEP) which was formulated with a long term objective of achieving national unity through a two-pronged development strategy.

"The first prong is to reduce and eventually eradicate poverty by raising the income levels and increasing employment opportunities for all Malaysians irrespective of race. The second prong aims at accelerating the process of restructuring Malaysian society to correct economic imbalance so as to reduce and eventually eliminate the identification of race with economic functions." (Fourth Malaysia Plan, 1980, p.31)

In 1970, the incidence of poverty in Malaysia was at the level of 49.3%, by 1980 it has been reduced to 29.2% (Fourth Malaysia Plan, 1980). With the launching of the Fifth Malaysia Plan, it has been reported that the level of poverty in Malaysia has been further reduced to 18% in 1984. (New Straits Times, March 22, 1984, p.4).

It is the target of the Outline Perspective Plan (OPP 1971 - 1990) in the New Economic Policy that the poverty level will be reduced to 16.7% by 1990 (Fourth Malaysia Plan, 1980). Prior to the implementation of the New Economic Policy in 1971, the main focus of the economic development programmes was concentrated on growth rather than equitable participation of economic activities among the people especially among the rural poor.

"Under the New Economic Policy, the strategy of poverty eradication called for a pattern of development which provides opportunities for the poor to participate effectively in the growth process and share in the benefits of development." (Fourth Malaysia Plan, 1980, p.32).

Among the major steps taken by the government to reduce the incidence of poverty was the opening of new land for settlement. During the 1971 - 1980 period about 72,200 households had been absorbed into land schemes. These families were either landless or with uneconomic holdings. A total area of 866,100 hectares of new land has been developed and planted with rubber, oil palm and cocoa. (Fourth Malaysia Plan, 1980). In addition to the opening of new land schemes, efforts were also made towards increasing the agricultural productivity.

Development efforts in the form of crop replanting and rehabilitation (mainly for rubber), intercropping and the provision of drainage and irrigation facilities have been responsible for the increase in agricultural productivity. Average yield per hectare of rubber small holdings in 1980

was estimated to have increased by 50% compared to 1970. Drainage and irrigation schemes made possible annual double cropping of rice. This has significantly improved the income of rice farmers

Urban Growth

The socio-economic development programmes that have been carried out over the years through various phases of Malaysia Plans have brought about improvements in the socio-economic well being of the population. As indicated earlier the level of poverty among the population has been brought down from 49.3% in 1970 to 18% in 1984. (New Straits Times, Editorial, March 22, 1986 p.4). Urban poverty has also gone down significantly. In 1970, the urban poverty level was reported to be at 21.3%, and in 1984 it has gone down to 8.2% (New Straits Times, March 22, 1986). This means that the people are living in better conditions than they were about 14 years ago. Another significant factor in the increase of the standard of living among the population is the rapid growth of the middle income group among the population especially in urban areas. Chan (1985), in his socio-economic survey of a middle class sub-urban town of Petaling Jaya indicated that the average household income for Petaling Jaya town is \$2243 per month. In Kuala Lumpur, the capital of Malaysia, the average household income is \$1447 compared to \$1036 in 1976. By 1990, it is expected that the household income would be \$2158 and by the year 2000 it would reach \$3268 (Dewan Bandaraya, 1984, p.26).

Prior to 1970, urban development in Peninsular Malaysia was mainly concentrated in the big cities having a population of 75,000 and above - Kuala Lumpur (capital city), Ipoh, Penang and Johor Baharu. In fact 44% of the total urban population in 1970 was in these four cities. (Fourth Malaysia Plan, 1980, p.108). The concentration of population in these cities has led to massive urban congestion, rising cost of land, and problems of water supply and waste disposal. Steps were taken to allow a balanced growth of urbanization through expansion programmes on intermediate towns with populations of 40,000 - 75,000 such as Kota Baharu, Alor Star and Kuantan. "These intermediate towns had strong potential growth and were identified under Third Malaysia Plan (TMP) for priority development into growth centres." (Fourth Malaysia Plan, 1980, p.108). Apart from developing these intermediate towns as growth centres, plans were also made to establish new townships in regional development areas which would act as catalysts for growth. This is provided through the creation of infrastructure and facilities for industrial development. Through industrial incentive schemes, private companies were encouraged to locate their factories in various industrial estates located in these new townships.

Future Economic Outlook

Over the past years, the Malaysian economy has been growing at a substantial rate. Table 4.03 indicates that for a period of 22 years the average annual growth of GNP is

4.3%. Among its South East Asian neighbours, except for the city state of Singapore, Malaysia has recorded the highest GNP per capita. The growth of the economy is mainly attributed to the strength of Malaysia's primary commodity exports - natural rubber, tin, palm-oil, timber and lately petroleum. However, prolonged world recession beginning in 1980 has finally started to show a significant impact on the Malaysian export trade. A fall in demand for raw commodities as a result of the world economic slowdown, has depressed the prices of Malaysian rubber, tin, palm-oil and timber. Subsequently, in 1981, for the first time in the Malaysian history, the country experienced a balance of payment deficit (Table 4.05). However, even through prolonged world recession in the early 1980's, Malaysia has been able to sustain its economic growth. While other developing countries were facing the worst effect of the world economic recession as a result of escalating oil prices, Malaysia has been very fortunate that the discovery of vast quantities of oil and gas reserves came at an appropriate time. The high price of oil, until recently, has been able to cushion the Malaysian economy from the falling prices of natural rubber and tin. The proportion of petroleum exports shot up from 4% in 1970 to 22% in 1984.

During the first quarter of 1986, new development in the world commodity trade, has sent another shock wave into the Malaysian economy. Prolonged economic recession in the developed countries has further depressed the demand for

natural rubber and tin. The collapse of the International Tin Council and the subsequent suspension of tin trading in the London Metal Exchange resulted in further deterioration in the tin market. This has led to widespread closures of Malaysian tin mines. The bleak economic outlook is further depressed by recent crash in price of petroleum - from US \$30 per barrel in January 1984 to US \$10 in July 1986. "Prices of tin and oil have dropped between 40% and 50% while those in the agricultural commodities have declined between 20% to 30% in the last 12 months." (New Straits Times, 22 March 1986, p.8). Contrary to the past trend where the economy could at least depend on the better performance and prospect of some commodities while others decline, this time almost all of the Malaysian exports are falling at the same time. In 1985, GDP growth for the year has charted a historical negative value of -1.5% (Ministry of Finance 1986).

Since the Middle of 1986, there have been some encouraging signs of economic recovery. Prices of commodities, particularly petroleum, rubber, sawn logs and palm oil have recovered considerably. GDP growth for 1986 was estimated to have a positive growth of +0.5%. According to a forecast made by the Malaysian Institute of Economic Research (MIER), real GDP growth for 1987 is expected to be 2.4% and for 1988, it is estimated to be 3.9% (New Straits Times, June 1987).

Table 4.05
MALAYSIA: Balance of Payment
(M\$ million)

Year	Export	Import	Trade Balance	Balance of Payment
1971	4884	4198	686	203
1972	4736	4371	365	389
1973	7263	5669	1594	576
1974	10022	9482	540	452
1975	9057	8443	614	171
1976	13330	9608	3722	2054
1977	14854	11116	3738	755
1978	16932	13242	3690	625
1979	24060	17152	6908	1789
1980	28013	22775	5238	1002
1981	26900	27143	-243	-1093
1982	27946	29704	-1758	-614
1983	31762	30760	1002	-55
1984	38452	31466	6986	312
1985	37585	28709	8876	3209
1986	33338	26419	6919	4034 (Est.)

Sources: (1) Bank Negara Malaysia (1984),
(2) Ministry of Finance, Malaysia (1984, 1986)

With relatively cheaper fuel in the world market as a result of falling oil prices, the prospect for a rapid world economic recovery looks bright. This is so, particularly in the industrialised countries. This may boost another surge in demand for natural rubber, tin and timber. Apart from that, with the new realism from the recent economic recession, Malaysian policy makers are launching Industrial Master Plans, where development of resource based manufacturing industry is greatly encouraged. This is especially for the manufacturing of consumer as well as industrial goods using domestically produced raw materials such as natural rubber, timber, palm oil and tin. With cheaper raw materials domestically produced, coupled with the abundance of cheap labour, Malaysia would have a comparative advantage in the world market.

MALAYSIAN RETAIL SCENE

The retailing industry plays an important role in the Malaysian economy. This can be seen in two aspects. First is its contribution to the Gross Domestic Product. In 1984, the retail industry, including the wholesale and restaurant service contributed 14% of the nation's GDP (Ministry of Finance, 1985). Secondly is its role in providing a major source of employment in the country. According to the latest survey available, the total number of persons engaged in the industry in Peninsular Malaysia is 230,306 (Department of Statistics, 1982). This constitutes about 5% of the workforce, or about 9% of the urban workforce. In

the capital city, Kuala Lumpur, the percentage is 18% of the workforce (Kuala Lumpur Structure Plan, 1985, p.25).

With the exception of the last two years, the Malaysian economy has been experiencing a steady growth. The implementation of the development programmes as outlined by the First, Second, Third and Fourth Malaysian Plans have subsequently resulted in a gradual change in the Malaysian retailing scene. In urban areas, modern shopping centres and supermarkets have begun to emerge along with the traditional shops, hawkers and bazaars. This is in contrast with developments and the evolution of retail institutions in North America and Western Europe. As in any other South East Asian countries, several types of retail institutions are ubiquitous in Malaysia. Such retail institutions range from pedlars to traditional shops and from bazaars to supermarkets and department stores. Despite the emergence of innovative modern supermarkets and department stores, the traditional bazaars, hawkers and wet markets are still proliferating. It is quite a common sight to find street hawkers operating side by side with modern supermarkets. Perhaps this is where one can find the contrasting difference between the high streets of British towns and the Asian towns. In the developed countries, street traders, bazaars and open market have given way although slowly to large supermarkets and department stores; whereas in the developing countries such as Malaysia, the two extreme types of retail institutions still exist. This pattern of retail

structure conforms to the "Two Circuit Model" as suggested by Santos (1979), or "Informal and Formal Sector." (Bromley 1978, Tokman 1978). This "Traditional" or "Lower Circuit" or "Informal" sector of the retail industry may be generally characterised as follows:

- a) Easy entry : - It is easy to open a stall as it requires very little initial capital. A typical stall in this category is a cooked food stall.
- (b) Relying on indigenous resources: Temporary makeshift structures from corrugated iron-sheets and plywoods are normally used as stalls. Since most of these stall are constructed illegally, they have no water and electricity supply. The owner normally relies on a water supply from nearby public stand pipes.
- (c) They are mostly family owned and operated: In a country where there is no form of unemployment benefit for the unemployed, operating a stall provides a source of income for the whole family.
- (d) Small scale operations: Constrained by limited capital, most of this form of retailing is operated at a small scale.
- (e) Labour intensive: Again, with limited capital and small scale operation, no form of mechanization is viable. As such, the operation is labour intensive.

(f) Skills acquired are outside the formal school system: Generally these stall operators do not acquire the necessary skills in operating their businesses within the formal school system. Such skills are normally acquired through experience.

(g) Weakly regulated and competitive markets: Regulations and controls are difficult to enforce in this type of retailing. Strict enforcements of law against these stall operators may sometimes cause political backlashes.

Types of Retail Institutions:

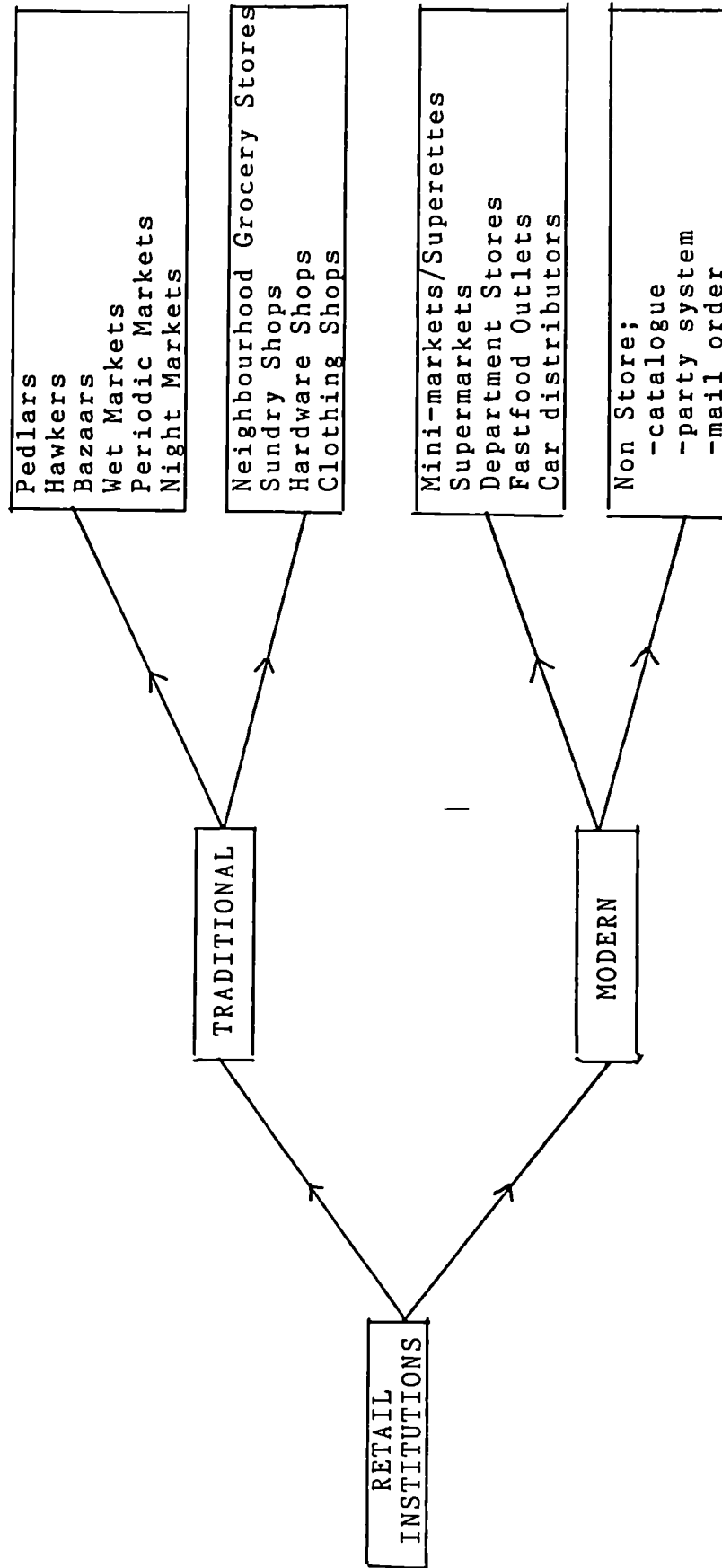
Although several names and classifications of retail institution have been given to describe the retail structure of developing countries, in this discussion the term "Traditional and Modern" will be used. As shown in Figure 4.01 they may be classified as: (a) Traditional retail outlets, and (b) Modern retail outlets.

(a) Traditional Retail Outlets

Traditional retail outlets may take the form of a temporary pitch stall or a shop in a permanent building. As such it may be categorised as (i) hawkers and, (ii) traditional shops.

i) Hawkers: - A hawker may be defined as "any person who operates as a seller of goods and who does not do so from premises in a recognised building." (Beavon, 1980, p.6). It is undeniable that there are several

Figure 4.02
RETAIL INSTITUTIONS IN MALAYSIA



definitions of the term 'hawkers' as is rightly pointed out by McGee (1970). However, due to confusion and complication in fitting it into legal definitions in each and individual circumstances, it is sufficient in this context of use the above working definition. This definition includes stall operators who are selling their merchandise by means of temporary pitches, pushcarts, tricycles, pick-up trucks or vans. Sometimes hawkers pose a problem to land owners and developers. This is when they occupy vacant lots which have been ear-marked for development projects. To ask them to move to alternative locations is not easy. In most cases, it involves expensive compensation.

However, in third world cities where the unemployment rate is high, hawking provides an alternative source of employment. This is particularly so in large Asian cities such as Kuala Lumpur, Bangkok, Hong Kong and Jakarta. Low initial capital outlay and low skill requirements make entry into the hawking business much easy. The actual number of hawkers operating in various towns and cities in Malaysia is quite difficult to estimate. Some of the hawking activities are highly seasonal, for example, there would be an increased number of stalls built along the roadsides during fruit seasons and these disappear when the season ends. Similarly, more

Table 4.06

Number of Hawkers, Ratio of Hawkers per 100 population and city densities per square mile, in Selected Asian Cities.

City	No.of Hawkers	Ratio	Density/ Sq.mile (urban)
Bangkok	61,500	2.1	20,863
Kuala Lumpur	4,500	0.8	18,181
Singapore	25,000	2.2	24,200
Greater Jakarta	100,000	2.3	17,955
Hong Kong	92,000	3.2	97,744

Source : McGee (1970), p.14.

food stalls could be found during the month of Ramadan (Muslim calander of fasting month *). However, according to Kuala Lumpur City Hall, in 1980 there were 14,150 hawking establishments in Kuala Lumpur. The number of people involved in the business was estimated to be around 22,000. Over a period of 10 years the increase has been around 300% (Dewan Bandaraya Kuala Lumpur, 1984). The operation of hawkers in Malaysia is

* Note: These are sold in the evening, as 'take-aways' for breaking fast. It has become a tradition among the Malays to have varieties of cakes and sweets when breaking their fast. This heavy but seasonal demand for cakes and cooked food during the month of Ramadan is responsible for the increase in the number of food stalls along the road sides.

controlled and regulated by their respective local authorities. Licenses are issued by local authorities, enabling them to operate at certain stipulated locations. Nevertheless a large number of hawkers are operating illegally. As such these illegal operators are subjected to constant "raids" by enforcement officers of local authorities.

One of the reasons for such strict control of hawking activities in towns and cities is the problem of traffic congestion often caused by these hawkers, especially along crowded streets. Another reason for discouraging the hawkers from operating in the cities is hygiene and sewage problems. Since most of these stalls are located on busy and congested street corners, it is almost impossible for proper facilities such as piped water, electricity and a sewage system to be provided. As such they become health hazards to consumers.

However there are several useful services provided by street hawkers. The fact that hawkers pay minimal rental and other overhead costs, make it possible for them to sell their merchandise at a low price. This is particularly true for prepared food. As such, hawkers provide an important service in providing cheap meals to low income urban workers.

In a country where unemployment is high and unemployment benefit is non-existent, hawking provides

a source of employment. With little capital required, entry into hawking business is relatively easy. Although the income from hawking is small, but faced with no alternative form of employment, hawking provides a temporary employment for the unemployed.

Another important function performed by hawkers is that they provide an outlet through which merchants can dispose their 'broken cargo' or substandard products which are not suitable for export. Such products can be purchased cheaply from these hawkers.

To some people, hawking provides a first step towards starting up one own's business. As such it could be regarded as a training ground for entrepreneurs, from which a bigger shop could be started when enough savings are accumulated. To what extent this is true needs further investigation but would constitute an interesting project for future research.

It is possible to classify the hawkers according to their locational pattern. Different terms for hawking are used to indicate their locational patterns. They are street hawkers, pedlars, bazaars, wet market (pasar), periodic market and night market:

Types of Hawkers

<u>Type of Hawker</u>	<u>Principal Functions</u>	<u>Major Locations</u>
Itenerant Hawker	a+b	Permanent Routes
Fixed-pitch Pedlar	a+b+c	Bazaars, Focussed agglomeration
Stall in market	a+b+c+d	Markets

Functions: a = market produce
b = cooked food
c = sundry goods
d = services

Source: McGee (1970) p. 17.

Street Hawkers: These are the hawkers who locate themselves along the crowded street and public places such as bus stations and railway stations. Their merchandise, ranges from iced water, cooked food to cigarettes and confectioneries. Because of their location, they often cause chaotic traffic problems in the cities. Sidewalks and pavements are sometimes blocked and pedestrians are forced to walk on the road. Most often these hawkers do not have proper facilities as piped water, electricity and a sewage system. As a result the standard of hygiene is sometimes questionable especially where prepared food and drinks are involved.

Pedlars : Pedlars are mobile hawkers operating their business from place to place using a specific

route. They may carry and display their merchandise on push carts, tricycles, motor cycles, pick-up trucks or vans. They provide for daily shopping for fresh food such as fish, vegetables and meat which appeals most to housewives who are unable to make a daily trip to wet markets. In addition, because of the personal nature of such service, credit facilities are normally extended to regular customers.

Bazaars : "Bazaars are locational concentrations of hawkers at a public or a private place or land away from the street." (McGee, 1970, p.21) The site for these bazaars are either specially built by local authorities such as wet markets and sundry stalls or open spaces such as car parks which are cleared in the evening and transformed into bazaars at night. These bazaars are operated either daily, nightly, or weekly. Daily bazaars are the wet markets (locally known as 'pasar'), where fresh food such as fish, vegetables, fruits and meat are sold; they may also contain sundry stalls where household wares and provisions are sold. Night bazaars or "pasar malam" are operated on a weekly basis on a certain night of the week along roads which have been specifically closed for the purpose or in open spaces such as car parks. Temporary pitches are erected in the evening when business starts and dismantled by midnight. Merchandise sold here includes cooked food, household wares, clothing, fresh fruit and vegetables. To the local people, these night bazaars serve as a place for leisure shopping or a place for night strolls. It is not at all surprising

at all when McGee (1970) referred an Asian night market as "the night clubs for the poor."

Similar to the night bazaar or "pasar malam" is the periodic market. This is also a weekly bazaar but operated only during the day time on a specific day of the week. Temporary pitches are erected in the morning and later dismantled at the end of the day. However, this form of bazaar is common only in the rural areas rather than in towns or cities.

A most recent development of periodic market in Peninsular Malaysia is the introduction of the "Farmers' Market" locally known as "Pasar Tani". This form of periodic market is organised and supervised by the Federal Agricultural Marketing Authority (FAMA) to enable local farmers to sell their produce directly to consumers in urban areas instead of selling them to middlemen. As a requirement to participate in this market, the sellers must be farmers who are members of Farmers Association or "Persatuan Peladang". The products which they are selling must be agricultural produce grown by themselves and not bought from a central market. In Kuala Lumpur for example, this market is held every Saturday from 11 a.m. to 6 p.m. (FAMA 1986).

ii) Traditional shops

These are purpose built small shop-houses dealing with provisions, clothing, household wares, electrical appliances

and cooked food. Almost 90% of Malaysian retailers can be officially categorised into this group (Department of Statistics, 1982). The majority of these shops are owner operated or family run and almost 90% of them sell food items and household provisions. In terms of physical facilities, these shops have limited storage facilities such as refrigerators and chillers, and very few of them adopt the self-service system.

In most Asian countries fresh food is mostly sold in wet markets (pasar). As such, grocery stores concentrate only on dry goods including rice and canned food. One important feature of these traditional shops is that their opening hours are long, stretching from 9 o'clock in the morning to around 9 o'clock at night. This is not surprising since most of these shops are owner operated. In most cases, the owners themselves live in the upper storey of the shophouses.

(b) Modern Retail outlets

Modern forms of retail outlets in Malaysia are normally located in urban areas close to or within high/middle income residential areas and in town centres. A great proportion of them are located in modern shopping complexes. These retail stores take the form of mini-markets, boutiques, supermarkets and department stores. Similar to modern retail outlets in developed countries, these retail establishments are self-service, well equipped with modern

facilities such as refrigeration, air conditioning and central check-out system.

In contrast to the traditional retail outlets, minimarkets, supermarkets and department stores are adopting modern techniques of retailing. Instead of being served through counters, customers are free to browse through the shop floor and do their own selection. Prices are fixed and well displayed, and as such they do not have to go through a tedious process of bargaining and haggling as they normally do in the bazaars. Apart from the freedom of entering the stores without being harrassed or pressurised by sales assistants, the atmosphere in these modern stores is more relaxed and pleasant. The air-conditioning system makes these stores cool and comfortable to shop. In addition, with the coming of modern shopping complexes, which are well equipped with children amusement parks and fast food restaurants, these stores have become a place for family outings.

Another form of retailing which is starting to take place in Malaysia is non-store retailing. This may be in the form of party or catalogue systems. Examples of non-store retailing are Tupperware parties, Avon cosmetics and Amway products. This form of retailing is popular among housewives and office girls where the merchandise being sold are displayed through parties or catalogues. The market

share of this form of retailing is yet to be determined. So far no data are yet available.

Malaysian Retail Trends

The steady economic growth which Malaysia has experienced in the past years has subsequently given impetus to the growth of the retail industry. For a ten year period from 1970 to 1980, urban retail sales have increased at an average rate of 17.9% per year while the number of retail establishments increased at an annual rate of 8.9% (Table 4.07). Such a growth rate in retail sales is quite substantial and compares favourably to the growth rate in some developed countries.

Table 4.08 provides an overall picture of the characteristics of Malaysian retail industry. About 90% of retail establishments in 1980 are categorised as having sole proprietor type of ownership. These retail establishments are small family-run traditional shops. Even though their number constitutes about 90% of the total retail establishments in Peninsular Malaysia, they contribute only about 48% of the total retail sales. On the other hand, the larger types of retail establishments which are categorised as public or private limited companies, contribute about 32% of the total retail sales even though they number only about 2% of the retailers. This is not surprising since the public and private limited companies are operating large stores with high sales volume whereas the sole proprietors are

Table 4.07
 Urban Retail Trend 1970 -1980
 (Peninsular Malaysia)

Year	No. of Retail Estab.	% Increase	Sales (\$'000)	% Increase	GNP (\$M Mill.)
1970	25 660		1 927 615		11 953
1972	27 628	7.6	2 264 239	17.5	13 842
1974	30 776	11.4	3 392 874	49.8	21 861
1976	32 002	4.0	4 215 443	24.2	27 154
1978	34 636	8.1	5 815 117	37.9	34 951
1980	39 182	13.1	8 709 259	49.8	48 632
		8.9		17.9	

Adapted from: Department of Statistics (1972, 1974, 1976, 1978, 1980, 1982)

operating small traditional shops with lower sales volume. This conforms very well to the general characteristics of retail institutions in developing countries as suggested by Kaynak (1984), Goldman (1974, 1981, 1984), Mc Gee (1970), and Jackson (1979).

Since most of these stores are small and owner operated, it is not surprising at all to find that the average number of employee per store for sole-proprietorship is very low. As indicated in Table 4.08, the average number of employee per store for a sole-proprietorship is 2.12 and for a partnership the average number of employee per store is slightly higher, at 4.02. For bigger private limited companies and Public Limited Companies, the average number of employees per store is 15.5 and 18 respectively. This is as would be expected since these private limited and public limited companies are operating on a larger scale with larger capital. Most of the chain stores, department stores and supermarkets falls within this category. In terms of sales performance, the bigger companies are generating higher sales than the sole-proprietorships and the partnerships. Again, as shown in Table 4.08, the average sales per establishment for sole-proprietorship is M\$71,408 and M\$320,266 for a partnership. However, for a private limited company, the average sales per establishment is M\$2,089,549 and for a public limited company the sales figure is even higher at M\$3,133,706. In terms of efficiency, the larger companies are more efficient

Table 4.08
Principal Retail Statistics - 1980
Peninsular Malaysia

Legal Status	No. of Estab- lish- ments	%	Value of Output (\$'000)	%	No. of Employees	%	Empl. per Store	Sales per Estab. (\$)
Sole Proprietor	80531	89.44	5750620	47.50	171029	74.26	2.1	71,408
Partnership	7148	7.94	2289262	18.91	28774	12.49	4.0	320,266
Private Ltd. Co.	1786	1.98	3731935	30.82	27726	12.04	15.5	2,089,549
Public Ltd. Co.	68	0.08	213092	1.76	1221	0.53	18.0	3,133,706
Cooperatives	389	0.43	93881	0.78	1302	0.57	3.4	241,339
Others	115	0.13	28433	0.23	254	0.11	2.2	247,243
TOTAL	90037	100.00	12107223	100.00	230306	100.00		

Source: Department of Statistics (1982b), p. 73.

than the small retailers. This is reflected by the sales per employee figure. The average sales per employee for sole-proprietorship is only M\$33,623 for the year, whereas for public limited companies the average sales per employee is M\$174,522 i.e. almost 5.2 times higher than that of an average sole-proprietor. This suggests that the bigger companies are more efficient than the small independent retailers but it must be remembered that capital investment in the larger companies is substantial.

Table 4.09 indicates the types of retail establishments in Malaysia in 1980. From the types and the number of retail establishment, it can be seen that 48% of the retail establishments are small grocery stores which sell provisions and other daily necessities including rice. However, despite the large number of establishments (48%) their proportion of total retail sales is only 26.5% and the number of employee per store is 2.3. Table 4.09 shows that almost 70% of the retail establishments in Peninsular Malaysia are dealing with food, in one way or another. However, the total sales of food retail outlets accounted to only 37% (including general merchandise). Fresh food retail outlets (meat and poultry, fish, fruits and vegetables) are very small. The average number of employees per retail outlet is below 3. The explanation for this is that most of fresh food retailers are stall operators in various fresh food bazaars or "pasar" as they are locally known. Unlike the situation in Turkey as described by Kaynak (1981), fresh

food such as fish, meat, fruits and vegetables are sold in centrally located fresh food market and not in small shops. Each vendor rents his 8 feet by 4 feet stall from the City Hall. Depending on the size of the market, each "pasar" will have from 20 to 500 vendors. For example Pasar Chow Kit has about 500 vendors including those who operate their stall in pitches outside the main market building (Jackson 1979).

The type of retail business that has the highest number of employees is the motor vehicle retail outlet selling new passenger cars. The average number of employees per establishment is 27. These retail establishments are large motor-trade retailers that have their branches in all major towns in the country. It is not surprising that this kind of retail business has a large number of employees. The high unit value of cars, necessitates a large number of employees. This includes the salesmen, administrative staff and mechanics. The proportion of sales is 14.6% of the total sales for the retail industry despite the number of establishments is only .24%. Again, this is not surprising as the unit value of a car is very high.

General merchandise stores have the second highest number of employees per establishment. As shown in Table 4.09, the average number of employees per establishment in

Table 4.09
TYPES OF RETAIL ESTABLISHMENTS IN PENINSULAR MALAYSIA - 1980.

Kind of Business	No. of Estab.	%	Sales (\$000)	%	No. of Employees	%	Sales/Employee	Sales/Estab.	Employee/Estab.
Meat and poultry	2977	3.3%	306299	2.5%	5914	2.6%	51792	102888	1.99
Roasted meat	181	.2%	13962	.1%	375	.2%	37232	77138	2.07
Fish	4074	4.5%	172990	1.4%	6171	2.7%	28033	42462	1.51
Fruit and Vegetables	7998	8.9%	216024	1.8%	11165	4.8%	19348	27010	1.40
Confectionery	1564	1.7%	28838	.2%	2600	1.1%	11092	18439	1.66
Biscuits, cakes, bread	781	.9%	17976	.1%	1103	.5%	16297	23017	1.41
Provisions (incl. rice)	43433	48.2%	3213958	26.5%	100653	43.7%	31931	73998	2.32
Bean curds (taffoo)	204	.2%	4467	.0%	274	.1%	16303	21897	1.34
Mee & kueh teow (noodle)	148	.2%	4600	.0%	224	.1%	20536	31081	1.51
Tobacco, cigarettes	310	.3%	8341	.1%	497	.2%	16783	26906	1.60
Beer, wine, spirit	487	.5%	53669	.4%	1051	.5%	51065	110203	2.16
Domestic hardware, chinaware, etc.	1615	1.8%	134155	1.1%	3392	1.5%	39550	83068	2.10
Bicycles and parts	1316	1.5%	53204	.4%	2663	1.2%	19979	40429	2.02
Other household & personal goods	2426	2.7%	189496	1.6%	5736	2.5%	33036	78110	2.36
Motor cycles & parts	1342	1.5%	343047	2.8%	4757	2.1%	72114	255624	3.54
Motor vehicles - passengers									
New	212	.2%	1772126	14.6%	5727	2.5%	309434	8359085	27.01
Used	434	.5%	478113	3.9%	2351	1.0%	203366	1101643	5.42
Petrol, lubricants, oil etc	1204	1.3%	1382224	11.4%	9469	4.1%	145974	1148027	7.86
Electrical goods, app.	3184	3.5%	1019760	8.4%	11058	4.8%	92219	320276	3.47
Furniture, furnishings	1975	2.2%	283672	2.3%	5884	2.6%	48211	143631	2.98
Clothing and textiles	5538	6.2%	782306	6.5%	17484	7.6%	44744	141261	3.16
General merchandise	946	1.1%	533101	4.4%	10241	4.4%	52056	563532	10.83
Footwear	711	.8%	103563	.9%	2222	1.0%	46608	145658	3.13
Chemists' goods, cosmetics	2426	2.7%	308556	2.5%	6541	2.8%	47173	127187	2.70
Books, stationery etc.	2232	2.5%	200564	1.7%	5778	2.5%	34712	89858	2.59
Jewellery, watches, etc.,	2319	2.6%	482212	4.0%	6976	3.0%	69124	207940	3.01
TOTAL	90037	100.0%	12107223	100.0%	230306	100.0%	134469	134469	2.56

Source: Department of Statistics, Malaysia (1982b) pp. 70-73.

Note: As from 1982, the Department of Statistics, Malaysia, has stopped conducting Retail and Wholesale Survey. As such no up-to-date data is not available.

this category is 10.83. The proportion of sales is 4.4% of total sales despite the number of establishments representing only 1.05% of the total retail establishments. It could be deduced from this that most of supermarkets and department stores are included in this category.

Following closely the regional pattern of development in Peninsular Malaysia, the concentration of large and medium-sized retailers are mostly centred in major cities and towns in the west coast region. Table 4.10 shows the distribution of retail establishments broken down into the twelve states in Peninsular Malaysia in 1980. The states in the central region of the Peninsular, namely, Federal Territory, Selangor, Perak, Negeri Sembilan and Malacca, account for almost 55% of total retail sales trade. Federal Territory, where Kuala City is located, Selangor and Perak account for almost 44% of the total retail sales for the Peninsular Malaysia in 1980.

On comparing the density of retail establishments among the 12 states in Peninsular Malaysia, Table 4.10 indicates that the east coast states of Kelantan and Trengganu has the highest number of retail establishments per 1000 of population - 11.65 and 13.3 for Kelantan and Trengganu respectively. However, in terms of sales establishments and sales per 1000 population, these two states have the lowest. This means that the retail outlets in the east coast regions comprise a larger proportion of small retail outlets with lower turnover than in the west coast states. As has been

Table 4.10
Retail Statistics - Peninsular Malaysia -
by States and Sales per 1000 of
Population, 1980

States	Population	Sales (\$M'000)	Estab.	Sales per 1000 of Pop. (M\$'000)	Estab. per 1000 of
Federal Territory	919610	2151016	6687	2339	7.27
Selangor	1426250	1711002	10263	1200	7.20
Malacca	446769	485659	3249	1087	7.27
Negeri Sembilan	551442	497137	4080	902	7.40
Johore	1580423	1633529	10349	1034	6.55
Penang	900772	1275553	6838	1416	7.59
Perak	1743655	1751778	14220	1005	8.16
Kedah / Perlis	1222597	837068	10224	685	8.36
Pahang	768801	780234	6575	1015	8.55
Trengganu	525255	273096	6121	520	11.65
Kelantan	859270	711151	11431	828	13.30
TOTAL	10944844	12107223	90037		

Source: Department of Statistics (1982b) p.79.

expected, retail sales per establishment and per 1000 of population is the highest in the Federal Territory (Kuala Lumpur), followed by the state of Selangor (Table 4.11).

Summary

As in many other developing countries, Malaysia's structure of retail trade can be described as dual in nature. At one extreme there are the modern shopping complexes dominated by large department stores and supermarkets, but at the other end of the spectrum there are numerous bazaars, street traders and peddlars. As indicated in the Sample Survey of Wholesale and Retail Trade in Peninsular Malaysia 1980 almost 90% of the retail establishments consisted of small-sized traditional shops. The majority of them are selling food related products. Almost 40% of the total retail sales in Peninsular Malaysia are accounted for by three major states in the west coast region. This is mainly due to the heavy concentration of population in the tin rich towns of Ipoh and Kuala Lumpur and the nearby town of Petaling Jaya.

Supermarkets and modern department stores are new innovations in the Malaysian retail scene. The first supermarket was introduced in 1964 but it was only in the late 1970's that supermarkets began to diffuse to various major towns in the country. With more international companies coming in to compete with local companies, the industry is becoming very competitive than ever before. It is yet to be seen whether the same trend of retail

Table 4.11
Principal Statistics of Retail Establishments in
Peninsular Malaysia by States
and Sales per Employee, 1980

States	No. of Estab.	Percent. Value of Output (M\$'000)	%	No. of employees	%	
Federal Territory	6687	7.43%	2151016	17.77%	24038	10.44%
Selangor	10263	11.40%	1711002	14.13%	29044	12.61%
Melaka	3249	3.61%	485659	4.01%	9074	3.94%
Negeri Sembilan	4080	4.53%	497137	4.11%	10379	4.51%
Johor	10349	11.49%	1633529	13.49%	27692	12.02%
Pulau Pinang	6838	7.59%	1275553	10.54%	20008	8.69%
Perak	14220	15.79%	1751778	14.47%	34371	14.92%
Kedah / Perlis	10224	11.36%	837068	6.91%	25651	11.14%
Pahang	6575	7.30%	780234	6.44%	16383	7.11%
Trengganu	6121	6.80%	273096	2.26%	11128	4.83%
Kelantan	11431	12.70%	711151	5.87%	22538	9.79%
Total	90037	100.00%	12107223	100.00%	230306	100.00%

Department of Statistics (1982b) p. 69.

development as has taken place in developed countries will take place in Malaysia i.e. the dominating growth of the supermarket industry is accompanied by a decrease in the number of independent and traditional retailers. In Malaysia sustained economic growth in the country, increases in income level among the people, an upsurge of growth of modern housing estates and an increase in car ownerships among the urban dwellers are some of the reasons for the growth of modern forms of retail outlets.

CHAPTER 5

SUPERMARKET DEVELOPMENT IN PENINSULAR MALAYSIA

INTRODUCTION

It has taken quite some time after the first introduction of supermarkets in the United States in 1930's and in the European countries in 1950's for the supermarket industry to gain ground in developing countries. Kaynak and Cavusgil (1982), Goldman (1982), Yavas et al (1981), Gueirin (1964), Slater et al (1969) and Bucklin (1977) all have discussed some of the problems that hinder the growth of supermarkets in developing countries. Among such problems are low purchasing power among the population. With low income, these consumers are restricted in buying their food necessities in small quantities but very frequent and in most cases purchase them on daily basis. As such they are tied to shopping in nearby traditional grocery stores and wet-markets. With low income, these consumers are not in a position to own refrigerators or freezers. Confronted with limited storage capability, they are not able to purchase their food in larger quantities. Another common characteristic of developing countries is a low percentage of car-ownership. With limited means of transport, consumers are not able to do their grocery shopping in places such as supermarkets which are normally located in shopping centres further away from their houses. This again limits their shopping activities to their neighbourhood

stores and wet-markets. Another argument that is often used to explain the slow growth and sometimes the failure of supermarkets in developing countries is the perception that fresh food, particularly fresh fish, meat and vegetables that are sold in wet-markets are "more" fresh than those sold in supermarkets. Such a belief is detrimental to the acceptance of supermarkets by consumers in developing countries.

As discussed earlier in Chapter 2, supermarkets in developing countries were first introduced to cater for a special segment of the market - the expatriates and the high income group. These supermarkets were normally located in exclusive shopping centres and affluent residential areas. Because of their exclusiveness in terms of their locations, facilities and assortments of goods (often imported), their prices are normally higher compared to local wet-markets and traditional grocery stores. Thus supermarkets in developing countries are not performing the same roles as they do in the developed countries (Jackson 1979, Kaynak 1980 and Goldman 1982).

GROWTH OF SUPERMARKETS IN MALAYSIA

In Malaysia, the first supermarket was introduced in 1964 (McTaggart 1965). Contrary to McNair's (1958) "Wheel of Retailing" theory, the supermarket that was first introduced in Malaysia was not a low price, low margin retail outlet. It was a high price and high margin retail establishment specially targeted towards expatriate communities and upper

middle class Malaysians (McTaggart 1965.) Nevertheless, the innovation in retailing at this stage is purely in the introduction of the concept of self-service and one-stop shopping with a cool and comfortable shopping environment. It was only in 1967 that a process of supermarket diffusion started to take place but even then it was very slow. However, in the last three years, there has been a significant growth of supermarkets in Malaysian urban areas. In the Kuala Lumpur - Petaling Jaya vicinity, there are at least 55 large supermarkets - both local companies as well as large international companies having a selling floor space of up to 140,000 square feet (Malaysian Business, 1986.) With the coming of large international companies such as the Japanese Jusco, Kimisawa, Chujitsuya, Yaohan and the French's Printemps, a new image and innovation in the supermarket industry was introduced. To an urban family, a supermarket is not only a place for weekly grocery shopping but also a place for family outings and entertainments (Malaysian Business 1986). Different from the old style of supermarkets, fresh meat, fresh fish (which is the main diet of the Malaysians), fresh leafy vegetables and fresh local fruits are being offered along with traditional supermarket products such as canned and frozen food. As pointed out by Jackson (1979), the Malaysians are quite similar to other oriental people. They are culturally more inclined to prefer fresh fish, meat and vegetables than canned or frozen food. As such, by adopting this new approach of selling fresh food, especially fish and vegetables, to a certain

extent, supermarkets have become more acceptable to the urban dwellers of Malaysian towns (Malaysian Business, 1986).

The opening of Weld Supermarket in 1964 marked the early development of supermarkets in Malaysia. The supermarket was located in a shopping complex in an exclusive expatriate residential area of Kuala Lumpur. It was owned by Supermarket Malaysia, a company which was set up by several commercial interests including Cold Storage Creameries and Fitzpatricks as major shareholders. In fact, Cold Storage Creameries has several years of experience in supermarket operation in Singapore. McTaggart, in a survey conducted in 1965, commented that Weld Supermarket was heavily patronized by European and American expatriates despite the fact that the expatriates form only 3% of the total population of Kuala Lumpur (McTaggart 1965, p.58).

Since the introduction of the supermarket in Kuala Lumpur in 1964 until the early seventies, supermarket growth in Malaysia has been slow. It was not until 1967 that a second supermarket was opened in Kuala Lumpur. This was when a locally based company, established its first supermarket along Jalan Tuanku Abdul Rahman - the main shopping area of Kuala Lumpur. Later, this company became known as Emporium and Supermarket Holding Group. In 1968, a branch was established in Penang. With 55 supermarket outlets established throughout the country by the end of

1985, Emporium and Supermarket Holding Group has become the biggest supermarket chain in Malaysia.

Two more supermarket companies were formed within ten years since the first supermarket was introduced. They were Thrifty Supermarket (1970) and Yuyi Supermarket (1974). Table 5.01 shows a list of major supermarkets operating in Peninsular Malaysia and their respective date of establishment. From the table we may say that the majority of supermarket companies started their operations in the early eighties. This was the period when the country was at its peak of economic prosperity. As shown in Table 4.03 in Chapter 4, the average GNP growth per year was in the region of 4.3%. It was during this period that modern shopping complexes and modern housing estates were planned and built, notably around Kuala Lumpur and Petaling Jaya area. Among the major shopping complexes in Kuala Lumpur were Ampang Park, Bukit Bintang Plaza, Kuala Lumpur Plaza, Pertama Complex, Daya Bumi, The Mall and Damansara Jaya Town Centre. Incorporated with the development of these new shopping complexes and residential areas were the supermarkets. It was quite common for the supermarkets to become anchor stores for most of these shopping complexes and new town centres in the newly established residential areas. Today, there is estimated to be around 200 major supermarket outlets in Peninsular Malaysia of which at least 60 of them (30%) are located in Kuala Lumpur and Petaling Jaya areas. Against an estimated number of 40,000 small provision retailers in the country, the proportion of supermarket

Table 5.01
Major Supermarket Companies Operating
in Peninsular Malaysia

Supermarket	No. of Outlets	Date of Establishment
1. Fima/ Jaya Supermarket	7	1964
2. Emporium & Supermarket) Oriental) Klasse)	55	1967*
3. Thrifty Supermarket	1	1970
4. Yuyi Supermarket	13	1974
5. Daya Supermarket) Super) Batu Road Supermarket) Keramat Supermarket)	11	1978
6. Fair Trade Supermarket	5	1978
7. Gama	5	1982
8. Kimisawa Supermarket	4	1983*
9. Larut Matang Supermarket) Fajar Supermarket)	11	1983
10. Hankyu Jaya	4	1984
11. Jaya Jusco	2	1984
12. Chusinya	2	1983
13. Printemps	2	1984*
14. Komart	7	1984
15. Chujitsiya	1	1985
16. Baitulmal Supermarket	1	1985
17. Q-Mart	2	1986
18. Yaohan	2	1987

127

* At the time of writing, these companies were placed under temporary receivership. Negotiations to be taken over by another company are still going on.

establishments does not even constitute 1%. However, considering the volume of sales generated by these large supermarkets, it is estimated that supermarket share of the retail business in the country is between 10% - 15% (Toh et al, 1985, Table 5.02). Table 5.03 shows the number of supermarket outlets in major towns in Peninsular Malaysia.

With the increasing number of supermarkets being established throughout the country, especially in bigger towns, such as Kuala Lumpur and Petaling Jaya area, the competition in the supermarket industry has become stronger than ever before. With the current recession and the shrinking purchasing power among consumers, it is a matter of survival of the fittest. Supermarkets have not only become competitive among themselves, but they are also competing with the traditional neighbourhood grocery stores. With their involvements in fresh food retailing supermarkets are also competing with the popular wet-markets (pasar).

Table 5.02
Provision Shops and Supermarkets:
Share of the Retail Market

Types of Retail Outlets	% Outlets	% Sales
1. Supermarkets	0.5	10 - 15
2. Medium sized provision shops	24.5	30
3. Small provision shops	60.0	30 - 40
4. Small/ sundry outlets	15	10 - 20
Total	100.0	

Source: Toh et al (1985), p. 153.

Table 5.03

Supermarkets in Major Malaysian Towns
(Peninsular Malaysia)

Towns (State capitals)	Population	No. of Supermarkets
1. Kuala Lumpur & Petaling Jaya	1,162,423	60
2. Ipoh	329,113	8
3. George Town (Penang)	321,148	10 *(Est.)
4. Alor Star	125,493 +	4
5. Kangar	12,949	2
6. Seremban	132,911	3
7. Malacca	104,381	7
8. Johor Baharu	270,022	6
9. Kuantan	131,547	7
10. Kuala Trengganu	180,296	7 *(Est.)
11. Kota Baharu	215,019	8
Total		127

- Source: 1. The number of supermarkets in each town was supplied by respective city halls through a postal survey made by the writer.
2. * No response by the city hall concerned. The number is based on estimate.
3. Population: Adapted from Department of Statistics 1983, 1980 Population and Housing Census of Malaysia.
4. + the population of Alor Star is based on new Alor Star Conurbation, Economic Planning Unit 1982, p. 2-2.

JOINT VENTURE SUPERMARKET COMPANIES

As a means of attracting foreign investments into the country, the Malaysian government has always encourage the local companies to form joint-ventures with foreign firms. Apart from stimulating the economic growth in the country through provision of employment to the local labour market, joint-venture is also seen as an avenue for the transfer of technology from foreign companies to local partners. Through systematic training programmes, pools of local employees could be trained and developed to master the trade and be ready to join the management team. In Malaysia, a joint venture company is required to have a minimum local participation of 51% of the equity.

Similar to other industries, such as manufacturing, the supermarket industry too, is encouraged to form joint-ventures. As outlined in the Fifth Malaysia Plan:

"The traditional small businesses will be encouraged to adopt more modern business methods so that they will be able to contribute towards the development of a modern and efficient distribution system in the country. They will be encouraged to upgrade their operations through local and foreign joint-ventures or franchises, form cooperatives, establish chain-stores or integrate vertically with trading houses." (Fifth Malaysia Plan, p. 369).

A significant wave of development of the supermarket industry in Malaysia came in the early eighties, particularly in 1983/ 1984 period. The establishment of Kimisawa Supermarket, a joint-venture between Emporium

Supermarket Holdings, a local supermarket company, and Kimisawa from Japan in 1983 and together with the opening of another joint-venture supermarket company, Printemps, marked a new era in the supermarket development. The establishment of these well-established international supermarket companies set new standards in decor, quality and technology (Malaysian Business, 1986). They brought along a stimulus for change and innovations to be followed by other supermarket companies. Before the eighties, supermarket technology in terms of packaging, freezing, chilling, store layout and display had hardly progressed. Not much attention was paid in the selling of fresh produce - fish, fresh fruits and vegetables. In fact, they were concentrating on dry goods and frozen food. It was within the last three years, with the coming of international companies, that innovations such as store layout and display, packaging, chilling and freezing technology started to take place. Fresh leafy vegetables are displayed in humidifiers where chilled water vapour jets are constantly sprayed to keep the vegetables fresh and crispy. This is an innovation introduced from Japan. Fresh seafood - fish and prawns are prepacked and well displayed in special chillers. Beside the vast variety of imported fresh fruits, more emphasis is made on local fruits. All these have changed the image of supermarkets. Not only supermarkets have become competitive among themselves, they are also attracting more customers from the traditional wet markets. "Working wives were taken in by the convenience, cleanliness and cool shopping environment of

the supermarkets compared to the dirty and wet open air market ... Supermarketing has become an urban way of life..." (Malaysian Business, 1986, p.7).

Table 5.04
Supermarket Joint-Ventures
(Peninsular Malaysia)

Supermarket	Local Companies	Foreign Companies	Country of Origin
1. Fima/ Jaya Supermarket	FIMA Pardaz	Cold Storage	Singapore
2. Kimisawa Supermarket	Emporium & Supermarket Hldg.	Kimisawa	Japan
3. Jaya Jusco	Cold Storage (M)	Jusco	Japan
4. Yaohan	Metropolex Berhad	Yaohan	Japan
5. Printemps	Larut Tin	Au Printemps	France
6. Chujitsuya	Perlis Plantation	Chujitsuya	Japan

Table 5.04 shows a list of supermarket companies which are joint-ventures. With the exception of Fima/Jaya Supermarket and Printemps, all the foreign companies are of Japanese origin. Most of these joint-venture supermarkets were established in the eighties. Such an overwhelming Japanese influence in the Malaysian supermarket scene may be attributed to the "Look East" policy adopted by the Malaysian government in the early eighties. Another feature of the supermarket joint-ventures is that some of the local firms participating as partners have no relevant background in supermarket business. For example, Perlis Plantations, the local partner of Chujitsuya, is a sugar-cane plantation

company; similarly, Metropolex Berhad (a local partner of Yaohan) is a property developer and; and Larut Tin, a local partner of Printemps, is a mining company. Such joint-ventures would provide foreign expertise in the supermarket business and help to train local partners in the newly developed industry.

FACTORS LEADING TO THE GROWTH OF SUPERMARKETS IN MALAYSIA

The growth of supermarkets in Malaysia can be attributed to several reasons. Among them are:

(a) Increase in household income:

As had been discussed earlier, economic growth over the years has resulted in increased household income among Malaysian families. The rate of poverty among Malaysian families has substantially decreased from 49.3% in 1970 to 18% in 1984 (Fifth Malaysia Plan, 1986). Mean urban household income has also increased from M\$428 in 1970 to M\$975 in 1979 and to \$1541 in 1984. Such an increase in household income has brought about an increase in demands for consumer goods. This can be seen in the trend of retail sales for urban areas in Peninsular Malaysia as shown in Table 4.07.

(b) Increase in the middle income group:

Sustained economic growth over the years and improved educational opportunities among the population, have increased the proportion of the middle income group. With better educational opportunities and higher educational attainments it is possible for the children of the poor especially those from rural areas, to earn

a higher income and move into the middle income group. This results in a growing proportion of the middle income group especially in urban areas. For example, according to a survey conducted by Kuala Lumpur City Hall in 1979 about 37% of the Kuala Lumpur population are earning above M\$800.00 a month. In Petaling Jaya, a middle class suburban town outside Kuala Lumpur with a population of 220,000, about 60% of the total households earn more than M\$800.00 a month (Chan, 1985).

(c) Increased number of modern housing estates:

Closely related to the increase in income of the urban population is the growth of modern housing estates especially in the suburban areas of Malaysian towns and cities. From 1971 to 1980 a total of 587,209 house units were built in Peninsular Malaysia. This represents an increase of 36.1% of the housing stock. 272,050 units or 46.3% were high or medium cost houses, reflecting the increasing affluence, particularly among the urban population (Ministry of Finance, 1983, p.171). During a period between 1981 and 1985, it is estimated a total of 406,070 units were built (Table 5.05). This represents an increase of 18.3% in the total housing stock of 1980. 155,790 units or 38.4% were high or medium cost houses, again reflecting the affluence of the urban population. The development of upper and middle class residential areas is followed by

Table 5.05

Malaysia: Public and Private Sector
Housing Performance, 1981 - 1985
(Units)

Programmes	Number of Units Completed					Total 1981-85
	1981	1982	1983	1984	1985*	
<u>Public Sector</u>	31,010	43,480	35,050	44,480	47,800	201,900
Public low cost Housing in land Schemes	12,900	21,100	11,500	12,590	14,220	71,310
Institutional quarters & other staff accom.	8,930	10,220	5,780	5,740	4,310	34,980
Medium & High cost	3,660	4,000	5,850	5,390	6,550	25,450
<u>Private Sector</u>	37,600	44,330	37,710	38,600	45,930	204,170
Priv. Low cost Hous. Private Developer Medium & High Cost Housing	5,800	4,860	1,820	4,150	2,540	19,170
Coop. Societies	1,170	1,270	980	500	650	4,570
Individual & Groups	18,940	18,930	18,930	18,930	19,070	94,800
Total	68,610	87,810	72,760	83,080	93,810	406,070
Increase (%)	-	28.0	-17.1	14.2	12.9	

Note: * Estimates

Source: Fifth Malaysia Plan, p.522

the development of new town-centres fringing these affluent surroundings. They provide good catchment areas strong enough to support the establishment of modern supermarkets. Such new-town centres are Damansara Jaya Town Centre, Damansara Town, Bangsar Park, Overseas Union Garden Town Centre, Cheras, SEA Park, Petaling Jaya New Town and Section 14 Town Centre.

(d) Increased number of Shopping Complexes:

The period of late seventies may be described as the period of high economic growth. Prices of Malaysian exports, particularly the raw commodities such as rubber, tin, timber, palm oil and petroleum were in their highs. Such a period of economic prosperity, which is reflected by the increased purchasing powers of the consumers has prompted government agencies and property developers alike to plan and build modern shopping centres in various town centres throughout in the country. This trend of development was obvious in the bigger towns such as Kuala Lumpur and Penang. As has been mentioned earlier, it was during this period that the present shopping centres such as Ampang Shopping Complex, Yow Chuan Plaza, Bukit Bintang Plaza, Kuala Lumpur Plaza, Kota Raya Complex, Pertama Complex, Putra World Trade Centre and Daya Bumi Complex were planned and built. Together with the development of these shopping complexes were the establishments of the supermarkets.

(e) Growing number of passenger car ownerships:

In order for supermarkets to operate economically and benefit from the cost economies of large scale operation, they must have a large market catchment. This usually means the catchment area must be wide. As such the supermarket is not in most instances located within walking distance of most of its customers and some form of transport is needed to enable them to shop and carry their groceries home. In America and Europe, car ownership has proved to be a vital factor in the growth of supermarkets (Markins 1963, Appel 1972, Kaynak and Cavusgil 1982). Similarly, in Malaysia, car ownership among consumers is vital to the growth of supermarkets. Without private transport, consumers can be relatively immobile. As such they are not free to shop as much as they want to. Car ownership in Malaysia has been growing at a steady rate of about 10% per year (Table 5.06). Although the number of cars per 1000 of population (Table 5.06) does not appear to be impressive, however considering that the figure covers the entire Peninsular Malaysia, inclusive of the urban and rural population, the ratio is therefore in reality quite substantial particularly in the urban areas. Furthermore, taking an average household size of 5 persons per family, then the car ownership for 1986 is estimated to be 92 cars per 200 households or 46 cars per 100 households. In a survey made in 1985, a middle class resi-

dential area such as Petaling Jaya, 83% of the houses were found to have at least one car (Chan, 1985).

Table 5.06

Registered Private motor cars in Use:
Peninsular Malaysia

Year	No. of cars	% increase	No. of cars per 1000 of Population
1975	398014	n.a.	n.a.
1976	436939	9.8	n.a
1977	491933	12.9	47
1978	555358	12.9	52
1979	595600	7.2	54
1980	714742	20.0	65
1981	792153	10.8	68
1982	881923	11.3	73
1983	974170	10.4	79
1984	1074140	10.3	85
1985	1134062	5.6	89
1986	n.a	-	92 (est.)

Source: 1. Department of Statistics, Malaysia, 1985.
2. Ministry of Finance (1986).

CHARACTERISTICS OF MALAYSIAN SUPERMARKETS

Supermarket in Malaysia originates from the West. As such there are generally not many differences between the supermarkets in Malaysia and the supermarkets in Britain or America. A British or an American housewife will still find herself at home when shopping in a Malaysian supermarket. The standard of cleanliness, lighting and store layout are generally comparable to that of supermarkets in the Western countries. However, there are certain aspects of supermarket features that are slightly different from its

Western counterparts. These are partly of the result of geographical, cultural and environmental differences. The following paragraphs discuss some of the characteristics of supermarkets in Malaysia.

Location

The importance of location in supermarket planning is a factor that cannot be over-emphasised. For a supermarket to survive and thrive it has to be well located in an area that will attract customers. Unlike the small neighbourhood store, a supermarket must have a large catchment area that will ensure enough customer traffic to generate sales volume in order to achieve the economies of scales. As such it is not surprising to find that almost all supermarkets in Malaysia are located in the main shopping areas around the town centres. Unlike the trend in America or some other developed countries, out-of-town shopping centres have not been tried yet in Malaysia. It is doubtful whether such a trend will take place in the near future.

A survey of 55 supermarkets in Kuala Lumpur and Petaling Jaya confirmed that almost all the supermarkets were either located in or close to shopping complexes in town centres; or in new town-centres in modern residential areas fringing the city. There were at least 4 large supermarkets located along Jalan Tuanku Abdul Rahman, the main shopping street of Kuala Lumpur, 4 more in Kuala Lumpur and Bukit Bintang Plaza, another fashionable shopping area in Kuala Lumpur. In Overseas Union Garden town centre, a

Table 5.07
Major Supermarkets in Kuala Lumpur
and Petaling Jaya area.

Supermarkets	No. of Outlets
1. Jaya Supermarket	4
2. Kimisawa	3
3. Jaya-Jusco	2
4. Chujitsuya	1
5. Q-Mart	1
6. Chusinya/ Printemps	2
7. Daya	3
8. Fajar	2
9. Yaohan	2
10. Komart	2
11. Thrifty	1
12. Fairtrade	5
13. Hankyu Jaya	2
14. Emporium & Supermarket Holding	10
15. Yuyi Supermarket	13
16. Chujitsuya	1
17. Baitulmal	1
Total	55

new town centre in a modern and affluent residential area, there were three major supermarkets located close to one another. Similarly in Damansara Jaya/ Taman Tun Dr. Ismail area, another affluent middle class residential area, there were 4 large supermarkets. Such a concentration of large supermarkets around new towns-centres in affluent middle class residential areas indicates the target market for the supermarkets is the middle-class and the high income group.

Store size

The size of Malaysian supermarket varies, ranging from the minimum floor area of 2000 square feet to a superstore size of 150,000 square feet. In fact, most of the supermarkets operated by international and a few local companies qualify as superstores rather than supermarkets. For example Kimisawa in Damansara Jaya has a total sales floor area of 140,000 square feet; Jaya Jusco in Taman Tun has a total floor area of 100,000 square feet and Yaohan, which was opened recently in April, 1987 has a total sales floor area of 200,000 square feet. Almost all of them are located in multi-storey buildings. Fresh food and grocery sections are normally located on the ground floor and other sections such as household utensils, clothing and toys are located on upper floors.

General facilities:

A common feature of a British or an American supermarket is extensive and free parking facilities. One would always

assume free parking facilities when shopping in supermarkets in Britain or in America. However, in Malaysia, this may not necessary be so. Most large supermarkets provide parking facilities, but they are often not free. The fact that the supermarkets are located in popular shopping areas in town centres where the cost of land is high, makes it very expensive for them to provide free parking for their customers. A few supermarkets provide free parking for the first hour provided the customers show proof of a minimum amount of purchases. In smaller supermarkets, customers will have to search for parking spaces provided by city hall. In addition to the parking problem, customers are normally not allowed to push their shopping trolleys to their cars in the parking lots. For fear of loss, customers are required to leave their trolleys in front of the supermarket and carry their groceries themselves to their cars in parking lots which may be quite distant. This practice does not encourage customers to purchase their groceries in large quantities. To overcome this problem, in the first place, supermarkets should not be charging parking fees to their customers. A system should be devised to ensure those who are using the parking facilities are genuine customers. Secondly, in a country where cheap labour is abundant, special "trolley boys" could be employed to take charge of the trolleys.

In a hot tropical country like Malaysia, it is pleasant to shop in a cool air-conditioned place such as a

supermarket. Today, practically all supermarkets in Malaysia are air-conditioned. A survey in all 55 supermarkets found in Kuala Lumpur/ Petaling Jaya area indicated that all of them were air-conditioned. Apart from the concept of self-service and the wide range of products, air-conditioning facility is the main feature that differentiates a supermarket from a traditional grocery store. The relaxed atmosphere of a supermarket makes it a congenial shopping place for the whole family. Since most of the supermarkets are located in or around popular shopping complexes, it is not surprising that visits to supermarkets have become a popular form of family outing for the urban dwellers.

Bulk Purchasing

Although some of the physical facilities and shopping environment of the Malaysian supermarkets are similar to British and American supermarkets, some of the operational characteristics are not. With an exception of a few supermarket companies (Emporium and Supermarket Holding Group, Yuyi, Fajar and Super Group), most supermarket companies have less than 10 branches (Table 5.01). With only a few outlets to operate, bulk purchasing direct from manufacturers is not possible. Interviews made with a few supermarket managers indicated that almost all of the products were obtained from wholesalers. Supermarkets, especially the smaller chains, have not been able to exert their influences on the manufacturers to provide them

special discounts through direct bulk purchasing. As for fresh products, such as fish, fresh fruits and fresh vegetables, the supply is fragmented and unreliable. This is because such products are produced by small-time farmers on small plots of land. Except for pineapples, there are practically no large fruit and vegetable plantations in Malaysia. Local fruits are normally grown in small holdings or "dusun" in villages in the country. Local middlemen will then collect the fruits from small-holders and arrange transport to central wholesale markets or "pasar borong" in the cities. With such fragmented sources of supply, it is not possible to implement any kind of grading for fresh fruits and vegetables. So far, there is no compulsory grading required for fresh food and vegetables in Malaysia. As for the supermarkets, they have no other choice but to rely on the wholesalers in central markets. Packaging of fresh fruits and vegetables is normally done by the supermarkets themselves.

Target Markets

According to several supermarket managers, the supermarkets around Kuala Lumpur/ Petaling Jaya area, based on their appeal and market positioning, may be classified into 2 categories. The first category is the up-market supermarkets, such as Kimisawa, Jaya, Jaya Jusco and Chusinya. These supermarkets appeal more towards the upper and upper middle income group. As such they are located in the more affluent part of towns and residential areas. They

are not only more "Western" in their product lines (more imported products from the West) but also in their decor and store layout. The second category is the supermarkets which are appealing more to the middle and lower-middle income groups. Supermarkets such as Fajar, Daya, Yuyi and Emporium supermarkets belong to this group. Emporium Supermarkets and Yuyi Supermarkets, for example are located in lower-middle income Chinese residential areas such as Kepong Baru, Cheras and Ipoh Road. Their wide range of products imported from China is more appealing towards the Chinese middle and lower middle income group. On the other hand, Komart and Baitulmal Supermarket are more appealing towards the Malay middle and lower-middle income group. Meat such as pork, ham and bacon, and other types of products which are forbidden to the Muslims are not sold in these supermarkets. Komart is located in Jalan Raja Hussein, close to Kampung Baharu, a predominately Malay lower-middle income residential area. An interesting point that should be noted about Komart Supermarket at Jalan Raja Hussein is that despite its location just a few hundred yards away from Chow Kit Wet-market, it is doing a thriving business. Another supermarket which segments its market towards the Muslim community is Baitulmal Supermarket. It is located in Taman Selayang, another lower-middle income predominantly Malay residential area.

Technology

In terms of technology, supermarkets in Malaysia are still at an infant stage. A survey of 55 outlets in Kuala Lumpur revealed that no supermarket was using EPOS (Electronic Point of Sales) system or computer scanning system. Instead, conventional cash registers were used at the check-out lanes. Interviews with seven supermarket managers showed that only three supermarkets were using computers for their inventory management and salary calculations. As for the EPOS, many felt that the capital outlay in investing in such a system is too prohibitive.

SUMMARY

A supermarket is a form of innovation in the Malaysian retail scene. The first supermarket was introduced in 1964 but it was only in the late 1970's that supermarkets began to diffuse to various major towns in the country. With more international companies coming in to compete with local companies, the industry is becoming more competitive than ever before. It is yet to be seen whether the same trend of retail development that took place in developed countries will take place in Malaysia i.e. the dominating growth of large supermarket companies is accompanied by a decrease in the number of independent and traditional retailers. In Malaysia sustained economic growth in the country, an increase in income level among the people, an upsurge of growth of modern housing estates and increase in car ownerships among the urban dwellers are some of the reasons

for the growth of the supermarket industry. However, with the economic recession that began in 1985, the future of some supermarkets is still uncertain. It is a matter of survival of the fittest. Faced with declining sales and high overhead costs, some supermarkets has been forced to close down. However, with the current slow but steady economic recovery since the beginning of 1987, the future of the supermarket industry is not as bleak as one had first thought. Supermarkets are here to stay and will continue to be part of urban way of life.

CHAPTER 6

RESEARCH FINDINGS (1)

INTRODUCTION

One of the objectives of this study is to investigate the grocery shopping habits of two selected urban populations in Malaysia. It is logical at this stage, therefore, to explore and analyse available data on the socio-economic profiles of respondents in the survey. Such an analysis provides an understanding on the social, economic and environmental factors that influence the shopping behaviour of the respondents.

The survey covered two important categories of Malaysian urban area. The first category is represented by the big cities in Peninsular Malaysia such as Kuala Lumpur, Penang, Ipoh and Johore Baharu. Kuala Lumpur (population: 1 million) was chosen from this category. The second category is represented by the intermediate towns as identified in the Third and Fourth Malaysia Plan. Towns such as Alor Star, Kuantan, Kota Baharu and Kuala Trengganu make up this category. For the purpose of this study, the town of Alor Star (population: 126,000) was chosen.

DESCRIPTIONS OF SAMPLE

A first step in analysing the data was to tabulate frequency distributions of variables and examine some of the characteristics of the socio-economic and demographic

Table 6.01
Characteristics of Respondents

	<u>Frequency</u>	<u>Percent</u>
1. <u>Gender:</u>		
Male	381	87.4
Female	55	12.6
2. <u>Marital Status:</u>		
Married	407	93.6
Not Married	28	6.4
3. <u>Ethnic Group:</u>		
Malays	251	57.6
Chinese	145	33.3
Indians	37	8.5
Others	3	0.6
4. <u>Age (years):</u>		
Below 30	36	8.4
30 < 35	70	16.3
35 < 40	90	20.9
40 < 45	66	15.4
45 < 50	59	13.8
50 < 55	46	10.7
55 & above	62	14.5
Mean age: 42.5 years		
5. <u>Household size:</u>		
1 - 2 persons	23	5.3
3 - 4 persons	129	29.7
5 - 6 persons	162	37.3
7 - 8 persons	82	18.9
9 and above	38	8.8
6. <u>Age of the youngest child:</u>		
Below 6 years	182	47.2
6 < 12 years	99	25.6
12 < 18 years	58	15.2
18 years & above	47	12.0
7. <u>Age of the oldest child</u>		
Below 6 years	42	12.2
6 < 12 years	81	23.5
12 < 18 years	82	23.8
18 < 25 years	63	18.3
25 years & above	77	22.3

Note: Income is shown in Table Table 6.02
Occupation is shown in Table 6.10
Education in Table 6.12

variables of respondents. Such variables are income, ethnic group, gender of the household head, age of the household head, educational background, marital status and family size. A summary of the description of the characteristics of respondents is shown in Table 6.01.

Income

It has long been recognised by marketers that income plays a vital role in influencing consumers' shopping behaviour. Income has been an important variable for distinguishing market segments for consumer goods and services. By understanding the income pattern of consumers, marketers are able to target and segment their products and services accordingly. Similarly, the acceptance of a retail outlet such as a supermarket, is influenced by the consumers' income level. As such it is most appropriate at this juncture to analyse the income pattern of the respondents under study. The income distribution of the respondents is shown in Table 6.02. As indicated in the table, 43.2% of the respondents were earning a monthly income of less than \$1000 a month. The mean income per household was \$1616.20 while the median income was \$1250.00. This compared favourably with the urban household mean income of \$1541 for Peninsular Malaysia 1984, as indicated in the Fifth Malaysia Plan, (1986). For Kuala Lumpur area, the mean income per household was \$2069.80, whereas for Alor

Table 6. 02
Distribution of Income of the
Respondents

Monthly Income (M\$)	Frequency	Percent	Valid Percent	Cum. Percent
Less than \$500	49	11.2	11.5	11.5
\$500 under \$1000	135	31.0	31.7	43.2
\$1000 under \$1500	81	18.6	19.0	62.2
\$1500 under \$2000	35	8.0	8.2	70.4
\$2000 under \$2500	52	11.9	12.2	82.6
\$2500 under \$3000	12	2.8	2.8	85.6
\$3000 under \$3500	17	3.9	4.0	89.6
\$3500 under \$4000	10	2.3	2.3	91.8
\$4000 under \$4500	9	2.1	2.1	93.9
\$4500 under \$5000	10	2.3	2.3	96.2
\$5000 and above	16	3.7	3.8	100.0
Missing cases	10	2.3	Missing	
TOTAL	436	100.0	100.0	

Mean Income: \$1616.20
Median Income: \$1250.00

Star town the mean income was only \$1225.98. This indicates that generally the average household income of the residents in Kuala Lumpur was very much higher than that of the residents in Alor Star. However, in order to be sure that the mean income of respondents of the two areas were significantly different a t-test was employed. The result of the test suggested that at 0.05 level of significance, there was a significant difference between the means of the two populations. The t-value was 2.39 whereas the critical value of t score with 396 degrees of freedom at 0.05 level of significance was 1.645.

Table 6.03
Chi-Square Square Analysis of Income

Variables	N	X ²	d.f.	Signi- ficant at	Cells with E.F.<5	Critical Value of X ² at 0.05	Remarks
1. Resi. Area	426	252.25	21	0.0000	None	32.671	*
2. Ethnic Group	423	22.33	6	0.0011	None	12.592	*
3. Occupation	403	236.35	21	0.0000	4 (33%)	32.671	*
4. Age	424	36.43	21	0.0186	6 (19%)	32.671	*
5. Education	413	156.56	9	0.0000	4 (25%)	16.919	*
6. No. of children	388	22.45	12	0.0328	6 (30%)	21.026	*
7. Car O/ship	425	88.65	3	0.0000	None	7.815	*
8. Credit Faci.	422	1.18	3	0.7579	None	7.815	N.S.
9. Working wife	394	47.79	3	0.0000	None	7.815	*
10. Servant	423	50.85	3	0.0000	None	7.815	*
11. TV	425	4.80	3	0.1872	4 (50%)	7.815	N.S.
12. Refrig.	425	20.53	3	0.0001	2 (25%)	7.815	*
13. Ownhouse	421	11.79	3	0.0081	None	7.815	*
14. Air Cond.	424	73.71	3	0.0000	None	7.815	*
15. Sex	426	13.32	3	0.0040	None	7.815	*
16. Price Opinion on Super market	426	16.98	9	0.0491	2 (13%)	16.919	*
17. Opinion on supermarket for the high income	425	6.54	6	0.3655	2 (17%)	12.592	N.S.

Note: * : Significant at 0.05 level of significance. N.S.: Not significant.

As a means of exploring the relationship of income with other variables used in the survey, Chi-Square analysis was used. A summary of Chi-Square scores is shown in Table 6.03. As indicated, except for only two variables namely, credit facilities and the opinion that supermarkets were for the high income group, there were significant relationships between the variables and income levels. The variables which were found to have the relationships were: Residential areas; Ethnic Group; Occupation; Age; Education; Number of Children in the family; Car ownership; Working status of the wife; Employment of Servants or house-helpers; Ownership of television sets; Ownership of refrigerators; Air-conditioned house; House ownership, Sex; and opinion on the prices in supermarket.

Income Levels and Residential Areas

An analysis of mean income according to residential areas provided a better picture of the disparities of income levels among various areas under study. A summary of the mean income for the eight residential areas is as indicated in Table 6.04:

As indicated in Table 6.04, Taman Tun respondents in Kuala Lumpur area had the highest income per household, whereas Kampung Derga residents in Alor Star have the lowest household income per month. In order to determine whether the mean income levels of the respondents in the eight residential areas were significantly different or otherwise,

Table:6.04

Summary of mean household income of the surveyed residential areas

Residential Area	n	Mean income p.m. (M\$)
<u>Kuala Lumpur City:</u>		
1. Taman Tun	52	3259.62
2. Overseas Union Garden	47	2441.50
3. Datuk Keramat	52	1634.62
4. Pekeliling Flat	46	836.96
<u>Alor Star town:</u>		
1. Taman Golf	54	1694.44
2. Taman PKNK	61	1561.48
3. LCH Mergong	60	825.00
4. Kampung Derga	54	824.07
TOTAL	426	MEAN 1616.20

a statistical test was made. Since there were more than two means involved, Oneway Analysis of Variance (Oneway ANOVA) was used. Table: 6.05 provides a summary of the Oneway ANOVA:

Table:6.05
Oneway ANOVA:
Income Levels and Residential Areas

Sources	Degrees of freedom	Sum of Squares	Mean Squares	F Ratio	F Prob.
Between Groups	7	272360080.9	38908582.99	37.7339	0.00
Within Groups	418	431013158.5	1031131.96		
TOTAL	425	703373239.4			

The result of the Oneway ANOVA in Table 6.05 shows that the probability of the sample means being equal was very

remote. At 0.05 level of significance level the critical value of F is 2.01, whereas the F value computed was 37.7. Therefore the null hypothesis that $X_1 = X_2 = X_3 = X_4 = X_5 = X_6 = X_7 = X_8$ was rejected.

In trying to identify which particular residential area was different from other residential areas in terms of mean income, a multiple range test was employed. SPSSX computer package provides seven types of multiple range test starting from the most liberal test i.e. Least Significant Difference (LSD) to the most conservative and strict test - Schieffe test (SPSSX User's Guide, 1983). For this purpose, LSD which is the most liberal test, was used. The result is shown in Table 6.06. As shown in the table, Taman Tun has the highest mean income among the eight residential areas under study. The LSD multiple range test showed that at 0.05 level of significance, there is a significant difference in the mean income of Taman Tun respondents with all the mean income of respondents from other residential areas. However, there was no significant difference among the mean income of Taman Golf and Taman PKNK in Alor Star, and Datuk Keramat in Kuala Lumpur.

A cross-tabulation analysis of income levels and residential areas under the study reveals an interesting pattern. As shown in Table 6.07, for the purpose of the analysis, the income levels were broadly categorised into four classes, namely low income (less than M\$1000 per month), low middle (M\$1000 to less than M\$2000 per month); middle (M\$2000 to less than \$3000); upper middle (\$3000 to

Table: 6.06

Multiple Range Test - LSD:
Income Levels and Residential Areas

MEAN INCOME	GROUP	D	M	P	P	K	G	O	T
824.07	DERGA								
825.00	MERGONG								
836.96	PEKELILING								
1561.48	PKNK	*	*	*					
1634.62	KERAMAT	*	*	*					
1694.44	T. GOLF	*	*	*					
2441.49	OVERSEAS UNION	*	*	*	*	*	*		
3259.62	TAMAN TUN	*	*	*	*	*	*	*	*

(*) denotes pairs of groups significantly different at the 0.05 level.

under \$4000); and high income group (\$4000 and above). Such a classification of income levels was partly based by Chan (1985) in his study of the social structure of a middle-class sub-urban town of Petaling Jaya. Chan (1985) used M\$1000 as the cut-off point between the low income group and the middle income group, but used M\$2000 to under M\$4000 as a single category for the middle income group. It was felt necessary for the single category of middle income group to be broken down into lower middle, middle and upper middle income group. The range between M\$1000 to M\$4000 was thought to be quite wide for a single category and hence the need to adjust it into a finer classification. As can be seen in Table 6.07 the upper middle and the high income groups appear to be dominant in Taman Tun; while the low income group dominates Pekeliling Flat, Mergong and Kampong

Table 6.07
 Cross-tabulation of
 Income Groups and Residential Areas

INCOME LEVELS*	RESIDENTIAL AREAS									
	Taman Tun	Over seas	Peke li ling	Datuk Kera mat	Taman Golf	Taman PKNK	Mer gong	Kam. Der ga	Total	
LOW INCOME	1	8	35	19	14	13	54	40	184	
Col. %	1.9	17	76.1	36.5	25.9	21.3	90	74.1	43.2	
MIDDLE LOW	12	11	8	16	22	32	3	12	116	
COL. %	23.1	23.4	17.4	30.8	40.7	52.5	5	22.2	27.2	
MIDDLE	9	13	3	12	11	14	0	2	64	
Col. %	17.3	27.7	6.5	23.1	20.4	23	0	3.7	15.0	
UPPER MID.	11	7	0	2	4	2	1	0	27	
Col. %	21.2	14.9	0	.5	.9	.5	.2	0	6.3	
HIGH	19	8	0	3	3	0	2	0	35	
Col. %	36.5	17	0	5.8	5.6	0	3.3	0	8.2	
Column Total	52	47	46	52	54	61	60	54	426	
	100%	100%	100%	100%	100%	100%	100%	100%	100%	

*Note: Income levels:
 Low: Below \$1000 per month
 Lower middle: \$1000 to less than \$2000
 Middle: \$2000 to less than \$3000
 Upper Middle: \$3000 to less than \$4000
 High: \$4000 and above

Derga. As much as 51.1% of Taman Tun respondents fall into the high income category, whereas no one in Pekeliling Flat and Kampung Derga residential areas could be classified in the high income group. Conversely only 1.5% of Taman Tun residents were classified as having low income, and a higher percentage of Kampung Derga (20.6%) and Pekeliling Flats (19.1%) residents were categorised as low income. A Chi-Square test between the income level and the residential areas indicates that at 0.05 significant level there was a relationship between the two sets of variables. From this it may be concluded that the residential areas were to a considerable extent segmented according to the income levels.

Income Level and Ethnic Group

An analysis of income level and ethnic group of the respondents indicated that there were more Malays and Indians than Chinese falling within the low income group. This finding was consistent with earlier studies reported (Fifth Malaysia Plan 1986, Chan 1985). Table 6.08 shows that 49.4% of the Malays and 47.2% of the Indians were in the low income group compared to 31.9% of the Chinese falling into the same category of income level. Conversely, there was a greater percentage (23.2%) of the Chinese respondents classified in the upper middle and high income groups compared to other ethnic groups namely the Malays (9.6%) and the Indians (11.1%). A Chi-Square test confirmed that there was a significant relationship between the ethnic group and income levels. The Chi-Square score was 23.387

Ethnic Group and Occupation

An analysis of the occupational category of the respondents (Table 6.10), showed that under "Professional" category only 34.6% of respondents were Malays despite the fact that they constitute a higher percentage of respondents (57.6%). The greatest percentage at 57.7% for the professional occupations were held by the Chinese although their representation in the survey was only 32.8%. In this context, those occupations which were classified as professionals comprise of doctors, lawyers, architects, engineers, professors and accountants. The composition of occupational categories within each ethnic group shows that 3.8% of the Malays, 11.4% Chinese and 5.7% Indians fall under the "Professionals". While under the managerial and administrative category, the Malays form the majority. This was mainly due to the fact that most of the Malays in this category were government officers. Another contrasting feature of occupational structure is that a higher percentage (31.8%) of the Chinese respondents was involved in business and sales related jobs compared to the Malays (9.6%) and the Indians (11.4%). This occupational structure of ethnic groups conforms with earlier studies cited by Chan (1985) and The Fifth Malaysia Plan, 1986.

Education

An analysis of the data collected showed that 77.4% of the respondents have the educational background of at least up to secondary school. 27.8% of the respondents indicated that they have either college or university education. Only 12 out of 423 respondents or 2.8% revealed that they did

Table 6.10
 Cross-Tabulation of
 Ethnic Group and Occupational Categories

ETHNIC GROUP	OCCUPATIONAL CATEGORY										TOTAL
	PROFES SIONAL	MANAGE RIAL/ ADMIN	BUSI NESS/ SALES	TEA CHER/ NURSE	CLERI CAL	EQUI. OPERA TORS	MANU AL WORK	PEN SION ERS			
MALAY	9	55	23	27	52	23	33	18			240
Row %	3.8	22.9	9.6	11.3	21.7	9.6	13.8	7.5			59
Col. %	34.8	64.7	33.3	69.2	74.3	69.7	57.9	64.3			
CHINESE	15	25	42	10	9	8	16	7			132
Row %	11.4	18.9	31.8	7.6	6.8	6.1	12.1	5.3			32.4
Col. %	57.7	29.4	60.9	25.6	12.9	24.2	28.1	25.0			
INDIANS	2	5	4	2	9	2	8	3			35
Row %	5.7	14.3	11.4	5.7	25.7	5.7	22.9	8.6			8.6
Col. %	5	1.2	1	.5	2.2	.5	2	.7			
COLUMN TOTAL	26	85	69	39	70	33	57	28			407
TOTAL	6.4	20.9	17	9.6	17.2	8.1	14	6.9			100.0

not have any kind of formal education (Table 6.11). A comparison of educational attainments in the two survey areas showed that Kuala Lumpur respondents have better educational background. 35% of Kuala Lumpur respondents were college/university educated compared to only 19.7% for Alor Star. A Chi-Square test between level of education and areas of residents indicated that there was a relationship between level of education and residential areas (Table 6.12).

Table 6.11
Cross-Tabulation
of Educational Background and Area of Study

	No	Primary Educ.	Secondary Educ.	College/ Univ. Educ.	Total
KUALA LUMPUR	7	35	84	69	195
Row %	3.6	17.9	43.1	35.4	46.1
ALOR STAR	5	49	129	45	228
Row %	2.2	21.5	56.6	19.7	53.9
TOTAL	12	84	213	114	423
	2.8	19.9	50.4	27.0	100

Table 6.12 shows a detailed breakdown of educational levels by residential areas. Taman Tun area has the highest percentage (75.5%) of respondents with college/university education whereas Pekeliling Flats and Mergong residents have only 4.3% and 1.6% of respondents with such education. On the other hand the majority of respondents from these two latter residential areas, had only up to primary or secondary school education. Generally, the data confirmed

Table 6.12
Cross-tabulation of
Educational Background and Residential Areas

	Taman Tun	Over seas Gard.	Pekeli ling Flats	Datuk Keramat	Taman Golf	Taman PKNK	Mer gong	Kam-pun Derga	Total
NO EDUC.	0	2	5	0	3	0	2	0	12
Col. %	0.0	4.4	10.6	0.0	5.6	0	3.3		2.8
PRIMARY	1	6	17	11	4	5	26	14	84
Col. %	1.9	13.6	36.2	21.6	7.4	8.5	42.6	25.9	19.9
SECONDARY	12	26	23	23	26	38	32	33	213
Col. %	22.6	59.1	48.9	45.1	48.1	64.4	52.5	61.1	50.4
COLLEGE/ UNIV.	40	10	2	17	21	16	1	7	114
Col. %	75.5	22.7	4.3	33.3	38.9	27.1	1.6	13	27.0
TOTAL	53	44	47	51	54	59	61	54	423
Row %	12.5	10.4	11.1	12.1	12.8	13.9	14.4	12.8	100%

that, as would be expected, those who had a relatively better educational background resided in high income residential areas as illustrated in Table 6.06.

Income level and family size

From the the survey it was found that the average number of children per household was 3. Table 6.13 shows the breakdown of number of children according to the income levels. As can be seen, 31.7% of the respondents indicated that they have either 1 or 2 children and 41% indicated that they have either 3 or 4 children. As such it could be assumed that an average family size including the mother and father, is around 5 to 6 people. A cross tabulation between income levels and family size (Table 6.13) showed that there was a tendency for the lower income group to have more children than the middle and the upper income group. As can be seen from Table 6.13, 45 families or 26% of those earning below \$1,000 a month were with either 1 or 2 children whereas a larger percentage (23 or 42.6%) of the upper middle income group were with either only 1 or 2 children in the family. Conversely, there was a greater percentage of low income families with 5 children or more compared to the higher income families. For those who were earning less than \$1,000 a month, 37% of them have five or more children in the family; whereas only 14.8% of those who were earning above \$3,000 a month have five children or more in the family. A Chi-square test showed that there was a relationship between income level and family size. The Chi-square score was 18.275 whereas the critical value of chi-square score was 16.919 with 0.05 significance level and

9 degrees of freedom. The negative relationship between the income levels and family size i.e. the tendency for low income families to have more children compared to the high income family, is quite a common phenomenon in developing countries (Jackson 1976, McTaggart 1965, McGee 1970). As such this conclusion is in line with the findings of earlier researchers.

Table 6.13

Cross Tabulation of Income Level
and the number of children

Monthly Income	Number of Children in the Family				Total
	1 - 2	3 - 4	5 - 6	7 & more	
Below \$1000 Row %	45 26.0	64 37.0	40 23.1	24 13.9	173 (100)
\$100 < \$2000 Row %	37 35.2	44 41.9	14 13.3	10 9.5	105 (100)
\$2000 < \$3000 Row %	18 32.1	28 50.0	7 12.5	3 5.4	56 (100.4)
\$3000 < \$4000 Row %	23 42.6	23 42.6	6 11.1	2 3.7	54 (100)
TOTAL	123 31.7	159 41.0	67 17.3	39 10	388 (100)

Income level and Car ownership

Car ownership among the respondents was found to be quite high. From the survey, 71.3% or 303 of the respondents indicated that they own a car (Table 6.14). According to the Economic Report 1986/87 passenger car ownership in Peninsular Malaysia was 87 per 1000 of population for 1985 and for 1986 it was estimated to be 89 per 1000 population. Using the average family size of 5.1 per family as reported

in Fifth Malaysia Plan 1986, this means that the rate of passenger car ownership for the whole Peninsular Malaysia is 92 per 196 families or 47%. However, it should be noted that this figure included the entire population of Peninsular Malaysia including the rural areas; whereas this survey was carried out only in the urban areas where the percentage of car-ownership is normally higher. For instance, in a socio-economic survey conducted in a suburban town, Petaling Jaya, the percentage of car-ownership among the households was found to be 83% (Chan 1984).

Table 6.14 , shows a cross tabulation of levels of income and car ownership. As expected, car ownership was found to have a direct relationship with levels of income. Out of the total number of respondents who earned less than \$1000 a month, only 48.1% of them owned cars. Comparatively a larger percentage (94.4%) of those who earned \$2000 or above were found to own cars. A chi-square test between income levels and car ownership confirmed that there was an association between the two variables. The chi-square score was 88.65 whereas the critical value of chi-square with 3 degrees of freedom at 0.05 level of significance was 7.815. Therefore the hypothesis that the levels of income and car ownership were independent was rejected.

Table 6.14
Cross Tabulation of Income Level
and Car Ownership

Monthly Income	With Car	Without Car	Total
Below \$1000	88 48.1	95 51.9	183 100
\$1000 - \$2000	96 82.8	20 17.2	116 100
\$2000 - \$200	61 95.3	3 4.7	64 100
\$3000 and above	58 93.6	4 6.5	62 100
TOTAL	303 71.3	122 28.7	425 100

Income Levels and Credit Facilities

Out of a total of 432 respondents who participated in the survey, 101 of them, or 23.2% indicated that they enjoyed some form of credit facilities from retail outlets (Table 6.15). A chi-square test was carried out to determine whether instances of getting credit facilities were in any way related to the levels of income. As shown in Table 6.03 under variable No.8, the chi-square score was 1.18 whereas the critical value of chi-square with 3 degrees of freedom at 0.05 significant was 7.815. As such, the levels of income and the instances of credit facilities did not show any significant relationship. This, however, was in contrast with earlier findings made by Kaynak (1984) and Goldman (1981) where credit facilities were found to be closely associated with income levels; particularly for

those in the lower income group. The proportion with credit facilities is surprisingly low.

Table 6.15

Cross-Tabulation of
Income Levels and Credit Facilities

LEVELS OF INCOME	CREDIT FACILITIES		ROW TOTAL
	With	Without	
Below \$1000	47	134	181
Row %	26.0	74.0	42.9
Col. %	47.0	41.6	
\$1000 < \$2000	27	88	115
Row %	23.5	6.5	27.3
Col. %	27.0	27.3	
\$2000 < \$3000	13	51	64
Row %	20.3	79.7	15.2
Col. %	13.0	15.8	
\$3000 < \$4000	5	22	27
Row %	18.5	81.5	77.1
Col %	5	6.8	
\$4000 and above	8	27	35
Row %	22.9	77.1	8.3
Col %	8.0	8.4	
COLUMN TOTAL	100	322	422
	23.7%	76.3%	100%

Income levels and Working Wife

From the survey it was found that 146 out of 394 respondents or 37.1% of the respondents indicated that their wives were working full-time. A cross tabulation between the working status of the wives and the household income levels showed that there was a positive relationship between the two variables (Table 6.16). This was confirmed by a chi-square test which gave a score of 47.79; whereas the critical value

of chi-square with 3 degrees of freedom at 0.05 level of income was 7.815. However, this significant positive relationship between the working status of the wives and the family income level was to be expected.

Table 6.16
Cross-Tabulation of Levels of Income
and the Working Status of Wives

Levels of Income	Working Status of Wives		ROW TOTAL
	Working	Non Working	
Below \$1000	34	138	172
Row %	19.8	80.2	43.7
Col. %	23.3	55.6	
\$1000 < \$2000	44	62	106
Row %	41.5	58.5	26.9
Col. %	30.1	25.0	
\$2000 < \$3000	38	21	59
Row %	64.4	35.6	15
Col. %	26.0	8.5	
\$3000 < \$4000	15	12	27
Row %	55.6	44.4	6.9
Col %	10.3	4.8	
\$4000 and above	15	15	30
Row %	50.	50	7.6
Col %	10.3	6.0	
COLUMN TOTAL	146 37.1%	248 62.9%	394 100%

Income Levels and Opinions on Prices at Supermarket

Previous studies in other developing countries have shown that consumers generally perceive that prices in supermarkets are higher than traditional retail outlets (Guerin 1964, Goldman 1981, Kaynak 1984, Yavas et al 1981).

In order to confirm this with Malaysian consumers, respondents were asked to state their general opinions regarding prices in their local supermarkets. Table 6.17 shows the result of the survey:

Table 6.17

General Opinions on Prices at Supermarkets

General Opinions	Frequency	Percentage
Expensive	66	15.1
Reasonable	287	65.8
Cheap	57	13.1
Do not know	26	6.0
TOTAL	436	100.0

As shown in the table, contrary to the findings in earlier studies conducted in other developing countries, the majority of respondents in this study were of the general opinion that the prices at their local supermarkets were reasonable. In fact 13.1% of the respondents indicated that the prices in their local supermarket were considered cheap. Table 6.18 shows a cross tabulation of levels of income and general opinions on supermarket prices. It can be seen that a comparatively higher percentage (74.2%) of high income respondents were of the opinion that prices in supermarkets were reasonable as compared to those in the low income group where only 58.2% gave the opinion that prices in supermarkets were reasonable. A Chi-Square test confirmed that there was an association between the general opinions

of the respondents as regards to prices in supermarkets and their levels of income (Table 6.02 variable No. 16).

Table 6.18
Income Levels and General Opinions
on Prices at Supermarkets

Income Levels		General Opinions				TOTAL
		Expensive	Reasonable	Cheap	Don't know	
Below \$1000	26	107	37	14	184	
Row %	14.1	58.2	20.1	7	43.2	
\$1000 < \$2000	18	81	10	7	116	
Row %	15.5	69.8	8.6	6	27.2	
\$2000 < \$3000	12	45	5	2	64	
Row %	18.8	70.3	7.8	3.1	15.0	
\$3000 and above	9	46	5	2	62	
Row %	14.2	74.2	8.1	3.2	14.6	
COLUMN TOTAL	65	279	57	25	426	
	15.3%	65.5%	13.4%	5.9%	100%	

FOOD RETAIL OUTLETS

Food retail outlets in developing countries unlike their western counterparts do not evolve in the manner described by McNairs' wheel of retailing. As had been discussed in Chapter 2, McNair's Wheel of Retailing postulates that retail institutions start from a modest simple form characterised by low cost high volume operation and evolve to be high cost operators with sophisticated services. However, such evolution does not seem to take place in developing countries (Sieh 1974, Kaynak and Cavusgil 1982,

Goldman 1982, Alawi 1986). As it is now, modern retail institutions in developing countries, such as supermarkets and department stores are not replacing traditional retail outlets such as wetmarkets, bazaars and neighbourhood grocery stores, instead, they co-exist within the system. Each type of outlet is performing different roles, catering for different market segments. Contrary to the concept of the Wheel of Retailing, evolution and innovation of retail institutions in developing countries means importing retailing technology directly from the West and transplanting it in a totally new environment in the host countries. As a result, it is not surprising to find cases where, instead of becoming low cost, low margin and high volume operators as their counterparts in developed countries, they have become high cost, high margin low volume operators. Contrary to the expectations of policy makers in some developing countries, supermarkets did not bring about cheap food to the urban poor, but they are highly segmented towards upper income group. The urban poor has still to resort to crowded wetmarkets and bazaars, hawkers, pedlars and neighbourhood grocery stores. In addition, even among the upper income group, consumers in developing countries are heavily entrenched in their traditional shopping habits by dividing their purchases of household products among several retail outlets depending on the type of products. Fresh food such as fish and vegetables is normally bought from wetmarkets while other

grocery items are purchased from neighbourhood grocery stores (Kaynak 1975, Fung et al 1983, Goldman 1983).

To test the above hypothesis, respondents were asked to indicate their normal shopping outlets for 24 food items and household products (see Question No.36 of the Questionnaire in Appendix 1). These products were considered common households necessities for average Malaysian families and their selection was made after consultations with academicians and practitioners.

Retail Outlets and Household Products

Table 6.19 shows a relative frequency distribution of shopping outlets for the 24 common household products used by Malaysian families. As can be seen from the table, there is a general pattern among respondents to buy their household necessities from several different places, depending on the type of product. Fresh and perishable food was mainly purchased from wetmarkets while others were bought either from neighbourhood grocery stores or supermarkets. For instance, 77.7% of the respondents indicated that they normally purchase fish from wetmarkets and only a small proportion indicated that they normally purchase it from supermarket or from their neighbourhood grocery stores. Conversely, for other types of products such as tinned food, toiletry and detergents, the majority

of respondents indicated that they normally purchase them from supermarkets: 71.4% of respondents indicated that they normally buy detergents and toiletry from supermarkets (Table 6.19 variable No.16). It is interesting to note that contrary to earlier observations reported by Jackson (1979) where Malaysians were found to be heavy purchasers of fresh food and had natural dislike for frozen and tinned food, this survey found that only 29.6% of the respondents indicated they had never bought frozen or tinned food. A considerable percentage of respondents had indicated that they had never bought fresh milk (27.6%), soft drink (5.3%) and belacan (9.53%). A possible reason for a substantial percentage of respondents who indicated they had never bought fresh milk is that fresh milk is not widely available, except in supermarkets where refrigeration facilities are good. For "belacan" (shrimp paste), which is traditionally a popular Malay food, it is suspected that it was not consumed by some Chinese and Indian families. As for softdrink, especially for low income families it is not really considered as a necessity. They would prefer to drink traditional beverages such as coffee, tea or plain water rather than spending on soft drink.

Table 6.19
Grocery Retail Outlets: Percentage of Households
Using Particular Types of Outlets

Items	Wet Markets %		Super Markets %		Pedlars %		Local Grocery Markets %		Night Markets %		Others %		Never Buy %		Total %	Valid N
	1	2	3	4	5	6	7	8								
Fish	77.7	5.5	14.7	1.4	.2	.2	.2	.2	.2	.2	.2	.2	.2	.2	100.0	435
Poultry	75.5	15.5	4.2	1.9	.7	.7	.7	.7	.7	.7	.7	.7	.7	1.2	100.0	426
Meat	74.9	10.1	6.4	2.1	1.4	3.2	1.8	100.0	3.2	1.8	100.0	3.2	1.8	100.0	435	
Fresh Vege.	70.3	12.6	11.5	4.4	.7	.2	.2	100.0	.7	.2	100.0	.7	.2	100.0	435	
Fresh Fruits	38.8	33.4	1.9	3.5	18.1	3.5	.9	100.0	18.1	3.5	100.0	3.5	.9	100.0	431	
Cooking Oil	4.4	46.8	.9	34.7	8.8	3.9	.5	100.0	8.8	3.9	100.0	3.9	.5	100.0	432	
Fresh Milk	2.6	51.2	3.3	10.9	.5	3.5	.7	100.0	.5	3.5	100.0	3.5	.7	100.0	422	
Condensed Milk	2.8	70.0	.2	22.1	.2	.7	.5	100.0	.2	.7	100.0	.7	.5	100.0	430	
Butter, Cheese	2.5	77.6	.2	16.2	0.0	.5	.5	100.0	0.0	.5	100.0	.5	.5	100.0	433	
Eggs	23.3	32.3	4.8	33.3	3.5	1.9	.9	100.0	3.5	1.9	100.0	1.9	.9	100.0	433	
Tinned Food	2.3	74.6	.5	15.2	.2	.5	.5	100.0	.2	.5	100.0	.5	.5	100.0	433	
Frozen Food	2.1	62.5	.5	4.7	.5	.2	.2	100.0	.5	.2	100.0	.2	.2	100.0	429	
Rice	3.5	21.4	2.8	64.3	.7	6.0	1.4	100.0	.7	6.0	100.0	6.0	1.4	100.0	434	
Sugar, Tea, Cof.	2.5	41.5	1.6	52.8	.2	1.1	.2	100.0	.2	1.1	100.0	1.1	.2	100.0	434	
Flour	1.9	30.2	1.9	63.3	.5	.7	.7	100.0	.5	.7	100.0	.7	.7	100.0	433	
Toiliteries	.7	71.2	1.4	24.2	0.0	.7	.7	100.0	0.0	.7	100.0	.7	.7	100.0	436	
Detergents	1.1	71.4	1.6	24.7	0.0	.9	.2	100.0	0.0	.9	100.0	.9	.2	100.0	433	
Soft Drinks	1.8	67.7	.7	23.5	0.0	.9	5.3	100.0	0.0	.9	100.0	.9	5.3	100.0	434	
Spices	17.4	11.6	2.1	49.3	18.3	1.2	.2	100.0	18.3	1.2	100.0	1.2	.2	100.0	432	
Sauces (Soya etc)	9.1	47.5	1.9	35.4	3.5	.9	1.6	100.0	3.5	.9	100.0	.9	1.6	100.0	429	
Fresh Noodles	51.0	22.3	3.5	16.5	2.1	1.6	3.0	100.0	2.1	1.6	100.0	1.6	3.0	100.0	431	
Dry Noodles	11.3	42.7	1.4	38.8	1.6	.9	3.2	100.0	1.6	.9	100.0	.9	3.2	100.0	433	
Belacan	20.0	7.7	5.1	40.2	10.0	7.4	9.5	100.0	10.0	7.4	100.0	7.4	9.5	100.0	430	
Dried Fish	24.6	9.4	1.4	33.9	23.7	3.5	3.5	100.0	23.7	3.5	100.0	3.5	3.5	100.0	434	

Source: Field Survey 1986

Table 6.19 also provides useful information regarding the roles of each retail outlet in the distribution of food and household necessities in the two towns under study. For example, wetmarkets and pedlars were the major retail outlets for fish and fresh vegetables. Supermarkets were the main retail outlets for detergents, toiletry, tinned food and dairy products. The neighbourhood grocery stores were the main retail outlets for rice, flour, spices, sugar, tea and coffee. Nightmarkets, inspite of their popularity and recent mushrooming growth in various parts of towns, could not be identified as a major retail outlet for any of the household products. Except for a minor portion of dried fish (23.7%), spices (18.3%) and cooking oil (18.1%), they did not provide much competition to other established retail outlets.

Table 6.20 shows the proportion of household necessities bought from three major types of retail outlets, namely supermarkets, wetmarkets and neighbourhood grocery stores. Respondents were asked to indicate the proportion of household necessities bought from each retail outlets. As can be seen, only a small percentage of respondents indicated that they had bought their entire grocery needs from one single outlet. Only 5.8% of the respondents said that they normally purchase almost all their groceries from supermarkets, 4.6% said that they normally buy almost all their groceries from wetmarkets and only 2% indicated that they normally purchase almost all their groceries from their neighbourhood grocery stores.

Table 6.20
Major Retail Outlets for Groceries:
Proportion of groceries bought

Proportion of groceries	Super market		Wet markets		Neighbour. Grocery Stores	
	n	%	n	%	n	%
Very few (<10%)	93	22.5	89	22.5	202	50.8
Some (10% <35%)	122	29.5	154	39.0	104	26.1
About half (35% <65%)	121	29.2	105	26.6	55	13.8
Most (65% <90%)	54	13.0	29	7.3	29	7.3
Almost all (90% -100%)	24	5.8	18	4.6	8	2.0
TOTAL	414	100	395	100	398	100

Table 6.21 shows a cross tabulation of major categories of household necessities and the outlets from where they were normally purchased. For fresh and perishable food which includes fresh fish, poultry, vegetables and fruits, a majority of respondents (58.9%) indicated that they purchased their fresh food from wet-markets compared to 18% who purchased it from supermarkets. A large proportion of the respondents (47.2%) indicated that they obtained their supply of dry goods such as rice, spices, flour, tea and coffee from their neighbourhood

Table 6.21
A Cross-Tabulation of Category of Household
Products and Major Retail Outlets

Category of Household Products	Retail Outlets						n
	Wet markets %	Super markets %	Neighbour hood %	Pedlars %	Others %	Never buy %	
1. Fresh food	58.9	18.2	9.0	6.7	5.4	1.9	432
2. Dry goods	10.7	26.4	47.2	2.1	11.1	2.5	433
3. Toiletery/ detergents	0.9	71.3	24.5	1.5	0.8	1.0	434
4. Frozen food	2.1	62.5	4.7	0.5	0.7	29.6	433
5. Tinned food/ kechup etc.	5.6	61.1	25.3	1.2	2.6	4.2	433
6. Softdrinks	1.8	67.7	23.5	0.7	0.9	5.3	433
7. Dairy product	2.6	66.4	1.3	16.4	1.8	11.5	430

grocery stores, as against 26.4% who normally buy their drygood from supermarkets. However, for toiletry, detergents, tinned food, frozen food, softdrinks and dairy products, a good majority (71%, 62%, 61%, 77% and 78% respectively) of the respondents indicated that they purchased these items from supermarkets. In order to find out whether there was a significant relationship between household products and retail outlets, a chi-square test analysis was made. The Chi-Square score was found to be 5491.83 with 30 degrees of freedom, whereas the critical value of Chi-Square score at 0.05 level of significance was 43.773. This means that there was a significant relationship between household product and retail outlets.

Table 6.22 shows a crosstabulation of the major classification of grocery items retail outlets broken down into two survey areas - Kuala Lumpur city and Alor Star town. From the table it can be seen that each category of household product has its own niche of retail outlet. Wetmarket is the main retail outlet for fresh and perishable food, neighbourhood grocery store is the main retail outlet for dry goods and supermarket is the main retail outlet for toiletry, detergents, tinned food, frozen food and dairy products. This confirms a popular belief that Malaysians do not buy their groceries from one single retail outlet but divide their grocery purchases from several different places (Jackson 1979). A similar phenomena was also found to exist in other developing countries such as in Turkey

Table 6.22

Major Shopping Outlets for Household Necessities
Kuala Lumpur and Alor Star

Category of Household Necessities	Wet Market %	Super Market %	Pedlars %	Grocery Stores %	Night Market %	Others %	Never buy %	Total (N)
<u>Fresh Food</u>								
Kuala Lumpur	68.05	17.35	1.9	7.74	3.02	0.03	1.95	203
Alor Star	50.72	18.25	11.03	10.01	4.49	2.31	3.19	229
	17.33*	-0.94	-9.13*	-2.27*	-1.49*			432
<u>Dry Food</u>								
Kuala Lumpur	13.25	27.93	1.05	49.50	3.32	1.60	3.26	203
Alor Star	11.88	30.14	3.38	39.02	8.77	4.41	2.40	230
	1.37	-2.21	-2.33*	10.48*	-5.48*	-2.81*	0.86	433
<u>Toileteries & Detergents</u>								
Kuala Lumpur	0.74	69.21	0.10	27.34	0.00	0.74	0.74	203
Alor Star	1.09	73.09	1.96	21.88	0.00	0.66	1.31	229
	-0.35	-3.88	-1.86	5.46	0.00	0.08	-0.57	432
<u>Tinned Food</u>								
Kuala Lumpur	6.21	59.30	0.49	26.05	2.23	0.99	4.71	203
Alor Star	5.23	62.75	1.74	24.62	1.52	0.44	3.70	229
	0.98	-3.45	1.25	1.43	0.71	0.55	1.01	433
<u>Sofdrinks</u>								
Kuala Lumpur	1.48	68.97	0.00	23.65	0.00	1.48	4.43	203
Alor Star	2.16	66.67	1.30	23.38	0.00	1.48	6.06	230
	0.68	2.30	-1.30	0.27	0.00	0.00	-1.63	433
<u>Frozen Food</u>								
Kuala Lumpur	2.00	61.00	1.00	3.30	0.50	0.00	32.00	203
Alor Star	2.18	63.76	0.00	5.68	0.44	0.44	27.51	230
	-0.18	-2.76	1.00	-2.38	0.06	0.44	4.49	433
<u>Dairy Products</u>								
Kuala Lumpur	2.15	64.07	1.65	19.03	0.50	1.49	11.42	202
Alor Star	3.08	68.43	0.88	14.10	0.29	1.62	11.60	228
	-0.93	-4.36	0.77	4.93	0.21	0.13	0.18	430

Note: (*) denotes the difference is significant at 0.05

(Kaynak 1975), Thailand (Thorelli and Sentell 1982) and Hong Kong (Fung et al 1983).

In the attempt to see whether there were significant differences between the consumers in the two areas in patronising various retail outlets t-tests were carried out. Table 6.22 shows a summary of the findings. An asterisk (*) which follows the percentage difference in retail outlet patronage indicates that there was a significant difference at 0.05 level of significance. As shown in the table, there was significantly higher percentage of respondents in Kuala Lumpur (68.05%) purchasing fresh food from wetmarkets compared to the respondents in Alor Star (50.72%). However, the difference was offset by a significantly larger percentage of respondents from Alor Star patronising house to house pedlars, neighbourhood grocery stores and night markets. House to house pedlars, in particular, play a significant role in the distribution of fresh food in Alor Star. 11.0% of respondents in Alor Star indicated that they purchased their fresh food from house to house pedlars compared to only 1.9% in Kuala Lumpur.

Apart from asking the respondents to indicate the retail outlets from which they usually purchase certain household products, they were also asked to indicate a product that they felt they must buy from supermarkets. This was done in order to explore and highlight any special types

of products that respondents prefer to buy from supermarkets. Out of 419 respondents who indicated that they used to shop in supermarkets, 389 or 92.8% indicated that there were certain products which they felt they must buy from supermarkets. Table 6.23 shows a frequency distribution illustrating the range of products which they felt they must purchase from supermarkets. As can be seen from the table the majority of the respondents (52.4%) indicated that they would always buy tinned food from supermarkets. Only a small percentage of respondents indicated their preference for buying fresh food from supermarkets - fish (4.1%), chicken (2.1%), meat (0.8%) and fresh vegetables (3.6%). This is in line with the previous finding that consumers in the two areas under study prefer to buy tinned food from supermarkets and purchase their fresh food from wet markets. This could be attributed to their belief that tinned goods at the supermarkets are constantly being replenished and as such the stocks are always new. Moreover, supermarkets are known to stock wide assortments of tinned and packaged goods, especially the imported goods which are not readily available in traditional retail outlets. Similarly, fresh fish and vegetables from wetmarkets are believed to be fresher than those being sold in supermarkets. Besides, the sale of fresh fish and vegetables in supermarkets in Malaysia is still a new concept. From personal communications with supermarket managers, it was only in late 1983 that fresh

vegetables and fish were introduced in supermarkets in Kuala Lumpur and only in 1985 for Alor Star.

Table 6.23
Products that are always bought
from supermarkets

Products	n	%
1. Tinned Goods	204	52.4
2. Detergents/toiletry	36	9.3
3. Sugar/coffee/tea	28	7.2
4. Butter/Margarine	25	6.4
5. Fresh Fruits	25	6.4
6. Fish	16	4.1
7. Fresh Vegetables	14	3.6
8. Rice	13	3.3
9. Chicken	8	2.1
10. Spices	5	1.3
11. Meat	3	0.8
12. Others	12	3.1
TOTAL	389	100

When asked whether there were certain products they would never buy from supermarkets, 370 respondents (85%) indicated the range of products that they would try to avoid buying in supermarkets. Table 6.24 shows a list of products that respondents would never buy from supermarkets. As can be seen from the table, 215 respondents (58.1%) indicated that they would not buy fresh food from supermarkets. This again confirms the earlier observation that respondents preferred to buy their fresh food from wet markets. Interestingly enough, one major household item mentioned by

respondents as unlikely to be bought from supermarkets is rice (13%). One possible reason for this, as mentioned by some respondents, is that it is quite bulky and heavy to carry a 10 kg. (22.2 lbs) bag of rice from the supermarket to the parking lot. Besides, parking spaces are not readily available in some supermarkets, especially in the central business district. Some supermarkets rely on public parking facilities provided by city halls.

Table 6.24

Products that are not normally purchased from supermarkets

Products	n	%
1. Fish	156	42.2
2. Chicken	32	8.6
3. Meat	19	5.1
4. Vegetables	8	2.2
5. Tinned Food	4	1.1
6. Butter/ Margarine	2	0.5
7. Fresh Fruits	3	0.7
8. Spices	12	3.2
9. Sugar/ Coffee	4	1.9
10. Cooking Gas	66	17.8
11. Cigarettes	5	1.4
12. Rice	48	13.0
13. Detergents	1	0.3
14. Others	10	2.3
TOTAL	370	100.0

As for neighbourhood grocery stores, 370 respondents (87%) indicated household items which they felt they would always buy from such outlets. Table 6.25 shows that 32.7% of the respondents indicated that they would always purchase spices such as curry powder, chillies and onions from their neighbourhood grocery stores. 16.2% indicated that they

would always buy sugar, coffee and tea; and 15.1% said they always buy their rice from their neighbourhood grocery stores.

Table 6.25
Products that are normally bought from neighbourhood grocery stores

Products	n	%
1. Spices	121	32.7
2. Sugar, coffee, tea	60	16.2
3. Rice	57	15.4
4. Cooking Gas	38	10.3
5. Cigarettes	30	8.1
6. Tinned goods	18	4.9
7. Toileteries, Deterg.	13	3.5
8. Fish	10	2.7
9. Vegetables	5	1.4
10. Chicken	3	0.8
11. Meat	2	0.5
12. Fresh fruits	3	0.8
13. Others	10	2.7
TOTAL	370	100.0%

Out of a total number of 348 respondents who said that there were certain items that they would not buy from their local or neighbourhood grocery stores, 45.7% of the indicated that they would not buy fish from their neighbourhood grocery stores (Table 6.26). This could be attributed by the limited varieties of fish offered by the grocery stores. In addition, they are not as fresh as normally sold in wetmarkets and the prices are normally higher. 13.5% indicated that they would not buy tinned goods from neighbourhood grocery stores. The reason for this has been given earlier in this chapter.

Table 6.26

Products that are not normally purchased from
neighbourhood grocery stores

Products	n	%
1. Fish	159	45.8
2. Chicken	16	4.6
3. Meat	36	10.3
4. Vegetables	13	3.7
5. Tinned Food	47	13.5
6. Butter/ Margarine	5	1.4
7. Fresh Fruits	39	11.2
8. Spices	5	1.4
9. Sugar/ Coffee	7	2.0
10. Cooking Gas	8	2.3
11. Cigarettes	3	0.9
12. Rice	9	2.6
13. Detergents	1	0.3
TOTAL	348	100.0

CONCLUSION

From the analysis of major categories of household products and retail outlets, it can be said that for every category of household product, there is a distinct form of retail outlet associated with it. Fresh and perishable food is usually purchased from wetmarkets, tinned goods and toiletry are usually purchased from supermarkets and dry bulky goods such as rice, sugar and cooking gas are normally purchased from neighbourhood grocery stores. In addition, it was also found that there was a tendency for consumers not to buy all their household necessities from one retail outlet, even though wide assortments of household goods are being offered in supermarkets. The idea of one stop shopping among the consumers is still new. Respondents were found to divide

their purchases of grocery items among several retail outlets, ranging from supermarket, neighbourhood grocery stores, wetmarkets to nightmarkets. This supports an observation made by Kaynak in his study of food retailing in Turkey and Goldman's concept of selective phenomena as applied to Israel (Kaynak 1975, Goldman 1982).

CHAPTER 7

RESEARCH FINDINGS (2)

INTRODUCTION

In many developing countries, the supermarket is still a new phenomenon. To retailers it is still a new concept in retailing and to consumers it is a new style of shopping. The supermarket which is characterised by one-stop shopping in a large self service retail outlet as opposed to traditional corner store requires new orientation to retailers and consumers alike. Retailers are sceptical of investing large amounts of capital in a supermarket business and consumers are hesitant in accepting this new form of retailing. Malaysia is no exception to this situation. Even though the first supermarket was introduced in Kuala Lumpur in 1964, it was not until 1984 that the presence of supermarket was felt. However, the presence of supermarket can only be seen and felt in big cities and major towns of Malaysia. Rural areas are still dominated by small traditional village shops.

BASIC PATTERNS OF SUPERMARKET USE

Use of Supermarkets

One of the objectives of this research is to investigate the extent of supermarket use in Malaysia. For this purpose, respondents from eight residential areas in the city of Kuala Lumpur and Alor Star were chosen to represent the

broad spectrum of urban dwellers in Malaysia. The use of supermarkets was determined by asking respondents to state the regularity of their shopping trips to supermarkets. Out of 435 respondents, only 14 (3.3%) indicated that they had never shopped in any supermarket at all. Out of those who said that they had shopped in supermarkets, 45.3% indicated that they shopped at least once a week. Table 7.01 shows in detail the breakdown of the frequency of shopping trips to supermarkets:

Table 7.01

Frequency of shopping trips to supermarkets

Frequency	N	Valid %
Never	14	3.2
Once in 2 months	23	5.3
Once a month	100	23.0
Twice a month	101	23.2
Once a week	131	30.1
Twice a week	64	14.7
Everyday	2	0.5
Missing case	1	-
Total	436	100.0

From these results it would appear that the supermarket is a significant component in consumer choice patterns. In order to understand their motives for choosing supermarkets, respondents were also asked to state their main reasons for shopping at supermarkets. As shown in Table 7.02 out of 419 respondents who said that they had shopped in supermarkets before, 36% indicated that wide selection of merchandise as the main reason for choosing

supermarkets; 28.2% indicated convenience and comfort as the reason; and 23.6% felt cheap prices was the main attraction for them to shop in supermarkets.

Table 7.02
Reasons for shopping at Supermarkets

Reasons	No.	%
Cheap	99	23.6
High Quality Goods	16	3.8
Wider selection of goods	151	36.0
Fresh products	9	2.1
Convenience / Comfort	118	28.2
Good Service	9	2.1
Easy access	7	1.7
Other reasons	10	2.4
	419	100.0

In order to be able to analyse the pattern of supermarket use meaningfully it was necessary to categorise the supermarket users into 4 categories. They are, namely, the non-users, the light users, the moderate users and the heavy users. Table 7.02 presents only the frequency of supermarket visits and does not indicate the amount spent per shopping trip. A cross-tabulation in Table 7.03, shows a detail breakdown on the average amount spent per shopping visit to the supermarkets, but again does not categorise the supermarket users into the four categories which have been

Table 7.03
 Cross-tabulation of frequency of shopping trips to supermarket
 and amount normally spent per trip

Frequency of Shopping trips	Amount spent per shopping trip											\$100 & above	Total	
	< \$10	\$10 < \$20	\$20 < \$30	\$30 < \$40	\$40 < \$50	\$50 < \$60	\$60 < \$70	\$70 < \$80	\$80 < \$90	\$90 < \$100	> \$100			
Once in two months	0	4	6	1	1	6	0	1	0	0	0	3	22	
Row %	0	18.2	27.3	4.5	4.5	27.3	0	4.5				13.6	5.4	
Once a month	2	5	16	6	5	22	5	5	2	1	2	1	26	95
Row %	2.1	5.3	16.8	6.3	5.3	23.2	5.3	2.1	1	1.1	1.1	27.4	23.1	
Twice a month	1	6	19	14	5	26	3	3	3	0	3	0	19	99
Row %	1.0	6.1	19.2	14.1	5.1	26.3	3.0	3.0	3.0	0	3.0	0	19.2	24.1
Once a week	1	10	27	24	10	27	6	6	1	1	1	17	130	
Row %	0.8	7.7	20.8	18.5	7.7	20.8	4.6	4.6	0.8	0.8	0.8	13.1	31.6	
Twice a week	-	11	13	7	4	13	3	2	1	0	0	9	63	
Row %		17.5	20.6	11.1	6.3	20.6	4.8	3.2	1.6	0	0	14.3	15.3	
Everyday	1	1	0	0	0	0	0	0	0	0	0	0	2	
Row %	50.0	50.0											0.5	
Total	5	37	81	52	25	94	17	17	7	2	7	2	74	411
%	1.2	9.0	19.7	12.7	6.1	22.9	4.1	4.1	1.7	0.5	1.7	0.5	18.0	100.0

mentioned. For the purpose of establishing a cut-off point to differentiate between a heavy user, a moderate user and a light user a total weekly purchase of at least \$50 a week was used as a criteria. This was based on the Report of the Household Expenditure Survey in Peninsular Malaysia (1980), Sabah and Sarawak (1982), published by the Department of Statistics, Malaysia (1986). According to the report, the total monthly household expenditure for an urban household in 1980 was \$801.27 of which 26.3% or \$201.73 was spent on food, beverages and tobacco (Table 7.04). It can be assumed, therefore that a total expenditure of \$50 per week at a supermarket indicates that almost all of the food necessities were being purchased from supermarkets.

Table 7.04
Composition of Average Monthly
Household Expenditure - Peninsular Malaysia, 1980

Expenditure Group	Peninsular Malaysia %	Urban %	Rural %
Food	28.4	23.6	31
Beverage & Tobacco	3.2	2.7	3.5
Clothing & Footwear	4.7	4.3	4.9
Furniture, furnishing & household equip. & oper.	6.1	6.0	6.2
Medical care & Health exp.	1.3	1.5	1.2
Recreation, education .	7.0	7.6	6.7
Misc. goods & services	13.6	15.6	12.4
TOTAL	100.0 (\$661.40)	100.0 (\$801.27)	100.0 (\$600.72)

Source: Dept. of Statistics (1986).

In order to compare the use of supermarket in one area with another, a 'supermarket score' was computed. This was done by assigning arbitrary weights to the number of shopping trips made and multiplying them by the average amount spent per trip. The weights were assigned as follow:-

Twice a week or more	=	8 points
Once a week	=	4 points
Once in two weeks	=	2 points
Once a month	=	1 point
Once in 2 or more months	=	0.5 point
Never shop in supermarket at all	=	0.0 point

By multiplying the assigned points and the average amount spent per shopping trip at the supermarket, a "supermarket score" was then computed. A detailed classification of supermarket users and the scores is as follow:

Non-users:.....	0 point,
Light Users :.....	1 to less than 100 points,
Moderate Users:	100 points to less than 200 points,
Heavy Users:.....	200 points and above.

Table 7.05 shows the classification of respondents into 4 categories of users. As can be seen in the table, 28.4% of the respondents could be classified as heavy users, 27.5% as moderate users, 40.7% as light users and 3.3% as non-users.

However, the above method of determining the categories of supermarket users is not without its shortcomings. Such an arbitrary method of computing the score is also influenced by instances of extreme purchasing behaviour

patterns of respondents. A high score could be attributed to infrequent visits but substantial spending; or frequent trips but with small spending. Nevertheless, it is felt that the method still serves its purpose - it measures the importance, to the household, of the supermarket as a source for products.

Table 7.05

Supermarket Scores of Respondents

Scores	No.	%
Non-Users (0 score)	14	3.3
Light Users (1 under 100)	173	40.7
Moderate Users (100 under 200)	117	27.5
Heavy Users (200 and above)	121	28.5
Missing cases	11	-
Total	436	100.0

For the purpose of analysing and determining the relationships between supermarket use and other related variables such as demographic factors, Chi-square statistical test of independence was carried out. Table 7.06 provides a summary result of the Chi-square analysis. The testing hypothesis in the analysis was that supermarket use (supermarket scores) and the variables (items 1 to 23) were statistically independent. An acceptance of the hypothesis implied that there was no relationship between supermarket use and the variable under study, while a rejection of the hypothesis indicated that there was a relationship between supermarket use and the variable under consideration. As can be seen from Table 7.06 supermarket

use has significant relationships with income, ethnic groups, residential areas, occupation, education, working wife, car ownership, househelpers (servants), house

Table 7.06

Chi-Square Analysis of Supermarket Score

Variable	N	df	Chi-Square score	Signi. at	Cells with E.F. <5	Crit. Value of X ² at 0.05	Remarks
1. Income	425	6	39.621	0.0000	None	12.592	*
2. Ethnic group	422	4	16.597	0.0023	None	9.488	*
3. Resi. Area	425	14	50.487	0.0000	None	23.685	*
4. Occupation	400	14	48.573	0.0000	None	28.869	*
5. Education	413	6	32.800	0.0000	2(16%)	12.592	*
6. Age	425	14	11.488	0.6473	None	23.685	N.S
7. Sex	425	2	4.450	0.1081	None	7.815	N.S
8. Marital Stat.	424	2	1.603	0.4718	None	7.815	N.S
9. Working wife	393	2	9.138	0.0104	None	7.815	*
10. No. of persons in the house	424	10	10.411	0.4052	18(17%)	18.307	N.S
11. With children	382	2	1.262	0.5350	2(33%)	7.815	*
12. No. of child.	386	8	5.466	0.6928	4(27%)	15.507	*
13. Car ownership	423	2	47.544	0.0000	None	7.815	*
14. Refrigerators	424	2	7.237	0.0300	None	7.815	*
15. Distance from supermarket	411	4	8.474	0.0757	None	9.488	N.S
16. With servant	422	2	14.902	0.0006	None	7.815	*
17. With air cond.	409	2	15.588	0.0004	None	7.815	*
18. With TV	425	2	4.062	0.1312	3(50%)	7.815	N.S
19. Ownhouse	421	2	8.651	0.0132	None	7.815	*
20. Housetype	419	12	53.727	0.0000	5(21%)	21.026	*
21. Opinion on super.price	425	6	12.803	0.0463	None	12.592	*
22. Credit faci.	423	2	8.005	0.0183	None	7.815	*
23. Cred. outlets	93	4	0.693	0.9521	6(67%)	9.488	N.S

Note:

*: Significant at 0.05 level of significance.

N.S: Not significant at 0.05 level of significance.

In order to reduce the number of cells with Expected Frequency less than 5, it is necessary to collapse the non-users and light-users categories into one category. After having done this, however, in some cases such number of cells still remained high.

ownerships, types of houses, airconditioned houses and opinion on prices at supermarkets. On the other hand, variables such as sex of the household head, age, marital status and the number of children in the family were found to have little significant relationships with the extent of supermarket use. The following paragraphs provide detail discussions on the relationships of supermarket use and relevant variables as shown in Table 7.06.

Supermarket use and income

The influence of income on consumer behaviour is well established from other surveys. Past researchers have shown that people with different income levels behave differently in terms of their shopping patterns and consumption habits (Martineau 1958, Rich and Jain 1968, Myers et al 1971, Engel and Blackwell 1982,). Such influence may be easily seen in the purchase of high involvement products such as a car or a colour television set. For low involvement products such as grocery items, income does not seem to have much influence whether such items are bought from a supermarket or a cornershop grocery store. Although, this may be the case for developed countries, it is not always so in some developing countries where supermarketing is new and still in the process of establishing its roots in the new environment. As pointed out by Kaynak (1984) and Goldman (1982) supermarkets in developing countries are highly segmented towards the high income group.

Table 7.07 shows a cross tabulation between supermarket use and income based on the data collected from the survey. The supermarket use, as has been mentioned earlier, was derived from the computed 'supermarket score'. From cross-tabulation in Table 7.07, it can be seen that the percentage of heavy users increases as income becomes higher. In the low-income category, the percentage of heavy users was 17.5%, in the lower-middle income category heavy users constitute 28.9%, the middle income group at 37.7% and the high income group at 52.5%. Conversely, the percentage

Table 7.07

Cross-Tabulation of Supermarket use
and Levels of Income

Supermarket Users	Levels of Income*				TOTAL
	Low	Lower Middle	Middle	Upper Middle & High	
Nonusers	12	2	0	0	14
Row %	85.7	14.3	0.00	0.00	3.3
Col %	6.3	1.8	0.00	0.00	
Light Users	96	44	19	14	173
Row %	55.5	25.4	11.0	8.1	40.7
Col %	50.8	38.6	31.1	23.0	
Moderate Users	48	35	19	15	117
Row %	41.0	29.9	16.2	12.8	27.5
Col %	25.4	30.7	31.1	24.6	
Heavy Users	33	33	23	32	121
Row %	27.3	27.3	19.0	26.4	28.5
Col %	17.5	28.9	37.7	52.5	
COLUMN TOTAL	189	115	61	61	425
	44.5	26.8	14.4	14.4	100

*Note: Levels of Income: Low: Less than \$1000 per month
Lower Middle: \$1000 to less than \$2000.
Middle : \$2000 to less than \$3000
Upper Middle: \$3000 and above

of light users of supermarket was higher among the low income category and decreased as income becomes higher. A chi-square test between supermarket score and income categories showed that there was a relationship between the two variables. At 6 degrees of freedom the chi-square was 39.621 whereas the critical value at 0.05 level of significance was 12.592. Therefore the hypothesis that the supermarket use and income level were independent was rejected. As such, at 95% confidence level the relationship was significant and the probability of getting cases where there is no relationship was very remote.

Table 7.08

Chi-Square Analysis:
Categories of Supermarket Users and Levels of Income

Supermarket Users	Levels of Income				TOTAL
	Low	Lower Middle	Middle	Upper Middle & High	
Nonusers & Light users	(1) 108	46	19	14	187
	(2) 83.2	50.2	26.8	26.8	44.0%
	(3) 24.8	-4.2	-7.8	-13.1	
Moderate Users	(1) 48	35	19	15	117
	(2) 52.0	31.4	16.8	16.8	27.2%
	(3) -4.0	3.6	2.2	-1.8	
Heavy Users	(1) 33	33	23	32	121
	(2) 53.8	32.5	17.4	17.4	28.5%
	(3) -20.8	0.5	5.6	14.6	
COLUMN TOTAL	189	114	61	61	425
	44.5%	26.8%	14.4%	14.4%	100%

(1) Observed value (2) Expected value (3) Residual value

Chi-Square: 39.6207 df: 6 Cells with E.V. < 5: None
Critical value at 0.05: 12.592

Table 7.09(a) shows the mean supermarket score for four income levels. As can be seen from the table that the lower income group has the lowest supermarket score, whereas the high income group has the highest supermarket score. However, in order to determine whether the differences between the mean scores were significant, a statistical test has to be used. Since there were more than two sample means involved, Oneway Analysis of Variance or ANOVA was used (Levin 1981). Table 7.09 (a) shows the detail result of the test. As indicated, the Oneway analysis of variance (ANOVA) showed that there were significant differences in the means of the supermarket score among the different income groups. The F ratio was 9.708 whereas the critical value of F-ratio was 2.60. The probability of getting cases where the main scores were equal was very remote. However in order to identify which income group were significantly different a multiple-range test was used. As shown in Table 7.09 (b) the high income group was significantly different from other groups in terms of supermarket scores.

Table 7.09 (a)
Oneway ANOVA
Income Levels and Supermarket use

Group	n	Mean	Std. Dev.	Std. error	95% Conf. Interval
Low income	189	115.85	85.32	13.481	89.25 - 142.43
Middle (low)	114	162.86	167.07	15.648	131.86 - 193.86
Middle	61	179.05	154.46	19.777	139.48 - 218.60
High	61	265.59	272.08	34.837	195.91 - 335.27
Total	425	159.02	197.60	9.59	140.18 - 177.86

Table 7.09(a) Contd.

	df	Sum of squares	Mean squares	F Ratio	F Prob.
Between groups	3	1071230.7	357076.9	9.708	0.000
Within groups	421	15484658.3	36780.7		
Total	424	16555889.0			

Table 7.09 (b)

Multiple Range Test (LSD)
Income Levels and use of Supermarket Use

		L	L	M	U
		o	o	i	p
		w	w	d	p
			e	d	e
		I	r	l	r
		n		e	
		c	M		M
		o	i		i
		m	d		d
		e	d		d
			l		l
			e		e
<u>Mean Score</u>					
115.85	Low income				
162.86	Lower Middle	*			
179.05	Middle	*			
265.59	Upper Middle & High	*	*	*	

Note: (*) denotes pairs of groups significantly different at 0.05

The mean or average supermarket score for the whole survey was 164.44 while the median score was 100. However for the city of Kuala Lumpur the mean supermarket score was 189.59 whereas for the town of Alor Star the mean supermarket score was slightly lower at 142.81. Since there were only two sample means involved, a t-test was deemed appropriate (Levin 1981). Table 7.10 shows the result of the t-test which indicated that there was a significant difference between the means of the supermarket scores of

Kuala Lumpur and Alor Star. The t-score was 2.39 whereas the critical value of t-score at 0.05 level of significance was 1.96. The implication of this test was that it indicated that the supermarket use patterns of the respondents in Kuala Lumpur and Alor Star were significantly different. This conclusion was in line with the income pattern of the two cities which was discussed earlier.

Table 7.10

T-Test of Supermarket Score between
Kuala Lumpur and Alor Star

Superscore	No.of Cases	Mean	Std. Dev.	Std. Error	t - value	df	2 Tail Prob
Kuala Lumpur	190	189.6	200.1	14.5	2.39*	409	0.017
Alor Star	221	142.9	195.4	13.1			

* The critical value of t-value at 0.05 level of significance is 1.96

Supermarket use and residential areas

Income level is closely related to residential area status. It is typical of most societies that people of similar income group cluster themselves in similar residential areas. Therefore it is quite natural to assume that there is a close relationship between supermarket use and residential area status. An examination of a cross-tabulation between supermarket use and the residential areas revealed that there seemed to be a concentration of supermarket shoppers in high income areas (Table 7.11). For example high income residential areas such as Taman Tun,

Overseas Union Garden and Taman Golf showed a higher percentage of respondents who were classified as heavy supermarket users. - Taman Tun 48.1%, Overseas Union Garden 46.8% and Taman Golf 36.4%.

Conversely, the low income residential areas portrayed a higher percentage of non-users/light supermarket users; for example Kampong Derga and Low Cost Housing Mergong both in Alor Star, and Pekeliling Flats in Kuala Lumpur has 60.8%, 65.6% and 56.2% of light supermarket users respectively. A Chi square test confirmed that supermarket use and residential areas were not independent. The Chi-square, as indicated in Table 7.12 is 50.481 whereas the critical value of Chi-Square at 0.05 level of significance with 14 degrees of freedom is 23.685. Therefore the hypothesis that the two variables, namely, the supermarket scores and the residential areas, were independent was rejected.

In order to establish whether there were significant differences among the means of the population of the eight residential areas under study, a one-way analysis of variance (one way ANOVA) was used. Table 7.13 shows the result of the analysis which was run through SPSSX computer package. As indicated the F-Ratio was 4.564 whereas the critical value for the F ratio at 0.05 level of significance with between groups degree of freedom of 7 and within Groups degree of freedom of 417 was 2.01. Therefore, the hypothesis that the sample means of the eight residential areas were equal was rejected. As indicated in the table,

Table 7.12
 Chi-Square Analysis of
 Category of supermarket Users and Residential Areas

Category of Supermarket users	RESIDENTIAL AREAS										Total
	Taman Tun	Over seas	Peke li ling	Datuk Kera mat	Taman Golf	Taman PKNK	Mer gong	Kam. Der ga			
Nonusers & Light Users											
(1)	10	15	27	21	19	24	40	31			187
(2)	22.9	20.7	21.1	22.9	24.2	26.0	26.8	22.4			44.0%
(3)	-12.9	-5.7	5.9	-1.9	-5.2	-2.0	13.2	8.6			
Moderate Users											
(1)	17	10	12	16	16	22	11	13			117
(2)	14.3	12.9	13.2	14.3	15.1	16.2	16.8	14.0			27.5%
(3)	2.7	-2.9	-1.2	1.7	0.9	5.8	-5.8	-1.0			
Heavy Users											
(1)	25	22	9	15	20	13	10	7			121
(2)	14.8	13.4	13.7	14.8	15.7	16.8	17.4	14.5			28.5%
(3)	10.2	8.6	-4.7	0.2	4.3	-3.8	-7.4	-7.5			
COLUMN TOTAL	52	47	48	52	55	59	61	51			425
	12.2%	11.1%	11.3%	12.2%	12.9%	13.9%	14.4%	12.0%			100%
(1) Observed value	(2) Expected value (3) Residual value										

Chi-Square: 50.481 df: 14 Cells with E.V. < 5: None
 Critical value at 0.05: 23.685

Table 7.13
Oneway ANOVA of Supermarket use
and Residential Areas

Source	d.f.	Sum of Squares	Mean Squares	F - Ratio	F - Prob.
Between Groups	7	1178022.59	168288.94	4.5635	0.0001
Within Groups	417	15377866.45	36877.38		
TOTAL	424	16555889.45			

Table 7.14

Multiple Range Test (LSD)
Supermarket use and Residential Areas

M	P	D	T	D	T	T	O
E	E	E	A	A	A	A	V
R	K	R	M	T	M	M	E
G	E	G	A	U	A	A	R
O	L	A	N	K	N	N	S
N							E
G	F		P	K	G	T	A
	L		K	E	O	U	
	A		N	R	L	N	U
	T		K	A	F		N

Mean Score Group

91.4672	MERGONG				
105.8750	PEKELILING FLATS				
127.0000	DERGA				
134.9576	TAMAN PKNK				
154.3269	DATUK KERAMAT				
209.8636	TAMAN GOLF	*	*	*	*
219.9327	TAMAN TUN	*	*	*	*
244.2447	OVERSEAS	*	*	*	*

Note: (*) denotes pairs of groups significantly different at the 0.05 level.

the probability of getting cases with equal sample means at 0.05 significant level was 0.0001, which was very remote.

However, since the Oneway ANOVA has proved that there were significant differences in the mean scores of the residential areas, it was necessary to pin-point and identify such areas. For this purpose, a multiple-range test was used. This was again calculated using the SPSSX computer package. The asterisks in Table 7.14 show the residential areas in the row which were significantly different from the corresponding residential area in the column of the table. For example, the mean scores for Overseas Union Garden was significantly different from that of Low Cost Houses Mergong, Taman Pekeliling, Kampung Derga and Taman PKNK; and the mean scores for Taman Tun and Taman Golf were significantly different from LCH Mergung, Taman Pekeliling, Kampung Derga and Taman PKNK. From this test, it may be concluded that the three high income residential areas namely Taman Tun, Overseas Union Garden and Taman Golf exhibited different groups of supermarket users compared to other residential areas.

Supermarket Use and Ethnic Group

A close scrutiny of the cross-tabulation shown in Table 7.15 shows that the Chinese ethnic group exhibited a higher percentage of heavy supermarket users. Their proportion under the category of heavy users was 40.3% compared to 27% for the Indians and 22% for the Malays. On the other hand, the Malay ethnic group has the highest proportion of light supermarket users (47.2%) compared to the Chinese and the Indians.

Table 7.15

Cross-Tabulation of Supermarket Users
and Ethnic Groups

Category of Users	Ethnic group			
	Malay	Chinese	Indians	TOTAL
Non-Users	8	3	3	14
Row %	57.1	21.4	21.4	3.3
Col. %	3.3	2.2	8.1	
Light Users	116	43	14	173
Row %	67.1	24.9	8.1	41.1
Col %	47.2	30.9	37.8	
Moderate Users	68	37	10	115
Row %	59.1	32.2	8.7	27.3
Col. %	27.6	26.6	27.0	
Heavy Users	54	56	10	120
Row %	45.0	46.7	8.3	28.4
Col. %	22.0	40.3	27.0	
COLUMN	246	136	37	422
TOTAL	58.3	32.9	8.8	100.0

A Chi-Square test confirmed that the two variables, namely, the supermarket scores and the ethnic group were not independent. As shown in Table 7.16 the observed value for the Malays in the non-users/ light users category exceeded the expected value by 15, whereas the heavy users category for the same group fell short of the expected value by 16. But for the Chinese, the observed value in the non-users/ light users category was less than the expected value by 15.6 while for the heavy users category the observed value exceed the expected value by 16.5. The Chi-Square score with 4 degrees of freedom was 16.597, whereas the critical

value for the Chi-Square at 0.05 level of significance was 9.488. Therefore the hypothesis that supermarket use and ethnic group were independent was rejected.

Table 7.16

Chi-Square Analysis of Category of Supermarket Users and Ethnic Groups

Category of Users	Ethnic Group			
	Malay	Chinese	Indians	TOTAL
Nonusers & Light Users				
(1)	124	46	17	187
(2)	109.0	61.6	16.4	44.3%
(3)	15.0	-15.6	0.6	
Moderate Users				
(1)	68	37	10	115
(2)	67.0	37.9	10.1	27.3%
(3)	1.0	-0.9	-0.1	
Heavy Users				
(1)	54	56	10	120
(2)	70.0	39.5	10.5	28.4%
(3)	-16.0	16.5	-0.5	
COLUMN TOTAL	246	140	37	422
	58.3%	32.9%	8.8%	100.0%

(1) Observed value (2) Expected value (3) Residual value

Chi-Square: 16.597 df: 4 Cells with E.V. < 5: None
Critical value at 0.05: 9.488

The mean supermarket scores according to ethnic group as shown in Table 7.17 indicates that the Chinese, comparatively, have the higher scores than the Malays and the Indians. A Oneway ANOVA test was carried out to establish whether the differences among the three mean scores were statistically significant. As indicated in the

result shown in Table 7.17, at 0.05 level of significance, the difference was significant. The F - ratio was 11.523 whereas the critical value of the F-ratio at 0.05 level of significant level was 3.00. The probability of getting the same means among the three variables was very remote. Therefore the hypothesis that the three ethnic groups have the same rate of supermarket use was rejected.

Table 7.17 (a)
 Oneway Analysis of Variance
 of Supermarket Scores and Ethnic Group

Group	n	Mean	Std. Dev.	Std. Error	95% Conf. Interval
Malay	246	125.17	134.3	8.56	108.29 - 142.04
Chinese	139	223.02	275.5	23.37	176.82 - 269.22
Indians	37	158.92	198.1	24.02	93.80 - 191.21
Total	422	158.92	198.1	9.64	139.96 - 177.87

Source	d.f	Sum of squares	Mean squares	F-ratio	F-prob.
Between groups	2	861423.7	430711.8	11.5230	0.0000
Within groups	419	15661579.9	37378.5		
Total	422	16523003.6			

Table 7.17 (b)

Multiple Range Test: LSD

Mean	Group	M A L A Y	I N D I A N	C H I N E S E
125.1687	MALAY			
142.5000	INDIAN			
223.0252	CHINESE	*	*	

(*) denotes pairs of groups significantly at 0.05 level

In order to determine which ethnic group was different from the others in terms of supermarket use, a multiple range test was employed. As shown in Table 7.17(b), the Chinese respondents exhibited a different pattern of supermarket use from the Malays and the Indians. This was closely in line with income level as has been discussed earlier where the Chinese have significantly higher income than other races.

Supermarket Use and Occupation

As has been hypothesised, the professional occupation group has the highest mean supermarket scores compared to other occupational groups. Table 7.18 shows a cross tabulation of category of supermarket users and residential areas.

Table 7.18
 Cross-Tabulation of Supermarket Users
 and Occupation

Category of Supermarket	Types of Occupation								Total
	Professional	Managerial/Admin	Business	Teachers/Nurses	Clerical/Services	Equipment operators	Manual workers	Others	
NONUSERS	0	0	2	0	5	2	3	1	13
Row %	0.0	0.0	15.4	0.0	38.5	15.4	23.1	7.7	3.3
Col.%	0.0	0.0	3.4	0.0	7.2	3.0	5.3	3.7	
LIGHT USERS	4	27	26	18	34	9	31	13	162
Row %	2.5	16.7	16.0	11.1	21.0	5.6	19.1	8.0	40.5
Col.%	14.8	32.5	39.4	47.4	49.3	27.3	54.4	48.1	
MODERATE USERS	6	24	14	14	18	16	13	8	113
Row %	5.3	21.2	12.4	12.4	15.9	14.2	11.5	13.3	28.3
Col %	22.2	28.9	21.2	36.8	26.1	48.5	22.8	29.6	
HEAVY USERS	17	32	24	6	12	6	10	5	112
Row %	15.2	28.6	21.4	5.4	10.7	5.4	8.9	4.5	28.0
Col %	63	36.4	36.4	15.8	17.4	18.2	17.5	18.6	
TOTAL	27	83	66	38	69	33	57	27	400
Row %	6.8	20.8	16.5	9.5	17.3	8.3	14.3	6.8	100.0

A Oneway ANOVA was also carried out to find out whether there were significant differences in supermarket use among the eight occupational groups. Table 7.19 indicates that the differences in the mean supermarket scores among the eight occupational groups were significant. The F-ratio was 3.479 whereas the critical F-value at 0.05 significant level was 2.01. The F probability shows that the probability of getting equal mean scores for the eight occupational was very small, i.e. 0.0012. It was also interesting to note that the manual workers group has higher supermarket scores compared to teachers and clerical workers (Table 7.19(b)). However, as illustrated by the multiple range test, the difference was insignificant and was mainly due to chance. The multiple range test also showed that the professional group was significantly different from other occupational groups in terms of their pattern of supermarket use. In addition, those in the managerial and administrative group were also significantly different in terms of their supermarket use from other occupational groups of lower categories.

Table 7.19 (a)

Oneway Anova of Supermarket use and Occupational Category					
Source	d.f.	Sum of Squares	Mean Squares	F- Ratio	F- Prob.
Between Groups	7	870504.3	124357.7	3.479	0.0012
Within Groups	392	14012047.2	35745.0		
TOTAL	399	14882551.5			

Table 7.19 (b)

Multiple Range Test (LSD)

	C	E	T	M	O	B	M	P
	l	q	e	a	t	u	a	r
	e	u	a	n	h	s	n	o
	r	i	c	u	e	i	a	f
	i	p	h	a	r	n	g	e
	c	e	l	s	e	e	s	s
	a	O	r		s		A	i
	l	p		W			d	o
				o			m	n
				r				
Mean score								
99.9130								
109.8485								
112.7632								
140.6930								
148.8333								
180.0833								
195.0241								
267.0370								

Note: (*) denotes the pair is significant at 0.05

Supermarket use and level of Education

In the process of adoption of new products or new ideas, it has been widely acknowledged that people with a higher level of education are more susceptible to and will more readily adopt such new products or new ideas (Rogers 1962, Rogers and Stanfield 1966, Rogers and Shoemaker 1971). In the case of developing countries such as Malaysia, the introduction of supermarkets may be considered as an introduction of a new product. It is a new phenomenon among the urban consumers and to a certain extent it may be considered as a symbol of modernity.

From the data collected in the survey, it was interesting to note the relationship between supermarket use and

level of education. Table 7.20 shows a cross-tabulation between supermarket use and level of education. As indicated in the table, of those who were with college or university education, 45% of them were classified as heavy supermarket user.

Table 7.22
Cross-Tabulation of Supermarket use and
Level of Education

Supermarket use	Level of Education									
	Primary School Educ.		Second. School Educ.		Coll./ Univ. Educ		No formal Educ.		Total	
	n	%	n	%	n	%	n	%	n	%
Non-Users	4	4.9	7	3.4			2	16.7	13	3.1
Light-Users	41	50.0	96	27.9	31	27.9	2	16.7	170	41.2
Moderate Users	18	22.0	62	29.8	30	27.0	1	8.3	111	26.9
Heavy Users	19	23.2	43	20.7	50	45.0	7	58.3	119	28.8
TOTAL	82	100	208	100	111	100	12	100	413	100

A Chi-square test showed that there was a significant relationship between supermarket use and the level of education of the respondents (Table 7.21). The Chi-square was 32.08 while the critical value of Chi-square with 6 degrees of freedom at 0.05 level of significance was 12.592. This finding supported the notion that the adoption of a new product is closely associated with people with a higher

level of education compared to those with a lower level of education (Everett and Stanfield, 1966).

Table 7.21

Chi-Square Analysis
of Category of Supermarket Users and
Levels of Education

Category of Users	Level of Education				TOTAL
	Primary school	Secondary school	College/University	No Educ.	

Nonusers & Light Users	(1) 45	103	31	4	183
	(2) 33.3	92.2	49.2	5.3	44.3%
	(3) 8.7	10.8	-18.2	-1.3	

Moderate Users	(1) 18	62	30	1	111
	(2) 22.0	55.9	29.8	3.2	26.9%
	(3) -4.0	6.1	0.2	-2.2	

Heavy Users	(1) 19	43	50	7	119
	(2) 23.9	59.9	32.0	3.5	28.8%
	(3) -4.6	-16.9	18.0	3.5	

COLUMN TOTAL	82	208	111	12	413
	19.9%	50.4%	26.9%	2.9%	100%
=====					

(1) Observed value (2) Expected value (3) Residual value

Chi-Square: 32.80 df: 6 Cells with E.V. < 5: 2 (16.7%)
Critical value at 0.05: 12.592

Supermarket use and working wives

As pointed out by earlier researchers, one of the reasons for the rapid growth of supermarkets in the industrialised countries was the growing number of married women participating in the labour force (Zimmerman 1955, Cundiff

1965, Appel 1972, Peak and Peak 1977). This new generation of working women require new patterns of shop provision and exhibit consumption behaviour different from the traditional non-working wives. The pressure of work and lack of free-time increase the demand for one-stop weekly shopping for food necessities. The introduction of supermarkets fulfills this need. Table 7.22 shows a cross-tabulation of supermarket use and working wives.

Table 7.22

Cross-Tabulation of Supermarket use and Working Status of Wives

Supermarket use	Working Status of Wives				TOTAL	
	Working Wives		Non Working wives		n	%
	n	%	n	%		
Non-Users	2	1.4	9	3.7	11	2.8
Light-Users	47	31.8	110	44.9	157	39.9
Moderate Users	48	32.4	64	26.1	112	28.5
Heavy Users	51	34.4	62	25.3	113	28.8
TOTAL	148	100.0	245	100.0	393	100.0

As shown in the Table 7.22, 148 or 37.7% of the respondents indicated that their wives were working. Out of the 148 working wives, 34.4% were heavy supermarket users, 32.4% were moderate supermarket users and 31.8% were light supermarket users. In contrast to respondents with non-working wives, 26.1% were heavy supermarket users and

44.9% were light supermarket users. Out of the total number of 168 housewives who were either light users or non-users of supermarket, 119 or 70.8% of them had non-working wives.

A chi-square test showed that there was a significant relationship between supermarket use and working wives. The chi-square was 7.869 whereas the critical value of chi-square with 2 degrees of freedom at 0.05 level of significance was 7.815. Therefore the hypothesis that the respondents with working wives were more inclined to patronize the supermarkets was true. This is in agreement with the finding made by Reilly (1982) where he concluded that there was a relationship between the wife's working status and the family shopping and consumption behaviour i.e. in terms of the consumption of convenience goods. However, the finding that there was a relationship between supermarket use and working wives was contrary to another finding made by Yavas et al (1981) in their study of supermarket patronage in Turkey. According to Yavas et al (1981) supermarkets were found to be as equally attractive to working as well as non-working wives.

Supermarket Use and Car Ownership

It has also been widely acknowledged that the growth and expansion of the supermarket industry to its present state in the western countries was greatly influenced by the growth of the car industry (Zimmerman 1955, Markin 1963, Appel 1972, Peak and Peak 1977). As mentioned earlier, car ownership has made it possible for consumers to buy their

food necessities in large quantities. Furthermore, the use of cars has also made it possible for consumers to travel a longer distance instead of depending on corner grocery stores. This long consumer outreach has provided larger catchment areas for supermarket operators and therefore made it possible for them to expand their floor areas in order to offer consumers wider assortment of goods; and this consequently has made supermarkets more attractive to shoppers.

Table 7.23
Cross-Tabulation of Supermarket use
and Car Ownership

Supermarket Users	Car Ownership		Total
	With	Without	
Nonusers	2	12	14
Row %	14.3	85.7	3.3
Col %	.7	9.9	
Light Users	101	71	172
Row %	58.7	41.3	40.7
Col. %	33.4	58.7	
Moderate Users	89	27	117
Row %	76.7	23.3	27.4
Col. %	21.0	6.4	
Heavy Users	110	11	121
Row %	90.9	9.1	28.6
COLUMN	302	121	423
TOTAL	71.4	28.6	100.0

In the survey, it has been found that 302 or 71.4% of the repondents indicated that they own at least one car. As shown in Table 7.23, 90.0% of heavy supermarket users indicated that they have cars. In addition, 110 (36.5%) of

those respondents who owned cars were heavy supermarket users. The majority of those who did not own cars were either non-users or light users of supermarkets.

Table 7.24
Chi-Square Analysis of
Category of Supermarket Users and Car Ownership

Category of Users	Car Ownership		
	With Car	Without Car	TOTAL
Nonusers & Light Users			
(1)	103	83	186
(2)	132.8	53.2	44.0%
(3)	-29.8	-29.8	
Moderate Users			
(1)	89	27	116
(2)	82.8	33.2	27.4
(3)	6.2	-6.2	
Heavy Users			
(1)	110	11	121
(2)	86.4	34.6	28.6%
(3)	23.6	-23.8	
COLUMN TOTAL	302	121	423
	71.4%	28.6%	100.0%

(1) Observed value (2) Expected value (3) Residual value
Chi-Square: 47.544 df: 2 Cells with E.V. < 5: None
Critical value at 0.05: 7.815

A Chi-square test showed that there was a relationship between car ownership and supermarket use (Table 7.24). The chi-square with 2 degrees of freedom was 47.544 whereas the critical value of Chi-Square at 0.05 level of significance was only 7.815. This means the hypothesis that supermarket use and car ownership were independent was rejected and the

alternative hypothesis was accepted. However, the finding that there was a positive relationship between supermarket use and car ownership was contrary to earlier research that has been carried in Turkey (Yavas et al 1981). Contrary to what one might expect, car ownership in Turkey did not appear to have any relationship with supermarket patronage:

"in most car-owning Turkish families the male head of the household does the driving; few females have driving licences. This, coupled with the unavailability of parking at supermarkets, may explain the lack of relationship between car ownership and supermarket patronage." (Yavas et al 1981, p.176).

However, the difference between the finding in this study and the one made by Yavas et al (1981) with regard to car ownership and supermarket patronage may be attributed to cultural differences in the roles of women in these two countries. In contrast to what has been explained by Yavas et al (1981), it is quite a common practice in Malaysia to find family cars being driven by both husbands as well as the wives. This is confirmed by this survey where 66.3% of the respondents indicated that their means of transport to the supermarket was by their own car and 41% of the respondents indicated that it was their wives who did the actual shopping at the supermarket (Table 7.25).

Table 7.25

Supermarket Shoppers and mode of Transport
to Supermarkets

Who does the actual shopping at the supermarket?

Shopper	Frequency	Percent	Cum. Percent
Husband	89	21.1	21.1
Wife	179	42.4	63.5
Husband & wife	130	30.8	94.3
Servant	1	0.2	94.5
Children	18	4.3	98.8
Others	5	1.2	100.0
TOTAL	422	100.0	

* Nonusers: 14

Table 7.25 (Contd.)

How do you go to the supermarkets?

Mode of Transport	Frequency	Percent	Cum. Percent
Own car	279	66.3	66.3
Taxi	16	3.8	70.1
Bus	50	11.8	81.9
Walking	24	5.7	87.6
Lift from friends	5	1.2	88.8
Motorcycle	42	10.0	98.8
Trishaw	5	1.2	100.0
TOTAL	421	100.0	

* Nonusers = 14 Missing case = 1 Total N = 436

Opinion on Supermarkets

Opinion plays an important role in influencing consumer decision making, particularly in terms of product choice. Similarly the choice of retail outlets whether to shop in a supermarket or a wetmarket, and which particular supermarket or wetmarket to use is also influenced by the opinion of shoppers. In this context, opinion may be defined as:

"... a verbal or written "answer" that a person gives in response to stimulus situations in which some "questions" is raised. It is used to describe interpretations, and evaluations - such as beliefs about the intentions of other people, anticipations concerning future events, and appraisals of rewarding or punishing consequences of alternative courses of action." (Reynolds and Darden, 1974, p.87.)

Respondents' general opinions on prices in local supermarkets were sought. This is to gauge if prices have any influence on the use of supermarkets. Table 7.26 shows a summary of the result:

Table 7.26
General Opinions Regarding Prices
at Local Supermarkets

Opinions	No.	%
Expensive	66	15.1
Reasonable	287	65.8
Cheap	57	13.1
Do not know	26	6.0
TOTAL	436	100.0

As can be seen from the table, a majority (65.8%) of respondents, were of the opinion that the prices at their local supermarkets were reasonable; 13.1% were of the opinion that prices were cheap; and only 15% thought them to be expensive. In order to find whether there is a significant relationship between opinions on supermarkets prices and the extent of supermarket use, a Chi-Square test was carried out. The "Supermarket Score" variable as discussed earlier in the chapter was used to represent the extent of supermarket use. The Chi-Square score was found

to be 12.8 with 9 degrees of freedom, whereas the critical value of Chi-Square at 0.05 level of significance was 12.59. This means that the two variables, opinions on supermarket prices and the extent of supermarket use are significantly associated. Table 7.27 shows a cross-tabulation of opinions on supermarket prices and category of supermarket users.

Table 7.27

Cross-tabulation between Categories of Supermarket Users and Opinions on Supermarket Prices

Category of Supermarket Users	Opinions on Prices at Supermarkets				Total
	Expensive	Reasonable	Cheap	Don't know	
Non-Users	4 6.3	5 1.8	1 1.8	4 16.0	14 3.3
Light-Users	29 45.3	112 40	25 44.6	7 28	173 40.7
Moderate	8 35.9	84 28.2	20 17.9	5 7.4	117 28.5
Total	64 100.0	280 100.0	56 100.0	25 100.0	425 100.0

McTaggart (1965), in his study of Weld Supermarket, Malaysia's first supermarket, observed that the supermarket was heavily patronized by Europeans, expatriates and Malaysian from upper income group. It was the general opinion during those days that supermarkets were for the high income group (McTaggart 1965, Jackson 1979). In order to assess whether such an opinion is still valid respondents

were asked whether supermarkets in Malaysia were meant for the high income people. A summary of the result is shown in Table 7.29

Table 7.28
Responses to a statement "Supermarkets
in Malaysia are meant for the high income people"

Response	No.	%
Agree	79	18.2
Disagree	328	75.4
Do not know	28	6.4
TOTAL	436	100.0

As shown in Table 7.28, a large majority of the respondents (75.4%) disagreed to the statement. This means that people's opinions and attitudes towards supermarkets had changed over the years. Compared to the time when the first supermarket was introduced in Kuala Lumpur 22 years ago, large department stores, supermarkets and shopping complexes can now be found in every major town in Malaysia. People are used to the idea of these modern stores, and as such do not think these stores as meant for the high income group only.

FUNCTIONAL RELATIONSHIPS BETWEEN SUPERMARKET USE
AND SOCIO-ECONOMIC VARIABLES

This section of the chapter attempts to relate some the functional relationships and the strength of the independent variables in influencing the respondents to use supermarkets. The earlier part of this chapter has highlighted some of the patterns of supermarket use in Kuala Lumpur and Alor Star. Through Chi-Square analysis, associations between supermarket use and some of the variables were established. There were significant relationships found between the use of supermarkets and income, car ownership, and ethnic groups (Table 7.06). However the Chi-Square analysis was limited to associations of only one variable at a time. As such an analysis of relationships and interactions of several variables cannot be done simultaneously. The classical Chi-Square analysis also does not show the strength of effects of one variable on another. One way of finding out relationships among variables is through a statistical technique of multivariate regression analysis. Although this technique has proved very useful in explaining relationships among several variables with continuous quantitative data, it has a disadvantage of not being able to deal with qualitative categorical data (Norusis, 1985). Therefore a technique must be employed capable of testing simultaneously the association of variables in multidimensional contingency table. One way of overcoming this is by using log-linear

analysis. It is a statistical technique that had been specially formulated and had been widely acknowledged for the analysis of categorical data (Knoke and Burke 1980, Wrigley 1985, Norusis 1985, Dawson et al 1986). They are useful for explaining complex relationships among variables in multidimensional crosstabulations. For a detailed understanding of log-linear models, Norusis (1985) provides explanation of these models using the SPSSX computer package.

Logit Models

In order to be able to assess the strength of the influence of each independent variable on the dependent variable, a special class of log-linear models called Logit models has to be used.

"Logit models are a class of models used to explore the relationship of a dichotomous dependent variable to one or more independent variables. In these models, the logit, or log odds, that the dependent variable has a specified value is a linear function of the independent variable. Logit models are analogous to ordinary regression models in which the expected value of a continuous dependent variable is a linear function of one or more independent variables." (Haberman 1978, p.292).

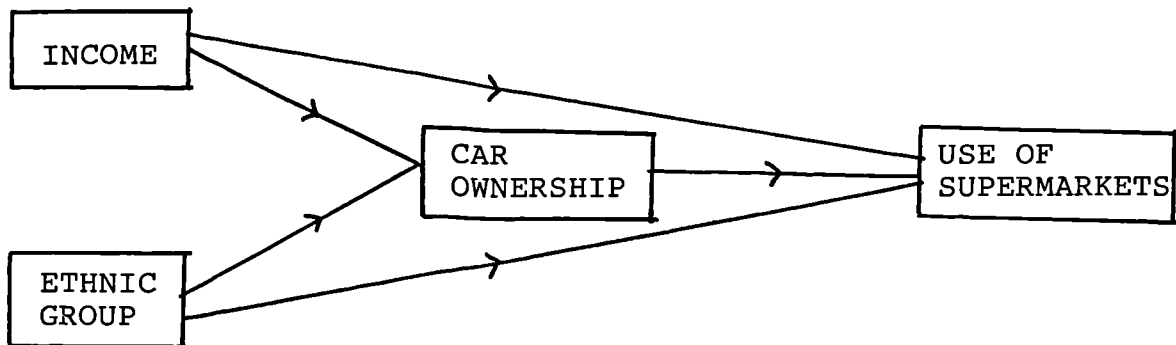
Haberman (1978) and Wrigley (1985) provide detailed mathematical explanations on logit models.

Hypothesized Relationships

Through Chi-Square analysis which has been discussed in the early part of this chapter, several variables were

identified to be important determinants of supermarket use. Among the key variables were income, ethnic group and car-ownership. As such, it is possible now to hypothesize the relationships of these variables with one another. Variable "superscore" which represents supermarket use may be classified as the dependent variable and the other three variables, namely, income, ethnic group and car ownership may be classified as independent variables. Figure 7.01 shows a diagrams of the hypothesized relationships of the variables:

Figure 7.01
Hypothesized Relationships



As shown in Figure 7.01, supermarket use is a dependent variable while income, car-ownership and ethnic group are considered as independent variables. Each of these independent variables is hypothesized to have some degrees of influence on the extent of the use of supermarkets. A conventional method of analysing this kind of relationship is to use multiple linear regression models. However, for

the reason mentioned earlier, the logit model is deemed to be more appropriate (Haberman 1978, Norusis 1985).

Table 7.29 shows a four-way contingency table indicating the interactions of dependent variable (superscore) and other independent variables (income, ethnic group and car ownership). In order to fit the data into logit models, the dependent variable has to be transformed into a dichotomous variable (Haberman, 1978). As such the dependent variable, superscore, was reclassified into heavy/moderate users and light/non-users. To simplify the analysis, income was also reclassified into 3 categories, namely High and Middle Group (M\$2000 and above a month), Lower Middle Group (M\$1000 to less than M\$2000 a month) and Low Income Group (less than M\$1000 a month).

An SPSSX (Release 2) computer package programme was used to run Logit models. A hierachichal modelling procedure involving stepwise forward selection was used to select the best fit model. Two Goodness-of-fit test statistics, namely Likelihood Ratio Chi-Square and Pearson Chi-Square were produced by the computer routines. For a large sample size, these two statistics are equivalent. For the purpose of this analysis, only Likelihood Ratio Chi-Square (L^2) was used. In order to find out whether an addition of a variable or an interaction of several variables has contributed to the improved fit of the model, the difference in the reduction of L^2 was compared with the tabulated value of Chi-Square. If the difference in L^2 is

Table:7.29
 A Four-way table:
 Income Level, Ethnic Group, Car Ownership
 and Supermarket Users

Category of Supermarket Users	High & Middle Income			Middle Income			Low Income			Total								
	Malay Chinese		Indian	Malay Chinese		Indian	Malay Chinese		Indian									
	WC	NC	WC	NC	WC	NC	WC	NC	WC		NC							
Heavy & Moderate Users	41	1	2	0	33	5	20	1	8	1	25	15	21	9	6	3	233	
Light & Non Users	14	2	13	0	2	2	2	2	2	2	26	55	11	8	3	6	188	
TOTAL	55	3	54	1	4	2	54	11	31	5	10	3	51	70	32	17	9	421

WC: With Car
 NC: Without Car

greater than the tabulated value of Chi-Square, then the addition of that variable or the interactions of several variables into the model has significantly contributed towards the building of the model. Thus effects of each variables or interactions of several variables may be assessed by adding or removing variables from the model. Through stepwise forward selection of model building, 16 Logit models were fitted to the data. Table 7.30(a) shows a summary of results from 16 Logit models, each indicating its respective L^2 and degrees of freedom. Table 7.30(b) shows the effects of adding various variables into the models. For example in item No.1 of Table 7.30(b), the effect of adding an interaction of variable superscore and car (S.C), had reduced L^2 by 24.364 and 1 degree of freedom. This was compared with the critical value of X^2 at 0.05 level of significance giving a score of 3.841. This shows that the net effect of adding the terms Superscore and Car (S.C.) was significant in improving the model. Similarly, the effects of the interactions of dependent variable, Superscore, and Income; and Ethnic Group produced the same result.

In choosing the best fit model among the 16 Logit models that were fitted to the data, comparisons of L^2 and their respective degrees of freedom of each model were made. By systematically testing and assessing the contributions of each interacting term to the model, a suitable model was chosen. In this case Model No.9 in Table 7.30(a) was selected. This was because it had among the lowest L^2 and there was no significant difference achieved by adding

Table 7.30(a)
Logit Models Fitted

No.	Model	L ²	d.f.
1.	(S) (S.I)	41.208	15
2.	(S) (S.R)	59.035	13
3.	(S) (S.C)	24.364	14
4.	(S) (S.I) (S.C)	16.844	14
5.	(S) (S.I) (S.R)	34.704	13
6.	(S) (S.C) (S.R)	19.460	14
7.	(S) (S.I) (S.I.C)	31.099	13
8.	(S) (S.I) (S.I.R)	28.964	11
9.	(S) (S.I) (S.R) (S.C)*	12.876	12
10.	(S) (S.I) (S.R) (S.C) (S.I.R)	5.266	8
11.	(S) (S.I) (S.R) (S.C) (S.I.C)	12.457	10
12.	(S) (S.I) (S.R) (S.C) (S.R.C)	10.899	10
13.	(S) (S.I) (S.R) (S.C) (S.I.R.C)	11.252	8
14.	(S) (S.I) (S.R) (S.C) (S.I.C) (S.I.R.C)	11.032	6
15.	(S) (S.I) (S.R) (S.C) (S.I.R) (S.I.R.C)	2.742	4
16.	(S) (S.I) (S.R) (S.C) (S.I.R) (S.I.C) (S.R.C) (S.I.R.C) (Saturated Model)	0.000	0

S=Superscore I=Income R=Race C=Car Ownership

* Model No.9 is selected as the best fit model.

Table 7.30(b)

Comparisons of Models:
Differences in L^2 and Degrees of Freedom

	L^2	df	Critical Value of χ^2 at 0.05
Model 1-4: <u>(S) (S.I) (S.C)</u>	24.364*	1	3.841
Model 1-5: <u>(S) (S.I) (S.R)</u>	6.504*	2	5.991
Model 3-4: <u>(S) (S.C) (S.I)</u>	7.252*	2	5.991
Model 1-7: <u>(S) (S.I) (S.I.C)</u>	10.109*	2	5.991
Model 1-8: <u>(S) (S.I) (S.I.R)</u>	12.244*	4	9.488
Model 5-9: <u>(S) (S.I) (S.R) (S.C)</u>	21.828*	1	3.841
Model 4-9: <u>(S) (S.I) (S.C) (S.R)</u>	3.968	2	5.991
Model 6-9: <u>(S) (S.R) (S.C) (S.I)</u>	6.584	6	12.592
Model 9-10: <u>(S) (S.I) (S.C) (S.R) (S.I.R)</u>	7.610	4	9.488
Model 9-11: <u>(S) (S.I) (S.C) (S.R) (S.I.C)</u>	0.421	2	5.991
Model 9-12: <u>(S) (S.I) (S.C) (S.R) (S.R.C)</u>	1.977	2	5.991
Model 9-15: <u>(S) (S.I) (S.C) (S.R) (S.I.R) (S.I.R.C)</u>	10.134	8	15.507

* Significant at 0.05

Table 7.31
Observed, Expected Frequencies and Residuals
of the Selected Logit Model

OBSERVED, EXPECTED FREQUENCIES AND RESIDUALS

FACTOR	CODE	OBS. COUNT & PCT.	EXP. COUNT & PCT.	RESIDUAL	STD. RESID.	ADJ. RESID.
SUPSCORE	HEAVY &					
INCOME	MIDDLE &					
RACE	MALAY					
CAR	YES	41.00 (74.55)	38.12 (69.30)	2.8844	.4672	1.3922
CAR	NO	1.00 (33.33)	1.23 (40.95)	-.2285	-.2062	-.2795
RACE	CHINESE					
CAR	YES	41.00 (75.93)	42.17 (78.09)	-1.1682	-.1799	-.5643
CAR	NO	1.00 (99.99)	.52 (52.26)	.4774	.6603	.9711
RACE	INDIAN					
CAR	YES	2.00 (50.00)	3.00 (75.00)	-1.0035	-.5790	-1.2393
CAR	NO	.00 (.00)	.96 (48.00)	-.9616	-.9806	-1.4386
INCOME	LOW MIDD					
RACE	MALAY					
CAR	YES	33.00 (61.11)	32.41 (60.38)	.3924	.0687	.1791
CAR	NO	5.00 (45.45)	3.51 (31.89)	1.4916	.7965	1.0903
RACE	CHINESE					
CAR	YES	20.00 (54.52)	21.90 (70.64)	-1.8996	-.4059	-.9833
CAR	NO	1.00 (20.00)	2.13 (42.51)	-1.1253	-.7719	-1.1005
RACE	INDIAN					
CAR	YES	8.00 (80.00)	6.71 (67.05)	1.2947	.5000	1.0622
CAR	NO	1.00 (33.33)	1.15 (38.47)	-.1541	-.1434	-.1959
INCOME	LOW					
RACE	MALAY					
CAR	YES	25.00 (49.02)	26.79 (52.52)	-1.7855	-.3450	-.7736
CAR	NO	15.00 (27.43)	17.75 (25.36)	-2.7546	-.6537	-1.2724
RACE	CHINESE					
CAR	YES	21.00 (65.63)	20.35 (63.59)	.6517	.1445	.3256
CAR	NO	9.00 (52.94)	5.94 (34.92)	3.0640	1.2576	1.8553
RACE	INDIAN					
CAR	YES	6.00 (66.67)	5.37 (59.63)	.6335	.2735	.5259
CAR	NO	3.00 (33.33)	2.81 (31.21)	.1909	.1139	.1623
SUPSCORE	LIGHT US					
INCOME	MIDDLE &					
RACE	MALAY					
CAR	YES	14.00 (25.45)	16.88 (30.70)	-2.8844	-.7070	-1.3922
CAR	NO	2.00 (66.67)	1.77 (59.05)	.2285	.1717	.2795
RACE	CHINESE					
CAR	YES	13.00 (24.07)	11.83 (21.91)	1.1682	.3396	.5643
CAR	NO	.00 (.00)	.48 (47.78)	-.4774	-.6909	-.9711
RACE	INDIAN					
CAR	YES	2.00 (50.00)	1.00 (20.91)	1.0035	1.0053	1.2393
CAR	NO	2.00 (99.99)	1.04 (51.92)	-.9616	-.9836	-1.4386
INCOME	LOW MIDD					
RACE	MALAY					
CAR	YES	21.00 (38.89)	21.39 (39.62)	-.3924	-.0848	-.1791
CAR	NO	6.00 (54.55)	7.49 (68.11)	-1.4918	-.5450	-1.0903
RACE	CHINESE					
CAR	YES	11.00 (35.48)	9.10 (29.36)	1.8996	.6297	.9833
CAR	NO	4.00 (80.00)	2.87 (57.49)	1.1253	.6637	1.1005
RACE	INDIAN					
CAR	YES	2.00 (20.00)	3.29 (32.95)	-1.2947	-.7133	-1.0622
CAR	NO	2.00 (66.67)	1.85 (61.53)	.1541	.1134	.1959
INCOME	LOW					
RACE	MALAY					
CAR	YES	26.00 (50.98)	24.21 (47.48)	1.7855	.3628	.7736
CAR	NO	55.00 (78.57)	52.25 (74.64)	2.7546	.3811	1.2724
RACE	CHINESE					
CAR	YES	11.00 (34.38)	11.65 (36.41)	-.6517	-.1909	-.3256
CAR	NO	9.00 (47.06)	11.06 (65.04)	-3.0640	-.9212	-1.8553
RACE	INDIAN					
CAR	YES	3.00 (33.33)	3.83 (40.37)	-.6335	-.3323	-.5259
CAR	NO	6.00 (66.67)	6.19 (68.79)	-.1909	-.0767	-.1623

GOODNESS-OF-FIT TEST STATISTICS

Likelihood Ratio Chi Square = 12.87673 DF = 12 P = .378
 Pearson Chi Square = 11.88978 DF = 12 P = .455

higher order models with complex interactions i.e. Model No. 10 upwards. Other criteria for selecting the best model are to see whether the model fits the data well, be interpretable and as simple (parsimonous) as possible (Norusis, 1985). A look at the adjusted residuals of Model No.9 from the computer output (Table 7.31) showed that there was no adjusted residuals greater than 1.96 or less than -1.96, which suggested that the data fitted well into the model (Norusis 1985).

After the appropriate model has been selected, the next step was to analyse and interpret the result. By going through the estimates of parameters of each interaction of variables, the coefficients of the models could be established. Table 7.32 shows the calculation of coefficient of each of the interactions:

Table 7.32
Model Coefficients of the Selected Logit Model

Effects	Coeffi.	Coeffi.*2	Antilog
1. Superscore (S):			
i. Heavy & Moderate Users	0.05201	0.10402	1.10962
ii. Light & Non-users	-0.05201	-0.10402	0.90121
2. Superscore by Income (S.I)			
i. Middle & High	0.18434	0.36868	1.44582
ii. Low-middle	-0.01202	0.02404	0.97624
iii. Low	-0.17232	-0.34640	0.70848
3. Superscore by Race (S.R)			
i. Malay	-0.12429	-0.24857	0.77991
ii. Chinese	0.10404	0.20807	1.23130
iii. Indian	0.02025	0.04050	1.04133
4. Superscore by Car (S.C.)			
i. With Car	0.29505	0.59010	1.80416
ii. Without Car	-0.29505	-0.59010	0.55427

=====
Note: Middle & High: M\$2000 and above per month;
Low-middle: M\$1000 < M\$2000 per month;
Low: <M\$1000 per month.

The coefficients in Table 7.32 are extracted from estimates of parameters shown in Table 7.33. In order to obtain regression-like coefficients, the parameter were multiplied by 2 (Haberman 1978, p.294, Norusis, 1985, p.335). The regression-like model implied by the coefficients is (SPSX Inc. 1983, p.551, Knoke and Burke 1980, p.19):

$$\ln (F_{ijk1}/F_{ijk2}) = B + B(A)_i + B(B)_j + B(C)_k$$

where F is an expected frequency, and
B equals 0.104

B(A) equals 0.369 for i=1 (High/middle income)
-0.024 for i=2 (Low-middle income)
-0.345 for i=3 (Low income)

B(B) equals -0.249 for j=1 (Malays)
0.208 for j=2 (Chinese)
0.041 for j=3 (Indians)

B(C) equals 0.590 for k=1 (With car)
-0.590 for k=2 (Without car)

In order to evaluate the model in terms of odd rather than log odds, an analogous multiplicative model was used, with antilogs shown in Table 7.32 as coefficients (SPSSX Inc., 1983, p.551):

$$(F_{ijk1}/F_{ijk2}) = T * T(A)_i * T(B)_j * T(C)_k$$

where

T equals 1.10962

T(A)_i equals 1.44574 for i=1 (High/Middle income)
0.97624 for i=2 (Low Middle income)
0.70848 for i=3 (Low income)

T(B)_j equals 0.77991 for j=1 (Malays)
1.23130 for j=2 (Chinese)
1.10413 for j=3 (Indians)

T(C)_k equals 1.80416 for k=1 (With car)
0.55427 for k=2 (Without car)

Table 7.33

Estimates for Parameters
Using the Selected Logit Model:
S (S.I) (S.R) (S.C.)

ESTIMATES FOR PARAMETERS

SUPSCORE

PARAMETER	COEFF.	STD. ERR.	Z-VALUE	LOWER 95 CI	UPPER 95 CI
1	.0520057818	.07831	.66409	-.10149	.20550

SUPSCORE BY INCOME

PARAMETER	COEFF.	STD. ERR.	Z-VALUE	LOWER 95 CI	UPPER 95 CI
2	.1843411183	.08406	2.19296	.01958	.34910
3	-.0120209501	.07916	-.15185	-.16718	.14314

SUPSCORE BY RACE

PARAMETER	COEFF.	STD. ERR.	Z-VALUE	LOWER 95 CI	UPPER 95 CI
4	-.1242845726	.08009	-1.55172	-.28127	.03270
5	.1040360919	.08955	1.16175	-.07148	.27956

SUPSCORE BY CAR

PARAMETER	COEFF.	STD. ERR.	Z-VALUE	LOWER 95 CI	UPPER 95 CI
6	.2950532115	.06441	4.56067	.16880	.42130

From the above calculations, it becomes possible to interpret the extent of the influence of each independent variable, namely income, ethnic group and car-ownership on the dependent variable, superscore or supermarket use. Table 7.31 shows the observed and the expected frequencies of the model. From the table, the odds for a Malay respondent from a high income group who owns a car to become a heavy supermarket user is 2.257 (i.e. 69.30/30.70). In order to find out the strength of the influence of each independent variable on the extent of supermarket use, the model may be decomposed into components:

$$2.257 = (1.10962) (1.44582) (0.77990) (1.80416) \\ \text{(income) (race) (car-ownership)}$$

where the effects may be interpreted:

- * 1.10962 is the mean or overall effect
- * 1.44582 is the effect of income, indicating the net effect of being in high/middle income group versus being in the low middle or low income group on the extent of the use of supermarkets. Other things being equal, the odds for a high income respondent to become a heavy/moderate user of supermarket is 1.446 to 1.
- * 0.77990 is the effect of race, indicating a negative net effect being a Malay versus other races (Chinese and Indians) on the extent of the use of supermarkets. Other things being equal the odds for a Malay to become a heavy/moderate user of supermarket is 0.780 to 1.
- * 1.80416 is the net effect of car ownership on the extent of the use of supermarkets. Other things being equal, the odds for a respondent who owns a car to become a heavy/moderate user of supermarket is 1.804 to 1.

Looking at the coefficient of each variable, it is apparent that among the variables, car-ownership has the strongest influence on the extent of supermarket use. This is quite surprising since one would have expected income to have a stronger influence on the use of supermarkets. Earlier studies by Kaynak (1975) and Yavas et al (1981) showed that car-ownership did not have significant relationship with the use of supermarkets in Turkey. One possible explanation for the strong influence of car-ownership in the use of supermarkets is the inefficiency of the public transport system in Malaysia. Consumers rely heavily on private transport such as cars and motor-cycles to visit supermarkets. This is clearly seen in the survey results. As shown in Table 7.34, the majority (66.3%) of respondents indicated that they used their own cars to visit supermarkets.

Table 7.34
Mode of Transport to Supermarkets

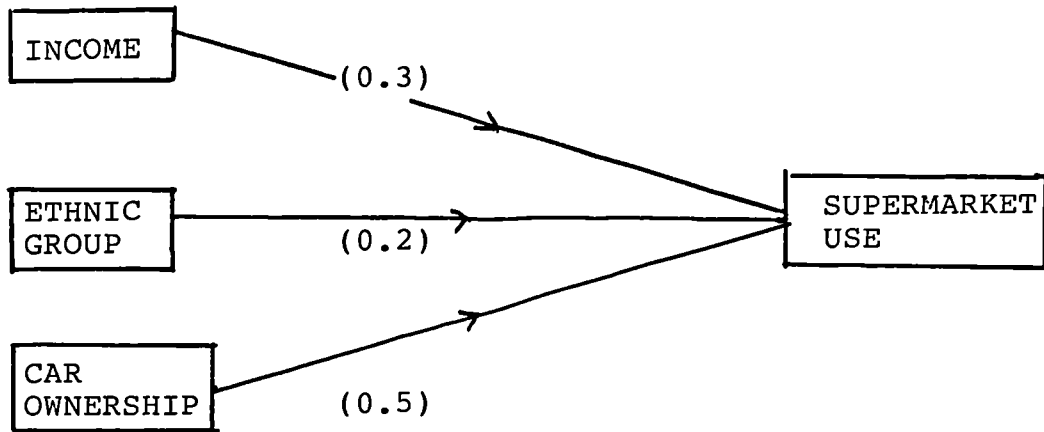
Mode of Transport	Frequency	Percentage
Own Car	279	66.3
Taxi	16	3.8
Bus	50	11.9
Walking	24	5.5
Lift from friends	5	1.2
Motorcycles	42	10.0
Trishaw	5	1.2
TOTAL	421	100.0

The influence of ethnic group on the use of supermarket was quite interesting. There was a negative influence between a Malay and the use of supermarkets but the relationship was positive for the Chinese and the Indians. One possible explanation for this is religious prejudices and bias. Being Muslims, the Malays are quite sceptical as regards to the meat being sold in supermarkets. According to Islamic religion, Muslims are not only forbidden to eat pork but also forbidden to even touch it. To them, food is not considered consumable once it is brought into contact and mixed with pork (including ham, bacon etc.). In addition, all types of meat, except fish, must be properly slaughtered or koshered according to guidelines set by the Islamic religion. Any type of meat which is not properly slaughtered according to Islamic ways is considered as not "halal" and forbidden to be consumed by Muslims. As most of the beef and lamb sold in supermarkets are imported from Australia and New Zealand, it is quite understandable why some Muslims are sceptical towards the state of "halal" of the meat. Unlike the supermarkets, beef, chicken and mutton which are sold in wetmarkets are slaughtered in local abattoirs according to Islamic ways. They are normally certified as "halal" by state religious departments. In addition, local authorities impose special restrictions on the sales of pork in wetmarkets. In wetmarkets, pork has to be sold in separate areas away from foodstuff.

Conclusion

The first part of this chapter analysed some of the patterns of supermarket use in the two areas of study. Socio-economic and demographic variables were found to have significant relationships to the extent of the use of supermarket by respondents. The second part of the chapter extended the analysis of the relationships and attempted to explain some functional relationships amongst independent variables. The independent variables were income, ethnic group and car ownership. Through the use of Logit models, the strength of the influence of these variables were established. It was found that car ownership was the strongest influence on the extent of the use of supermarkets. The second strongest influence was income, while ethnic group was found to have a mixed influence. Other things being equal, the Malays were found to have a negative influence, while the Chinese and the Indians were found to have positive influence on the extent of supermarket use. Since higher order interactions of variables did not bring about significant contributions towards improving Logit models, therefore the hypothesised relationships as shown in Figure 7.01 has to be revised. As implied in the selected Logit model, simple two way interaction between dependent and independent variables were sufficient enough to explain the relationships. Figure 7.02 shows a revised version of the relationship.

Figure 7.02
Revised Relationship



This finding provides yet another important criteria for considerations in the process of supermarket planning in Malaysia, especially in considering the location of supermarkets. Car ownership should be given a greater weight in assessing the potential viability of supermarket in an area. Supermarket managers should exploit this by providing better parking facilities to supermarket shoppers. The current popular practice among supermarket operators in asking the customers to pay for parking charges when shopping at supermarkets should be reconsidered.

As expected, income played an important role in influencing the extent of the use of supermarkets. It had been found that only respondents whose family income of M\$2000 and above had positive influence on the use of supermarkets. This was indicated by the coefficient of each

income category in the model as shown in Table 7.25. Other things being equal, the odds for respondents whose income is M\$2000 per month to become a heavy/moderate user of supermarket is 1.45 to 1 as opposed to 0.98 to 1 for those earning between M\$1000 to less than M\$2000 a month; and 0.71 to one for those earning less than M\$1000 a month. This means that in order for a supermarket to be viable, it must be located in an area where the average family income is over M\$2000 a month.

The third independent variable, ethnic group, provides an important indicator for supermarket operators. Reasons must be found as to why the Malays are not committed users of supermarkets compared to the Chinese and the Indians. As has been mentioned, one possible explanation for this is due to religious constraints. If this is so, then supermarket managers should take the necessary steps to convince the Malay population, or to the Muslims in general, that the meat in supermarkets is sold strictly according to the Islamic guidelines. Liaisons with Islamic religious authorities should be made to get their clearance and certification. As there are already special arrangements made by meat exporters in Australia and New Zealand with meat importing Muslim countries in the Middle East ensuring that beef and lambs are specially slaughtered according to the Islamic religion, supermarket operators in Malaysia should take advantage of this and make it known to the public. However, on the part of supermarket operators, they

too have to make some changes and modifications in their daily operations as regards to the sales of meat. Pork, ham, bacon and the like should be stored and sold in separate places, away from any other food that can be consumed by Muslims. These steps would help to convince the Muslim population, particularly the Malays, that meat sold in the supermarkets is 100% "halal". This image building, specially targetted to the Muslim consumers would help to attract them to patronise supermarkets.

CHAPTER 8

SUMMARY AND CONCLUSIONS

Although the Malaysian retailing industry today is still dominated by small traditional independent retailers, it is evident that the wind of change is gently affecting the Malaysian retail scene. As has been mentioned in the earlier part of this study, economic prosperity in the seventies has given rise to the increased number of shopping complexes in urban areas. With the changing consumer tastes and life-styles as a result of the increased purchasing power, the shift in shopping behaviour from traditional wet market and corner grocery stores to modern supermarkets and department stores is slowly taking place, especially in the affluent urban areas such as Kuala Lumpur.

In a free enterprise economy, it is the rule of the market system that the more efficient organisations will displace the less efficient institution. However, the question whether efficient large retail institutions will replace the inefficient small retailers is debated by academicians and practitioners alike. To some, it is a matter of time when it will take place and the only question is to what extent will be the rate of displacement? However to others, the question of whether the patterns of the structural changes of retail structures in the developed economies will be repeated in the developing countries is a more important one. Many would argue that direct

comparisons cannot be made. In this connection various theories of institutional change in retailing have been devised to explain some of the structural changes that have taken place in the developed countries. By understanding the process of changes and evolution of retail institutions that have taken place in the developed economies, policy makers in the developing countries may learn some lessons to help them to face with such situations, but perhaps only guidelines will be provided rather than answers.

One of the objectives of this study was to find out the extent of supermarket use and the patterns of use by the Malaysian consumers in urban areas, specifically in Kuala Lumpur and Alor Star. From the empirical results of this study, it was found that an average of 28.5% of the respondents under study were classified as heavy users of supermarkets. It was also found that the percentage of heavy users was significantly higher in Kuala Lumpur than that in Alor Star. This implies that there was a difference in the patterns and the extent of supermarket use between the population of a large city such as Kuala Lumpur and population of a small town such as Alor Star. Among those in the Kuala Lumpur area there were also differences in the extent of supermarket use in various residential areas. A higher percentage of respondents in the affluent residential areas such as Taman Tun and Overseas Union Garden were heavy users of supermarket compared to those respondents residing in Pekeliling Flats and Kampung Datuk Keramat. A similar

pattern of association between income and use of supermarket was also found in the Alor Star area. The percentage of heavy users were found to be significantly higher among respondents in high income residential areas such as Taman Golf and Taman PKNK than low income areas such as Kampung Derga and the low cost houses in Mergong. As such, we may say it is more likely for residents in high income residential areas to become heavy supermarket users compared to those residing in low income residential areas.

The second objective of this study was to find out the profiles of supermarket users, particularly the heavy users. Such information is important in the process of understanding the supermarket user. For supermarket operators, such information serves as an invaluable basis for assessing their target market. From Chi-Square analysis carried in the study, the profile of a heavy supermarket user comprises:

- (a) having a car;
- (b) from middle or upper middle income group;
- (c) residing in middle class or affluent residential areas.
- (d) educated, possess good educational background;
- (e) both husband and wife are working;
- (f) most probably Chinese.

By analysing the profiles of their customers, supermarket companies are able to formulate their marketing

strategies accordingly. For example, the result of the study shows a contrasting profiles between heavy supermarket users and light supermarket users. Based on their profiles, it is possible to segment the market so that resources could be channelled effectively for better market penetration. Knowing that the heavy supermarket users are from middle and high income residential areas where the rate of car-ownership is high, supermarket operators may locate their stores in these areas and devote their promotional efforts in these target group instead of treating the market as homogenous and using limited resources to cover superficially the entire market. However, supermarket operators should also bear in mind that another good proportion of the market consists of uncommitted users or moderate users. With the right image being portrayed and the right marketing strategies being embarked on, these consumers could be transformed to become heavy users of supermarkets.

Apart from trying to establish the profiles of Malaysian supermarket users, it is also the objective of this study to determine the strength of some socio-economic and demographic factors that help to explain the extent of the supermarket use in the survey areas. Through chi-square analysis discussed in Chapter 6 and 7, such factors were identified. However, such an analysis was not able to determine the strength of each factor simultaneously. To overcome this a regression-like analysis, log-linear analysis was carried out. Through log-linear analysis, the strength of the influence of some of the variables were

determined. Among the variables that were introduced into the log-linear analysis, car-ownership was found to have the strongest influence on the extent of supermarket use. It was also interesting to note that car-ownership has a stronger influence than income. Although the variable ethnic group has a weaker influence than income and car ownership, it is interesting to note that among the three major ethnic groups in Malaysia, the probability of a Chinese family becoming a heavy supermarket user is higher than that for the Malays and the Indian families.

Another objective of this study as outlined in the early part of this thesis is to assess the growth of supermarkets in Malaysia. With the continuing economic recession that has been plaguing the country for the past two years, the future prospect of the retailing industry is not as bright as was predicted in the early eighties. The simultaneous drop of prices of major commodities such as rubber, tin, palm oil, timber and petroleum in the mid-eighties sent shock waves throughout the Malaysian economy. Economic growth which has been averaging in the region of 4.6% increase in GNP per annum has plummeted to a negative growth of -1.5% in 1985 (Ministry of Finance 1986). Such a drastic downturn of the economy resulted in higher rate of unemployment and reductions in the consumers' purchasing power. The effect of the economic slowdown on the retail industry could be felt when three of the major supermarket companies, namely Emporium Supermarket Holdings

which is also a partner of Kimisawa Supermarkets and Printemps were forced into temporary receiverships. However, with the recent recovery of commodity prices in early 1987, it is hoped that confidence in the future of the economy will be restored. With a weak but steady rebound of economic recovery in 1986, which was reflected by GNP growth of 1.5%, the future of the retail industry looks brighter. For 1987, Malaysian Institute of Economic Research forecasted a real GDP growth of 2.4% and for 1988 it is expected to touch 3.9% (New Straits Times, June 27 1987). As a good sign of confidence in the economy and the retailing industry, Yaohan, a well-known Japanese supermarket chain, has formed a joint-venture supermarket chain with a local company in early 1987. Since then, two branches have been opened in Kuala Lumpur. Emporium Supermarket Holding, the largest supermarket chain in the country which was put under temporary receivership, was saved from liquidation when it was taken over by Associated Steel Mill with a fresh injection of additional capital.

In trying to study the financial performance of the supermarket companies in Malaysia, it is admitted that efforts have met with little success. This was due to the fact that key financial data on supermarket companies was unavailable. Despite a lot of effort being made to approach the companies for interviews, the response was rather disheartening. Out of 20 companies approached, only 7 were

willing to answer the questionnaires submitted. Due to reasons of confidentiality, some of the questions were left unanswered. However, from the limited information gathered, supermarkets in Malaysia, at the time this study was made, were facing an uphill battle. The economic slowdown has resulted in reductions in the purchasing power of the consumers. Faced with a shrinking market and the opening of several new supermarkets that were planned during the boom years in the late eighties, the supermarket industry has become more competitive than ever before.

As for the roles played by supermarket companies in improving the distribution system in the country, we may say that at the moment such a role is insignificant. Unlike its counterpart in the developed countries, vertical integration between supermarket companies and food manufacturing companies is not taking place. Apart from Jaya Supermarket whose parent company is a food manufacturing company, no other supermarket companies are having such a form of vertical integration. Even with Jaya supermarket, food products which are processed by its parent company are limited to dairy products such as milk, butter and ice-cream. Most of the supermarkets are still relying on the traditional wholesalers. Because of the limited number of branches operated by most of the supermarkets, it is not economical for them to operate their own warehouses or their own fleet of vehicles. Small volumes of stock-requirements for only one or two branches has made it impossible for

supermarket operators to obtain their supplies direct from manufacturers. Instead, supermarket operators are relying on traditional wholesalers. Having the same kind of facilities and discounts as any other traditional retailers and with additional costs incurred in refrigerating and air-conditioning facilities, supermarkets are not having any competitive edge against the traditional retailers. For perishable food such as fresh fish, vegetables and fruits, the situation is no better. Because the supply of these products is highly fragmented, it is not possible for supermarket operators to buy them direct from producers. The quantity produced by small vegetable farmers is not large enough to meet the requirements of supermarkets. Besides, the supply is sometimes unreliable. This being the case, supermarkets do not have any alternatives but to purchase from wholesalers at the central market like any wet market retailers. In such a situation, supermarkets are in no position to demand better quality and better grade of the produces sold by wholesalers. There is no legal requirements for fruits and vegetables to be graded as is commonly practised in Western countries. In order to maintain an image of good quality, the supermarkets will have to do their own grading and packaging. However, there are already some changes beginning to take place. Some supermarkets are buying their perishable goods through special contractors. Through these contractors, they are able to impose their quality requirements and grades on the products. Special arrangements were made by the contractors

to enable them to buy direct from fruit and vegetable assemblers in the rural areas. Perhaps this may be seen as the beginning of the role of supermarkets in influencing the food distribution system in the country.

The study also showed that the majority of respondents was still entrenched with their traditional habits of buying fresh food from wet markets instead of supermarkets. However, for other types of goods such as detergents and toiletry, they were mainly bought from supermarkets. One of the reasons given for buying fresh food from wet markets is that fish and vegetables found in the wet markets are "fresher" than found in supermarkets. On knowing such an image embedded in the minds of local consumers, perhaps it is timely for supermarket operators to join forces in taking a concerted effort to educate the consumers. Through the mass media, for example, it could be explained to consumers that the standard of cleanliness, hygiene and freshness of perishable food sold in supermarkets is high. This is because of the availability of refrigeration and chilling equipment in the supermarkets whereas such facilities are absent in the wet markets.

Despite the encouragement to modernize the retailing industry by the government, the use of supermarkets in Malaysia is still at an early stage of adoption. As indicated in the study, the regular users of supermarkets are from the middle and the upper middle income group, especially those from the affluent modern residential areas. It would be premature at this stage to try to modernise food

retail outlets by means of replacing them with supermarkets in the poor sections of the Kuala Lumpur city or in other smaller towns. Planners should be thinking in terms of improving the facilities of the wet-markets.

Research Implications

This study has helped towards an understanding of the patterns of supermarket use in the city of Kuala Lumpur and the town of Alor Star. The analysis of consumer profiles and shopping patterns for food and grocery items have provided some insights for the supermarket operators to monitor their marketing strategies. The consumer profiles of heavy supermarket users could be used as a basis for market segmentation. The results of the study show that a significant percentage of the respondents (27.5%) were categorised as moderate users. For supermarket operators, these moderate users can be considered as potential heavy or committed users of supermarket. With the right marketing strategies directed towards this target group, this category of users could be transformed to heavy or committed supermarket users. We may now identify the potential location of supermarkets in Kuala Lumpur in areas having:

- (a) High percentage of car-ownership.
- (b) Average household income above \$1000 a month.
- (c) A racially mixed middle-class residential areas and not predominantly in one ethnic group residential area.

Using the above consumer profiles as a guide, promotional activities can also be effectively directed towards the above target groups.

The study also revealed that among the major ethnic groups in the areas under study, the Malays were found to have the least likelihood to patronise supermarkets. As had been discussed in Chapter 7, strict adherence to religious requirements for meat and poultry preparation could be the main reason for this. Perhaps by probing further into this problem, feasible solutions may be found. This would help to encourage more Muslims to patronise supermarkets. Supermarket companies should build an acceptable image to attract the Muslim community who form almost 60% of the Malaysian population.

Although supermarkets in Malaysia have been trying to promote the concept of one-stop-shopping by providing wide assortments of goods, their physical facilities do not encourage the consumers to do so. Almost all supermarkets in Kuala Lumpur, Petaling Jaya and Alor Star do not provide free parking for their customers. Steps must be taken by supermarket operators to provide free parking facilities in order to encourage the customers to purchase their household necessities in large quantities.

Suggestion for further research

As has been mentioned in the early part of this thesis, this study is limited to the study of the consumers' shopping

pattern of food and grocery items. The purchase of high-involvement products such as furniture, electrical appliances and the like were excluded. This is because of time and financial constraint faced by the writer. Different sets of questionnaires and measurements are necessary if such categories of products are to be studied. As such it is suggested that further research should be carried out to explore the shopping behaviour of high-involvement products among the Malaysian consumers. Such information is invaluable for marketeers in Malaysia in helping them to understand changing consumer needs. This could be used to formulate marketing plans and strategies in marketing their products effectively.

One of the problems faced by the writer in conducting this study is the inability to assess the performance of supermarket companies in Malaysia. This was because of the difficulty in getting relevant financial data from supermarket companies. As such the performance of the supermarket companies could not be compared with supermarkets in developed countries, that is, in terms of their efficiency and productivity. It is therefore suggested that a special study should be made to gauge the performance of Malaysian supermarket companies. Perhaps given more time and with the right contacts, such information will be made available.

The result of this study, the patterns of supermarket use, is only applicable in the areas in which they were

made. In order to extend its validity, it is suggested that this study be replicated and extended to other towns in Malaysia. Such replication would help to broaden the basis for generalisation in the Malaysian towns.

BIBLIOGRAPHY

- Alawi, Hussein M. A. (1986), "Saudi Arabia: Making Sense of Self-Service", International Marketing Review, Spring 1986, pp. 21-37.
- Appel, David, (1972), "The Supermarket: Early Development of an Institutional Innovation", Journal of Retailing, Spring 1972, Vol.48 No.1.
- Arndt, Johan, (1972), "Temporal Lags in Comparative Retailing" Journal of Marketing, October 1972, Vol.36, pp.40-45.
- Arnold, Stephen J., Oum, Teh H. and Tigert, Douglas J. (1983), "Determinant Attributes in Retail Patronage: Seasonal, Temporal, Regional, and International Comparisons", Journal of Marketing Research, Vol.XX May 1983, pp. 149-157.
- Bank Negara Malaysia (1979), Money and Banking in Malaysia, Kuala Lumpur, Malaysia.
- Bank Negara Malaysia (Central Bank of Malaysia) (1984), Quarterly Economic Bulletin, Vol.17, No.3.
- Beavon, K. S. O (1980), From Hypermarket to Hawkers: Changing Foci of Concern for Human Geographers, Mimeograph, Department of Geography and Environmental Science, University of the Witwatersrand, Johannesburg.
- Bloom, Gordon F.(1978), "The Future of the Retail Food Industry", Journal of Retailing, Vol.54, No.4, Winter 1978, pp. 3-14.
- Bromley, R.J.(1971), "Markets in Developing Countries", Geography, Vol.VI, No.2, pp.124-132.
- Brown, Stephen (1987), "Institutional Change in Retailing: A Review and Synthesis", European Journal of Marketing, Vol.21, No.6, pp.5-35.
- Bucklin, Louis (1980), "Technological Change and Store Operations:The Supermarket Case", Journal of Retailing, Vol.56, No.1, Spring 1980, pp.3-15.
- Bucklin, Louis P.(1977), "Improving food retailing in Developing Asian Countries", Food Policy, May 1977, pp. 115-122.
- Chan, Paul (1984), Socio-Economic Study of Petaling Jaya 1984, Unpublished report, Majlis Perbandaran Petaling Jaya, Malaysia.
- Cundiff E.W. (1965), "Concepts in Comparative Retailing," Journal of Marketing, Vol.29, January, pp.59-63.

- Charvat, F.J. (1961), Supermarketing, The Macmillan Company, New York.
- Churchill, G.A. (1979), Marketing Research: Methodological Foundations, Second Edition, Dryden Press, Illinois.
- Davidson, William R., Bates, Albert D., and Bass, Stephen J., (1976), "The Retail Life Cycle", Harvard Business Review, November - December 1976.
- Davies, Keri, Colin Giligan and Clive Sutton (1986), "Structural Changes In Grocery Retailing", International Journal of Physical Distribution & Marketing Management, Volume 15, No.2.
- Dawson John A. (1983), Public Policy Controls on Hypermarket Development Working Paper 8302, Department of Business Studies, University of Stirling.
- Dawson, John A. (1983), Small Firms in Retailing: Terminal Illness or Just a Cold, Working Paper No. 8303, Department of Business Studies, University of Stirling.
- Dawson, John A, (1979), Marketing Environment, Croom and Helm, London.
- Dawson, John A, (1981), "Innovation Adoption in Food Retailing - The Example of Self Service Method," Service Industries Review, Vol.1, No.2, pp.22-35.
- Dawson J.A., A. Finlay and Leigh Sparks (1986), "Defining the Local Labour Market: An Application of Log-Linear Modelling to Analysis to Labour Catchment Areas", Environment and Planning A, Volume 18, pp.1237 - 1248.
- Department of Statistics, Malaysia (1972), Sample Survey of Wholesale and Retail Trades in Peninsular Malaysia, 1970, Vol. 2.
- Department of Statistics, Malaysia (1974), Sample Survey of Wholesale and Retail Trades in Peninsular Malaysia, 1972, Vol.2.
- Department of Statistics, Malaysia (1976), Sample Survey of Wholesale and Retail Trades in Peninsular Malaysia, 1974, Vol.2.
- Department of Statistics, Malaysia (1978), Sample Survey of Wholesale and Retail Trades in Peninsular Malaysia, 1976, Vol.2.
- Department of Statistics, Malaysia (1980), Sample Survey of Wholesale and Retail Trades in Peninsular Malaysia, 1978, Vol. 2.

- Department of Statistics, Malaysia (1982), Sample Survey of Wholesale and Retail Trades in Peninsular Malaysia, 1980, Vol. 2.
- Department of Statistics, Malaysia (1983a), Population and Housing Census of Malaysia, Vol.1, Kuala Lumpur.
- Department of Statistics, Malaysia (1983b), Population and Housing Census of Malaysia, Vol.2, Kuala Lumpur.
- Department of Statistics, Malaysia (1985), Statistics Handbook Malaysia, Kuala Lumpur.
- Department of Statistics, Malaysia (1986), Report of the Household Expenditure Survey Peninsular Malaysia (1980), Sabah & Sarawak (1982), Kuala Lumpur.
- Dewan Bandaraya Kuala Lumpur (Kuala Lumpur City Hall) (1984), Kuala Lumpur Structure Plan., Kuala Lumpur, Malaysia.
- Doyle, Peter and Ian Fenwick (1975), "How Store Image Affects Shopping Habits in Grocery Chains", Journal of Retailing, Vol. 50, No. 4, Winter 1974-1975, pp. 39-52.
- Dreesman, A.C.R. (1968), "Patterns of Evolution in Retailing", Journal of Retailing, Spring 1968.
- Economic Planning Unit, Malaysia (1982), Kota Star Urban Planning Study: Socio-Economic and Industrial Development, draft final report.
- Etgar M. (1984), "The Retail Ecology Model: A Comprehensive Model of Retail Change," Research in Marketing, Vol.7, pp.41-62.
- Euromonitor (1981), Retail Trade in the U.K. 1981, Autumn, Euromonitor Publications Ltd., London.
- Engel. J. F. and Blackwell, R.D. (1982), Consumer Behaviour, Fourth Edition, Dryden Press.
- Engel, J. F., Kollat D. and R. Blackwell (1978), Consumer Behaviour, Holt Saunders, New York.
- FAMA (1986), "Kertas Kerja Pasar Tani", a working paper on "Pasar Tani" project, Federal Agricultural Marketing Authority, Shah Alam, Malaysia.
- FAO (1975), Development of Food Marketing Systems in Large Urban Areas, Asia and Far East, Report on the Technical Conference on Food Marketing Systems in Large Urban Areas in the Far East at Kuala Lumpur, FAO, Rome.

- Fienberg, S.E. (1977), The Analysis of Cross Classified Categorical Data, Second Edition, The MIT Press, Massachusettes.
- Food and Agricultural Organisation (FAO) (1973), United Nations, Development of Food Marketing System for the Large Urban Areas (Latin America), Report on the Technical Conference on Food Marketing Systems in Large Urban Areas in Latin America, FAO, Rome.
- Fifth Malaysia Plan (1986), Government Printer, Kuala Lumpur, Malaysia
- Fourth Malaysia Plan (1980), Government Printer, Kuala Lumpur, Malaysia.
- Fung, Victor, et al. (1983), "The Applicability of Western Technique to Local Culture and Business Practice: The Case of Supermarkets in Hong Kong," The Hong Kong Manager, Vol. 19 (10), October, pp. 15-19.
- Gayler, H. J. (1984), Retail Innovations in Britain: The Problems of Out-of-town Shopping Centre Development, Geobooks, England.
- Gist, R. R. (1968), Retailing: Concepts and Decisions, John Wiley and Sons, New York.
- Green, P.E., Carmone F. and D. Watchpress (1977), "On the Analysis of Qualitative Data in Marketing Research," Journal of Marketing Research, Vol. XIV, February, pp. 52-59.
- Goldman, Arie (1976), "Growth of Large Food Stores in Developing Countries", Journal of Retailing, Vol. 50, No.2, pp.50-60.
- Goldman, Arie (1981), "Transfer of a Retailing Technology into Less Developed Countries: The Supermarket Case", Journal of Retailing, Vol. 57, No.2.
- Goldman, Arie (1982) "Adoption of Supermarket Shopping in a Developing Country: The Selective Phenomena," European Journal of Marketing, Vol. 16, No.1, November, pp. 17-26.
- Gueirin, Joseph R. (1964), "Limitations of Supermarkets in Spain", Journal of Marketing, Volume 28, October 1964, pp.22-26.
- Haberman, S.J. (1978), Analysis of Qualitative Data, Academic Press, New York.
- Hansen, Robert A. and Terry Deutscher (1977), "An Empirical Investigation of Attribute Importance in Retail Store Selection", Journal of Retailing, Vol. 53, No. 4, Winter 1977 - 1978, pp. 59 - 72.

- Hirschman, E.C. (1978), "A Descriptive Theory of Retail Market Structure", Journal of Retailing, Vol.54, No.4, Winter 1978, pp.29-41.
- Ho, Lisa (1980), Some Observations on Consumer Behaviour in the The Third World: The case of a suburban new town in Malaysia, a monograph by School of Modern Asian Studies, Griffith University, Queensland, Australia.
- Hollander, S.C. (1960), "The Wheel of Retailing," Journal of Marketing, Vol.21, No.1, pp.37-42.
- Hunt, I.J. (1983), "Developments in Food Distribution", in Burns J., McInerny J. and Swinbank A. (Ed.), The Food Industry: Economics and Policy, Heinemann, London.
- Izraeli, Dov, (1971), "The Cyclical Evolution of Marketing Channels", European Journal of Marketing, Vol.5, No.3, 1971, pp. 137-144.
- Izraeli, Dov, (1973), "The Three Wheels of Retailing", European Journal of Marketing, Vol.7, No.1, 1973, pp. 70-74.
- Jackson, James C. (1976), Marketing Chains: The Case of Fresh Food Supplies in Kuala Lumpur, A monograph by the Department of Geography, University of Hull, June 1976.
- Jackson, James C. (1979), "Retail Development in Third World Cities: Models and Kuala Lumpur Experience", in Jackson J. C. and M. Rudner (Ed.), Issues in Malaysian Development, Heinemann Education Books (Asia) Ltd.
- Johnson, Richard M., (1971), "Market Segmentation: A Strategic Management Tool", Journal of Marketing Research, Vol. VIII, February 1971, pp.13-18.
- Kaynak, Erdener (1975), Comparative Analysis of Food Retailing Systems in Turkey in Urban Turkey, an unpublished Ph.D. Thesis, Cranfield Institute of Technology, U.K.
- Kaynak, Erdener (1979), "A Refined Approach to the Wheel of Retailing", European Journal of Marketing, Vol.13, No.7, pp. 237 - 245.
- Kaynak, Erdener (1980), "Transfer of Supermarketing Technology from Developed to Less-Developed Countries: The Case of Migros-Turks", Finnish Journal of Business Economics, Vol. 29, No.1, pp.39-49.
- Kaynak, Erdener (1984), "International Comparisons of Food Marketing System", A paper presented at a conference "Marketing Problems in the Food Chain", Sheffield City Polytechnic, Sept 18 -19, 1984.

- Kaynak, Erdener (1981), "Food Distribution Systems: Evolution in Latin America and Middle East," Food Policy, Vol.6, No.2.
- Kaynak, Erdener, and T. S. Cavusgil (1982), "The Evolution of Food Retailing Systems: Contrasting the Experience of a Developed and Developing Economies", Journal of the Academy of Marketing Science, Vol.10, No.3, Summer 1982, pp. 249-262.
- Kinncar, T.C., and J.R. Taylor (1983), Marketing Research: An Applied Approach, Second Edition, McGraw Hill International Book Company, London.
- Kinsey, Joanna, (1982), "The Role of Marketing in Economic Development", European Journal of Marketing, Vol.16, No.6, 1985, pp. 64-76.
- Knoke, D and P.J. Burke (1980), Log-Linear Models, Sage Publications Inc., Beverly Hills.
- Kriesberg, M. (1976), "Marketing Efficiency in Developing Countries", in Izraeli, D., (Ed.), Marketing Systems for Developing Countries, John Wiley & Sons, New York.
- Kunkel, John H. and Leonard L. Berry (1968), "A Behavioral Concept of Retail Image", in Journal of Marketing, No.32, October, pp.21-27.
- Kuznet, S. (1953), Share of Upper Income Groups in Income and Savings, National Bureau of Economic Research Inc., New York.
- Kwok, K. (1979), An Analysis of Household Demand in Peninsular Malaysia, Department of Statistics, Kuala Lumpur.
- Levin, Richard I. (1981), Statistics fo Management, Second Edition, Prtentice/ Hall International Inc., Engelwood Cliff, N.J.
- Lewison and De Lozier (1982), Retailing Principles and Practices, Merill Publishing Company.
- Lewison D.M. and M.W. DeLozier (1986), Retailing, Second Edition, Merill Publishing Company, Columbus, Ohio.
- Lindquist, J. D. (1974), "Meaning of Image: A survey of Empirical and Hypothetical Evidence", Journal of Retailing, Volume 40, Number 4, Winter 1974-75, pp.29 -38.
- Malaysian Business (1986), "The Supermarkets: Battles of the Stores, Malaysian Business, January 16, pp. 5-13.

- Malcolm, J. (1983), "Food and Farming", in Burns et al (Ed.), The Food Industry: Economics and Policy, Heinemann, London.
- Mandell, M. I. (1985), Marketing, Third Edition, Prentice Hall Inc., Englewood Cliff, New Jersey.
- Markin, R.J. (1963), The Supermarkets: An Analysis of Growth and Change, Washington State University Press, Washington.
- Maronick, Thomas J. and Walker, Bruce J. (1973), "The Dialectic Evolution of Retailing", in Walker, Bruce J. and Joel B. Haynes (Ed.), Marketing Channels and Institutions: Selected Readings, Grid Inc., Columbus, Ohio.
- Martenson, Rita, (1981), Innovations in Multinational Retailing, University of Gothenburg, Department of Business Administration, Sweden.
- Martineau, P. (1958a), "Social Classes and Spending Behaviour," Journal of Marketing, October.
- Martineau, P. (1958b), "The Personality of Retail Store", Harvard Business Review, January - February, pp. 47-55.
- May, Eleanor G. (1981), "Product Positioning and Segmentation Strategy: Adaptable to Retail Stores?", in Stampfl R.W. and Hirschman, E.C., Theory in Retailing: Traditional and Nontraditional Sources, American Marketing Association.
- McCammon, Bert C. (1973), "Alternative Explanations of Institutional Change and Channel Evolution", in Walker, Bruce J. and Joel B. Haynes (Ed.) Marketing Channels and Institutions: Selected Readings, Grid Inc., Columbus, Ohio.
- McClelland, W.G. (1964), Studies in Retailing, Oxford Basil Blackwell.
- McGee, T.G., (1970), Hawkers in Selected Asian Cities, Centre for Asian Studies, University of Hong Kong.
- McCarthy, E.J. (1971), Basic Marketing: A Managerial Approach, Fourth Edition, Richard D. Irwin, Inc., Homewood.
- McNair, M.P. (1958), "Significant Trend and the Developments in the Post War Period" in A.B. Smith (Ed.), Competitive Distribution in a Free, High Level Economy and Its Implications for the University, University of Pittsburgh Press, Pittsburgh, pp. 1 -25.

- McTaggart, W.D. (1965), "The Weld Supermarket: A Study of A Kuala Lumpur Shopping Centre and its Clientele", Malaysian Management Review, Vol.4, Pt.3, pp.55-64.
- Ministry of Finance, Malaysia (1984), Economic Report 1984/85, National Printing Department, Kuala Lumpur.
- Ministry of Finance, Malaysia (1985), Property Market Report 1984, National Printing Department, Kuala Lumpur.
- Ministry of Finance, Malaysia (1986), Economic Report 1986/87, National Printing Department, Kuala Lumpur.
- Mitterndorf, H. (1978), "The Challenge of Organizing City Food Marketing Systems in Developing Countries," Zeitschrift fur auslandische Landwirtschaft, Vol.17, No.4, pp. 323-341.
- Moser, C. and Kalton, G. (1985), Survey Methods in Social Investigations, Gower, England.
- Moyer, Reed, (1964) "Structure of Markets in Developing Countries," Business Topics, Autumn 1964.
- Myers, H, R.S. Stanton and A.F. Hang (1971), "Correlates of Buying Behaviour: Social Class vs Income," Journal of Marketing, Vol.35, October, pp.8-15.
- New Straits Times, Malaysia (1986), March 22nd, p. 4.
- New Straits Times, Malaysia (1986), December 4th, "Study into Use of Refrigerated Trucks for Fish", p.12
- New Straits Times, Malaysia (1986), December 8th, "Good Catches Can't be Sold", p.6.
- New Straits Times, Malaysia (1987), June 27th., "2.4pc GDP Growth forecast: MIER projects \$1.1 Billion Surplus", p.16.
- New Sunday Times, Malaysia, "Marketing Pleasure", Aug. 11, 1985, Sundate p.1, Kuala Lumpur.
- Norusis, Marija J. (1983), SPSSX Introductory Statistics Guide, McGraw-Hill Book Company, New York.
- Norusis, Marija J. (1985), SPSSX Advanced Statistics Guide, McGraw-Hill Book Company, New York.
- Peak, H.S., and Peak, E.F. (1977), Supermarket Merchandising Management, Prentice-Hall Inc., New Jersey.
- Regan, W.J. (1964), "Stages in Retail Development", in Theory in Marketing, Reavis Cox (Ed.), Richard D. Irwin.

- Reily M.D. (1982), "Working Wives and Convenience Consumption," Journal of Consumer Research, Vol.8, March.
- Reynold F. and William Darden (1974), "Construing Life Styles and Psychographics", in William D. Wells (Ed.), Life Styles and Psychographics, AMA, Chicago.
- Rich, S.U. and S.C. Jain (1968), "Social Class and Life Cycles as Pedictors of Shopping Behaviour," Journal of Marketing Research, February.
- Rogers, E. M. (1962), Diffusion of Innovations, The Free Press, New York.
- Rogers, E. M. and F. Shoemaker (1971), Communications of Innovations. Second Edition, The Free Press, New York.
- Rogers, E. M. and David Stanfield (1968), "Adoption and Difusion of New Products: Emerging Generalization and Hypothesis" in Frand E. Bass, Charles W.King and Edgar A. Passenier (Eds.), Application of the Sciences in Marketing Management, John Wiley and Sons Inc., New York.
- Santos, M., (1975), The Shared Space: The Two Circuits of the Urban Economy in Underdeveloped Countries, Methuen, London.
- Savitt, Ronald (1983), "A Note on Retail Change and Economic Development", A paper presented in a seminar at Department of Business Studies, University of Stirling, August 1983.
- Sieh, Mei-Ling (1974), "Wheel of Retailing in Malaysia", Business Scope, Vol.6, 1978/1979, University of Malaya, Business Club, Kuala Lumpur.
- Slater, C., Riley, H. et al (1969), Market Processes in Recife Area of Northeast Brazil, Latin American Studies Centre, East Lansing, Michigan.
- SPSS Inc. (1983), SPSSX User Guide, McGraw-Hill Book Company, New York.
- SPSS Inc. (1984), SPSSX Basics, McGraw-Hill Book Company, New York.
- Thompson, Bryan, (1967), "An Analysis of Supermarket Shopping Habits in Worcestor, Massachusettes", Journal of Retailing, Vol.43, No.3, Fall 1967, pp.17-29.

- Thorelli, H. B. and G. Sentell (1982), "The Ecology of Markets in the Less and More Developed Countries", European Journal of Marketing, Vol.16, No.6.
- Toh, K.W., P.K. Wong, Y.T. Chang, Y.L. Hew, H.S. Ong and M. Loo (1985), Small Retail Business: An Analysis of Issues and Trends in Urban Areas of Peninsular Malaysia, An unpublished report to Kuala Lumpur Selangor Chinese Chamber of Commerce, Seres Research, Kuala Lumpur.
- Tokman, V.E. (1978), "An Exploration into the Nature of Informal-Formal Sector Relationship," World Development 1978, Vol.6 9/10.
- Tse, F.Y. (1974), Market and Street Trading: A Conceptual Framework, Social Research Centre, The Chinese University, Hong Kong.
- Wadinambiaratchi, George (1965), "Channels of Distribution in Developing Economies", Business Quarterly, Vol. 30 Winter, pp. 74-82.
- Wigglesworth, Edwin F. (1966), "Retailing Trends in Thailand" Journal of Retailing, Summer 1966, pp. 41-51.
- World Bank (1985), World Development Report 1984.
- Wrigley, N. (1985), Categorical Data Analysis for Geographers and Scientists, Longman, London.
- Yavas, Ugur, and Kaynak, Erdener and Borak, Eser, (1981), "Retailing Institutions in Developing Countries", Journal of Business Research, 9, pp.367-379.
- Zimmerman, M.M. (1955), The Super Market: A Revolution in Distribution, Mc Graw-Hill Book Company Inc., New York.
- Zbytniewski, Jo-Ann (1979), "How do Shoppers Choose a Supermarket", Progressive Grocer, August, pp. 105-107.

Institute for Retail Studies

University of Stirling
Stirling FK9 4LA
Scotland U.K.



APPENDIX 1: Household Survey
Questionnaire

John A. Dawson
Fraser of Allander Professor of Distributive Studies

Tel : 0786 - 73171
Telex : 777759 STUNIV G

HOUSEHOLD SURVEY

The purpose of this survey is to find out the extent of the adoption of supermarket as a retail outlet in Malaysian towns. This is purely an academic project and is part of my research at Institute for Retail Studies, University of Stirling, Scotland, in conjunction with Institut Teknologi Mara, Shah Alam, Malaysia. Your cooperation and participation in the survey is extremely useful in making the research a success. All information related to this survey will be treated in strict confidence.

Thank you for your participation.

Yours sincerely,

.....
KHALIFAH BIN OTHMAN,
c/o No. 14, Jalan 11/5C
Shah Alam,
Selangor.

KAJIAN ISIRUMAH

Tujuan penyelidikan ini adalah untuk mengetahui sejauh mana supermarket digunakan oleh penduduk-penduduk bandar di Malaysia. Ini adalah sebagai satu projek akademik dan sebahagian daripada penyelidikan saya di Institute for Retail Studies, University of Stirling, Scotland, dengan hubungan Institut Teknologi MARA, Shah Alam, Malaysia. Kerjasama Tuan/Puan amatlah penting untuk kejayaan kajian ini. Segala maklumat berhubung dengan penyelidikan ini adalah dianggap sulit.

Kerjasama Tuan / Puan diucapkan ribuan terima kasih.

.....
KHALIFAH BIN OTHMAN,
c/o No. 14, Jalan 11/5C
Shah Alam,
Selangor.

Questionnaire No. _____
Address: _____

Name of interviewer: _____

6	7	8
	9	10

HOUSEHOLD SURVEY

Instruction: Please tick [✓] the appropriate box [] provided.

SECTION A

1. Who, in your family, decides where to shop for your groceries?
- (a) The husband [] (b) The wife []
(c) Husband and wife [] (d) The servant []
(e) The children [] (f) Others _____ []
(Please specify)

12
□

Siapakah di dalam keluarga anda yang membuat keputusan di mana untuk memberi barang keperluan dapur?

(a) Suami [] (b) Isteri []
(c) Suami dan isteri [] (d) Orang gaji []
(e) Anak-anak [] (f) Lain _____ []
(sila sebutkan)

2. Who does the actual shopping?
- (a) The husband [] (b) The wife []
(c) Husband and wife [] (d) The servant []
(e) The children [] (f) Other _____ []
(Please specify)

13
□

Siapakah yang pergi membeli barang-barang tersebut?

(a) Suami [] (b) Isteri []
(c) Suami dan Isteri [] (d) Orang gaji []
(e) Anak-anak [] (f) Lain _____ []
(sila sebutkan).

3. Have you ever purchased anything from a supermarket?
- (a) YES [] (b) NO []
- IF YES, PLEASE PROCEED TO Q.4, IF NO PLEASE GO TO Q.13

14
□

Adakah anda pernah membeli apa-apa barang di Supermarket (Pasaraya)?

(a) Pernah [] (b) Tidak pernah []

Jika Pernah, teruskan ke soalan 4, jika Tidak terus jawab soalan 13.

4. How often do you do your shopping at a supermarket?
- (a) Once in 2 months [] (b) Once a month []
(c) Twice a month [] (d) Once a week []
(e) Twice a week [] (f) Others _____ []
(please specify)

15
□

Berapa kerapkah anda pergi membeli belah di "Supermarket"?

(a) Dua bulan sekali [] (b) Sebulan sekali []
(c) Dua kali sebulan [] (d) seminggu sekali []
(e) Dua kali seminggu [] (f) Lain _____ []
(sila nyatakan)

5. What is the main reason for you to shop in a supermarket?
- (a) Cheaper [] (b) Good Quality []
(c) Wider selection [] (d) Fresh []
(e) Convenient [] (f) Good service []
(g) Easy access [] (h) Others _____ []
(please specify)

16
□

Apakah sebab utama anda pergi membeli belah di Supermarket?

(a) Murah [] (b) Baik mutunya []
(c) Banyak pilihan [] (d) Segar []
(e) Senang [] (f) Baik layanan []
(g) Jalan masuk senang [] (h) Lain _____ []
(sila nyatakan)

6. How far is your house from the nearest supermarket?
- (a) Less than one mile [] (b) 1 - under 3 miles []
(c) 3 - under 5 miles [] (d) 5 - under 10 miles []
(e) 10 - under 15 miles [] (f) 15 - under 20 miles []
(g) 20 miles and above. []

18
□

Berapa jauhkah supermarket yang terdekat sekali dengan rumah anda?

(a) Kurang dari satu batu [] (b) 1 - kurang dari 3 batu []
(c) 3 batu - kurang dari 5 batu [] (d) 5 - kurang dari 10 batu []
(e) 10 batu- kurang dari 15 batu [] (f) 15- kurang dari 20 batu []
(g) 20 batu ke atas []

7. How do you go to the supermarket?
 (a) By own car [] (b) By taxi []
 (c) By bus [] (d) Walking []
 (e) Lift from friends (by car) [] (f) By motorcycle []
 (g) Others _____ (Please specify)

19

- Bagaimanakah anda pergi ke supermarket?
 (a) Dengan kereta sendiri [] (b) Dengan teksi []
 (c) Dengan bas [] (d) Berjalan kaki []
 (e) Tumpang kereta kawan [] (f) Dengan motosikal []
 (g) Lain _____ (sila nyatakan)

8. On the average, how much do you normally spend at the supermarket per shopping trip?
 _____ (Please specify)

20 21 22

Hitung panjang, berapa ringgitkah selalunya anda berbelanja setiap kali ke supermarket?
 _____ (sila nyatakan)

9. What proportion of your groceries do you buy at the supermarket?
 (a) Very few: <10% [] (b) Some: 10%-<35% []
 (c) About half: 35%-<65% [] (d) Most: 65%->90% []
 (e) About all : >90% []

24

- Berapa peratuskah dari barang keperluan dapur yang anda beli dari supermarket?
 (a) Sangat sedikit: <10% [] (b) Ada juga: 10% <35% []
 (c) Hampir setengah :35%-<65% [] (d) Kebanyakan: 65%->90% []
 (e) Hampir semua >90% []

10. Are there any types of goods which you would NEVER buy in the supermarket?
 (a) YES [] (b) NO []

25

- If YES please tick ONE (if applicable):
 i. fish [] ii. chicken [] iii. meat []
 iv. vegetables [] v. tinned food [] vi. butter/marg. []
 vii fresh fruits [] viii spices [] ix. sugar/coffee []
 x. cooking gas [] xi cigarettes []
 xii. rice [] xiii toiletry & Detergents []
 xiv. others _____ (please specify)

26 27

Adakah apa-apa barang yang anda tidak akan samasekali membelinya dari supermarket?
 (a) Ada [] (b) Tidak []

- Jika ADA sila pangkah mana-mana satu yang berkenaan:
 i. ikan [] ii. ayam [] iii. daging []
 iv. sayur [] v. makanan tin [] vi. mentega/marj []
 vii buah-buahan [] viii rempah [] ix gula/kopi []
 x. gas memasak [] xi rokok []
 xii beras [] xiii alatan mandi & membasuh- syampu dll. []
 xiv lain-lain _____ (sila nyatakan)

11. Are there any types of goods which you would ALWAYS buy in the supermarket?
 (a) YES [] (b) NO []

28

- If YES please tick one (if applicable):
 i. fish [] ii. chicken [] iii. meat []
 iv. vegetables [] v. tinned food [] vi. butter/marg. []
 vii fresh fruits [] viii spices [] ix. sugar/coffee []
 x rice [] xi toiletteries and detergents []
 xii others _____ (please specify)

30 31

Adakah apa-apa barang yang anda akan sentiasa membelinya dari supermarket?
 (a) Ada [] (b) Tidak []

- Jika ADA sila pangkah mana-mana satu yang berkenaan:
 i. ikan [] ii. ayam [] iii. daging []
 iv. sayur [] v. makanan tin [] vi. mentega/marj []
 vii buah-buahan [] viii rempah [] ix gula/kopi []
 x beras [] xi lain-lain _____ (sila nyatakan)

12. When did you last shop at the supermarket?
 (a) Less than 3 days ago [] (b) About one week ago []
 (c) About two weeks ago [] (d) About 3 weeks ago []
 (e) About a month ago [] (f) About 2 months ago []
 (g) About 3 months ago [] (h) About 6 months ago []
 (i) More than 6 months ago []

32 33

If you have not shopped in a supermarket in the last month, please answer Q.13 otherwise please move to Q.14.

Bilakah kali terakhir anda membeli belah di supermarket?

- (a) Kurang dari 3 hari lalu []
- (b) Kira-kira seminggu lalu []
- (c) Kira-kira 2 minggu lalu []
- (d) Kira-kira 3 minggu lalu []
- (e) Kira-kira sebulan lalu []
- (f) Kira-kira 2 bulan lalu []
- (g) Kira-kira 3 bulan lalu []
- (h) Kira-kira 6 bulan lalu []
- (i) Lebih dari 6 bulan lalu []

Jika anda tidak membeli apa-apa barang dari supermarket sebulan lalu, sila pergi ke soalan 13, jika tidak, sila ke soalan 14.

13. IF "NO" TO Q.(3), OR IF YOU LAST SHOPPED AT THE SUPERMARKET ONE MONTH AGO OR MORE:

What is your main reason for not purchasing your daily necessities from a supermarket?

- (a) Expensive []
 - (b) Poor quality []
 - (c) Limited choice []
 - (d) Cannot bargain []
 - (e) No delivery service []
 - (f) No credit facility []
 - (g) Transport problem []
 - (h) No parking facility []
 - (i) Impersonal []
 - (j) Others _____ []
- (please specify)

34 35

--	--

JIKA ANDA JAWAB 'TIDAK' KEPADA SOALAH (3) ATAU JIKA PALING TERAKHIR ANDA MEMBELI BELAH DI SUPERMARKET LEBIH SEBULAN DAHULU:

Apakah sebab utama anda tidak pergi membeli belah di supermarket?

- (a) Mahal []
- (b) Rendah mutunya []
- (c) Kurang pilihan []
- (d) Tak boleh tawar menawar []
- (e) Tak ada perkhidmatan hantar barang ke rumah []
- (f) Tiada kemudahan kredit []
- (g) Masalah kenderaan []
- (h) Tiada kemudahan letak kereta. []
- (i) "Impersonal" atau kurang layanan individu. []
- (j) Lain-lain _____ (sila nyatakan) []

14. Have you ever purchased anything from a wet market (pasar)?

- (a) YES []
 - (b) NO []
- (IF YES PLEASE PROCEED TO Q.15, IF NO, GO TO Q.21)

Pernahkah anda membeli apa-apa barang di pasar?

- (a) Ada []
 - (b) Tidak []
- Jika Ada, sila pergi ke soalan 15, jika Tidak sila ke soalan 21.

15. How often do you do your shopping at a wet market?

- (a) Everyday []
- (b) Every other day []
- (c) Once a week []
- (d) Twice a week []
- (e) Once a month []
- (f) Twice a month []
- (g) Others _____ (Please specify) []

Berapa kerapkah anda membeli belah di pasar?

- (a) Tiap-tiap hari []
- (b) Selang sehari []
- (c) Seminggu sekali []
- (d) Dua kali seminggu []
- (e) Sebulan sekali []
- (f) Dua kali sebulan []
- (g) Lain _____ (sila nyatakan) []

16. What is the main reason for you to do your shopping at a wet market?

- (a) Fresh goods []
- (b) Cheaper []
- (c) Wider choice []
- (d) Credit facility []
- (e) Can bargain []
- (f) Close to house []
- (g) Friendly service []
- (h) Others _____ (please specify) []

Apakah sebab utama anda pergi membeli belah di pasar?

- (a) Barang-barang segar []
- (b) Murah []
- (c) Banyak pilihan []
- (d) Ada kemudahan kredit []
- (e) Boleh tawar menawar []
- (f) Dekat dengan rumah []
- (g) Baik layanannya []
- (h) Lain _____ (sila nyatakan) []

17. How far is your house from the wet market?

- (a) Less than 1 mile []
- (b) 1 mile - < 2 miles []
- (c) 2 miles - < 3 miles []
- (d) 3 miles - < 4 miles []
- (e) 4 miles - < 5 miles []
- (f) More than 5 miles []

Berapa jauhkah rumah anda dari pasar?

- (a) Kurang dari 1 batu []
- (b) 1 batu - < 2 batu []
- (c) 2 batu - < 3 batu []
- (d) 3 batu - < 4 batu []
- (e) 4 batu - < 5 batu []
- (f) Lebih dari 5 batu []

18. How do you go to the wet market?

- (a) Walking []
- (b) By own car []
- (c) By bus []
- (d) By motorcycle []
- (e) By bicycle []
- (f) By taxi []
- (g) Lift from friends []
- (h) Others _____ (please specify) []

37

--

38

--

39

--

40

--

41

--

Bagaimanakah anda pergi ke pasar?

- (a) Berjalan kaki [] (b) Dengan kereta sendiri []
 (c) Dengan bas [] (d) Dengan motosikal []
 (e) Dengan basikal [] (f) Dengan teksi []
 (g) Tumpang kereta kawan [] (h) Lain-lain []

(sila nyatakan)

19. On the average, how much do you spend per shopping trip at the wet market (pasar)?

_____ (Please specify the amount)

Hitung panjang, berapa ringgitkah selalunya anda berbelanja setiap kali ke pasar?

43	44	45

20. What proportion of your groceries do you buy at the wet market?

- (a) Very few: <10% [] (b) Some: 10% - <35% []
 (c) About half: 35%-<65% [] (d) Most: 65% - <90% []
 (e) About all: >90% []

(Please proceed to Q.22)

Berapa peratuskah dari barang-barang keperluan dapur anda di beli di pasar?

- (a) Sangat sedikit: <10% [] (b) Ada juga 10% - <35% []
 (c) Hampir setengah: 35%-65% [] (d) Kebanyakannya: 65%-90% []
 (e) Hampir semuanya: >90% []

(sila terus ke soalan 22)

46

21. If NO TO Q.(14):

What is your main reason for not buying your food necessities from a wet market?

- (a) Expensive [] (b) The place smells and inhygienic []
 (c) Not fresh [] (d) Poor quality []
 (e) Crowded / inconvenient [] (f) Limited choice []
 (g) Far from house [] (g) No parking space []
 (i) Other _____ (Please specify)

47	48

JIKA ANDA JAWAB TIDAK KEPADA SOALAN (14):

Apakah sebab utama anda tidak membeli belah di pasar?

- (a) Mahal [] (b) Tempatnya berbau busuk dan kurang kebersihan []
 (c) Tidak segar [] (d) Mutu rendah []
 (e) Sesak [] (f) Kotor []
 (g) Jauh dari rumah [] (h) Lain-lain _____

(sila nyatakan)

22. Have you ever purchased anything from a local grocery store?

- (a) YES [] (b) NO []
 (IF NO PLEASE PROCEED Q. 30)

Pernahkah anda membeli apa-apa barang dari kedai runcit berdekatan?

- (a) Biasa [] (b) Tidak []
 Jika Tidak, sila pergi ke soalan 30.

50

23. What is the main reason for you to shop in the local grocery store?

- (a) Cheaper [] (b) Good Quality []
 (c) Wider range [] (d) Fresh []
 (e) Convenient [] (f) Good service []
 (g) Easy access [] (h) Other _____

(please specify)

Apakah sebab utama anda membeli belah di kedai runcit berdekatan?

- (a) Murah [] (b) Mutu tinggi []
 (c) Banyak pilihan [] (d) Segar []
 (e) Mudah (convenient) [] (f) Baik layanan []
 (g) Jalan masuk senang [] (h) Lain-lain _____

(sila nyatakan)

51

24. How far is the nearest grocery store from your house?

- (a) Less than 1/4 mile [] (b) 1/4 - < 1/2 mile []
 (c) 1/2 - < 1 mile [] (d) 1 - < 2 miles []
 (e) 2 - < 5 miles [] (f) 5 - < 10 miles []
 (g) 10 miles and above []

Berapa jauhkah kedai runcit yang terdekat sekali dari rumah anda?

- (a) Kurang dari 1/4 batu [] (b) 1/4 - < 1/2 batu []
 (c) 1/2 - < 1 batu [] (d) 1 - < 2 batu []
 (e) 2 - < 5 batu [] (f) 5 - < 10 batu []
 (g) lebih dari 10 batu. []

52

25. On the average, how much do you spend per shopping trip at the grocery store? _____ (Please specify the amount)

53 54 55
[] [] []

Hitung panjang, berapa ringgitkah selalunya anda berbelanja setiap kali ke kedai runcit?

26. How do you go to the grocery store?
(a) By own car [] (b) By taxi []
(c) By bus [] (d) Walking []
(e) Lift from friends [] (f) By motorcycle []
(g) Others _____ (Please specify)

57
[]

Bagaimanakah anda pergi ke kedai runcit?
(a) Berjalan kaki [] (b) Dengan kereta sendiri []
(c) Dengan bas [] (d) Dengan motosikal []
(e) Dengan basikal [] (f) Dengan teksi []
(g) Tumpang kereta kawan [] (h) Lain-lain _____
(sila nyatakan)

27. What proportion of your groceries do you buy at the local grocery store?
(a) Very few: <10% [] (b) Some: 10% - <35% []
(c) About half: 35%-<65% [] (d) Most:65% - <90% []
(e) About all : >90% []

58
[]

Berapa peratuskah dari barang keperluan dapur anda yang anda beli dari kedai runcit?
(a) Sangat sedikit: <10% [] (b) Ada juga 10% - <35% []
(c) Hampir setengah: 35%-<65% [] (d) Kebanyakannya 65%-<90% []
(e) Hampir kesemua: >90% []

28. Are there any type of goods which you would NEVER buy in the local grocery store?
(a) YES [] (a) NO []
If YES please tick one (if applicable):
i. fish [] ii. chicken [] iii. meat []
iv. vegetables [] v. tinned food [] vi. butter/marg.[]
vii fresh fruits [] viii spices [] ix. sugar/coffee[]
x. toiletery and detergents [] xi. rice []
xii. others _____ (please specify)

59
[]

Adakah apa-apa barang yang anda tidak akan membelinya dari kedai runcit?
(a) Ada [] (b) Tidak []
Jika ADA sila pangkah mana-mana satu yang berkenaan:
i. ikan [] ii. ayam [] iii. daging []
iv. sayur [] v. makanan tin [] vi. mentega/marj[]
vii buah-buahan [] viii rempah [] ix gula/kopi []
xi alatan, sabun mandi dan sabun membasuh[] xii beras []
x lain-lain _____ (sila nyatakan)

60 61
[] []

29. Are there any types of goods which you would ALWAYS buy in the local grocery store?
(a) YES [] (b) NO []
If YES please tick one (if applicable):
i. fish [] ii. chicken [] iii. meat []
iv. vegetables [] v. tinned food [] vi. butter/marg.[]
vii fresh fruits [] viii spices [] ix. sugar/coffee[]
x. cooking gas [] xi cigaretttes [] xii beras []
xiii. toiletery and detergents []
xiv. others _____ (please specify)

63
[]

Adakah apa-apa barang yang anda akan selalu membelinya dari kedai runcit?
(a) Ada [] (b) Tidak []
Jika ADA sila pangkah mana-mana satu yang berkenaan:
i. ikan [] ii. ayam [] iii. daging []
iv. sayur [] v. makanan tin [] vi. mentega/marj[]
vii buah-buahan [] viii rempah [] ix gula/kopi []
x. gas memasak [] xi rokok [] xii beras []
xiii sabun dan alatan mandi dan membasuh []
xii lain-lain _____ (sila nyatakan)

64 65
[] []

30. If NO to Q.22:
What is your main reason for not purchasing your daily necessities from the local grocery store?
(a) Expensive [] (b) Poor quality goods []
(c) Limited choice [] (d) Cannot bargain []
(e) No delivery service [] (f) No credit facility []
(g) Transport problem [] (h) No parking facility []
(i) Impersonal [] (j) Others _____

66 67
[] []

Jika TIDAK di soalan No. 22:

Apakah sebab utama anda tidak membeli barang-barang keperluan dapur dari kedai runcit?

- (a) Mahal [] (b) Mutu rendah []
- (c) Pilihan terhad [] (d) Tidak boleh tawar []
- (e) Tak ada perkhidmatan hantar barang ke rumah [] (f) Tiada kemudahan kredit []
- (g) Masalah kenderaan []
- (h) Tidak ada kemudahan letak kereta [] (i) Kurang layanan individu atau "impersonal" []
- (j) Lain-lain _____ (sila nyatakan)

31. Are you getting any credit facilities from any retail outlets?

- (a) YES [] (b) NO []

IF YES PLEASE PROCEED TO Q.32, IF NO, GO TO Q.33.

Adakah anda mendapat kemudahan kredit dari mana-mana kedai?

- (a) Ada [] (b) Tidak []

Jika Ada, teruskan ke soalan (32), jika Tidak, sila pergi ke soalan (33)

69

32. Which particular outlet do you get credit facilities?

- (a) Local grocery store [] (b) Supermarket []
- (c) Wet market [] (d) House to house pedlar []
- (e) Others _____

Apakah jenis kedai yang anda mendapat kemudahan kredit?

- (a) Kedai runcit [] (b) Supermarket []
- (c) Pasar [] (d) Penjaja rumah ke rumah []
- (e) Lain-lain _____ (sila nyatakan)

70

33. Roughly, what is the proportion of your household expenditure do you spend on food?

- (a) Almost all [] (b) About 75% []
- (c) About 50% [] (d) About 25% []
- (e) About 10% [] (f) Less than 10% []

Berapa peratuskah daripada perbelanjaan keluarga sehari-hari di-belanjakan untuk membeli makanan? (Anggaran secara kasar)

- (a) Hampir kesemua [] (b) lebih kurang 75% []
- (c) Lebih kurang 50% [] (d) Lebih kurang 25% []
- (d) Lebih kurang 10% [] (e) Kurang dari 10% []

6

34. What is your opinion regarding the prices offered in the supermarkets generally?

- (a) Expensive [] (b) Reasonable []
- (c) Cheap [] (d) Don't know []

Apakah pandangan anda secara umum terhadap harga barang-barang di supermarket

- (a) Mahal [] (a) Berpatutan []
- (c) Murah [] (d) Tak tahu []

7

35. What is your opinion regarding the following statement:

Supermarkets in Malaysia are meant for the upper and middle class only:

- (a) Agree [] (b) Disagree []
- (c) Don't know []

Apakah pandangan anda terhadap kenyataan berikut:

Supermarket di Malaysia adalah untuk orang-orang kelas atasan dan menengah sahaja.

- (a) Bersetuju [] (b) Tidak bersetuju []
- (c) Tak tahu []

8

SECTION B

36. Where do you normally purchase the following items?
 (Please cross (X) where appropriate, choose ONE outlet only
 per item: SHOWCARD A)

ITEMS	RETAIL OUTLETS						
	Wet Market 1	Super Market 2	House Pedlar 3	Local Store 4	Night Market 5	Other 6	Never Buy 7
a. Fish / seafood							
b. Poultry							
c. Meat							
d. Fresh vegetables							
e. Fresh fruits							
f. Cooking oil							
g. Fresh milk							
h. Powdered, condensed milk							
i. Butter, cheese, margarine							
j. Fresh Eggs							
k. Canned food							
l. Frozen food							
m. Rice							
n. Sugar, tea, coffee							
o. Flour							
p. Toileteries							
q. Detergents							
r. Softdrinks							
s. Spices, onions, garlics							
t. Soya/ Chili/Tomato Sauce							
u. Fresh Noodles							
v. Dry noodles(mee, meehun)							
w. Belacan							
x. Dried fish, ikan bilis							

	9
	10
	12
	13
	14
	15
	16
	18
	19
	20
	21
	22
	24
	25
	26
	27
	28
	30
	31
	32
	33
	34
	35
	37

SECTION C

37. Age of the household head (Please specify) _____
 Umur ketua keluarga (sila nyatakan) _____

38. Sex (householdhead)
 (a) Male [] (b) Female []

Jantina ketua keluarga
 (a) Lelaki [] (b) Perempuan []

39. Ethnic group:
 (a) Malay [] (b) Chinese []
 (c) Indian [] (c) Euroasian []
 (d) European [] (e) Other _____ []
 (Please specify)

Keturunan :
 (a) Melayu [] (b) Cina []
 (c) India [] (d) Serani []
 (e) Eropah [] (f) Lain-lain _____ []
 (sila nyatakan)

38	39

40

--

41

--

40. What is your occupation? _____
(Household head) (Please specify)

43 44
[] []

Apakah pekerjaan anda? _____ (sila nyatakan)
(Ketua rumah)

41. What is the level of your education? (Household head)
(a) Primary school [] (b) Secondary school []
(c) College/University [] (d) Others _____
(please specify)

45
[]

Taraf pendidikan (Ketua keluarga):
(a) Sekolah rendah [] (b) Sekolah menengah []
(c) Kolej/Universiti [] (d) Lain-lain _____
(sila nyatakan)

42. Are you married?
(a) YES [] (b) NO []
If YES, please proceed to Q.43-if NO go to Q.48

Adakah anda sudah berkahwin?
(a) Ya [] (b) Belum []
Jika Ya, teruskan ke soalan (43), jika Belum, sila pergi ke soalan (48)

46
[]

43. Is your wife working full-time?
(a) YES [] (b) NO []

Adakah isteri anda bekerja sepenuh masa?
(a) Ya [] (b) Tidak []

47
[]

44. Do you have any children?
(a) YES [] (b) NO []
IF YES, PLEASE PROCEED TO Q.45. IF NO, GO TO Q.48

Adakah anda mempunyai anak?
(a) Ada [] (b) Tidak []
Jika Ada, teruskan ke soalan (45). jika Tidak, sila pergi ke 48.

48
[]

45. How many children do you have?
_____ (please state the number of children)

50 51
[] []

Berapa orangkah anak anda?
_____ (sila nyatakan bilangan anak-anak)

46. What is the age of your youngest child?
_____ years or _____ months (please specify)

52 53
[] []

Berapakah umur anak bongsu anda?
_____ tahun atau _____ bulan (sila nyatakan)

47. What is the age of your eldest child?
_____ years or _____ months (please specify)

54 55
[] []

Berapakah umur anak sulong anda?
_____ years or _____ months (please specify)

48. How many persons (including yourself) are staying in the house?
(a) 1 - 2 [] (b) 3 - 4 []
(c) 5 - 6 [] (d) 7 - 8 []
(e) 9 -10 [] (f) 11 and above []

Berapa orangkah semuanya (termasuk anda sendiri) tinggal di-
dalam rumah ini?
(a) 1 - 2 orang [] (b) 3 - 4 orang []
(c) 5 - 6 orang [] (d) 7 - 8 orang []
(e) 9 - 10 orang [] (e) 11 ke atas []

57
[]

49. How do you best describe the persons who are staying in the house?
(a) All bachelors [] (b) One family []
(c) Two families [] (d) Other _____

Penghuni- penghuni rumah ini bolehlah di anggap sebagai:
(a) Semua-nya bujang [] (b) Satu Keluarga []
(b) Dua keluarga [] (c) Lain lain _____

58
[]

50. How long have you been staying in this area?
(a) Less than 6 months [] (b) 6 - 12 months []
(c) 1 - 3 years [] (c) 3 - 5 Years []
(e) Over 5 years []

59
[]

Berapa lamakah anda telah tinggal di kawasan ini?

- (a) < 6 bulan [] (b) 6 < 12 bulan []
- (c) 1 tahun < 3 tahun [] (d) 3 < 5 tahun []
- (e) 5 taun atau lebih []

51. Are you staying in your OWN house?

- (a) YES [] (b) NO []

IF YES PLEASE PROCEED TO Q.53,IF NO, GO TO Q.52.

Adakah anda tinggal di rumah sendiri?

- (a) Ya [] (b) Tidak []

Jika YA, sila peri ke soalan 53, jika tidak sila ke soalan 52.

52. If NO to Q.51: Are you renting the house?

- (a) YES [] (b) NO []

Jika TIDAK di soalan No.51: Adakah anda menyewa rumah ini?

- (a) Ya [] (b) Tidak []

53. Type of house:

- (a) a village house [] (b) a flat []
- (c) a single storey terrace [] (d) a double s/terrace []
- (e) a semi-detached bungalow [] (f) a bungalow []
- (g) Others _____ []

Jenis rumah:

- (a) Rumah kampung [] (b) Rumah pangsa (flat) []
- (c) Teres satu tingkat [] (d) teres dua tingkat []
- (e) Kembar (Semi Detached) [] (f) Bungalow []
- (g) Lain-lain _____ []

54. Do you have a domestic servant?

- (a) YES [] (b) NO []

Adakah anda mempunyai orang gaji di rumah?

- (a) Ya [] (b) Tidak []

55. Do you own the following items?:

- (i) A car (a) YES [] (b) NO []

If YES, how many cars? _____

- (ii) A refreragator (a) YES [] (b) NO []

- (iii) A T.V. Set? (a) YES [] (b) NO []

- (iv)An air-conditioner? (a) YES [] (b) NO []

Adakah anda memileki barang-barang berikut?

- (i) Kereta : (a) Ya [] (b) Tidak []

Jika Ya, berapa buah? _____

- (ii) Peti sejuk (a) Ya [] (b) Tidak []

- (iii) Television (a) Ya [] (b) Tidak []

- (iv) Alat pendingin udara (Aircond.) (a) Ya [] (b) Tidak []

56. What is the range of your total household income per month? (SHOWCARD B)

- (a) Less than \$500 [] (b) \$500 - less than \$1000 []
- (c) \$1000 - less than \$1500 [] (d) \$1500 - less than \$2000 []
- (e) \$2000 - less than \$2500 [] (e) \$2500 - less than \$3000 []
- (g) \$3000 - less than \$3500 [] (h) \$3500 - less than \$4000 []
- (i) \$4000 - less than \$4500 [] (j) \$4500 - less than \$5000 []
- (k) \$5000 and above []

Berapakah lenkongan pendapatan keluarga anda sebulan? (KAD TUNJUK B)

- (a) Kurang dari \$500 [] (b) \$500 - kurang dari \$1000 []
- (c) \$1000 - kurang dari \$1500 [] (d) \$1500 - kurang dari \$2000 []
- (e) \$2000 - kurang dari \$2500 [] (f) \$2500 - kurang dari \$3000 []
- (g) \$3000 - kurang dari \$3500 [] (h) \$3500 - kurang dari \$4000 []
- (i) \$4000 - kurang dari \$4500 [] (j) \$4500 - kurang dari \$5000 []
- (k) \$5000 ke atas []

THANK YOU FOR YOUR PARTICIPATION IN THE SURVEY

TERIMA KASIH DIATAS KERJASAMA TUAN/PUAN

60
[]

61
[]

63
[]

64
[]

65
[]

66
[]

67
[]

69
[]

70
[]

71 72
[] []

Institute for Retail Studies



APPENDIX 2: Supermarket Survey Questionnaire

John A. Dawson
Fraser of Allander Professor of Distributive Studies

University of Stirling
Stirling FK9 4LA
Scotland U.K.

Tel : 0786 - 73171
Telex : 777759 STUNIV G

Khalifah bin Othman,
c/o No. 14 Jalan 11/5C,
Shah Alam,
Selangor.

Dear sir,

SUPERMARKET SURVEY

I am a lecturer in the school of Business and Management, Mara Institute of Technology, Shah Alam, Selangor, currently undertaking a post graduate programme at Institute for Retail Studies, University of Stirling, Scotland. I would be very much obliged if you could spend a few minutes of your time in answering the enclosed questionnaire. This survey is part of my research work at Institute for Retail Studies, University of Stirling. Your cooperation and participation would be greatly appreciated in making the study a success. All information relating to this survey will be kept and treated in strict confidence.

Please leave the completed questionnaire with your secretary and I will pick it up personally in due course. I thank you for your kind cooperation.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Khalifah bin Othman', with a large, stylized flourish at the end.

KHALIFAH BIN OTHMAN

SUPERMARKET SURVEY

INSTRUCTION: Please tick [✓] or fill up the appropriate blank spaces provided:

1. Please indicate below the type of company:
(a) Sole proprietor [] (b) Partnership []
(c) Private Limited Company (Sendirian Berhad) (d) Public Limited Company (Berhad) []
(e) Others _____ (please specify)
2. When was it established?
19_____. (Please specify)
3. What is your paid up capital?
\$_____ (Please specify)
4. Is the company a joint venture with a foreign firm?
(a) Yes [] (b) No []
5. If YES to Q.4, please state the nationality of the foreign partner.
(a) Singaporean [] (b) Japanese []
(c) American [] (d) British []
(e) French [] (f) Korean []
(g) Others _____ (please specify) —
6. If it is a joint venture with foreign company or companies, what is the percentage of the total paid up capital being provided by the foreign partner(s)?
(a) less than 5% [] (b) 5% - less than 10% []
(c) 10% - less than 15% [] (d) 15% - less than 20% []
(e) 20% - less than 25% [] (f) 25% - less than 30% []
(g) 30% - less than 35% [] (h) 35% - less than 40% []
(i) 40% - less than 45% [] (j) 40% - less than 51% []
(k) 51% and above []
7. What is the total number of employees? (Including Head Office staff, if any)
_____ persons. (Please specify)
8. Do you have any part-time employees?
(a) Yes [] (b) No []
9. If YES to Q.8, how many persons are being employed as part-time employees?
_____ persons. (Please specify)
10. How many stores do you operate? (Please specify)
_____ stores. (Please specify)
11. How many of these are supermarkets?
_____ stores. (Please specify)

12. Please list the locations and floor spaces of your supermarkets:

Location (name of town)	Total floor area (sq.ft)	No. of storeys	No. of check outs	Parking facilities (No.of spaces for cars)
-----------------------------	-----------------------------------	-------------------	-------------------------	---

- i. _____
- ii. _____
- iii. _____
- iv. _____

(if you require more space, please use the last page provided)

13. Do you provide any credit facilities to your customers?

- (a) Yes [] (b) No []

14. Do you provide home delivery service?

- (a) Yes [] (b) No []

15. Do you provide parking facilities to your customers?

- (a) Yes [] (b) No []

16. If YES to Q.15, is it free?

- (a) Yes, absolutely free [] (b) Yes, provided the customer shows a proof of purchase []
(c) No, the customer will have to pay. []

17. Do you have computerized or electronic point of sales system?

- (a) Yes [] (b) No []

18. Do you use computers for your inventory management?

- (a) Yes [] (b) No []

19. Do you use computers for employee pay calculations?

- (a) Yes [] (b) No []

20. Do you advertise your supermarket regularly?

- (a) Yes, very regular [] (b) Yes, sometimes, but not regular []
(c) No []

21. If YES to Q.20, what media do you use?

- (a) Leaflets [] (b) Radio []
(c) Television [] (d) Newspaper []
(e) Others _____ (Please specify)

22. Please tick [] your dominant source of supply for the following products:

Products	Do not sell them (1)	Dominant source of supply			
		Manufac turer Producer (2)	Whole saler/ Agent (3)	Direct import (4)	
a. Fresh Meat					57
b. Frozen meat					58
c. Fresh fish					59
d. Frozen fish					60
e. Fresh vegetables					61
f. Frozen vegetables					62
g. Fresh fruits (local)					63
h. Soft drinks, beverages					64
i. Tomato, chilli, soya sauce					65
j. Beer					66
k. Breakfast cereals					68
l. Detergents, toiletries					69
m. Belacan					70
n. Men's and ladies' clothing					04
o. Fresh milk					05
p. Rice					06
q. Coffee, Milo, Ovaltine etc.					07
r. Stationery					08
s. Dried fish, prawns etc.					09
t. Cosmetics					11
u. Biscuits, snack food (local)					12
v. Toys					13
w. Canned food (local)					14
x. Canned food (imported)					15
y. Dairy products - cheese, butter					16
z. Margarine					17

23. Do you have your own private brands?
 (a) No (b) No
24. Do you or any of your subsidiaries or parent company carry out your own manufacturing any of the products?
 (a) Yes (b) No
25. Do you have your own warehouse?
 (a) Yes (b) No
26. Do you operate you own fleet of lorries/trucks to service your transport needs?
 (a) Yes (b) No
27. Roughly, what is the percentage of sales do you spend on advertising and sales promotions.
 _____ percents of sales.
28. Has this gone up or gone down compared to last year?
 (a) Gone up (b) Gone down
 (c) Remains the same (c) Don't know
29. Roughly, what is the percentage of sales do you spend on wages and salaries?
 (a) less than 5% (b) 5% < 10%
 (c) 10% < 15% (d) 15% < 20%
 (e) 20% < 30% (f) 30% < 40%
 (g) 40% < 50% (h) More than 50%
30. Please indicate the range of your gross profit margin for 1985:
 (a) less than 5% (b) 5% < 10%
 (c) 10% < 15% (d) 15% < 20%
 (e) 20% < 30% (f) 30% < 40%
 (g) 40% < 50% (h) More than 50%
31. Has the gross profit margin gone up or gone down compared to the previous year?
 (a) Gone up (b) Remained the same
 (c) Gone down (c) No idea
32. Please indicate the range of your net profit margin for 1985:
 (a) less than 5% (b) 5% < 10%
 (c) 10% < 15% (d) 15% < 20%
 (e) 20% < 30% (f) 30% < 40%
 (g) 40% < 50% (h) More than 50%
33. Has the net profit margin gone up or gone down compared to the previous year?
 (a) Gone up (b) Remained the same
 (c) Gone down (c) No idea
34. Roughly, please indicate the range your annual turnover for 1985.
 (a) less than \$5 mill. (b) \$5 mill. < \$10 mill.[
 (c) \$10 mill. < \$15 mill. (d) \$15 mill. < \$20 mill.[
 (e) \$20 mill. < \$25 mill. (f) \$25 mill. < \$50 mill.[
 (g) \$50 mill. < \$75 mill. (h) \$75 mill.< \$100 mill.[
 (i) \$100 mill. < \$125 mill. (j) \$125 mill.< \$150 mill.[
 (k) \$150 mill. < \$200 mill. (l) \$200 mill.< \$250 mill.[
 (m) \$250 mill. < \$300 mill. (n) \$300 mill.< \$350 mill.[
 (o) \$350 mill. < \$400 mill. (p) \$400 mill.< \$450 mill.[
 (q) \$450 mill. < \$500 mill. (r) \$500 mill.<\$1 billion[
 (s) more than \$1 billion