UNIVERSITY OF STIRLING

SOFIAH BT ABD. RAHMAN

DEPARTMENT OF MARKETING

A STRATEGIC MERCHANDISE MIX FOR MALAYSIAN DEPARTMENT STORES

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ABSTRACT

"*Malaysian department stores under-performed*", preliminary desk research says. "*Department stores need to monitor the consumers and use merchandising as a competitive tool*", practitioners and academicians advise. Within this parameter, the thesis examined the relationship between consumers, department stores and retail merchandising.

First, the author explored the impact of the changing market on this 'universal provider' and underlined how the latter had coped (successfully/unsuccessfully) with these changes through its merchandising activities. Second, she investigated on the multifaceted dimensions of retail merchandising and established a framework for strategic merchandise decisions. Third, she tested this framework in the Malaysian market.

Given that the key to effective merchandising depends heavily on defining and understanding the target clients, to test the above construct, a consumer survey was undertaken. Likewise, since fashionable items made up the bulk of department stores' merchandise, the research instrument was constructed towards uncovering the shoppers' attitudes towards fashion.

The gathered responses were then subjected to factor and cluster analysis. The former technique was used to identify the fashion lifestyle orientations. On the other hand, the

latter method was used to classify the 'cases'. Through these techniques, five fashion lifestyles orientation were uncovered and seven types of customers with fashion lifestyle orientations ranging from as few as two to as many as five factors were underlined. Further analysis established that local department stores should concentrate on three clusters, which made up 77 per cent of the total market.

A broad overview shows that although they are department store shoppers, they shopped in other store types as well and engaged in extensive cross shopping. Moreover, when making purchases, their main trade-off was 'quality' and 'price'. Although they generally did not seek the cheapest price, there were on several occasions that quality was compromised for a 'better' price. This behaviour was mostly evidenced in the cluster that made up of many Chinese. Another significant discovery was, wide assortment, an attribute most notable in department store retailing, was not distinctively important to these target markets.

At the end of the investigation, a strategic merchandise mix - set of merchandise that meet the needs and expectations of these three clusters, was offered. It is only through this attainment (a strategic merchandise mix) that local department stores can realise their true potential.

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DEDICATED TO MY PARENT

------- who never has the chance to set foot in any formal school.......

TABLE OF CONTENTS

LIST OF APPENDICES

LIST OF FIGURES, PICTURES AND TABLES

Figures

Pictures

Tables

CHAPTER ONE

INTRODUCTION

During one of those holiday retreats at my in-law's place, an old cupboard caught my attention. It was not that the cupboard was antique and worth a fortune, but rather, what was in it. Inside, a gleaming 12-piece dinnerware was silently making a statement about itself. Upon prying, I was told it came from the first department store in Malaysia. My sister-in-law went into great length to explain her excitement on visiting this store for the first time. In her own words... "*Everything is so beautiful, so glamorous, so sparkling*". Her first visit was of course, more than twenty years ago.

Today, local department stores are no longer the exotic shops. By the end of the Twentieth Century, many new retail formats have flooded the Malaysian market. Thus, like in advanced countries (Laermans, 1993), these 'grand magasins' have lost some of their early appeals and are beginning to face heavy competition. The latest statistics (Euromonitor, October 1997) showed that in 1995, Malaysian department stores had sales of RM2.2billions (US$76 millions), which made up 5 per cent of the total retail sales.

Comparatively and in view of the encouraging economic backdrop (Malaysian Economic Report, 1997/1998), this is indeed a below-the-par performance. In advanced countries, for instance, where economic slowdown and heavy competition are the standard features, department stores there were recording up to 10 per cent of the market share (Berman and Evans, 1995; Larke, 1994). This (local department stores) poor achievement, despite operating in a very promising consumer market, clearly begs an exploration.

Upon investigation, however, the writer could not find any published work on local department stores. Instead, many writers (e.g. Khalifah, 1987; Zainal, 1987; Ying, 1988; Osman and Razak, 1989) favoured supermarkets as their research subjects. Perhaps, having the honour of being the first modern (western) retail institution in this country, supermarkets have drawn wide interests from the scholars. Nevertheless, in advanced countries, a wide body of literature pertaining to this retail format was available (e.g. Fukami, 1953; Pasdermadjian, 1954; Ferry, 1960; Rich, 1963; Rich and Portis, 1964; Bluestone, *et al.,* 1981; Miller, 1981; Crask and Reynolds, 1978; Hirschman, 1979; Biederman, 1991; Larke, 1994; Cassil *et al.*, 1997).

Encouraged by the lack of literature on local department stores and spurred by sister-in-law's raw enthusiasm as well as the below-the-par performance of this retail format, the author chose this retail format as the subject of her research. The focus of this study is on its merchandising strategies. This is because, the strength of a department store, according to the existing literature, lies mainly in its endless variety of consumer goods. Therefore, in essence, merchandising is the key activity in determining the success and failure of a department store. Thus, the dismal performance of local department stores as highlighted earlier, must be attributed to the weaknesses in their merchandising practices.

1.1 Significance of the Study

The importance of department stores as a commercial institution in Malaysia can not be underestimated. Metrojaya, the first locally owned department store, for example, was purposely created by the government to stimulate the nation's retail industry, a move not uncommon in many Asian countries (Hongchi and Fei, 1998). The department store being the chosen format (by the government) is not surprising. Its basic principle of assembling an enormous variety of fashionable consumer goods, its spectacular display of merchandise, its high standard of customer services and its grandly furnished interiors - all showcased the aspiration of post colonial Malaysians. Today, Parkson Grand, Yaohan, Isetan, Sogo and Tangs have joined Metrojaya in the market place. Their existence is highly pronounced in Klang Valley, the most developed region in Malaysia.

The life of a department store, however aspiring it is, like any other retail format is subjected to the demands made by the consumers. These demands in turn are very much influenced by factors beyond the control of the retailers. History has shown that among these parameters, economy and competition were the two prime agents (Pasdermadjian, 1954; Jefferys, 1954; Miller, 1981; Larke, 1994; Lancaster, 1994). In response, store operators have long recognised that the key to survival and prosperity lies on two dimensions (Grossman, 1970; Ravazzi, 1975; Barabba, 1980, Ghosh, 1994; Lewison, 1994; Cooks and Walter, 1991). One is monitoring the demographics and lifestyles of the shoppers. The second is using merchandising as a tool to meet the needs and wants arising from these new demographic and lifestyle changes. Central to these activities is the attainment of 'matched parallelism'

(Risch, 1991) – assembling the merchandise mix that matches both the customers and the company's requirements.

Although getting matched parallelism is critical at any time, its importance is further aggravated in periods of economic recession and intense competition (Walters, 1994; Shocker *et al.*, 1994). The fall of many western department stores in the 1920's (Pasdermadjian, 1954), for example, was attributed to this failure. Similarly, it is this inability that saw several Asian department stores incurred millions of losses in the first half of 1990s (Chong, 1996; Goh, 1995; Koshiba, 1995).

Taking these lessons into the local scene, the time has come for Malaysian department store operators to sharpen their merchandising strategies. Like the situation experienced by their western and eastern counterparts (Pasdermadjian, 1954; Jefferys, 1954; Miller, 1981), the strong (local) economic performance in the past ten years (Malaysian Economic Report, 1997/1998) had attracted many new players to enter the market place. So great was this influx that retail experts began to issue warnings on 'retail surplus' as early as 1995 (Regional Retail Management & Operations Conference, 1966; The Star, June 1998; Malaysian Business, August, 1998). Nevertheless, stimulated by the consumers high spending, all retail players - new and old, seemed to prosper. This scenario, of course, has long gone.

Today, the worst economic disarray ever (NEAC, 1998) has hit Malaysia. Left with smaller purchasing power and economic uncertainty, the shoppers have since down-scaled their spending by roughly 30 per cent (The Star, December 23, 1998). As such, and considering that the market is currently overcrowded with many retail players, the stage is set for fierce competition. For the department stores, the rivalry is further intensified. This is because, during an economic downturn, customers spend less on fashionable goods - the merchandise carried by department stores (King *et al.*, 1980; Ferry, 1960; Cassil *et al.*, 1997). Therefore, while the average spending has contracted by 30 per cent, the expenditure on luxury items could go down to as much as 73 per cent (Berita Harian, July 16, 1998).

Having painted the above picture, to stay successful, clearly there is the need for Malaysian department stores to constantly assemble a merchandise mix that matches the shoppers' needs and wants. This can be achieved through applying the two-step process set forth earlier - by constantly monitoring the demographics and lifestyles of the shoppers and by using merchandising as a tool to meet the needs and wants arising from these new demographic and lifestyle changes. The questions then are 'how to go about doing it and how is it being done'?

There are several merchandising frameworks offered by writers (notably Ghosh, 1994; Lewison, 1994; Cook and Walters, 1991; Risch, 1991) as guidelines towards the first query. However, to the knowledge of the author, until now there is no published work that answers the second question. This thesis attempts to fill this gap. That is translating these frameworks into practice in the local context, using department stores as the example. Within this purpose, this writing aspires to contribute to a better understanding of the variables involved in the merchandise mix decision making and in translating them into the real world.

1.2 Research Objectives

In order to apply the existing merchandising models to benefit the local department stores, the parameters involved in delivering a strategic merchandise mix (as spelled out by these frameworks) need to be explored and understood. Collectively these merchandising models call for the practitioners to deliberate on three major variables. They are the 'marketing considerations', the 'financial considerations' and the 'merchandise mix considerations'. Thus, examining and expanding each of these dimensions become one of the objectives of this research.

To further assist the author in translating the existing merchandising models to fit the local department stores, a clear understanding on issues regarding this retail format is a must. Consequently, this is another objective of this research. That is to review the basic principles and the characteristics of department stores and to examine how they (the principles and characteristics) evolve with the changing time. The focal point here is to investigate why and how department stores altered their merchandise mix to meet particular shifts in demographics and lifestyles arising from changes in economy and competition. Lessons from this desk research will prepare the author in understanding the issues faced specifically by department stores in using merchandising as a tool in meeting the environmental changes.

As external environments play a significant role in shaping the merchandising activities, examining these changes and the impact of these changes becomes the next objective of this thesis. Following the work of Grossman (1970), these uncontrollable forces are categorised into two groups. One is 'demography of demand' and the other is 'competition'. The latter expression describes the rivalry among the department stores and against other competitors in their efforts to attract customers. On the other hand, the former term exemplifies changes in population, family incomes, patterns of income distribution, and to reflect generally the effects of demographic differences and economic changes on consumer buying habits. Clearly, these inputs would further guide literature review on strategies undertaken by earlier department stores in meeting these changes.

Finally, the other objective of this study is to illustrate how the earlier information and knowledge can be put into practice. That is assembling an appropriate merchandise mix for the local department stores. Four criteria must be met in achieving this formula (Lewison, 1994; Ghosh, 1994). They are:

1. The optimal level varieties, assortments, and support level
2. The proper balance of brands
3. The proper selection of assortments
4. The best mix of new and established items.

Therefore to execute this last objective, a blend of merchandise that encompasses the above dimensions shall be offered.

1.3 Research Approaches

Both secondary and primary data are used for this study. The research begins with literature reviews on issues concerning the department stores. To provide a comprehensive outlook on this retail format, literature on both local and foreign department stores are reviewed. Those in France, The United States of America and

Japan represent the latter. The first two countries are chosen because their department stores live the longest, are the most advanced, and have gone through the most changes (Jefferys, 1954; Ferry, 1960; Crask, 1980; Miller, 1981). On the other hand, the significant influence of the Japanese in the development of local department stores (Country Report, 1989) has led to the choice of this third nation.

Articles from various journals and books are examined. Nevertheless, many references are based on the latter. Perhaps, being the 'oldest' modern retail institution in the world (Retail Insights, Spring, 1996), the subject of this 'grand magasin' no longer excites the writers. On the other hand, secondary data on local department stores are fashioned mostly from newspapers and annual reports. Being a rather young industry in a rather young country, the lack of research in this area is arguably understandable.

In between, the study continues with literature's pertaining to the merchandising strategy. Sources from textbooks and journals complemented each other to provide and expand the frameworks offered towards striking an optimal merchandise mix. To illustrate, these merchandising models can only be found in textbooks. Perhaps, due to the complexity of this task (Lewison, 1994; Holbrooks, 1981), no journal attempts to focus on building the merchandising framework. Instead materials from the journals concentrate on exploring each dimension of the merchandising models. Therefore, by combining these two sources, the task of translating the theory into practice is less daunting.

To provide the scenario on the local 'demography of demand' and competition, data from government bodies, articles from newspapers and magazines, conferences reports, and unpublished doctoral thesis are mostly used. Another practical source is Euromonitor, an international body that reviews the market structure of countries all over the world. Naturally, statistics from this independent body sometimes differ greatly with those of the government's. In cases like this, most often that not, data from the latter are chosen. The main reason is to provide continuity to these figures as most of the information is drawn from within this country.

Following the materials reviewed above, it is beyond doubt that getting direct feedback from the customers is a must. They, after all, are the heart of any retail institution. In addition, their buying behaviours change constantly and sometimes even drastically (Cassil *et al.*, 1997; Engel *et al.*, 1995). As such, a research design is formulated to gain insights on their shopping behaviour. In addition, it is thought that personal interviews with merchandising executives and retail managers of department stores would also be beneficial. They could provide the author further understandings on their merchandising activities.

This latter approach is taken with caution because past (author's) experiences and earlier works by those who made this attempt (e.g. Khalifah, 1986; Tahir, 1993) have shown that getting the co-operation from the retailers can be quite frustrating. Similarly, in 'Marketing Management – An Asian Perspective' (Kotler *et al.*, 1996), this difficulty was highlighted. Nevertheless, with an open mind, a research design aimed at this purpose is prepared.

Lastly, even though this section has clearly defined the areas on which primary and secondary data are used, in practice the distinction can be quite blurred. This is especially true in the write-ups concerning the local arena. Being a 'seasoned' Malaysian, the author must be forgiven for sometimes using her own experience and interpretation in reviewing the local incidents.

1.4 Chapter Organisation

The writer chose to organise this writing by first looking at the macro-environmental factors to be followed by the micro-environmental factors and the merchandising responses respectively. This 'outside' to 'inside' approach is considered most appropriate in making strategic decisions (Kotler, 1994; Lewison, 1994; Berman and Evans, 1995). In addition, this method parallels with the 'two-step process' prescribed for the success of department stores.

In line with this structure, Chapter Two begins by looking at the demography of demand. Under the headline *Consumer Change in Malaysia,* the audience is first introduced to Malaysia and the Malaysians. Next, the demographic, lifestyle and economic changes are described. At the same time, implications of these changes are postulated. The writing is especially focused on the last ten years where the locals have undergone sharp changes. Chapter Three continues with *Retail Change in Malaysia*, where changes in the local retail industry are reviewed. Like the second chapter, this chapter concentrates on data in the last ten years and seeks to investigate the emerging (competitive) trends and to study the impact of these changes. Clearly, these two chapters are written with the third objective in mind.

With the external forces clearly painted, the next chapter takes a look at the retail format chosen for this study. Entitled *Department Store Retailing*, this Chapter Four is aimed at fulfilling the second objective of this research. In this chapter, the characteristics of both local and foreign department stores over the years are laid down. Naturally, the major interest is to investigate the importance of merchandising to this retail format and how it has been used as a competitive tool. Likewise, following the environmental scanning executed earlier (Chapter Two and Three), the strategies undertaken by department stores in advanced countries that faced similar external forces are examined closely.

The fifth chapter, *Retail Merchandising*, continues by looking at how a strategic merchandise mix can be achieved. In this chapter, the components that make up a merchandise mix are first defined. Later, the parameters involved in delivering this strategic merchandise mix are discussed. In between this deliberation, past works towards this direction are highlighted. At the end of this chapter, the author offers a merchandising framework that in turn shapes the subsequent writings.

Guided by this model, the next chapter tackles the mechanics to be used for primary data collection. As highlighted earlier, the research works are directed at drawing information from both the shoppers and the department store operators. Hence this Chapter Six marks the transition from desk research to fieldwork. Chapter Seven takes over by giving an overview on the data gathered from the consumers. It summarises what has happened during the actual fieldwork and what has been achieved. Similarly, it reports the writer's inability to get any interview from the retailers and why it is so. Later, general data on the former (consumers) are laid down. Finally, using cluster analysis, these respondents are grouped into several segments.

Chapter Eight takes a deeper look at the gathered data. Entitled, *Malaysian Department Store Shoppers and Their Merchandise Expectations*, the resulting groups are analysed and labelled. Next, those clusters deemed suitable to be department store shoppers are chosen. In turn the merchandise mix expectations of these selected groups are cross-tabulated and analysed. From there, assumptions about each cluster's merchandise needs and wants are postulated.

In Chapter Nine - *Department Store Shoppers: Buying Behaviour, Perceptual Map and A Strategic Merchandise Mix*, the analysis continues by first looking at the buying behaviour of the qualified clusters. Next, their perception of local department stores is investigated. Later, these inputs are combined with that of Chapter Eight to form the framework for merchandise mix decisions. At the end, a set of merchandise mix deemed most appropriate for local department stores are illustrated. This last activity signals the completion of the last objective of this primary research as well as this thesis. Finally in Chapter Ten, the author concludes the whole thesis where she summarises the overall write-ups, the major findings, the limitation of this thesis, and the direction for future research.

Lastly, it is hoped that the readers will find this thesis a useful source of information regarding several issues pertaining to department stores and merchandising. Similarly, it is hopeful that the literature on Malaysian consumers and retail scenario will provide more insight on this nation. Although this thesis emphasises on the practicality aspect of merchandising, it is by no means intended to benefit mainly the retailers. Rather, this write-up shall serves to stimulate the practitioners, academicians and consultants in adopting and exploring further this area.

Likewise, as this writing aspires to expand further the variables involved in delivering a strategic merchandise mix and to illustrate how this can be achieved, at the end, this writing shall benefit the consumers as well. With clear understanding on how they can adjust their merchandise mix to meet the demands of the customers, Malaysian department stores shall be able to keep their customers satisfied by their offerings. For the author, this write-up has taught her several valuable lessons that she will treasure indefinitely.

CHAPTER TWO

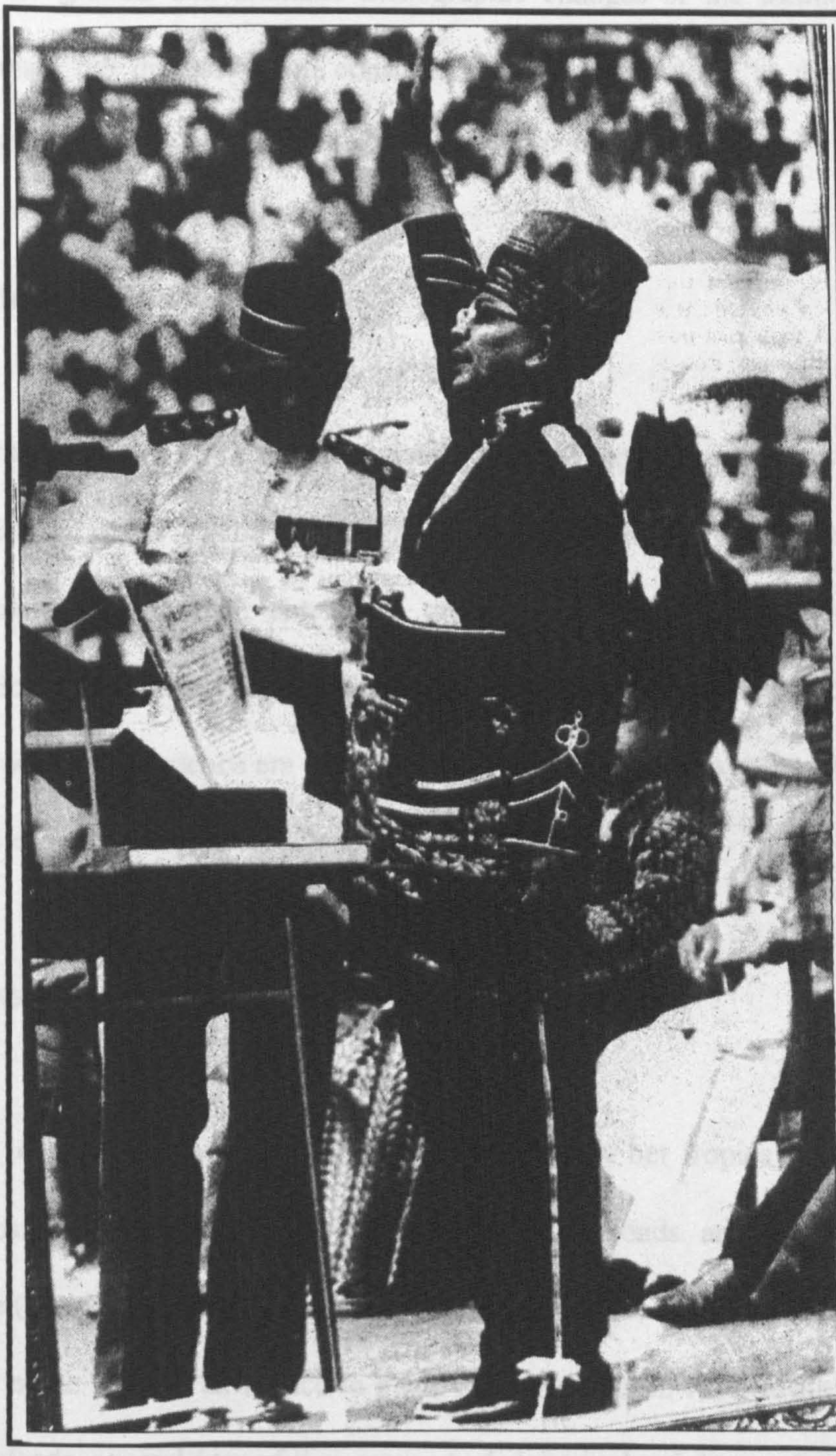
CONSUMER CHANGE IN MALAYSIA

The picture of Tunku Abdul Rahman, punching his fist in the air remains among the most enduring images of this country (Picture 2.1). It was taken in August 31st 1957 and marked the beginning of a 'merdeka' (free from colonisation) Malaya. Since then this country and her people have gone through moments of gradual and sweeping changes. This chapter undertakes to present these shifts.

Taking the cue from the introductory chapter, central to the discussion is the changes in the nation's demography of demand and the consequences of these changes to department store retailing. This (demand) dimension, as established in the earlier chapter, is one of the most fundamental variables to the success (or failure) of these emporiums. As such, the outcome of this writing contributes towards the recommendation of a strategic merchandise mix in Chapter Nine.

In addition, by having the external forces clearly laid down, this chapter identifies the current situations faced by local department stores. Hence, it guides investigations on how this retail format (in other countries) has dealt with similar conditions in the past. Likewise, lessons on how merchandising has been used as a tool to combat the prevailing external forces can be explored. Therefore, this chapter acts as a build-up towards literature research for Chapter Four and Five. Similarly, as this chapter deals with the population, it shapes the direction of consumer survey in Chapter Six.

Picture 2.1 The Day Tunku Raised His Hands......



To lay down the local's demography of demand, this chapter is organised into four parts. Section one provides the background on Malaysia and Malaysians. Section two traces the gradual and dramatic demographic changes of the locals. Section three continues the discussion on consumer change by looking at the lifestyle aspects. Lastly, a conclusion is drawn in section four.

2.1 Malaysia - An Introduction

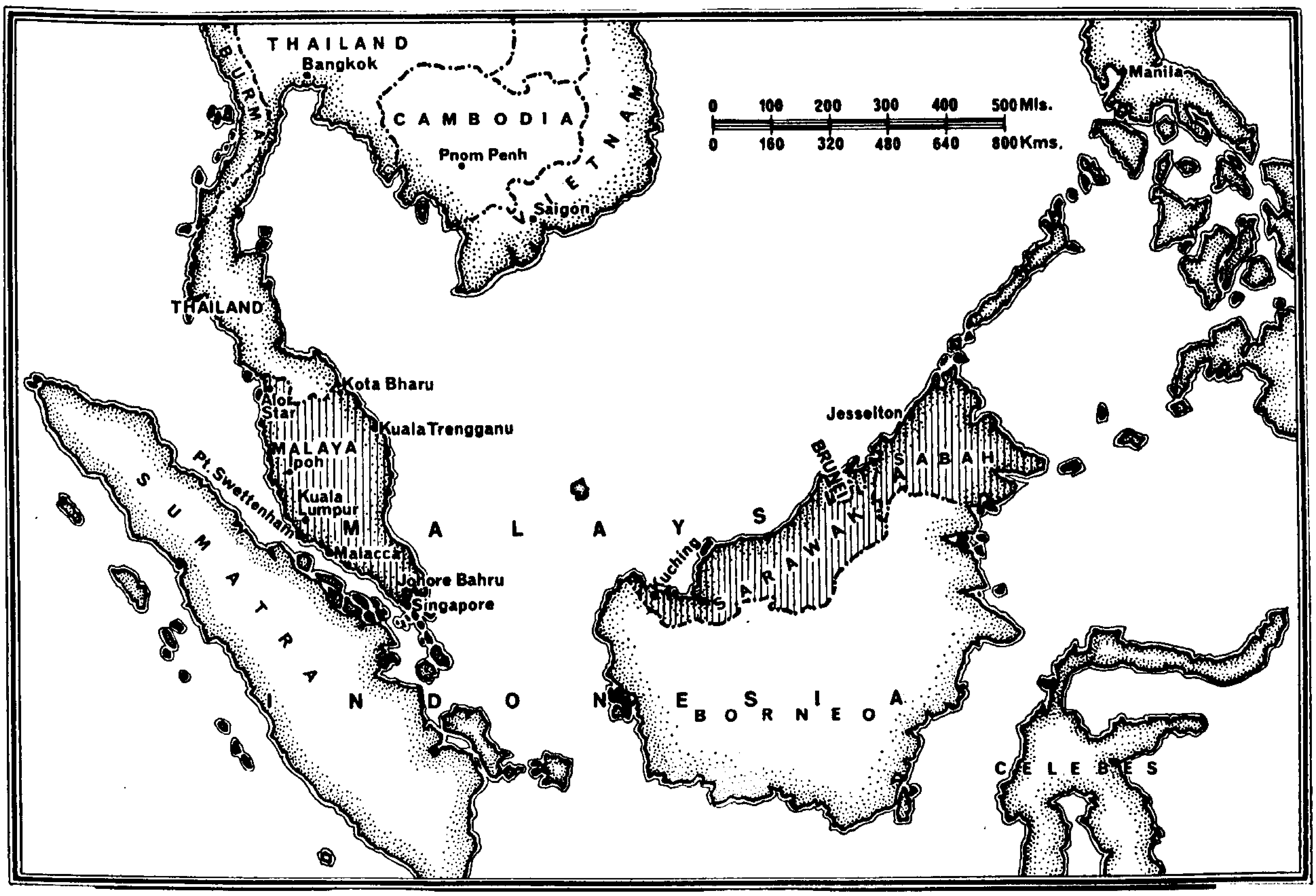
To begin with, brief descriptions and statistics about Malaysia are laid down. Next, the formation of three major ethnic groups in Malaysia and their contrasting lifestyles are discussed. The aim is to create a backdrop to the outstanding characteristics of the present Malaysians. Lastly, the nation's economic policies and climates in post-independence era are deliberated. This exercise lays the foundation for the consecutive write-ups on demographic and lifestyle changes.

2.1.1 Malaysia - Past and Present

The course of history of Malaya has been determined by her tropical climate, her strategic position at one of the world's major cross roads and her economic significance (Malaysia, 1997; Jayasuriya, 1983; Ryan, 1966; Clifford, 1968). These criteria had made Malaya an attractive place for colonisation. As a result, prior to her independence, several powerful countries had claimed the right to rule this small East Asia Kingdom.

Granted freedom in 1957, Malaysia was formed when Sabah and Sarawak agreed to join independence Malaya in 1963. Today, the latter is known as West or Peninsular Malaysia while the former is called East Malaysia. Together, they cover 329,733 square kilometres and are flanked by Thailand, Singapore, Brunei, and Indonesia as immediate neighbours (Picture 2.2). Though smaller in size, West Malaysia contains roughly 80 per cent of the population (Malaysian Economic Report, 1997/1998). Thus, it is far more modern and developed than East Malaysia. Therefore, it is not surprising that the bulk of commercial activities and the modern retail formats are found here (Euromonitor, 1994; Zainal, 1987). Consequently, to some people, the word Malaysia itself is taken to refer to West Malaysia. Likewise is true for the word Malaysians.

Picture 2.2 MALAYSIA



2.1.2 The Emergence of a Plural Society

The earliest inhabitants in Malaysia were 'orang Asli'. Pursuing a nomadic life, they moved from one area to another. Today they can be found in the very remote area and remain the most backward group. Next came the Malays who formed the largest ethnic group in Malaysia. Unlike the former, they preferred to stay permanently in one place and lived a more organised way. Together with orang Asli, they made up the indigenous peoples of Malaysia and were collectively classified as 'sons of the soil' or 'bumiputra' (Malaysia, 1997).

A new phase in the development of the inhabitants in Malaysia however began when she became an important link between traders from the East and the West. Her strategic trading locations opened numerous business opportunities, attracting traders, mainly the Indians and the Chinese to take up residence in major towns. Even though the Chinese and Indians had previously found home in Malaysia, it was not until during the British occupation (1874-1895 and 1945-1957) that their presence was strongly felt. The massive importation of these two groups to work in tin mines and rubber estates completely transformed the ethnic composition of the population (Jayasuriya, 1983; Kennedy, 1970). Hence, by 1921, it emerged as a plural society.

2.1.3 Pre-Independence Malaysians as Consumers

Though bonded by Eastern cultures, past experiences imposed contrasting values on these three major ethnic groups. These differences led to diverse lifestyles, which in turn shaped their earlier buying behaviours. Consequently, these (earlier) behaviours laid the foundation for today's buying expectations and preferences. To take a closer look at these ethnic groups, perhaps, the following excerpts best summarise the characteristics of each race in those early days:

Excerpt 1:

> "*The real Malay is courageous...but he is extravagant, fond of borrowing money and slows in repaying it...he is proud of his country, his people, venerates his ancient customs and traditions and has a proper respect for constituted authority...*" (Andaya, 1982).

Excerpt 2:

> "*Those (the Chinese) who made the journey (to Malaysia) and survived were exceptionally hardy and determined. Their attitudes were, and had to be, fiercely competitive*" (Jayasuriya, 1983).

Excerpt 3:

> "*The planters wanted a labour force which would be more disciplined and industrious than the Malays and more docile than the Chinese. For a solution to their problems, they turned to the Tamils of South India*" (Snodgrass, 1980).

Viewing these excerpts, it was of no surprise that earlier Malays were known to be the most backward group (Ataul Huq, 1995; Jayasuria, 1983; Snodgrass, 1980). Having a relatively easy life than the rest, they did not have the drive to better themselves. And yet, their extravagant nature would make them spend beyond their means. Equipped with these characteristics, they were usually portrayed as reckless shoppers (Snodgrass, 1980). Their inclination towards 'easy payment schemes', as depicted in many old movies, supported this shopping attitude.

The Chinese, on the other hand, were the complete opposite of the Malays. The hard life in their homeland had shaped them to be entrepreneurial, competitive and prudent. Thus, as consumers, they were the most difficult group to satisfy. Rather than spending on frivolous items, they invested in education. Thus, only essential goods were bought. Even then, each item was carefully chosen to select the best value.

The majority of the Indians, however, fall between these two races. One outstanding feature of their custom has to be the caste system inherited from their motherland. Physically freed from this system, they foresee that education and prudent spending should elevate their status. Thus, as a customer they were more careful than the Malays. Nevertheless, the need to buy visible items to break the (caste) barrier sometimes could lead them to be emotional shoppers as well.

To summarise, this section gives an insight on the profiles of pre-independence Malaysians. As underlined, the three races were governed by pronounced social and economic differences and constrained by distinct past experiences. Hence, each group lived a diverse lifestyle.

2.1.4 Economic Policies and Climates

The independence handed in 1957 had given government the mandate to start building its nation. Left with these three major ethnic groups, Tunku Abdul Rahman - the first Prime Minister, believed that of paramount concern was to forge unity. It was thought that the best way (to foster harmony) would be by treating all races as one. Thus, equal opportunities were given to all. The Malaya and Malaysian Plans (1956-1970) were set up with this vision as the main agenda (Zairon, 1996).

As pointed out earlier, being competitive and educated, the Chinese were the major benefactors of these plans. On the other hand, the uneducated and laid back Malays were largely confined to pre-independence jobs and ways of living. The "13th May Riot" in 1969 signalled the growing resentment of the Malays for being left out in more rewarding economic activities.

In response, a succession of New Economic Plans (1971-1990), each lasting for five years was drawn. Under these plans the main agendas were poverty eradication and social restructuring (Ariff, 1991). Soon after, racial tolerance ensued and by 1982, Malaysia was experiencing a commendable economic growth averaging at 5 per cent per annum. This NEP which has been progressing rather well, however, faltered in 1985 when the price of rubber - Malaysia's primary export - crashed down. Plagued by her first serious economic downturn, Malaysia posted a negative (-1.2 per cent) and low GDP growth (2.6 per cent) in 1985 and 1986 respectively.

The Malaysian government has since (the deep recession) made a conscious effort to move away from heavy reliance on exporting primary products to concentrating on other sectors such as manufacturing. As early as 1988, this new economic resolution has managed to stimulate the nation's economic growth. Since then and after the manufacturing sector emerged as the main contributor to Malaysian Gross Domestic Product (GDP) in 1989, the nation's economic prosperity was phenomenal. During these periods right up to the remaining years of the NEP, the GDP growth (at 1978 constant price) was close to 8.5 per cent per annum. In turn per capita income increased from RM1,170 (US$433.00 - at 1992's exchange rate) in 1970 to RM6,638 (US$2458.5) in 1989 (Bank Negara Report, 1992).

Encouraged by its spectacular economic performance, National Development Policy (1991-2000) was issued. Unlike the previous ones, the emphasis of this latest economic policy has shifted from the (mainly inter-ethnic) redistribution associated with NEP to growth and modernisation (Jomo, 1994). The aim is to achieve the status of a fully developed nation by year 2020 as embodied in Dr. Mahathir's (Prime Minister) "Vision 2020" (Sarji, 1997; Malaysian Economic Report, 1996/1997; Malaysia Plans 1996-2000).

In line with this policy, the period of NDP (National Development Policy) saw the manufacturing sector continue to play a pivotal role in GDP contribution. Similarly, true to the government's efforts towards creating a fully developed country, the services sector has been expanding. The main impetus to the growth of this sector came from the wholesale and retail trade. Its importance was sealed when this sector claimed the second spot towards wealth contribution by the end of 1997 (Malaysian Economic Report, 1997/1998). Table 2.1 illustrates.

Table 2.1 Gross Domestic Products By Industry, 1990 – 2000

	Share of GDP (%)[1]		
	1990	1995	2000[2]
Agriculture, livestock, forestry, and fishing	18.7	13.6	10.5
Manufacturing	26.9	33.1	37.1
Wholesale and retail trade	11.1	12.1	12.7
Government Services	10.6	9.7	8.1
Finance, insurance, real estate, and business services	9.8	10.7	11.9
Mining and quarrying	9.8	7.4	5.7
Transport, storage, and Communication	6.9	7.3	8.3
Construction	3.6	4.4	4.8
Other services			
(-) Imputed Bank Service Charges	5.1	7.0	7.5
(+) Import Duties	3.7	4.3	3.2
Electricity, gas, and water	1.9	2.3	2.7
GDP at constant prices (RM billion)	79.3	120.3	176.6

Source: Seventh Malaysia Plan, 1996-2000
[1]At 1978 constant prices
[2]Forecasted figure

Charting better progress than those of NEP, GDP at an average of 8.5 per cent for the next seven years was achieved. As a result, by 1996, per capita income rose to roughly US5000.00 (The Star, August 28, 1998), posting an incredible two-fold jump (from 1989). In addition, together with the previous three years (1988-1990), Malaysia was blessed with ten years of sustained rapid economic growth. Understandably, this outstanding feat has attracted many foreign retailers to set up their businesses in the local market. Similarly, buoyed by positive economic climate and diverse shopping choices, the consumers' spending have been on the rise (Malaysian Economic Report, 1997/1998).

However, amidst these bustling activities, history repeated itself. By Mid 1997, another round of economic disaster descended upon Malaysia. Triggered by the currency devaluation of Thailand's Baht, the nation's purchasing power was cut by roughly 60 per cent. Described as the worst recession ever, the government has urged the Malaysians to '*learn to be more prudent*' (The Star, October 17, 1997). The success of this campaign, however, has further contracted the economic growth from -2.8 per cent in the first quarter of 1998 to an unprecedented -6.8 per cent (The Star, August 28, 1998) in the subsequent quarter. In response, this campaign was later reiterated and replaced by the current '*spend wisely - shop locally*' slogan.

At the time of this writing (1998), experts were forecasting an overall negative growth of 2.9 per cent for this year. In addition, a marginal growth of 0.7 per cent (The Star, July 22, 1998) was predicted for the following year. With economic downturn blanketing all the Asian countries, it is inevitable that Malaysia will be facing a few more years of economic gloom. As for the consumers, this economic downturn would mean another lifestyle readjustment after having almost a decade of good life. Such were the success and the turmoil of Malaysian's economy in her post-independence years. Table 2.2 chronicles these events.

Table 2.2 Malaysia's Economic Policies and Climates

Name/Year	Policy	Climates
Malaya and Malaysia Plan (1957-1970)	National Security Racial Harmony	• GDP Growing Slowly. • Heavy Reliance on agricultural sectors
New Economic Plan (1971-1990)	Poverty Eradication Social Restructuring	• GDP grew at average of 5 per cent • Heavy reliance on agricultural activities • Hit by first deep recession in 1985 • Bounced back in 1987 with emphasis on manufacturing sector and GDP was at 8.5 per cent in the remaining three years
National Development Policy (1991-2000)	Growth and Modernisation	• GDP grew at 8.5 per cent until July 1997. • Heavy reliance on manufacturing and services industries. • Hit by second and by far worse recession in mid-1997. • GDP has been negative ever since. • Uncertainty looms

2.2 The Changing Demography

This section serves to describe and provide data on the changing trends of the Malaysians. To set off, the reader is first presented with a broad overview of Malaysia's population. Next, trends on income distribution, education level, employment structure and urbanisation are reviewed. The aim, as mentioned at the first page of this chapter, is to postulate the impact of these changes on department store retailing.

2.2.1 The Population Trend

To provide an update on the current status of Malaysian population, snapshots of an overall population data are provided in Table 2.3 (on the next page). As shown, Malaysia was sparsely populated in 1960. However today (1998), the local market has grown to be more than 22 millions. This was made possible by the all time high growth rate of 4 per cent in 1970 and the subsequent growth rates which was considered the highest in Pacific Region (Dibb, 1996). Predicted to be growing at 2.3 per cent in recent years, the available consumers by year 2000 will be 23.26 millions. This statistic naturally spells opportunity for department stores.

From the total population, the Malays continue to dominate the racial structure at the expense of the Chinese. Currently they account for 60 per cent of the Malaysian market and are expected to maintain this lead in the future. This is to be followed by the Chinese (30 per cent) and Indians (10 per cent) (Malaysia Plan, 1996-2000; Dibb, 1996). In another word, the market size (in units) of the Malays is twice as many as the Chinese and six times more than the Indians. Based on this data, perhaps, more merchandise geared towards this group should be assembled by the local department stores. In addition, as illustrated earlier, the Malays are most easily influenced. However, as shall be seen later, they are the poorest among the races.

Table 2.3 The Population Growth in Malaysia 1960-2000 (Million)

Year	1960[1]	1970[1]	1980[1]	1990[1]	1998[2]	2000[2]
West Malaysia	6.79	9.15	11.47	14.62	18.20	19.03
East Malaysia	1.20	1.63	2.41	3.25	4.04	4.23
Total	7.99	10.78	13.88	17.87	22.24	23.26
Av. Growth (%)	-	3.5	2.9	2.4	2.3	2.3

Source[1]: Zairon (1996)
Source[2]: Calculated from Malaysia Plans (1996-2000)

Another significant character of the Malaysian population is the steady growth of those in the age brackets 25-39 and 40-54 (Information Malaysia, 1986). Today they represent more than 30 per cent of the market size. More importantly, recent reports indicated that they are the (local) prime spenders (The New Straits Times, August, 1995; Retail Asia, July/August, 1996). Similarly, they, according to researchers, are among the main target markets for department stores in the United States of America (Crask and Reynolds, 1978; Hirschman, 1979).

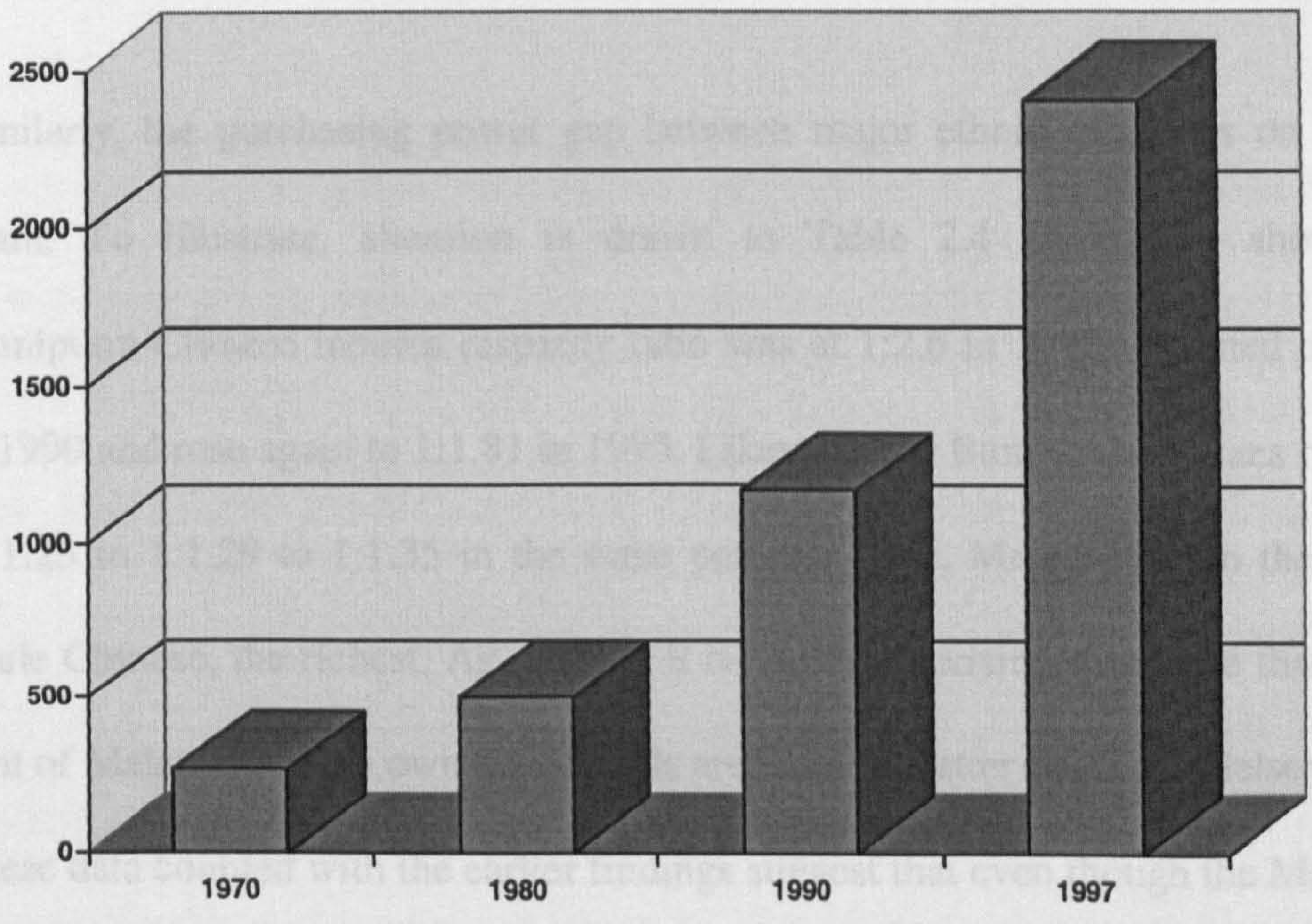
Therefore, obviously, the growth of these groups benefits the local department stores and thus they must form the central focus in formulating a strategic merchandise mix. However, it is also expected that other retailers are aiming to cater to their needs and wants as well. Hence, with the influx of modern retailers as will be discussed in detail in the next chapter and the nation engulfed in its worst economic recession ever, intense competition to get these groups' attention is expected. Definitely, the winners will be those retailers who satisfy these shoppers the best. Building on this scenario, the sample population for primary data collection in Chapter Six must be made up by those in the age brackets 25-39 and 40-54.

2.2.2 The Income Trend

Similar to its population trend, the income pattern of this country has undergone dramatic shifts. This subsection takes a look at the two most significant changes affecting the locals' purchasing power. They are the creation of middle-income consumers and the greater rifts in wealth distribution. In addition, the impact of the 'worse ever' economic recession on the consumers demand is deliberated.

To illustrate the first issue, Figure 2.1 shows the trend in wealth accumulation for the past 27 years. As shown, the mean monthly household earnings improved rather gradually from 1970 to 1980. However, from then on, the Malaysians had been enjoying a substantial increase in family incomes. As a result, the percentage of households entering the middle income group (earning between RM1,000 and RM3,000 per month) has increased to roughly 47 per cent in 1997 (7th. Malaysia Plan 1996-2000). This wealth status, as reported by Malaysia Economic Report (1996/1997), has resulted in turning Malaysia among the richest in the "Upper-middle-income countries", almost close to the "High-income-economies". This phenomenon, as shall be discussed in the next section, gives rise to many new needs and wants. In turn as shall be seen in the next chapter, many retail formats emerge to take advantage of this situation.

Figure 2.1 The Mean Monthly Household Income in Malaysia



Source : Jayasuria 1983, 7th. Malaysia Plan 1996-2000

The economic progress has not only created a large number of middle-income earners, but also widened the gap between the rich and the poor. As evidenced in the Seventh Malaysian Plan, the mean income of the bottom 40 per cent of households increased at 8.1 per cent. On the other hand, the middle 40 per cent and the top 20 per cent grew at 9.2 per cent and 10 per cent respectively. Applying these figures into the 'standard' social class structure (Kotler, 1994), it appears that the nation is top heavy. This result, nevertheless, is not uncommon for a developing country like Malaysia.

Table 2.4 Monthly Income Distribution by Ethnic Group (Ringgit Malaysia)

	1970(RM)	1990(RM)	1995(RM)
Malay	178.7	940	1600
Chinese	464.3	1631	2895
Indian	441.5	1209	2153

Source: Jayasuria, 1983; 7th. Malaysia Plan 1996-2000

Similarly, the purchasing power gap between major ethnic groups is on the rise again. To illustrate, attention is drawn to Table 2.4 above. As shown, the Bumiputra-Chinese income disparity ratio was at 1:2.6 in 1970, declined to 1:1.74 in 1990 and rose again to 1:1.81 in 1995. Likewise, the Bumiputra-Indians ratio was at 1:25 to 1:1.29 to 1:1.35 in the same periods. Thus, Malays remain the poorest while Chinese, the richest. As a result, it is hardly surprising that more than 69 per cent of Malaysians who own credit cards are from the latter race (ACNielsen, 1998). These data coupled with the earlier findings suggest that even though the Malays are twice as many as the Chinese, their spending power is half of the latter (or even less) and vice versa. Given this scenario, arguably department stores should give equal consideration (or perhaps more to the Chinese) to these two groups in formulating a strategic merchandise mix.

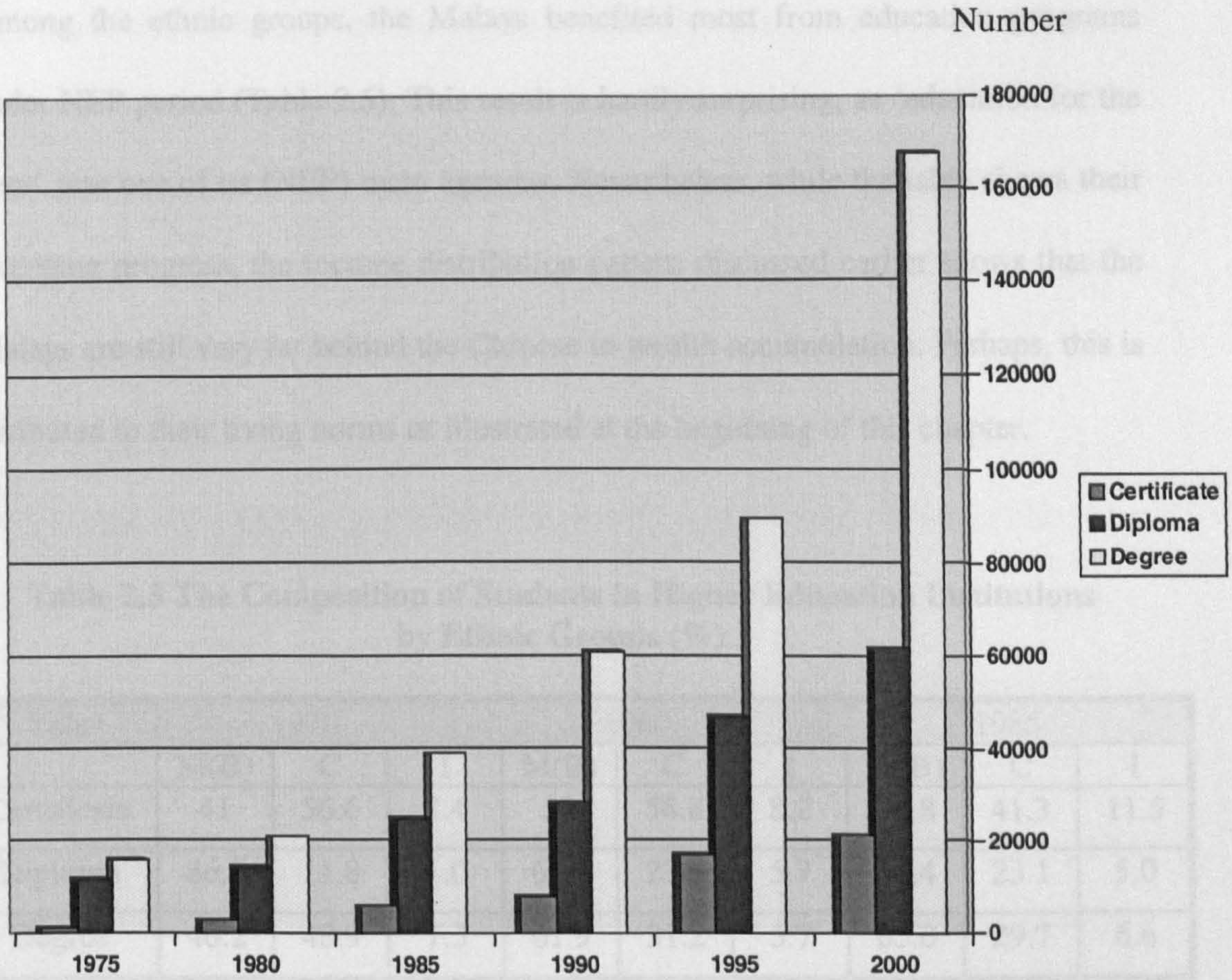
To summarise, economic success in the past ten years has given rise to a large number of middle-class households. Similarly it has pushed further earnings of those in the top 20 per cent of the income bracket. This climate, as shall be seen in the next chapter, has encouraged many retail formats to trade in the market place. Perhaps, the main question today is the impact of economic downturn on the consumer's shopping behaviour. The success of 'be prudent' campaign and the contraction of consumers spending by 30 per cent discussed earlier illustrate that an immediate response (by consumers) is to minimise spending.

Generally speaking, this immediate precautionary reaction is understandable and universal (Berry, 1980; Crask and Reynolds 1978; Hirschman, 1979). Nevertheless, it has been also acknowledged (e.g. the above authors) that, a drop in consumers' spending amidst economic recession does not necessarily mean that these shoppers have put a break in their consumption patterns. Rather, they are becoming wiser and are beginning to look out for articles that give the best value for money (Cassill *et al.*, 1997). Therefore the main (and long-term) impact of economic recession is to turn consumers into highly demanding and discerning shoppers. If this assumption holds true in the local contact, then those stores that concentrate on providing 'value-for-money' goods will be in good positions to reap profits. Likewise, to stay successful perhaps this approach has to be adopted by local department stores. This tactic is not foreign for department stores, for as shall be seen in Chapter Four, they emerged with this concept in 1880's (Pasdermadjian, 1954; Miller, 1981). Definitely, then, questions on the importance of this 'value buys' to the Malaysian shoppers must be included in the primary research instrument.

2.2.3 The Education Trend

Another important factor that encourages the above buying habit (looking for good bargains) is the education level. To gain a general insight on this dimension, Figure 2.2 on the next page illustrates the education trend of the Malaysians.

Figure 2.2 Students' Enrolment in Local Public Institutions



Source: Malaysia Economic Report 1994/1995; Seventh Malaysia Plan 1996-2000

As shown (Figure 2.2), there were substantial increases in certificate, diploma and degree enrolments since 1975. The above statistics give quite a startling revelation in the sense that more than 75 per cent of the educated Malaysians (those having education beyond secondary level) were pursuing a high level of education (degree holders). Furthermore, looking at the forecast figure for year 2000, it is beyond doubt that this group will continue to outpace the others. Thus, again, not unlike the income distribution, the gap between the most educated and the rest is getting wider. Similarly, this finding suggests that the locals are fast becoming discerning shoppers. This is because, as postulated before, higher education leads to discriminating buying.

Among the ethnic groups, the Malays benefited most from education programs under NEP period (Table 2.5). This result is hardly surprising, as 'education for the poor' was one of its (NEP) main agendas. Nevertheless, while the table shows their sweeping progress, the income distribution pattern discussed earlier shows that the Malays are still very far behind the Chinese in wealth accumulation. Perhaps, this is attributed to their living norms as illustrated at the beginning of this chapter.

Table 2.5 The Composition of Students in Higher Education Institutions by Ethnic Groups (%)

Year	1970			1980			1985		
	M(B)	C	I	M(B)	C	I	M(B)	C	I
Certificate	41	56.6	2.4	32	58.8	8.2	45.8	41.3	11.5
Diploma	86.5	11.8	1.0	65.8	27.8	5.7	71.4	23.1	5.0
Degree	40.2	48.9	7.3	61.9	31.2	5.7	63.0	29.7	6.6

Source: Zairon, 1996
Note: M(B) - Malays(Bumiputra); C - Chinese; I - Indians

However, there is also a considerable number of Malays who have managed to break away from the pre-independence's way of living. Their determinations coupled with incentives from the government have turned them to be highly successful individuals. For them, a new term called 'Melayu Baru' (New Malay) was coined. These new breeds exude confidence, wealth, and competitiveness normally lacking in this ethnic group. In essence they represent the professional Malays. In 1995, it was reported that they made up 33 per cent of the Malaysian professionals (Seventh Malaysia Report, 1996-2000).

As for the Chinese, their competitive nature persists until today. The fact that 52 per cent of the professionals in Malaysia come from this group (despite they only make up 30 per cent of the population) should validate this perennial behaviour (Seventh Malaysia Report, 1996-2000). Similarly, nurtured by past experiences, the Indians once again proved to be more industrious than the Malays. To illustrate, even though they make up only 10 per cent of the Malaysians, a sizeable 13 per cent of the professionals come from them (Seventh Malaysia Report, 1996-2000).

To this end, the review in this subsection reveals that the local market is filled by a considerable number of demanding and discerning shoppers. Within the shoppers, it is beyond doubt that the Chinese is the most difficult to satisfy. This postulation is based on their former (pre-independence era) values and the fact that they make up more than half of Malaysian professionals. However, for retailers (department store included) who could meet their expectation, their (the retailers) efforts should be amply rewarded. This is because the Chinese are the most affluent Malaysians.

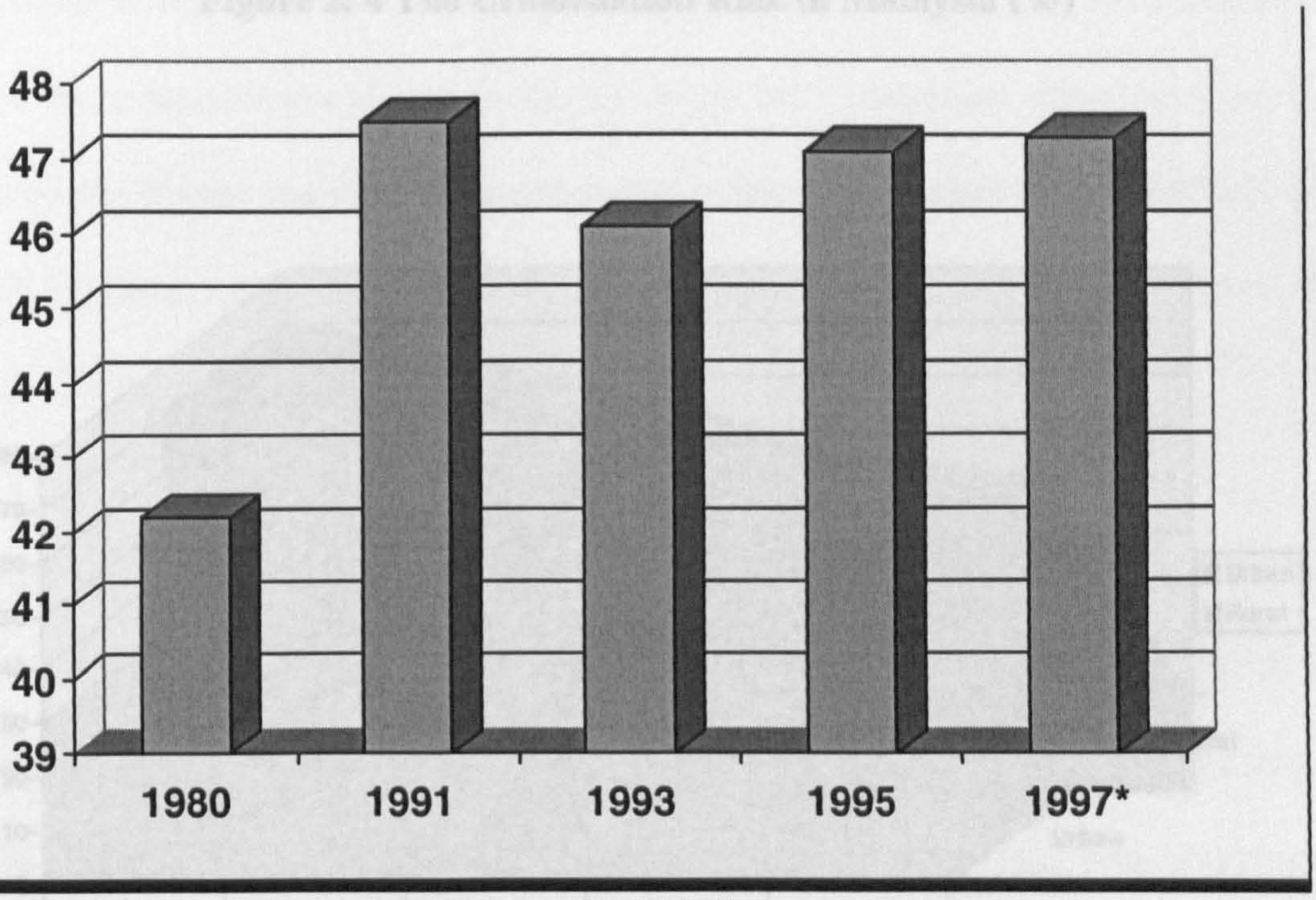
With regard to the Malays, there appear to be a substantial number of new (Malay) professionals flooding the market. In addition, as reviewed earlier, the Malays are the easiest to succumb to retailers' strategies. As such, it is postulated that, even though these new breeds are more competitive in nature, past customs still prevail to some extent. Therefore, their new found success will lead them to seeking worldly products to establish their place in the society. This trend is definitely not unfavourable to department store retailing in particular and the retail sector as a whole.

2.2.4 Women's Employment Trend

The discussion of changes in the population pattern will be incomplete if one fails to examine the trend of women's participation in the labour force (Berry, 1980; Bucklin, 1980; Laermans, 1993). For, it is widely accepted that they make up the majority of department store shoppers (Ferry, 1960; Burnett *et al.,* 1981). In addition, retailers in the modern and post-modern countries have acknowledged that working women play a different role than their non-working counterparts (Gould and Lerman, 1998; Lannon, 1996; Firat and Venkatesh, 1995).

In Malaysia, the proportion of women in the workforce has undergone the sharpest increase in late 1980's (Figure 2.3). This trend was mainly attributed to the growing importance of manufacturing as the main revenue generator, as discussed earlier. Since then, the percentage has levelled to roughly 47 per cent annually and should hit 47.3 per cent by 1997 (Malaysia Economic Report 1997/1998). Therefore, Malaysian women have on a whole continued to disassociate themselves from becoming full-time home-makers. Instead, attracted by the opportunities presented by the growing nation, they began to work outside (of home). This new direction imposed new needs and wants for these working women, a trend that department stores are in the position to exploit. The impact of working women will be discussed at length in the next section. This is because it affects lifestyles the most.

Figure 2.3 Women Labour Force Participation in Malaysia (%)



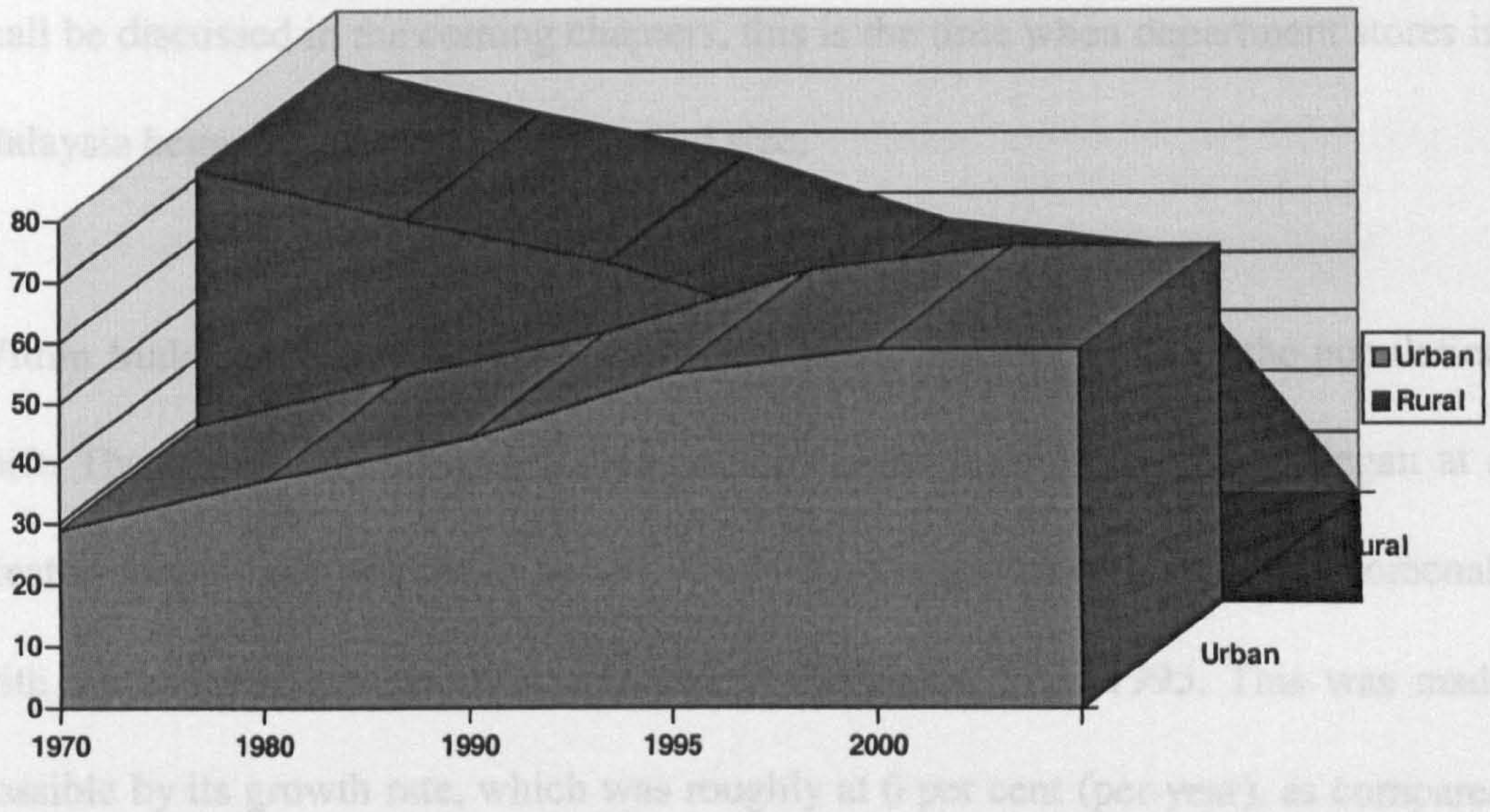
Source: Malaysian Economic Report 1994/1995
Malaysian Economic Report 1997/1998

Note: * - Forecast figure

2.2.5 The Rapid Urbanisation

The last dimension of changes (to be discussed) is the movement of population into urban areas. Like most of the East Asian countries, the nation's 'tiger economy' has resulted in massive urban migration. In Malaysia's context, urban areas are defined as "*gazetted areas with their adjoining build-up areas which had a combined population of 10,000 or more at the time of 1991 Population Census*" (Seventh Malaysia Plan, 1996-2000). The prior definition, however, excluded these 'adjoining build-up areas'. Thus, the sharp increase of urban residence in early 1990s was not only contributed by the high migration growth but also by a redefinition of urban areas (Figure 2.4).

Figure 2. 4 The Urbanisation Rate in Malaysia (%)



Source: Information Malaysia 1986; Euromonitor 1994; Sally Dibb 1996; Seventh Malaysia Plan 1996-2000.

Since 1970 the urban population has been increasing and today, with the help of urban redefinition, more than half of the nation or about 11.5 million peoples resided in urban centres (refer to Figure 2.5). According to Teraska (1987), countries with urban population under 20 per cent are defined as mainly agricultural and beginning urbanisation. Malaysia before the middle of 1960's was in this category.

He further suggested that when the urban areas are 20-40 per cent populated, these are countries where industrialisation of the economy has started. By 1987 Malaysia was in this class. To compare the percentage of urbanisation with America, for example, Malaysia in 1987 was about the same level as America in 1910. As shall be seen in later chapters, this in the era when their (America) department stores posted the highest growth and merchandise expansions at their peak. Similarly as shall be discussed in the coming chapters, this is the time when department stores in Malaysia began to expand in number and size.

Within Malaysia, Klang Valley has by far been the main recipient of the population shift. The migration to Klang Valley, which started prior to 'merdeka' began at a greater speed under the NEP period. By 1980, the growth has been phenomenal, with the sharpest increase was recorded in the period 1990-1995. This was made possible by its growth rate, which was roughly at 6 per cent (per year), as compared to the average urban growth of 4.5 per cent (Asian Retailer, 1993). It is also here that Kuala Lumpur, the capital city is situated. Thus, it is understandable that the majority of retailers can be found here (Klang Valley and Kuala Lumpur).

Today, its population should be in excess of 5 millions. Thus, Klang Valley as a whole and Kuala Lumpur in particular is becoming increasingly populated and expensive to live. Consequently, many small towns along the fringe of these boundaries grew in importance and suburbanisation is taking place. In turn, as shall be seen in the next chapter, newer retail formats to rival department stores are beginning to take shape in these suburbs. This scenario replicates the era in which the western department stores were presented with intense competition and were on their way to maturity (Pasdermadjian, 1954; Kotler, 1994).

Another important feature of this region (Klang Valley) has to be the increasing dilution of Chinese as the main residing ethnic group. Historically, Klang Valley was essentially a Chinese town. Nevertheless, the rapid growth in the manufacturing sector has brought many Malays and Indians to this modern region. According to Wegelin (1978), roughly 30 per cent of Malays and Indians were in Klang Valley in 1957. However, by 1970, the composition has increased to 40 per cent. Building on this argument, it is expected that today, Klang Valley has become very 'plural'.

Living in it are new residents struggling to establish themselves, professionals who have made it 'big', and established households dated back from pre independence days. Therefore, Kuala Lumpur is not only populated but is resided in by people of diverse backgrounds and experiences. Not surprisingly, understanding and classifying them have caused nightmares to demographers (Berita Harian, 7 May, 1994). To the department stores, this trend points that in the future, they need to be more intimate with their target markets than before. Thus, this thesis which aimed among other things to identify their target markets should lay the groundwork towards this direction.

Finally, Table 2.6 gives an insight on the mean monthly income of Klang Valley's residents. On general, compared to the national average, the society here is at least RM1,000.00 (US$ 340.00) richer. Thus, it is of no surprise that they enjoyed the highest standard of living. Therefore, as shall be seen in the next chapter, all the major department stores are located here. Similarly, most of the designer outlets and the upmarket clothing stores are situated here.

Among the ethnic groups, the Chinese once more continues to be the main revenue earner. On the other hand, like the old days, the Malays still lag behind the others. Once more this fact points out that it is most probably wise for the local department stores to target their merchandise mainly to the former. But then again, their prudent nature, as established in the earlier part of this chapter may prove otherwise. This is especially true if one considers the current economic climate. On the other hand, though poorer, the proneness of the Malays towards branded items may result in them to be a better target market today. Naturally, the research instrument in Chapter Six will undertake to reveal the shopping attitudes of these two groups.

Table 2.6 The Mean Monthly Income of Klang Valley's Residents

	1970		1990		1997	
	Amount (RM)	% Share	Amount (RM)	% Share	Amount (RM)	% Share
Malays	328.1	26.5	1332	28	2540*	28
Chinese	464.3	38.0	1864	40	3752*	41
Indians	441.5	35.5	1518	32	2854*	31

Source: 7th. Malaysia Plan 1996-2000 Note: *Calculated by the writer

To cap this subsection, spatial trend shows that more than half of the population today live in urban areas. Among these areas, Klang Valley is the most popular choice. Therefore, as shall be seen in the next chapter, it becomes the centre of commercial activities. With its (Klang Valley) population growing at a higher rate than other parts of the country, accommodating aspirants from all walks of life and retailers from all over the world, Klang Valley has become very cosmopolitan as well as chaotic. Consequently, suburbs are beginning to rise in importance. This trend, as proven in advanced countries, is detrimental to the city centre department stores. Left with lesser number of shoppers, intense competition between clothing retailers is expected. In addition, having the current economic gloom as the background, this (intense competition) is inevitable. Nevertheless, as shall be seen in the next section, urban living opens many opportunities for department stores as well.

2.3 The Changing Lifestyles

Taking over from the earlier discussion, this third section traces the changing lifestyles of the locals. Studying this dimension, as has been emphasised in Chapter One is a prerequisite to an investigation of a strategic merchandise mix. This section focuses on the four most important (lifestyle) trends in Malaysia. They are self-fulfilment, poverty of time, educated customers and urban living. Once more, like the previous section, this one seeks to highlight the opportunities and threats surrounding the local department stores.

2.3.1 Self-fulfilment

As income rose sharply in the past ten years, Malaysians are getting away from their self-denial value to self-fulfilment (Table 2.7). Today, the swelling middle class households are beginning to spend beyond their basic needs. As a result, and particularly in the nineties, the society has shown a profound inclination towards branded items and modernisation. Investors Digest (February, 1996), acknowledged, "*compared to five years ago, Malaysians are more brand conscious*". Euromonitor (1994), which claimed that sales of branded goods have increased to about 20 per cent, further validates this lifestyle. Similarly, superior sales performances of department stores and speciality stores, as shall be discussed in the next chapter supported this behaviour.

Table 2.7 Trends in Consumption By Product Category (1966 and 1993)

1966			1993		
No	Products	%*	No	Products	%*
1	Provision	67	1	Motor and Accessories	44
2	Clothing and Textiles	13	2	Provisions	19
3	Electrical goods, Appliances, etc.	8	3	Foods** (Mostly fresh items)	16
4	Butcher's Meat and Poultry	7	4	Clothes**	11
5	Chemist Goods and Cosmetics	5	5	Household Appliances (Electrical/Non-electrical)	10

Source: Retail Survey 1966 and 1993
Note: * based on the turnover of the five categories
**author's own estimates based on Retail Survey 1966 and 1993

For the top 20 per cent income earners, self-fulfilment has led to conspicuous consumption. To put further emphasis on this lifestyle, an article appeared in The

Star (October 27th, 1995) painted this scenario, "*The import of consumer goods and over all consumer spending are rising fast. The streets of Kuala Lumpur are jammed with Mercedes-Benz and BMW cars, driven by the country's newly wealthy. This is in spite of import duties as much as 200 per cent on many imported cars*".

Conspicuous consumption, however, is not only restricted to the upper income bracket. One chief economist lamented, "*its not just the upper middle class. Its the young people who are not saving, who are going to discos and shopping mall*". As a result, operators of traditional open-air markets were reported to complain that during the recent Hari Raya (A Muslim's celebration) holiday, too many of their customers preferred air-conditioned department stores (Far Eastern Economic Review, 1992).

In general this self-fulfilment attitude has resulted in imports of consumption goods to surge by roughly 50 times in the last 30 years. In the period of 1990-1991 alone, when the economy was at its peak, there was an exceptional RM20 billions (US$ 6.8 billions) increase in imported goods (Ariff, 1994). Thus, economic prosperity of recent years has fostered a somewhat more hedonistic and materialistic social value system, a phenomenon not without parallel in the West during the same (economic prosperity) period (Laermans, 1993; Burton and Cooper, 1988). Among the ethnic groups, it is thought that the Malays are most inclined towards designer names (Berita Harian, 17 January, 1993). Naturally, this news bodes well with their past customs.

Besides splurging on expensive items, the emerging self-fulfilment value has also turned the Malaysians to be more individualistic. Therefore, they begin to seek different ways to satisfy themselves. Table 2.8 demonstrates this trend. The data showed a significant growth of 'other' in non-food sales category. It posted an increase in sales of 108 per cent in 1995, the highest jump in this class. Similarly, 'other' tightened its grip in the market share by expanding from 40.3 per cent to 52.5 per cent in 1991 and 1995 respectively. Thus, pointing to the fact that Malaysian consumer market is indeed getting increasingly fragmented.

Table 2.8 Non-Food Sales By Product Type 1991-1995

	Value of Turnover			Market Share		
	1991	1995	% Growth	1991	1995	% Growth
Clothing and Footwear	3,675	4,440	21	24.8	18.8	-6
Healthcare	552	683	24	3.7	2.9	0.8
White Goods	419	541	29	2.8	2.3	-0.5
Cosmetics & Toiletries	1,010	1,602	57	6.8	6.8	-
Cleaning Products	1,194	1,650	38	8.1	7.0	1.1
Toys & Games	252	271	8	1.7	1.1	-0.6
Consumer Electronics	858	1,203	40	5.8	5.1	-0.7
Tobacco Products	595	395	-34	4.0	1.7	-2.3
Music	292	457	56	2.0	1.9	-0.1
Other	5,978	12,429	108	40.3	52.5	12.2
TOTAL	14825	23,671	60	100.0	100.0	-

Source: Euromonitor, October, 1997

It is also worth noting that even though 'clothing and footwear' (Table 2.8) – the major products of department stores – emerged as the second highest revenue generator, its market share has been declining. Once more this performance may be directly linked with the above individualistic value. Moreover, as pointed out by Asian Retailer (1994), burgeoning disposable income results in pushing the sales of high-ticket items. The previous Table 2.7 evidenced this statement. To illustrate (from that table), 'motor and accessories' topped the consumption pattern in 1993 while 'clothes' slipped down further to the fourth place. This scenario plus the current economic condition suggest that intense competition within the department store industry and against other clothing retailers is a surety.

2.3.2 Poverty of Time

Malaysia, as discussed previously, is filled with those who strive for personal fulfilment. In addition, the trend towards suburban living has increased the distance to workplace (which is mostly in the city). Likewise, the ongoing urbanisation had resulted in traffic congestion. Similarly, 47 per cent of its women are in the labour force. All these conditions, especially the last one (Rogers, 1995; Berry, 1980; Barabba, 1980), contribute to poverty of time. Therefore, many Malaysians are placing higher value on goods and services that minimise time expenditures (The Star, July 27, 1998; Corporate World, March, 1998; Euromonitor, September, 1996).

Thus, given alternatives, they would most likely choose to shop at the nearest possible location. In addition, goods that spelt convenience in usage and buying process would be sought after. As such, modern outlets in suburbs and stores that offered varieties of goods and provided fast checkouts would be increasingly popular. The wide acceptance of Makro and other suburban retailers, as shall be discussed in the next chapter is a testimony to this lifestyle. To put their popularity in statistical term, Euromonitor (September, 1996) reported, "*In Malaysia, it took* *only two years from less than 5 per cent consumers using supermarket to in excess of 50 per cent*". Similarly another study found that between 1995 to 1997, convenience stores gained an extra 27 per cent of consumers (The Star, July 27, 1998). Among these stores, supermarkets and hypermarkets registered a 32 per cent increase (Corporate World, March, 1998).

To recap, the phenomenon of poverty of time in Malaysia has resulted in consumers to shop at the nearest store. Similarly, stores that allow them to shop with the shortest possible time is chosen. Therefore, of late, large self-serviced mixed stores with many checkout lanes have surged in popularity. Definitely, this trend is not favourable to department stores, whose operations are build around providing high customer service and offering an endless variety of merchandise to the shoppers.

2.3.3 Educated Customers

Another major change agent to the Malaysians' lifestyles is the education standard. As discussed in the previous section, the society's level of education has increased and will keep on increasing. Therefore, today the locals are getting more knowledgeable and cosmopolitan; more aware of national and world wide trends in tastes, styles, and goods and services; and more sophisticated. To quote the words of Isetan's (Malaysia) merchandising manager (The Star, August 31, 1996):

> "*Customers like Kwan know what they want - we cannot fool them. They are so aware of the latest styles they even pre-empt the arrival of the collections at the start of each season. If the product is off-season, they know*"

Furthermore non-conforming behaviour will be more widely accepted. The reason being, increased education will lead to the self-assurance that shoppers require to reduce their needs for conformity, while providing an appreciation of available choices. Thus, this new habit will give rise to many products flooding the market. As a result, merchandising innovations and creativity have to be stepped up. In addition, confident shoppers depend less on brands and labels. Instead, they are more willing to experiment. To illustrate, it is estimated that at present, 50 per cent of the locals buy non-branded items (Malaysian Business, January 1, 1997). Again, this lifestyle encourages more products circulating the market.

However, educated consumers are also difficult to please. They would insist on detailed information about product and demanded higher quality in goods and services. Consequently, along with proliferation of individual needs and higher education, comes the attitude of "get my money's worth" (Richardson *et al.*, 1996) or 'yao pang yau leng' (Cantonese for affordable and visually pleasing). The growth of value retailers and discounters, as shall also be seen in the next chapter signifies this behaviour. Once more, this trend might prove detrimental to department store retailing. The real answer, however, will depend on a clear definition of who are the current shoppers of local department stores and what are their needs, wants and expectations. This is as mentioned earlier, one of the objectives of this research.

2.3.4 Urban Living

One aspect of urban living is the shift of traditional family into modern household. The woman is no longer sitting at home and the man is no longer the only breadwinner. As such, a blurring gender role is on the rise. Along with this change, women are commanding more authority in buying decisions and on how their time should be spent. This trend gives rise to many modern outlets – department stores included, as shall be deliberated in the next chapter, that cater for these urban couples. Similarly, this aspect has resulted in the poverty of time and the sharp growth of supermarkets and hypermarkets as discussed earlier.

Another aspect of urban living is the contraction of family size. Today, the size of family per household in Malaysia has decreased from six to four (Asian Griffith, 1983). Smaller family members coupled with dual income earners would see more money spent on products that enhanced the quality of life. Parents, for example, are more likely to spend their salaries on travelling and recreation (Far Eastern Economic Review, August 1998). As such, money to be spent on clothes as indicated earlier has dropped down. In addition, whenever they shop for apparels, they demand products of a higher standard than before. However, being educated as well, they may not necessarily be willing to part with their money without coming out with the feeling that they had made a good buy.

The other aspect of urban living is that the number of young executives living alone is on the rise. Again, this will have the impact on their interest, attitudes and opinions of how to spend their money. Urban living to them would probably mean owning anything modern or be seen in anywhere modern. Thus, they are shopping in big complexes and big stores and becoming more brand conscious. Definitely this trend is favourable to department store retailing. However, it also creates intense competition at the high-end market. These excerpts, taken to commemorate the 41st

National Day (The Star, August 31, 1996) should further shed lights on the attitude and lifestyle of these yuppies.

Excerpt 1 on general attitude:

> *"Working smart and playing hard is what is all about for this 24-year-old assistant film producer. Time and style are the essence of life".*

Excerpt 2 on enjoying life to the fullest:

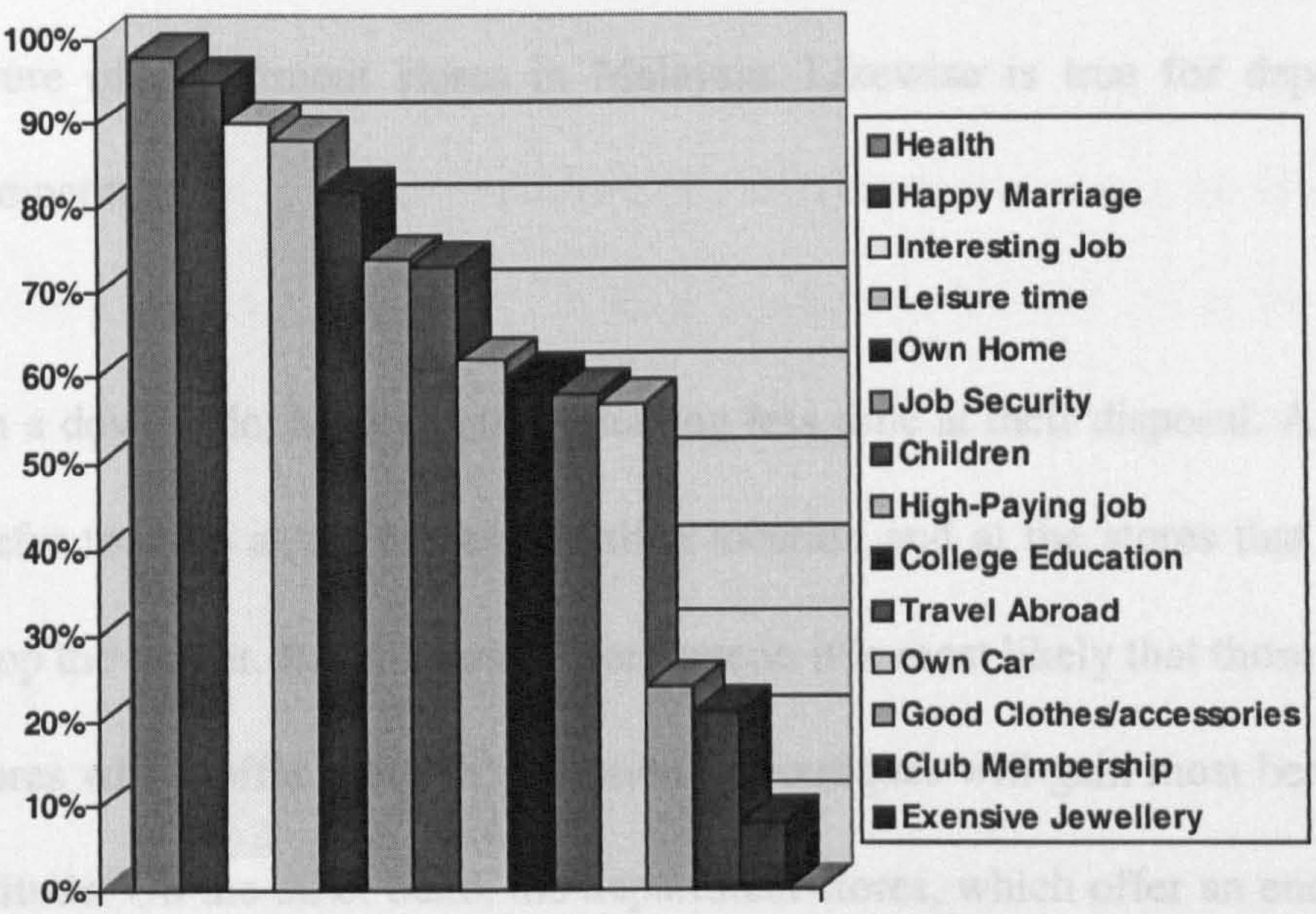
> *"My lifestyles is all about choice. Why not enjoy the moment in style instead of scrimping and saving to buy a house?. This means having little savings but I am not worried. There's money to be made everywhere now - like from the stock market where there's fast money. After all Malaysia is in the midst of economic boom".*

Excerpt 3 on the profile of a young executive in business attire:

> *"The shirt could be Valentino or Francesco Smalto costing RM169, with wool gabardine trousers at RM200. The tie would be from RM89 to RM229, and shoes at RM200".*

While material wealth and being trendy are the essence of urban life, city people perhaps more so than the rest, also crave intrinsic gains. In a lifestyle survey, Asian executives were asked to indicate what they want in life (Far Eastern Economic Review, August 1998). As Figure 2.5 illustrates, they placed 'health' and 'happy marriage' as their top two choices. On the other hand, showy items like 'expensive jewellery' and 'club membership' laid at the bottom two places. This multifaceted city life again proved that consumers' lifestyles are getting more diverse and complicated. In the near future, this habit undoubtedly would lead to highly fragmented market, again, proving that for department stores to survive, they need to closely align their merchandise offerings with the target market.

Figure 2.5 The Good Life: What I Want



2.4 Conclusion

Malaysia has come a long way since its independence day. As evidenced in this chapter, several major trends since late 1980's have permanently changed the way her people lived. The over reliance on agricultural product has ended and manufacturing activities grew in importance. As a result, urban areas became populated, the women began working outside homes and the people gained immense economic prosperity. This in turn gave rise to a large number of middle income households and pushed the wealth of the top 20 per cent (of the income bracket) further.

Armed with immense spending power, Malaysians in the 1990s assumed new lifestyles. They began to indulge on luxury items. As a result, sales of branded apparels have risen. Similarly, the influx of working women and the proliferation of young urban professionals have deepened the needs for good quality apparels both for work and for leisure. All these trends are definitely not unfavourable to the future of department stores in Malaysia. Likewise is true for department stores competitors.

On a down side, Malaysians are having less time at their disposal. As a result, they prefer to shop at the nearest possible location and at the stores that allow them to shop the fastest. Building on this argument, it is most likely that those small clothing stores which offer 'enough' selection or boutiques will gain most benefits from this attitude. On the other hand, the department stores, which offer an endless variety of merchandise for selection may prove too tedious for busy shoppers. This is especially true for city centre department stores, as traffic congestion has turned away shoppers from visiting them.

Arguably another threat looming over the local's department stores is that the Malaysians are getting more educated. Therefore, they are becoming more knowledgeable and hence more difficult to please. One outcome of this trend is, the consumers will be more cautious in choosing what to buy – demanding the highest quality at the lowest possible price. This 'value-buys' attitude, as shall be seen in later chapters, may not bode well with the current image of the local department stores. To make matter worse, educated Malaysians are beginning to lead diverse lifestyles. As a result, higher incomes generated in 1990s may not necessarily means more money is allocated for shopping

Having considered all the above opportunities and threats and with the current economic situation as a background, the immediate future of department stores is 'tough'. However, as has been implied in this writing, the market for fashionable goods – the products carried by department stores – is still big enough. The proliferation of urban professionals and the influx of working women should create constant demands for quality clothing. In addition, another group, the 20 per cent of the society, as discussed in section two, should further keep the demand for brands and designer goods alive. Therefore the main concern for department store is to race ahead of the competitors with superior merchandise mix. The mechanics to achieve this competitive edge will be discussed in Chapter Four and Five. In the meantime, attention is turned to Chapter Three, where the subject of competition is tackled.

CHAPTER THREE

RETAIL CHANGE IN MALAYSIA

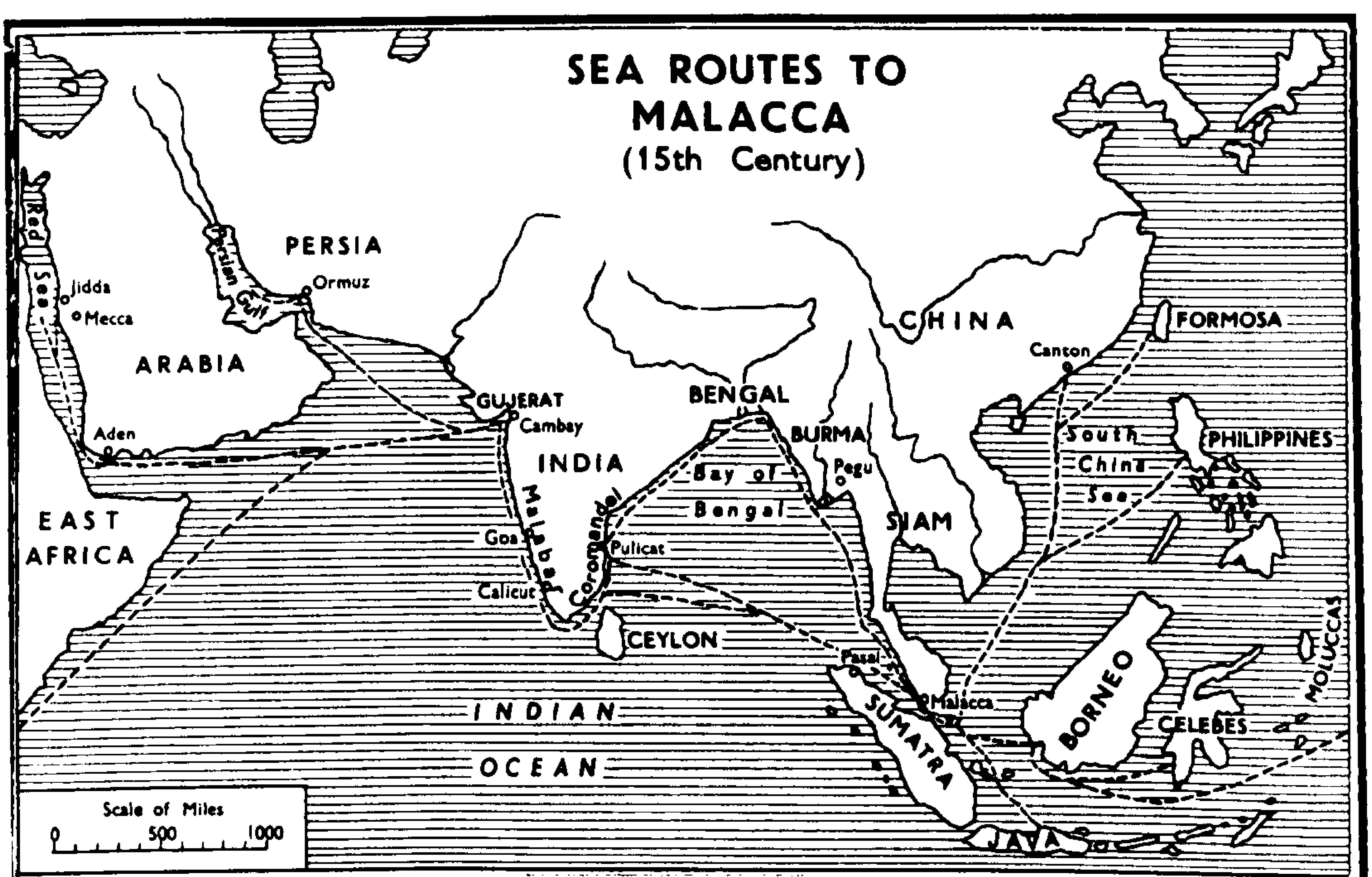
Extending the literature review on environmental changes, this chapter continues by looking at the trends of retail competition in Malaysia. This dimension (competition), as introduced in Chapter One is the other most important influencer on the shoppers' behaviour. Like the writing in Chapter Two, the central focus of this investigation is to trace the changes in local's retail scenario after Malaysia gains her independence. Consequently, the impact of these competitive patterns to department store retailing is postulated. Similarly, following the write-up of the previous chapter, this one seeks to identify the current competitive situation faced by local department stores, to compare it with those experienced by foreign department stores and to study how the latter coped with this particular situation through their merchandising activities. As such, parallels to the one put forth in the previous chapter, the outcome of this writing contributes towards defining further the literature on the later chapters.

To lay down the changes in the local retail industry, this chapter is organised into four sections. The first section represents the period where traditional retailing emerged and grew in importance. The second section takes a look at the period where modern retail activities were beginning to form. The third section proceeds with retail developments in 1990's. In this period, new retail formats continue to grow while older ones begin to mature. Lastly, to cap this discussion, a summary of opportunities and threats arising from these retail developments is laid down.

3.1 From Colonisation to Independence (1511 - 1957)

The arrival of Indian merchants in the 16^{th}. Century was the first retail activity written about Malaysia (Ryan, 1969; Clifford, 1968; Smith, 1992). At that time, Malacca was the hub of commercial activities and Indian merchants on the way to Singapore and China would stop at its port to trade their wares in exchange of spices (Picture 3.1). Therefore, like the development of its population, the strategic location of Peninsular Malaysia and its tropical climate sow the seed for retail growth in Malaysia.

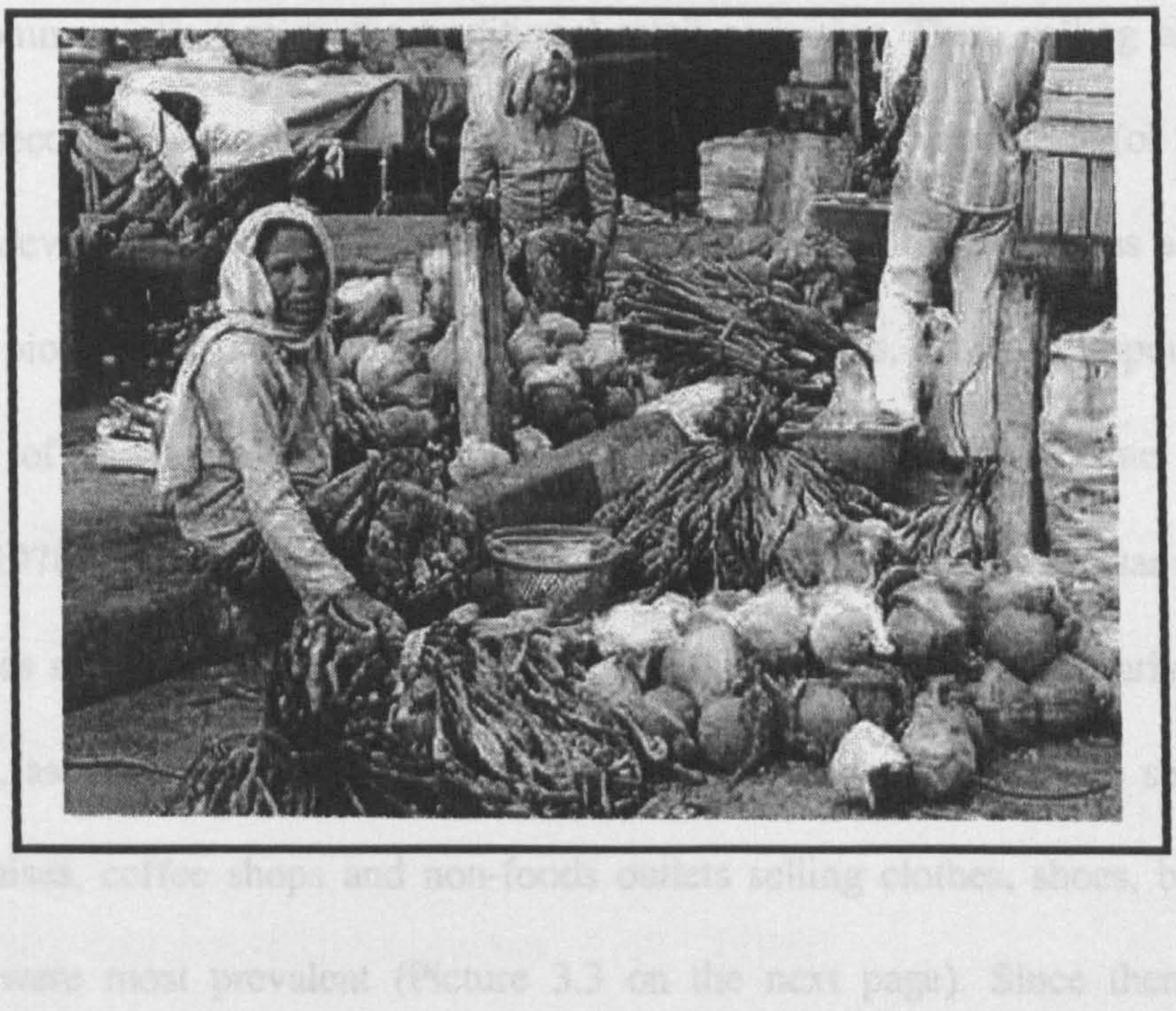
Picture 3.1 The Earliest Trading Point in Malaysia



The following scenario painted by a local writer should provide more insight on how retailing began in Malaysia. "*In Malaysia, in the old days when it was known as Malaya, trade was initiated simply because the rural farmers, who comprised the majority of the population, had a surplus of one type of goods and desired goods they* *did not have or could not produce. Only luxury goods were traded then. Itinerant traders of foreign origin, particularly from India and the middle-east, traded from one village to another carrying silks, precious stones and jewellery*" (Zainal, 1987).

The next phase in retail development was trading of food products, which took place in the 'wet market'. This term connotes a market place which sells an assortment of fresh produce, including fish, other sea foods, and vegetables. This earlier 'wet market', however, also carried a limited assortment of dry goods (Osman and Ismail, 1988). Later, a variation to this market, such as periodic and morning markets came along (Picture 3.2).

Picture 3.2 A Scene at a Morning Market



The evolution of retail scenes in Malaya began at a faster rate after its colonisation by the British and the discovery of tin in mid-nineteenth century. The period of British colonisation saw a string of corporate chain stores throughout selected Malaysian towns, operated by Singapore-based companies. These outlets were somewhat different from other locally established retail stores in that they were fully air-conditioned. In addition, they offered for sale only those canned goods mostly bought by a select group of British planters, soldiers, administrators and the local English-educated elite. In essence, they were replicas of today's mini markets in terms of the product line they carried and the manner in which the products were displayed. However, when these select groups of British shoppers left Malaysia, these stores could not survive and lost out to conventional ones (Osman and Ismail, 1988).

The connection between the discovery of tin and the local retail growth was brought about in two ways. One, as discussed in Chapter Two, the former was responsible for the massive influx of the Chinese. In turn, being competitive and entrepreneurial, they brought commercialisation to the traditional retail activities. Thus, selling activities were fast becoming more profit making ventures. Second, this discovery (of tin) had led to the development of Kuala Lumpur. It was founded in the 1850's as a service centre for pioneer tin mines in the vicinity. By mid-1890's, Kuala Lumpur with a population of about 20,000, had become a "brisk, slightly genteel State capital" (Jackson, 1978). To cater for the everyday needs of these people, Pasar Besar (Central Market) was set up. It was the most famous and the oldest individual market in the city. Later, as businesses expanded, rows of commercial buildings were set up. In these premises, coffee shops and non-foods outlets selling clothes, shoes, belts and handbags were most prevalent (Picture 3.3 on the next page). Since then, Kuala Lumpur has become the centre of retail activities. Its importance was further elevated when it was made the capital city to independence Malaya.

Picture 3.3 Pre-Independence Commercial Strips

To summarise, this section presents the period where early retail activities began and evolved. As history shows, commercialisation started with door-to-door selling of exotic goods such as silks, precious stones and jewellery. Later, wet markets sprang, offering mostly fresh foods. The British occupation has seen the opening of several 'mini market-like' stores in early 1940's. However, with the end of its reign over Malaya, these stores were forced to make their exits. Putting Chapter Two as the background, suffice to say that their concepts and business practices were too advanced and too unfamiliar with the general audience at that time. Attention is now turned to the second phase of retail development in Malaysia.

3.2 From Independence to Urbanisation (1957 - 1989)

The years between 1963 right to mid 1980's were very significant to the development of Malaysian retailing. It was during this period that modern forms of retailing began to take shape and gain wide acceptance. At the same time, the traditional markets continued to develop and flourish. As a result, between 1966 to 1980, the market size has increased six-fold (Zainal, 1987: Khalifah, 1986). Encouraged by this performance and the nation's growing economy, foreign retailers started to enter the marketplace. Their arrival, in turn, helped in modernising the country's retail outlook. Among these outsiders, the Japanese were the biggest investors. By 1989, 35 per cent of the total stores in Klang Valley were controlled by them (Country's Report, 1989).

Table 3.1 Retail Contribution to Economy in 1970 - 1989 (%)

	1970	1975	1980	1985	1989
Agriculture	30.8	27.7	23.4	20.8	20.4
Manufacturing	13.4	16.4	20.5	19.7	25.1
Wholesale and Retail	**13.3**	**12.8**	**12.4**	**12.1**	**10.7**
TOTAL (RM billion)	12.3	17.4[1]	25.7[1]	57.2[1]	72.1[2]

Source: Malaysia, Ministry of Finance, Economic Report, various issues.
Note: [1]At 1970 constant prices; [2]At 1978 constant prices

Throughout this period, the importance of retail activities could not be undermined. As shown by Table 3.1, it (together with wholesale activities) was the third contributor to the nation's economy. However, its share of GDP has been on a decline for the last three years. This is largely a result of intense manufacturing activities rather than a contraction in retail revenues (Malaysian Economic Report, 1989/90; Euromonitor, 1994). With this general retail outlook in mind, the section proceeds by first taking a brief look at the emerging retail formats. Second, the overall market size and structure are discussed.

3.2.1 The Coming of Modern Retailers

With the closing down of British-style stores, the typical retailing system in early post independence years remained to be the door-to-door selling, traditional coffee shops and non-food outlets in commercial strips and wet market. However, by 1963, the first ever modern supermarket called Weld (Zainal 1987; Khalifah, 1986), was introduced in Kuala Lumpur.

Along with it, locals were treated to a cleaner, cooler and brighter marketplace for grocery shopping. Besides, this modern supermarket also carried depth and novelty in its product mix. This concept, in essence, marked the beginning of a modern shopping format (Goldman, 1981). Merchandise ranging from canned, bottled, frozen, and processed foods together with some fresh items of the more expensive and exclusive local or imported types were put on display and they catered essentially for the city's wealthier residents (Jackson, 1979). At the same time, those pre-packed food items provided convenience to these clienteles.

Almost immediately after the birth of the first supermarket, department store retailing began to take shape. Coming four years behind (Weld), Emporium Selangor found home in Jalan Tunku Abdul Rahman - the most popular shopping area then. Featuring a considerable selection of piece goods, ready made clothes and accessories, stacked neatly and orderly, it 'taught' the city residents that shopping can be rather fun. However, unlike Weld, which catered only to the wealthier urbanites, this store served the masses. This is the time, as discussed in the second chapter that the Malaysian's economy was beginning to pick up.

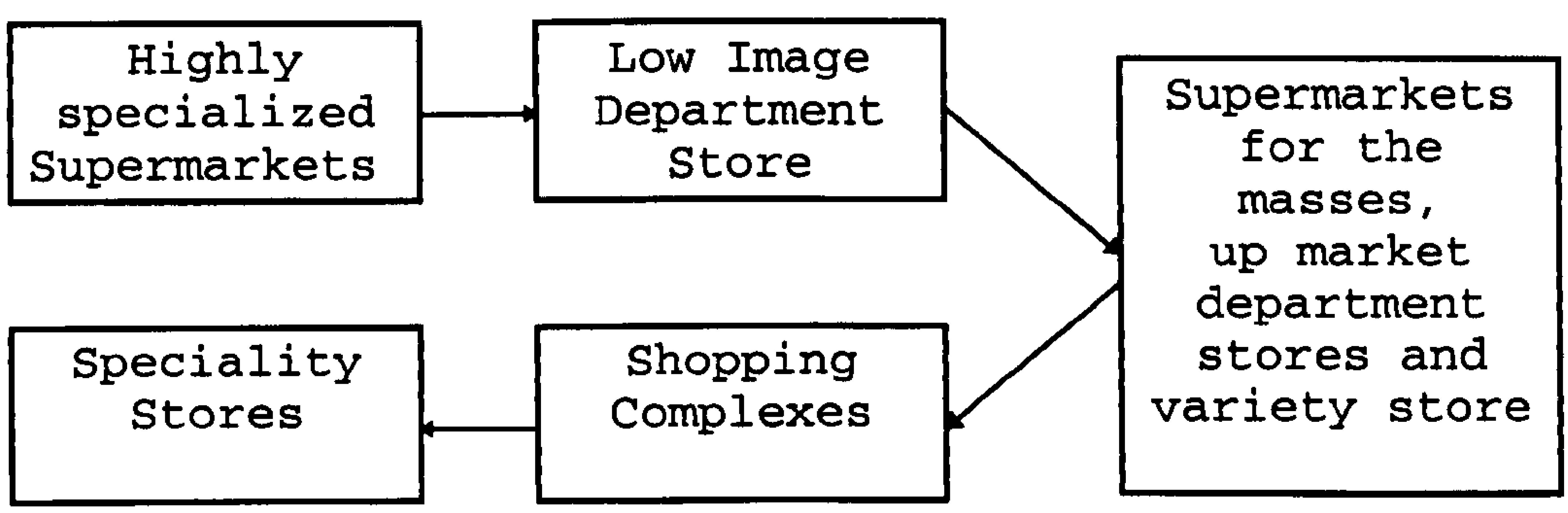
Soon after, other supermarkets and department stores followed suit. The former like Yuyi and Fitzpatrik's and the latter like Metrojaya and Mun Loong were among the early entrants (Malaysian Business, January, 1986). One contrasting feature between the pioneer stores (Weld and Emporium Selangor) and the second ones was, in the case of supermarkets the target market had skewed to the masses. On the other hand, for the department stores, their target markets had shifted from the masses to the upmarket clienteles. This evolution of early local department stores, therefore, as shall be seen in Chapter Four parallels to that of their western counterparts and had given rise to another new retail format – the variety store (Lancaster, 1994). Making its debut a year later (Malaysian Business, January, 1986), Hankyu Jaya appealed to the middle and lower classes by offering lower quality apparels and accessories at lower prices (than department stores).

These retail developments once more were made possible by the commendable economic growth under the NEP period. The increasing economic wealth and the subsequent inequality of wealth distribution, as discussed in Chapter Two, had divided the Malaysian market into several distinct groups and their needs were thus served by an equally diverse retail formats. As such, it is postulated that at this time, competition among these emerging modern formats was almost non-existence. However, the rivalry between modern and traditional retail formats must have been quite serious. This is because, as shall be seen later, in urban areas the sales volume of the former grew at the expense of the latter.

As illustrated in Figure 3.1, the next retail development came in the form of shopping complexes. The oldest one was Ampang Park, followed by Sungei Wang Plaza and

Pertama Complex. Like the other modern retail formats, these plazas were built in Kuala Lumpur. Inside, local and foreign tenants stocked broad product lines with merchandise of a higher quality and variety. Thus, along with these plazas, modern speciality stores selling international names like Levi's and Wrangler and local boutiques selling high quality traditional clothes began to exert their influences. Moreover, to further attract the crowds, large stores were made the anchor tenants. Metrojaya and Hankyu Jaya were among the earliest.

Figure 3.1 The Evolution of Early Modern Retail Formats



From then on, continuous development in shopping complexes further encouraged the growth of retail specialists and big stores. Nevertheless, their expansion could only be measured by the increasing number of shopping outlets not innovation and strategy (Zainal, 1987). Store layout, range of perishable products, display and freezing and packaging technique hardly progressed at all. The entrants of foreign retailers in the middle and late 1980s, however, changed this scenario and brought another step forward in Malaysia's marketplace.

It was thought that the real stimulus for change and innovation came in 1984 when Kimisawa and Printemps established a strong presence. The former was a Japanese outlet trading both food and non food items. The latter was a well-known department store from France. These stores, according to Malaysian Business (January 1986) set the standards for decor, quality and technology. Later, the entrance of Jaya Jusco further propelled retail innovations in this country. It was said that this Japanese superstore was persuaded by Dr. Mahathir (Prime Minister) himself to help stimulate the Malaysian market. It occupied the biggest and most modern retail space then – Dayabumi, which was located at the heart of Kuala Lumpur. These arrivals, in addition, signalled the beginning of real competition between modern retailers.

While modern retailers were making great progress, the conventional retailers continued to evolve and flourish. Their growth was no doubt directly linked with the government's effort to encourage the local's participation in this lucrative industry. Provision shops in the outskirts began to grow and expanded their merchandise lines by adding canned and frozen foods. Among these stores, 'Kedai Jimat', for instance, was a chain store set up by the government to aid small entrepreneurs. On the other hand, in town areas, night markets or weekend markets made their debut (Zainal, 1987). Similarly traditional non-food outlets such as tailoring shops and piece goods outlets became popular and began to expand in city centres. The former, for example, in the beginning specialised in making and selling traditional gears. However, by 1980s, influences from modern retail formats have turned them to tailor-fit western apparels as well. Their customers came from all walks of life and thus, presented a threat to department store retailing.

With the flourishing of both modern and retail outlets, the local retail industry seemed set to grow further. However, as discussed in Chapter Two, by mid 1985, the Malaysian economy took a downturn. Faced with economic uncertainty, the consumers naturally reacted by contracting their expenses. Its effect was telling. Kimisawa and Printemps, two stores credited earlier for bringing innovation to the retail industry were among the casualties (The Star, October 15, 1996). Similarly, Emporium Selangor was made to bow out.

Nevertheless, amidst these ruins, "The Mall", a premier shopping centre in Klang Valley opened to the public, making its debut in May, 1987. Its tenant mix included a prestigious department store, diverse local and international speciality shops, traditional food court, fast food restaurants and a large fun land area for children and adults. The Mall also devoted a spacious open area right in the middle of its ground floor for entertainment and other promotional events. This new concept became a standard practice for every major shopping centre that follows.

Similarly, like Isetan's role in Singapore (Retail Asia, June, 1993), its major tenant Yaohan undoubtedly set a new standard for merchandise innovation. With its introduction, Malaysians for the first time were exposed to many well-known international fashions. Moreover, compared to the earlier local department stores, this one boasted a large floor space for grocery items and an equally spacious area for electronic items. Thus, Yaohan paved the way for the subsequent department stores to embrace this new version (of a fully integrated department store). Hence by this time, two types of department stores were operating in Malaysia. Figure 3.2 depicts the evolution of retail innovators in Malaysia.

Figure 3.2 Early Retail Innovators in Malaysia

Kimisawa -Japanese Printemps - French (1984) → Jaya Jusco -Japanese (1985) → The Malls and Yaohan- Japanese (1987)

Coming a year behind, suburb retailing began to take place when Parkson Grand emerged in Subang Jaya, a satellite town at the outskirts of Kuala Lumpur. This was a local-owned department store and similar to Yaohan devoted a large selling area for food items. Once more, this move was very timely considering the demographic and lifestyle trends at that time. Recall that this was the era when manufacturing finally took over agricultural as the main revenue generator. This shift has brought with it many middle-income earners and affluent households who resided at the fringe of the city centre either to take the advantage of cheaper accommodations or to avoid chaotic city living. This trend, therefore, signalled greater competition for city centre department stores.

Another retail development in this era was the shift of prime retail location in the city centre from Jalan Tunku Abdul Rahman to the 'Golden Triangle'. This new location, as shall be seen in the next section, has been earmarked by the government to be the centre of retail activities in 1990s. Metrojaya, perhaps due to the government's influence, was the first modern store to move there in as early as 1979 and became a major tenant of Bukit Bintang Plaza. Since then, other shopping complexes and department stores around the golden triangle began to emerge.

With this ongoing retail growth, by end of 1980's, there were at least 10 shopping plazas in Kuala Lumpur with anchor tenants made up mostly of department stores (Table 3.2). It is also worth noting that to further increase its attractiveness as an anchor tenant, Hankyu Jaya had incorporated supermarket in its operation, thus making it more of a superstore than a variety store. Finally, it was reported that by end of 1989, there were 55 department stores in Malaysia (Euromonitor, May 1994). It was also during this time, as shall be seen further in Chapter Four that the local department stores were enjoying high sales growth.

Table 3.2 Major Shopping Centres in Kuala Lumpur by 1989

Building	Year	Net Floor (Sq. Ft)	Anchor Tenants
Ampang Park	1973	149 145	Hankyu Jaya[1]
Sungei Wang Plaza	1978	579 602	Parkson Grand[2]
BB Plaza	1979	220 420	Metrojaya
Imbi Plaza	1981	85 000	None[3]
Yow Chuan Plaza	1983	230 000	Metrojaya
Plaza Berjaya	1984	392 000	None[3]
Kuala Lumpur Plaza	1985	392 000	Mun Loong
Dayabumi	1985	n/a	Jaya Jusco
The Mall	1987	n/a	Yaohan
The Weld	1988	480 000	Jaya Supermarket

Source: Zaki + Partners (1997)
Note: [1]Become anchor tenants in 1980s
[2]Become anchor tenant in 1990s
[3]No major anchor tenant

As Malaysians prepared themselves to welcome the 1990's, three years of economic prosperity as evidenced in Chapter Two, indicated better prospects for the next decade. However, the ride would be far from smooth. As noted by a popular local retail figure, *"Prospect for retail industry in Malaysia looks bright but the pace is slow. Gestation period for a retail venture in Malaysia would be much longer than most places. Hence one must have sustaining ability to withstand the long waiting period"* (Ismail, 1989).

3.2.2 Market Structure and Size

Based on the data compiled by Malaysian Statistic Department, this subsection presents the changes in retail size and structure from 1960's to 1980. Within this period, the earliest retail survey was undertaken in 1966 and the latest in 1980. As such, and due to lack of further data, discussions are based mostly from these figures. The deliberation first looks at the general changes. Next, retail climates in urban areas are considered.

3.2.2.1 Peninsula Malaysia

Within the span of fourteen years between the first and the latest national retail survey, the number of retailers in Peninsular Malaysia have increased from 50,549 to 80,531 (Table 3.3). Performing a moderate growth of 4.6 per cent per year, its correlation with this period's economic climate and spending power was obvious. As Table 3.3 further indicates, the trading mode in the sixties and seventies was of a conventional one. Nevertheless, the impact of modern retailing initiated in early 1960's was beginning to show. For example, as demonstrated in the second last column, the growth in the number of 'big' companies was 275 per cent.

Table 3.3 Number of Establishments by Type of Ownership in 1966 and 1980

Company Status	Number of Establishments and Their Market Share					
	1966		1980		% of Change	
	Number	% Share	Number	% Share	Number	Share
Sole Proprietor	50,549	92	80,531	89.4	59	-2.6
Partnership	3,895	7	7,148	7.9	85	0.9
Others*[1]	629	1	2,358	2.7	275	1.7
TOTAL	55,073	100	90,037	100	65	

Source: Retail Census 1966 and 1980
Note: *[1] Under 'Others' which is principally private limited companies

The growing inclination of shoppers to frequent modern shopping outlets was further reflected by their (the retail establishments) sales growths. As indicated in Table 3.4, sole proprietors claimed almost two thirds of the market's spending in 1966. However, their share had declined to less than half in 1980. On the other hand, revenues of 'others' amounted to a sizeable 44 per cent as compared to the earlier 8 per cent.

Table 3.4 Value of Turnover by Type of Ownership in 1966 and 1980

Company Status	Turnover (RM) Millions					
	1966		1980		% Change	
	Volume	% Share	Volume	% Share	Volume	Share
Sole Proprietor	1,434.4	67	5,750.6	47	300	-20
Partnership	532.6	25	2,289.3	19	330	-5
Others*[1]	172.9	8	4,067.3	44	2252	25
TOTAL	2,139.9	100	12,107.2	100	466	

Source: Retail Census 1966 and 1980
Note: *[1] Under 'Others' which is principally private limited companies

Though there was no further official data published by The Department of Statistics within this period, it was thought that the number of outlets in Peninsular Malaysia has risen to 133,236 by late 1980s. According to Euromonitor (1994), right after the recession, growth rates for new stores were estimated to be as much as 12 per cent per annum and by 1989 the number of outlets grew at an average rate of 7.0 per cent. It further added that retail sales were estimated to be more than RM23billions (US $7.7billions) in 1989. Thus, compared to RM12 billions (US $4 billions) in 1980, the sales figure has jumped to almost double.

3.2.2.2 Urban Towns

In contrast to the general trend (previously discussed), the number of retail outlets in urban towns had shrunk to almost half by 1980. Thus, while the number of retailers grew in small towns and rural areas to cater for the villagers, the needs of urbanites were being met with fewer but bigger retailers (Table 3.5) Nonetheless, urban retailers expanded their sales dominance through lesser but bigger outlets. As demonstrated, they recorded 59 per cent sales in 1966. Thirteen years later, they achieved 65 per cent sales from establishments less than half the number.

Table 3.5 No. of Establishments & Value of Turnover in Urban Towns 1966-1980

	1966		1980	
	Urban	Others	Urban	Others
No. of Establishments	20,834	34,239	13,834	76,203
Market Share (no)	38	62	15	85
Volume of Sales (RM millions)	1,263.4	876.5	7,925.5	4181.5
Market Share (Vol)	59	41	65	35

Source: Retail Census 1966 and 1980

Therefore, the performance of urban retailers underlined the emergence of bigger and better outlets. The smaller ones, on the other hand, unable to compete have to either close down or move away from town areas. This outcome was to be expected as the Malaysians, especially those in the cities, were enjoying a steady growth in wealth accumulation under the NEP. Therefore, supermarkets, department stores and shopping complexes were getting more popular. By the end of 1989, according to Euromonitor (1994), these large stores' contribution over total sales were thought to be about RM8 billions (US$ 2.7 billions).

Naturally Kuala Lumpur in particular and Klang Valley as a whole were the homes for most of these modern retailers. In 1980, it was estimated that about 21 per cent of overall sales in Peninsular Malaysia came from this region and roughly 90 per cent of these sales came from Kuala Lumpur (Retail Census, 1980). However, if one is to compare this figure with that of 1966, Kuala Lumpur's dominance has somewhat slackened by roughly 8 per cent. Perhaps this contraction signalled the beginning of suburb retailing. The sharp growth in manufacturing activities and the population trend during this period as discussed in Chapter Two supported this assumption.

To conclude this second section, the three decades after independence were very important to Malaysian retailing. It was during this time that modern retail structures such as supermarkets, department stores, shopping complexes and international specialty stores began to appear. These outlets, as mentioned earlier, could be found mostly in Kuala Lumpur, the capital city. Their timely entrance (which coincides with the nation's growing economy) was warmly received by the urbanites. As a result, conventional retailers in the city experienced a sharp drop in sales performance. However, the deep recession in mid 1980s has driven away many of these modern retailers from Malaysia. This lesson shows how telling is a negative economic performance to them. Nevertheless, it also illustrates that there is always a market for innovative retailers. The emergence and acceptance of Yaohan amidst the economic ruins evidenced this statement.

3.3 From Urbanisation to Modernisation (1990 - 1997)

By 1990s, the retail industry in Malaysia has become extremely broad based. Establishments ranging from dusty roadside hawking, food stalls and small fixed shops to air-conditioned fast food outlets, mini-markets and large-scale organisations filled the marketplace. In urban towns, especially Kuala Lumpur however, a much more defined retail structure featuring megamalls, hypermarkets, category killers and neighbourhood superstores were beginning to take place, a movement strongly correlated with prevailing demographic and lifestyle changes. Outside the cities, however, retail trades remained dominated by individually owned small shops selling varieties of goods. Modern retailing is thus, still very much at its infancy stage in most part of the country.

The above scenario by no means suggested that retailers in the cities were made up of only modern formats. Traditional retail systems were not only confined to the rural areas but also prevalent in the cities. Thus, unlike advanced countries such as United Kingdom and United States of America, the existence of modern retail outlets did not turn away these small retailers. In fact they flourished. Reversing the situation in 1980, the latest census (Retail Survey, 1993) reported a seven-fold increase (of sole proprietorship) within this thirteen years interval. Table 3.6 illustrates key retail indicators taken from this survey.

Table 3.6 Survey of Retailing in 1993, Key Indicators

Establishments (No)	154,080
Sales Value of Goods and Services(RM) million	66,159.7
Costs of Goods Sold (RM) million	54,428.3
Output (RM) million	11,893.4
Value Added	8,503.7
Total Number of persons engaged	499,903

Source: Retail Census 1993

Throughout this period, once more the importance of retail activities could not be undermined. As shown by Table 3.7, it (together with wholesale activities) displaced agricultural as the second main GDP contributor by 1997. In addition, stronger dominance by this sectors was further forecast in 1998 (Economic Report 1997/1998). However, this prediction was made before the current economic turmoil.

Table 3.7 Retail Contribution to Economy in 1991-1998 (%)

Industry	1991*	1993*	1995*	1997*	1998**
Manufacturing	28.2	30.1	33.1	35.5	36.7
Agriculture	17.2	16.1	13.5	12.2	11.2
Wholesale and Retail	11.2	12.4	12.3	12.4	12.7
GDP	86149	100617	120309	141139	151067

Source: Economic Report 1997/1998
Note: * In 1978 constant prices **Forecast

With this general outlook in mind, the deliberation is now shifted to more specific retail developments in this period. First, the writer takes a look at retail developments in this era. Second, the market size and structure are laid down. Finally she examines the different type of retail players in the local market.

3.3.1 The Emergence of More Defined Retail Formats

The year 1990 opened with yet another Japanese invasion. Making its debut in the golden triangle, Isetan was the second Japanese department store in Malaysia. Perhaps because of its great success in Singapore (Retail Asia, June 1993) and also possibly because it was located at the most modern shopping complex then – Lot 10, it replaced Yaohan as the most prestigious department store around. In addition, unlike Yaohan, it carried only a selection of grocery items for the Japanese expatriates, thus elevating its image higher. Therefore, this store was frequented by highly fashion conscious shoppers who did minimal cooking and presumably of younger age bracket.

The coming of Isetan and its consequence acceptance (by the shoppers) have encouraged Yaohan and other local-owned department stores to expand further. The former, for example, began to set up stores in other major cities as well. Among the latter, on the other hand, the most aggressive was Parkson Grand to be followed by Metrojaya and Mun Loong. For instance, Parkson Grand opened a flagship store in Sungei Wang Plaza - a shopping complex located opposite Lot 10 and began to penetrate into other suburbs (the first one being Subang Jaya, as depicted earlier) and major cities. Similarly, following the footstep of Parkson Grand's, Mun Loong extended its operation outside Klang Valley. Likewise resembling the others, the latter launched its flagship store in the 'golden triangle'. Housed in Kuala Lumpur Plaza, which was located next to Lot 10, its inception posed greater competition to the existing department stores.

Metrojaya, which by 1990 has owned a flagship store in Bukit Bintang Plaza - situated next to Sungei Wang Plaza and thus opposite Lot 10, also began to expand. However, unlike Yaohan, Parkson Grand and Mun Loong, it confined its growth within Kuala Lumpur. Perhaps due to its higher image, it was best suited for city centre shoppers. The reason being, similar to Isetan it did not operate a supermarket. Similarly, as mentioned in the introductory chapter, it was set up as a symbol of aspiration to the post-independence Malaysians. As such, extra care was taken to maintain its status. Therefore, among the local operators, Metrojaya was the most prestigious (department store).

In this decade, two more foreign department stores made their entrants. They were Sogo and Tangs. The former, like Yaohan was an integrated department store, combining an extensive range of clothes and accessories, electronic goods, and grocery items. On the other hand, Tangs was fashioned after Isetan and Metrojaya. Therefore, it appealed to a trendier set of customers. Located in Starhill Centre, a plaza next to Lot 10, Tangs' arrival brought greater intra-type competition to the golden triangle's department stores. However, as long as the demand is expanding, the market share is big enough for everybody. This was the case in early 1990s, as evidenced in the second chapter. As such, between 1991-1995, the local department stores posted a 121 per cent increase in sales (Euromonitor, October, 1997). Due to its importance to this study, a section in Chapter Four is devoted to discuss further the development of this retail institution in the local context.

The early 1990s did not only mark further growth in department store retailing, but also signal the beginning of a more defined retail concept in Malaysia. The first one was symbolised by 'Reject Shop', a discount store chain. Somewhat similar to TJ Maxx or Marshall of The United States of America, it offered slightly irregular clothes or factory over runs at rock bottom prices. Managed by Metrojaya Berhad, this discount store has achieved a phenomenal growth (Asian Retailer, November 1994). By 1997, there were 15 of these stores in the city centre and suburbs (Metrojaya Berhad, Annual Report, 1997). Naturally, the growing diversity of lifestyle trends as discussed in Chapter Two has aided the growth of this retail format. This (lifestyle) pattern coupled with the current economic situation should point out to the growing importance of this store format at the expense of department stores. This situation is not without parallel to that experienced by their (department stores) western counterparts in 1950s. This was the time, as shall be seen in Chapter Four, where the universal providers started to rationalise their merchandise assortment.

The acceptance of this niche retailer must have stimulated other clothing speciality chains to enter the marketplace. Antenna, Sonny San, Chomel, Flyers, Next, EIC and Somerset Bay were among the examples. These stores generally speaking offered contemporary leisure wears and office gears for young executives at affordable prices. Similarly, the increasing number of educated Malaysians have encouraged the expansion of environmentally friendly shops such as Body Shop, Red Earth, and Eco Shop. Likewise, the growing poverty of time has brought about a dramatic development in pharmaceutical retailing. Its success was so phenomenal that the author was told sometimes in late 1993 that Guardian, a popular pharmaceutical store was planning to open 30 branches within a year. Naturally, according to its division manager, Guardian would want to expand further, however, the lack of skilled workers have hampered their progress.

The coming of Makro signalled yet another new and exciting retail store - the high volume retailing (Investors Digest, February, 1996). In December 1993, this cash and carry self-service wholesale business opened its door to small retailers and end users alike. Though located outside of town centre, its sheer size and 'value-for-money' concept have attracted many loyalists. Two years later Carrefour, a French based hypermarket muscled in. In response to these foreign invasions, Giant Supermarket launched its own cash and carry outlets. Other major local companies such as Parkson Corporation, Yaohan (M) Bhd. and Metrojaya Bhd. also announced plans to open stores of similar concept. However, since this writing, only Metrojaya has proved its commitment (Malaysian Business, November, 1996; Investors Digest, February, 1996). Yaohan, in its Annual Report (1997), cited '*stiff competition*' as the reason for shelving this hypermarket project.

It was also during this time that category killers made their appearances. First is Toys R Us, an American toy supermarket. Later in 1996, IKEA - a Swedish furniture department store, launched its first store in an affluent suburb in Klang Valley. In 1998, Booker - a British retailer took up a huge space in Johor Bharu, a growing city, south of Malaysia. This location was most likely chosen to capture the Singaporean market as well. Like the rest, this latest arrival gained wide acceptance and presented a threat to department stores. Compared to the earlier modern outlets, most of these new retailers were located in suburbs and stressed on convenience and low prices. Thus, together, they were hailed as value retailers. And to some, their arrivals marked a strong indication that Malaysian retail market was maturing (Asian Retailer 1994). Table 3.8 illustrates several well-known value retailers in Malaysia.

Table 3.8 Major Value Retailers in Malaysia

Value-Retailer	Retail Format	Locations of Existing/Future (F) Outlets
Makro Cash & Carry	Warehouse Club	Shah Alam, Selayang, Johor Bahru, Ipoh, Seremban and Penang
Carrefour	Hypermarket	Subang Jaya, Pandan, Johor, Mid-Valley City Megamall (F), Sri Petaling (F), and Wangsa Maju (F)
Giant Cash and Carry	Hypermarket	Subang Jaya and Ulu Kelang
Cosmart	Hypermarket	Pandan Indah, Penang, Seremban (F)
The Store	Hypermarket	Summit Subang USJ (F)
Payless Store	Discount Store	1 Utama, Kelang Bukit Raja, Ipoh and Seremban
Wellsave Supermarket	Discount Supermarket	Petaling Jaya, Johor Bahru, Malacca (planned to have 30 outlets by year 2,000)
Toys "R" Us	Category Killer	Subang Jaya, Kuala Lumpur, 1 Utama,
IKEA	Category Killer	1 Utama, Klang Valley and Penang

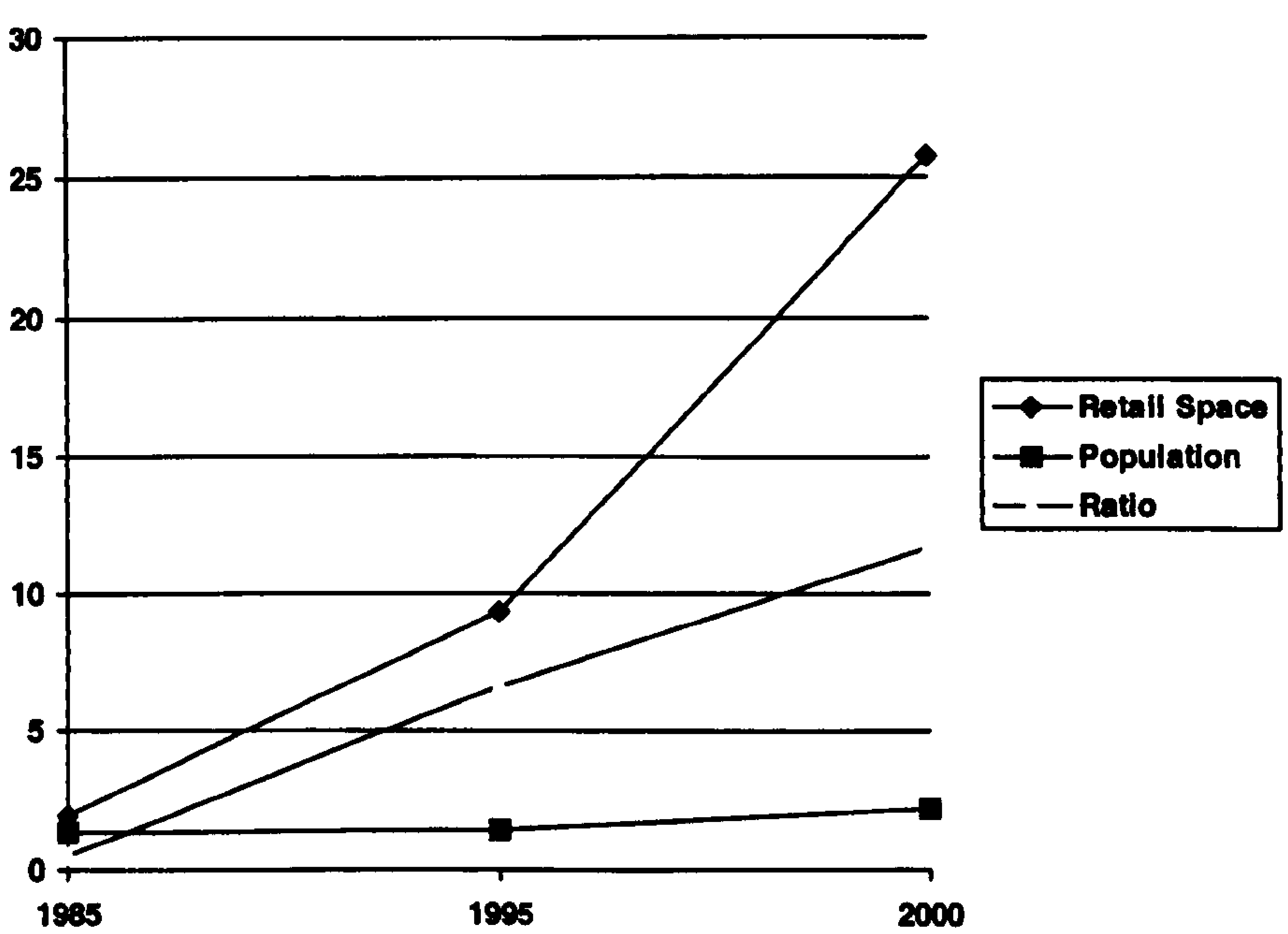
Source: The Star, 8 September, 1997.

Another important agenda in this period was the phenomenal growth of shopping plazas. As put by Euromonitor (1994), "*shopping centre developers were opening new complexes and snapping up prime locations at an unprecedented rate*". By 1995, this practice has led to many retail experts to issue warnings on "retail space oversupply" (Regional Retail Management & Operations Conference, 1996; The Star, June 15, 1998; Malaysian Business, August 16, 1998). However, the growing economy, the spending consumers, and the ambitious government (Seventh Malaysia Plan, 1996-2000) have further propelled the construction of these 'castles of consumption'. As such, bigger and better shopping plazas were announced. Consequently, the latter half of 1990s witnessed the emergence of mega shopping centres in the capital-city, suburbs and new townships (Yaohan Annual Report, 1997; Asian Retailer, November 1994). Leading the way was KL Suria. Opened in May 1998, it was housed in Petronas Twin Tower, the tallest building in the world (The Star, January 19, 1998).

KL Suria boasted 1.5 million square feet of retailing space and showcased leisure shopping and entertainment pursuits.

Besides this pioneer, three more megamalls are expected to be ready in one year time (The Edge, March 15, 1999). They are Berjaya Star City Centre (at 2.9 million sq. feet of retail space), Plaza Rakyat and Mid Valley Megamall (1.6 million sq. feet of retail space). The others, KL Linear City, KL Central Mall, Vision City and Capital Square perhaps would have to wait until the economy grows again. If these projects got built as planned, the retail space ratio per person in Kuala Lumpur would be doubled by year 2000 (Figure 3.3). As it is now, Klang Valley was reported to contain at least 30 shopping complexes with net lettable space of 12 million square feet (Zaki + Partners, 1997) and Kuala Lumpur contributed 73 per cent of the bulk (The Edge, March 15, 1999). Once more this trend points out to the intense retail competition in the future.

Figure 3.3 Retailing Space Ratio Per Person (Sq. Feet) in Kuala Lumpur



Source: The Star Monday January 19, 1998

Their sharp growth not only provided massive retail space but also encouraged greater participation of upmarket speciality stores. Beginning with The Mall in late 1980s right through Lot 10 in early 1990s and now with KL Suria in 1998, internationally recognised stores were aplenty. Among them were Gianni Versace, Byblos, Donna Karen, Escada Boutique, Kal Lagerfields, and Hugo Boss. Their participation was undoubtedly sparked by the growing self-fulfilment's trend noted in Chapter Two.

The emergence of these designer stores naturally posed a great threat to the local department stores, whose merchandise mix was also made up of many internationally recognised items. This is because, as shall be further explored in Chapter Four, the former offered more focused merchandise and provided better customer service. As a result, they (upmarket speciality stores) appealed to the high-end consumers who, as uncovered in Chapter Two, are becoming more sophisticated in their needs and are increasingly time poor.

Similarly, shopping complexes also provided a platform for discount retailers such as Reject Shop and Payless Store to expand. Their entrance, as indicated earlier was to capitalise on the growing 'value-for money' shopping attitude uncovered in Chapter Two. Likewise, the burgeoning of shopping plazas encouraged participation from clothing speciality chain stores for the young and trendy as discussed earlier. Moreover, acting like big sisters, they also rented their spaces to local boutiques, which mostly sell traditional clothes. In general, it should be safe to postulate that the proliferation of these later stores was supported by upper to middle income shoppers. These people undoubtedly were also part of the department stores' shoppers. Hence, the growth of shopping plazas provided more choices for consumers but greater competition for retailers and department stores alike. Thus, to stay successful, shoppers' proneness towards these stores need to be investigated.

Another retail development deemed to create a very significant impact on department store retailing was the growth in neighbourhood superstores (Investors Digest, September, 1993). This is especially so for the integrated type (of department store). In Malaysia, a superstore refers to outlets that carry a wide range of merchandise lines like those in a department store, but of a lower image and prices. Besides, a superstore operates a supermarket as well. Among these retailers, perhaps Jaya Jusco was the most successful. Since late 1980s, it ceased to operate in Dayabumi, its first location, which was at the heart of Kuala Lumpur. Instead, it began to open stores near satellite towns outside Kuala Lumpur. Today, it has in excess of six outlets all spread out in Klang Valley and other major towns. It carried broad merchandise lines at moderate prices and drew clients from the vicinity. In 1995, it was the third ranked store in term of sales (Investors Digest, November, 1996).

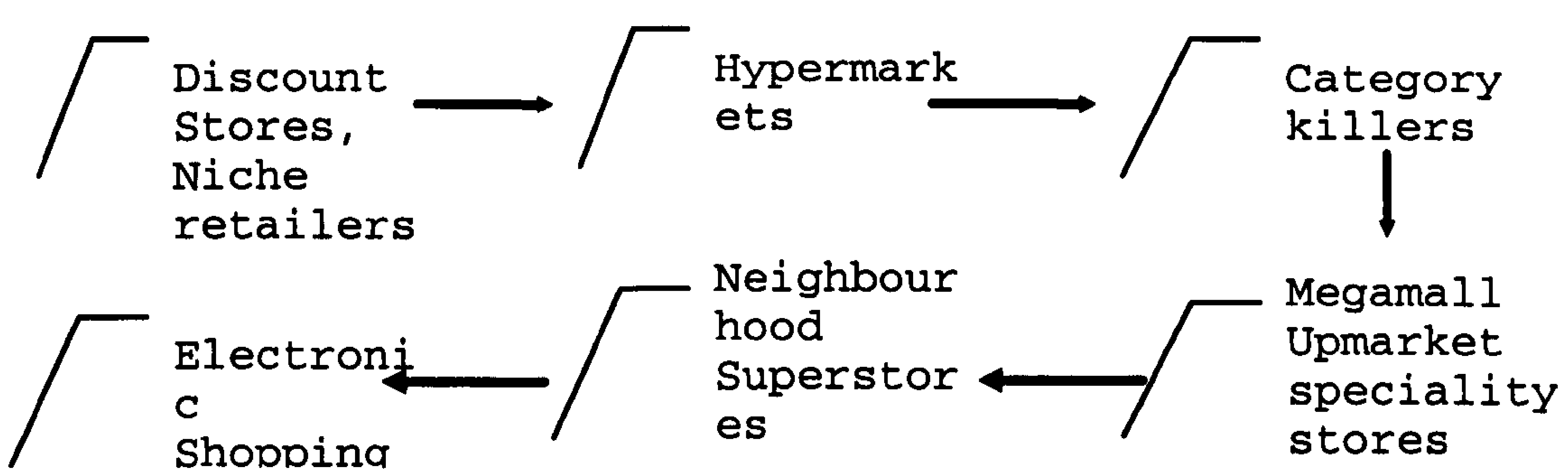
The other well-known neighbourhood superstore was Hankyu Jaya. This store as mentioned in the early part of this chapter, emerged in 1970s as a variety store and later evolved to be a superstore. It is postulated that with the current economic turmoil as a background and as Malaysians are becoming more discerning and time poor, the popularity of superstores will surge forward. Definitely, this trend is not favourable to the future of local department stores. Thus, like the clothing speciality stores, the shoppers proneness towards these stores have to be investigated.

Besides superstores, the ongoing (and unstoppable) property developments outside city centre have also encouraged the growth of numerous 'semi-traditional' neighbourhood retailers. The reason being, in order to enhance the attractiveness of their projects to the would-be-house-buyers and perhaps due to the government's regulation, the property developers have set up 'commercial zones'. They are basically rows of small shop lots, suitable for provision shops, mini markets, book stores, tailoring shops, bakeries, restaurants, hardware stores, pharmacies, and photo processing shops.

Lastly, in writing about retail development in 1990s, the trend in non-store retailing could not be ignored. In Malaysia, the most significant development in this area is in personal selling, television and internet. Among the three, the first two are rather popular. Most of the personal selling activities involved with beauty-care products, high grade faked jewellery and household goods. The establishments are usually run on a 'multilevel marketing' concept and have proved to be quite successful. Its encouraging business must has inspired Hankyu Jaya, for it is now the first retail outlet to venture into this concept.

Similarly, selling through television has caught up with the Malaysian market. Today, air-time devoted for this retail concept has been increasing with Smart Shop, owned by the major TV station in Malaysia, is the leader. Merchandise sold ranges from traditional medicines, health products and household items. Selling via internet, however, is only beginning to take shape and with small ownership of personal computers, it is definitely in an infancy stage. Parkson Grand, once more, proved to be the most enterprising among the department stores. Today it joins Smart Shop in television shopping and becomes the first department store to sell through the internet. This diversification perhaps could be detrimental to its department store business. The result of consumer survey in Chapter Eight will confirm this statement. Figure 3.4 illustrates the evolution of new retail formats in this period.

Figure 3.4 The Evolution of Retail Formats in 1990s



To this end, along all these developments, retailing in Malaysia and Klang Valley especially is becoming more broad based as well as more defined. With the continuous growth of traditional outlets, mini markets, supermarket, and department stores as the background, evolved new formats with more specific target markets. Hypermarkets, designer stores, niche specialists and neighbourhood superstores are the examples. Therefore, with these newcomers, suffice to say that suppliers of the consumer market in Malaysia today are made up of formats almost akin to those in advanced countries. Thus, pointing out to highly competitive market, considering the current economic situation and the dramatic lifestyle changes uncovered in Chapter Two.

3.3.2 Market Structure and Size

During this period, only one retail survey was undertaken by the Malaysian Statistic Department. There were however data from other sources. Though upon comparison, these data were sometimes quite contradictory, they nevertheless were useful guidelines. Following the writing in the earlier section, this one begins with the overall market structure and size. Later, developments in urban areas are deliberated.

3.3.2.1 Peninsular Malaysia

To note the trends and to provide continuity, first the latest retail census from Malaysian Statistic Departments was compared to the one in 1980. As shown, the continuous expansion of both traditional and modern outlets had led to the overall number (of establishments) to increase by 71 per cent. Out of this number, like those in 1980, sole proprietors made up the majority of retailers.

However, the most significant event in Table 3.9 was the pronounced growth of modern and large stores. As illustrated, both private and public limited companies posted a jump of close to 400 per cent and 300 per cent respectively. Again, this is not surprising, if one considers the previous discussion on retail developments and superimposed the prevailing demographics and lifestyles, as explored in Chapter Two.

The growing dominance of these modern outlets was further underlined in Table 3.10. As shown, private limited companies overtook sole proprietors to claim the highest revenue in 1993. However, if one is to look at the growth rate, undoubtedly public limited companies were the winners. While private limited increased by 6.5 times, they (public limited companies) posted a phenomenal jump of 18.8 times. In any case, all retailers – small and big, posted big gains within this studied period. Once more, this performance was made possible by the positive demography of demand as discussed in the previous chapter.

Table 3.9 Number of Establishments by Type of Ownership in 1980 and 1993

Company Status	Number of Establishments and Their Market Share					
	1980		1993		% of Change	
	Number	Share %	Number	Share %	Number	Share
Sole Proprietor	80,531	89.4	132,280	85.8	64	-3.6
Partnership	7,148	7.9	12,149	7.9	70	None
Private Ltd. Co.	1,786	2.1	8,517	5.5	377	3.4
Public Ltd. Co.	68	0.1	259	0.2	281	0.1
Others	389	0.5	881	0.6	126	0.1
TOTAL	90,037	100	154,080	100	71	

Source: Retail Census 1980 and 1993

Table 3.10 Value of Turnover by Type of Ownership in 1980 and 1993

Company Status	Turnover (RM) Millions					
	1980		1993		% Change	
	Volume	% Share	Volume	% Share	Volume	Market
Sole Proprietor	5,750.6	47	23165.6	35	302	-12
Partnership	2,289.3	20	9941.4	15	334	-5
Private Ltd. Co.	3,731.9	30	28034.5	43	651	13
Public Ltd. Co.	213.1	2	4222.7	6	1882	4
Others	112.3	1	795.5	1	608	-
TOTAL	12,107.2	100	66,159.7	100	450	

Source: Retail Census 1980 and 1993

3.3.2.2 Urban Towns

To show trends in the number of establishments and size of the market in urban areas, again, official figures of 1980 and 1993 were used (Table 3.11). As illustrated, urban redefinition (discussed in Chapter Two) and increased migration to towns, have sharply inflated the number of stores over there and shrunk those in rural areas. Within the interval, a 600 per cent increase was posted in the former while the latter experienced a 30 per cent contraction.

Table 3.11 Trends in Market Structure and Size in Urban Areas (1980-1993)

	Number of Establishments, Revenues and Growth					
	Numbers			Revenues (million)		
	1980	1993	% Growth	1980	1993	% Growth
Urban	13834	97,629	606	7925.5	58905.7	643
Rural	76203	56451	-30	4181.5	7254.0	73
TOTAL	90037	154,080	72	12107.0	66159.7	446

Source: Retail Census 1980 and 1993

Naturally, the majority of these outlets were traditional stores selling basic necessities ranging from foodstuffs to clothing and accessories. They were, as stressed earlier, prevalent in both major trading areas and at the fringe of towns. Together they recorded a jump of more than 6 times in total revenue. However, it was of no secret that most of these sales came from the former (modern retailing).

Similar to the earlier period, modern retail outlets could mostly be found in Klang Valley, the highly populated and developed region. Within this area, Kuala Lumpur remained the most popular spot where over 90 per cent of the supermarkets, department stores and indoor shopping centres were located (Euromonitor, 1995). It is for this reason that, as shall be seen in Chapter Six, respondents for both the consumer and retailer survey were drawn from this area.

To provide an update on the market size and structure, data published by Euromonitor (October, 1997) is used. Accordingly, in 1995, the number of outlets was reported to increase further to 177,000. Comparatively, although food retailers were three times more than non-food retailers, the latter earned 52 per cent of the total market. In addition, while sales of food retailers grew at 27.2 per cent from 1991 to 1995, non food retailers' revenues expanded at 59.7 per cent. This outcome, as established in Chapter Two, reflected the growing shift of consumers spending away from necessities towards non-essential items. Table 3.12 gives snapshots on the status of these non-food retail players, which is of the interest of this thesis.

Table 3.12 The Number and Turnover of Non Food Outlets By Type of Formats

	Number			Turnover (RM million)		
	1991	1995	Growth %	1991	1995	Growth %
Department Stores	65	77	18.5	1,005	2,222	121
Large Mixed Retailers	4,000	15,000	275.0	4,990	7,392	48
Non-food Specialists	40,000	30,000	-25.0	8,830	14,057	59
TOTAL	44,065	45,077	2.3	14,825	23,671	60

Source: Euromonitor (October, 1997)

Scanning the above table, non-food retailers were substantially represented by non-food specialists. One major component of these specialists were the small traditional stores such as the tailoring shops and other clothing outlets which sell piece goods or ready-to-wear clothes and accessories or both. Their existence was mainly attributed to the surge in popularity of traditional clothes as office gear and the government's effort to encourage bumiputra's participation in commercial activities. They could be found in 'no frills' buildings set up by the government in many suburbs or along Jalan Tunku Abdul Rahman, the old business district. However, it is foreseen that most of the sales from this category (traditional wear) came from moderate to upmarket speciality stores. The reason being, as shown earlier, demographic forces have resulted in more modern and exclusive stores selling traditional wear for upmarket consumers. Several of these boutiques occupied spaces in prestige shopping complexes like Lot 10 or linked up with department stores in the 'store within the store' concept. Nevertheless, the majority of them traded in 'moderate image' malls like Sungei Wang Plaza and Bukit Bintang Plaza.

Besides these stores, naturally the other clothing non-food specialists were upmarket international retailers, moderately priced speciality chain stores, and discount chains. Their rapid growths, as previously discussed, were aided mostly by the sprouting malls. But certainly, without the sustaining demand from the affluent Malaysians who indulged in self-fulfilment and without the backing of urban Malaysians who were exacting in their needs, even megamalls could not draw these retailers into the local market. In addition, in line with the earlier discussion, their dominance must have resulted in the shrinkage of total numbers of non-food specialist in 1995 as compared to 1991. Similarly, based on this assumption, they must have contributed a substantial amount of sales in this non-food category. Once more, this outcome evidences the threat presented by these clothing specialists to department store operators.

While non-food specialists controlled the market share of non-food sector, it was large mixed retailers that multiplied the most. As there was no definition was made by Euromonitor (October, 1997), it is quite difficult to visualise their size perimeters. Nevertheless, perhaps it is safe to assume that hypermarkets, category killers, and neighbourhood superstores were in this category. Putting them aside, it is also most probably that large supermarkets were included. In Malaysia, it is a common practice that supermarkets carry substantial lines of non-food items as well. These merchandise lines, were usually traded on upper floors.

Although, the number of large mixed retailers grew substantially, it was department stores that recorded the biggest sales jump. Nevertheless, the real discovery was that local department stores only managed to secure a small slice of the market size compared to the ones currently enjoyed by those in advanced countries. Thus, it is obvious that the local counterparts have not reached their potential yet. This inability, despite the fact that nation was filled by self-fulfillers, besides pointing to their bright future, indicated their inefficiency and ineffectiveness in meeting the consumers needs through their merchandise mix offerings. This phenomenon was further underlined when one scrutinised the department stores yearly performance (Table 3.13). As shown, their sales growths were at the peak in 1992 and 1993. From then onwards, however, despite the escalating growth in economy and hence demography of demand, their sales expansion were cut down by almost half.

This performance must also have been the result of the threats posed by newer retail formats. Thus, it is safe to say that the growing competition brought about by megamalls as discussed earlier have altered the shoppers' behaviour. Among these rivals, arguably, department stores should be wary of non-food specialists. Their numbers contracted by 25 per cent and yet they continued to dominate the market, suggesting that the remaining ones were getting more powerful. Another competitor is the neighbourhood superstores symbolised by Jaya Jusco. Its (Jaya Jusco) strategy, which is based on convenient location, ample parking spaces and wide ranging merchandise at moderate prices, bodes well with the current demography of demand and has pushed it to be the third most successful retailer today. Nevertheless, given the right merchandise mix, local department stores like those in advanced countries should be in a good position to defend their customer base and perhaps to expand further. The options available for the local department stores to ward off these environmental challenges will be explored in Chapter Four and Five.

Table 3.13 Department Store Sales (RM million) and Sales Growth 1991-1995

Year	1991	1992	1993	1994	1995
Sales	1,005	1,300	1,675	1,934	2,222
Growth	-	29%	29%	15%	15%
Total Sales	31,575	34,102	37,511	41,514	44,970

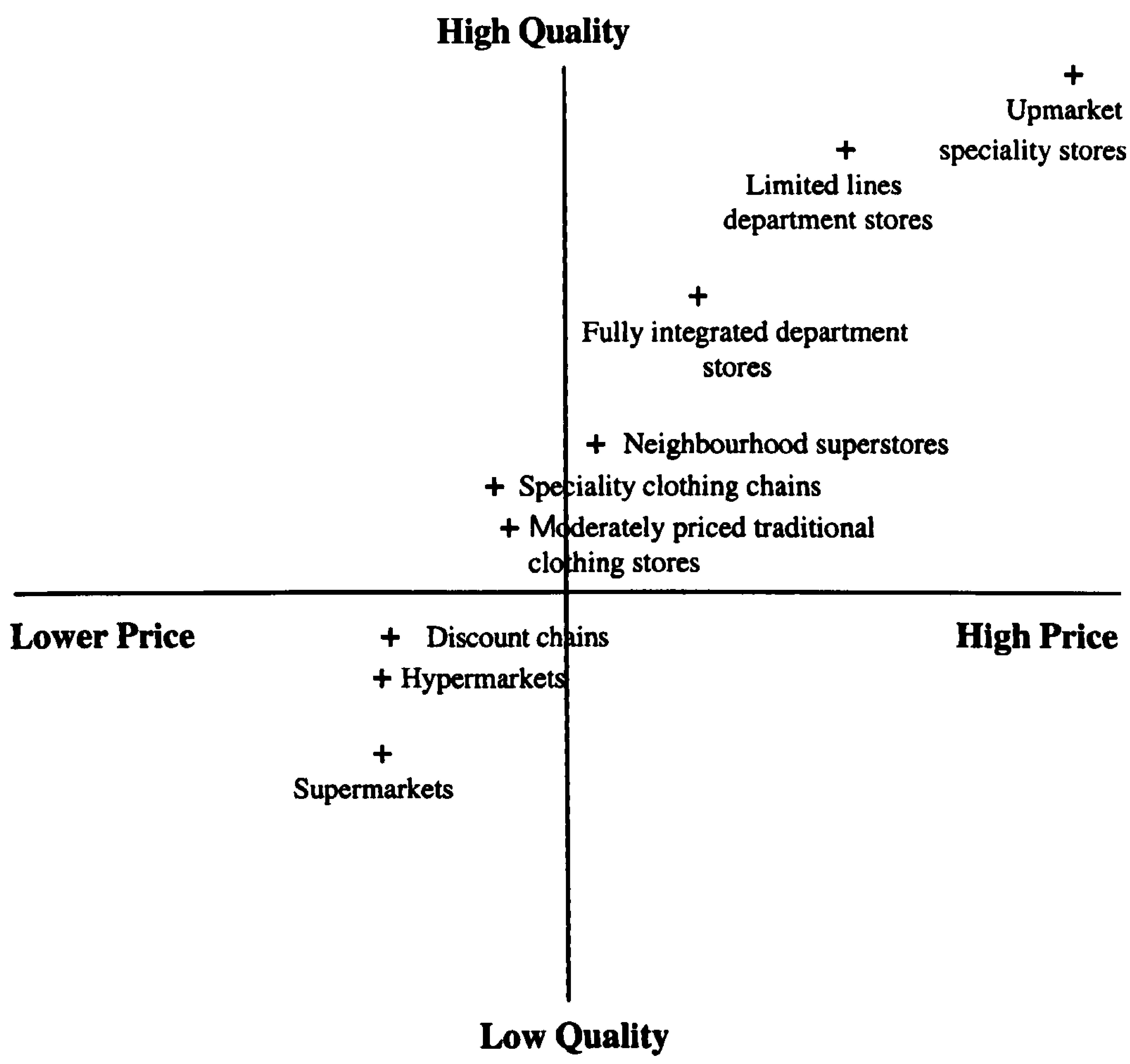
3.4 Conclusion

The field of retailing is both fascinating and appealing, and in Malaysia, it is of no exception. Like in many Asian countries, the scene of modern and traditional retailers working side by side never fails to charm tourists and locals alike. While the latter existed many centuries ago, the former only made inroads in early 1960s, after Malaysia gained her independence. Since then and especially after the first economic recession, their growths have been phenomenal. By the middle of 1990s, the local retail scene mirrors those in the advanced countries. Today, with the dawn of the second economic recession touted as the worst ever, retail players are facing a rather grim future. This is especially so for big and high-end retailers like department stores. Consumers, as seen in Chapter Two, are beginning to cut their expenditures on material wealth. In the future, past researchers have established that even with the economy growing again, this hardship and greater education would make them extra cautious with their purchases. At the same time, the emerging lifestyle differences would further fragment the market. Similarly, as urban residents become more constrained by time, they would begin to favour shopping in smaller shops.

With department stores becoming anchor tenants to all the major shopping malls, it is inevitable that they would soon start to cannibalise each other. Competition also would come from many designer stores, clothing speciality chains, niche retailers and discount stores that occupy these shopping plazas. Similarly, the impact of large mixed stores could not be ignored. They, as indicated previously, have shown great progress in sales and in numbers in the past ten years. Within this category, neighbourhood superstores are expected to become the greatest threats. Figure 3.5 depicts this competitive structure.

Generally speaking, the above scenarios replicate the ones faced by western department stores during the inter-war period and in 1970s – 1980s. Specifically, as shall be seen in Chapter Four, local stores are now operating under the economic environment resembled the one faced by their western counterparts during the former period. The diversity of lifestyles and the local's competitive scenario, on the other hand, parallels to that experienced by those in advanced countries during the latter period. Consequently, as shall also be pointed out in Chapter Four, this was the time when they (western department stores) realised that the best way to ward off competition was through rationalising their merchandise mix. Building on this argument, the starting point, then, is for local department store retailers to study the strategies undertaken by their advanced counterparts over the years and used these tactics as guidelines in meeting the challenges presented in Chapter Two and Three. This, in essence, is the aim of Chapter Four.

Figure 3.5 Competitors for Malaysian Department Stores



CHAPTER FOUR

DEPARTMENT STORE RETAILING

Having the scenarios painted in Chapter Two and Three as the background, what could and should local department stores do? This chapter attempts to answer this double barrel query by studying the evolution of department stores in advanced countries. Specifically, this investigation undertakes to uncover two dimensions. One is to explore the special characteristics of department stores as a retail institution and to highlight the importance of merchandising activities to department store retailing. The second (dimension) is to identify the strategies used by department stores in meeting the ongoing environmental forces. Once more, like the first exercise, the focus is to study the merchandising strategies adopted by them over the years.

This investigation, therefore, provides a firmer guideline for desk research in Chapter Five and the consecutive primary research in Chapter Six. Likewise it helps the author in performing data analysis and making appropriate recommendations in Chapter Seven, Eight and Nine. To achieve these goals, this writing is divided into four parts. Section one presents the characteristics of department stores in advanced countries and the roles played by the external factors in their formation years. Section two traces the prevailing forces and the subsequent responses of these stores during the expansion, inter-war and maturity period. Section three takes a look at these parameters within the local context and extends the discussion on department stores in Malaysia from Chapter Three. At the same time, this section compares the situation faced by local stores to those in advanced countries and its implication on the strategies to be adopted. Finally, section four is the conclusion.

4.1 The Beginning of a Retail Institution

The formation of department stores started in France to be followed closely by the United States and Great Britain. In most cases, they evolved from dry goods firms known in the former as 'magasins de nouveaties', in as early as 1830s (Pasdermadjian, 1954; Jefferys, 1957; Miller, 1981; Lancaster, 1994; Glennie and Thrift, 1996). However, it was in the mid-nineteenth century that a real department store was beginning to appear. This section first takes a look at the formation of these western department stores. Second, it traces the development of early eastern department stores.

4.1.1 The Formation of Department Stores

The history of this retail institution began in 1852 when Aristide Boucicaut introduced a new selling idea. First, instead of the current 'high margin - low stock-turn' practised by traditional stores, he opted for the 'low margin - high stock-turn' principle. Therefore, he sold similar products at lower prices. Second, he exercised fixed and marked prices, which in turn ensured that customers were treated equally and allowed them to freely browse before buying. Third, to further attract the customers, he ventured into new lines of merchandise. His dramatic success pushed him to increase his merchandise variety further (Miller, 1981). Consequently, the vastly expanding amount of merchandise had obliged him to departmentalise. Thus by early 1860, his magasin de nouveaties changed into true 'grand magasin'. Finally, becoming more entrepreneurial, he introduced product returns. And thus, these practices laid the foundation for earlier department stores.

Even though entrepreneurial spirits were important, the birth and the subsequent formation of department stores would not be possible without the help of external forces. Their significant role was underlined by Miller (1981), who wrote, "*it was the forces and not the individual that mattered*".

Before the 19th century, large towns (defined as having 100,000 inhabitants) were almost non-existent. In the West, generally speaking, the explosion of population in Paris, New York, Chicago and Philadelphia was beginning to take place by the middle of nineteenth century (Lancaster, 1994). Occurring almost at the same time (1840-1860), the economic growth in the West was phenomenal. In turn it bolstered consumers' confidence and spending. As capital and markets expanded, so did the opportunities to create new kinds of stores. Likewise, the economic performances which were above average in the next twenty years continued to stimulate new jobs and thus provided department stores their main target market – the working class.

Another fundamental external factor was the development of public transport. The invention of horse drawn buses and streetcars and the subsequent completion of railroad had tremendously increased the catchment area of central city. As a result, retail shops there began to reap higher sales volume. Unfortunately this has also resulted in excessive rental rates. In response, these successful stores resorted to expanding backwards and upwards, by using for selling purposes the back of the building and also the upper floors with their lower rentals. Thus, forming the backdrop for the formation of department stores and by 1880s, they assumed the following special characteristics:

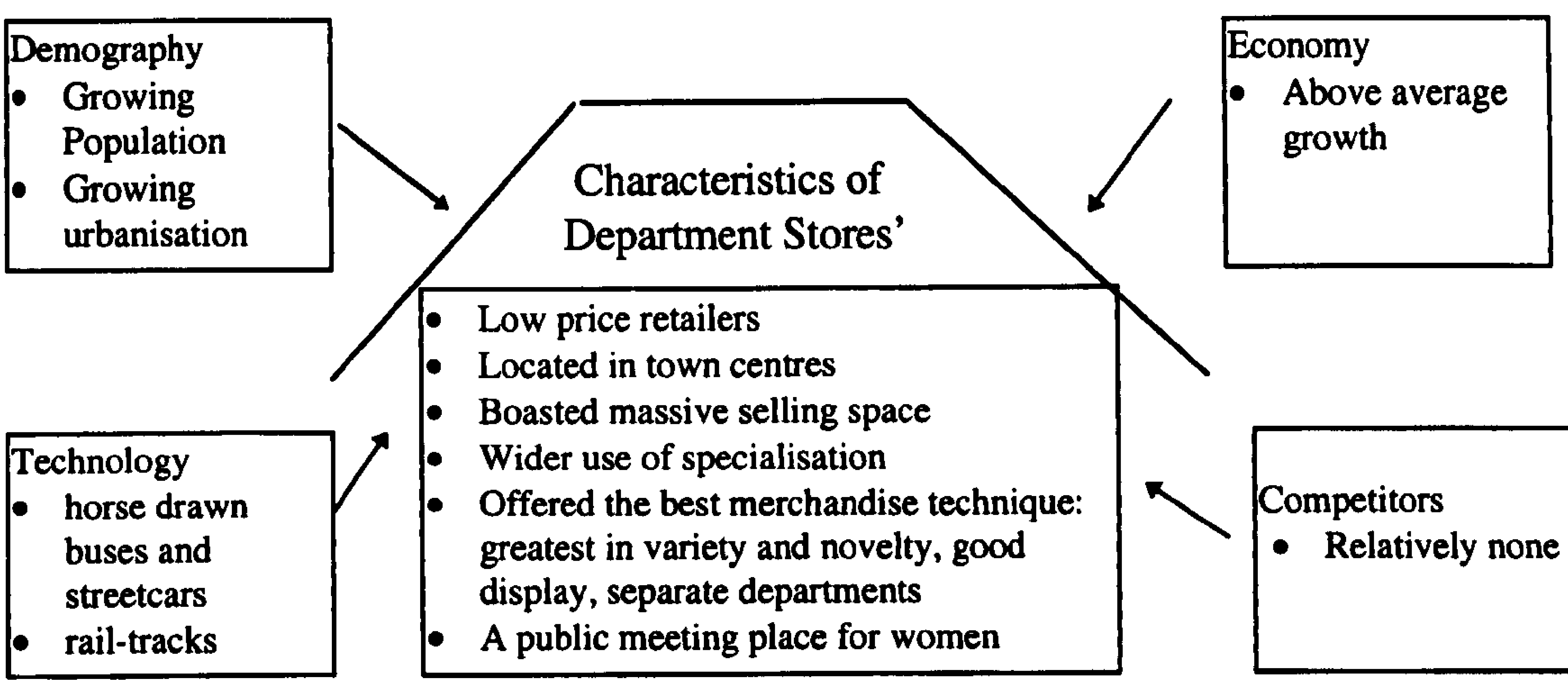
The first one was their low price. This practice was evident in Pasdermadjian's (1954) work. He remarked, "*The first department stores placed themselves from the start between the two main classes of shops - instead of selling with exaggerated mark-up first class merchandise or low grade merchandise with a reduced mark-up, they sold merchandise of good or sufficient quality with a mark-up formerly used only for low grade merchandise.*" Thus, it was common during this period, that their prices were cheaper by 15 per cent to 20 per cent than the competitors.

The second characteristic was their location and size. Compared to others, this new retail institution boasted massive selling spaces (Lancaster, 1994; Glennie and Thrift, 1996). As noted by Lancaster (1994), "*the sheer size of the new emporium was a key to success. Its numerous departments and floors facilitated a vast traffic and potential customers*". Consequently, they were located at prime locations in the big cities, drawing customers from the cities and the outskirts.

The third characteristic was the wider use of 'the specialisation principle'. Through applying this concept, department stores were able to recruit highly skilled manpower for superior positions. At the same time, since work could also be organised and standardised, less qualified personnel were employed for lower positions. Similarly, they also benefit from the concentration of non-selling activities. By grouping them (non-selling activities) into several main functions to serve all the selling departments, the advantage of concentration and of large-scale production was secured.

The last and yet the main characteristic of department stores was their merchandising technique. They carried a far greater variety of merchandise lines than the traditional retail stores. This feature revealed from the start as a great force of public attraction. Laermans (1993) noted, "*it was particularly this vast assortment that gave early department stores a distinct and even unusual characters in the eyes of the contemporaries*". Figure 4.1 depicts the characteristics of department stores and the interacting forces in this period.

Figure 4.1 Characteristics of Department Stores and the Prevailing External Forces in the Formation Period



4.1.2 Department Stores - The Eastern Experience

The earliest eastern department store was reported to emerge in late 19th century (Philips *et al.*, 1992). The first one was Lane Crawford, a British owned outlet in Hong Kong (MacPherson, 1998). Lane Crawford was essentially a high priced upscale store, a feature commonly associated with department stores in this part of the world. The reason being, unlike in the West, department stores in Asia were initially set up to 'showcase' expensive branded goods and often imported foreign goods (Euromonitor, April 1997). Moeran (1998) noted, '*from its very beginnings, the (Asian) department store was not just 'a city within a city', but a dream world where western and thus bourgeois, culture was on display*' (Moeran, 1998). Thus, it caters to tourists, expatriate communities, and the wealthy elite within the indigenous population (Euromonitor, April 1997).

Holding to the above principle, other eastern department stores, led by the Japanese began to take shape (Fukami, 1953; Creighton, 1988; Larke, 1994). Over here (Japan), 'Kimono' specialists, which began operation as early as 1611, started adopting a cash sale system and price-label system in 1683, a practice well ahead of the Westerners. However, departmental organisation was introduced by Mitsukoshi only in 1904. Thus, it took around 300 years for kimono shops to turn into department stores, an extremely long period compared to the West.

The reasons (for this slow evolution) were the technology and industrial revolution as evidenced in the West, only occurred in early twentieth century. In addition, unlike the predecessors who practised low margin high turnover principle, Japanese department stores emphasised high margin and exclusivity. Thus, naturally it took longer time for large and highly priced stores to become a feasible venture. On the same note, referring back to the birth of Lane Crawford, Hong Kong became the recipient of this retail format simply because it was the most modern eastern region in the late nineteenth century (Young, 1998). Therefore, like in the West, environmental factors played significant roles to the development of department stores in the East.

At the end, although early department stores in the West and the East differed in the kind of clienteles they attracted, they were on a whole shared many common features and went into the same process as previously displayed in Figure 4.1. This finding is hardly surprising because an Asian department store was '*an idea first borrowed from the United States, developed according to models found there and in Europe and later adapted to the Asian environment*' (Moeran, 1998).

4.2 The Evolution of Department Stores

The section takes a look at the department stores' changing characteristics as they evolved from the expansion period (1880-1914) to the inter-war period (1920-40) and the maturity period (1950-present). It should be noted that several years were left out due to the outbreaks of World War 1 and 11. Similarly, it should also be noted that, following the argument put forth in the introductory chapter, this literature is largely based on department stores in France and The United States. The evolution of eastern counterparts, on the other hand, is discussed at the end of this section.

4.2.1 The Great Expansion Period (1880-1914)

This period marked the time when department stores' sales were increasing most rapidly. Statistics in United States showed that department stores sales were 1.6 per cent of the total sales in 1899. By 1929, this figure has risen to 8.9 per cent (Ghosh, 1994). The incredible growth was again made possible by the external factors and the ensuing strategies. This subsection takes a look at these two parameters.

4.2.1.1 The External forces

Similar to the formation period, the demography of demand and technological forces continued to accelerate the progress of department stores (Lowry and Wahlers, 1993; Lancaster, 1994). The expansion of population in big cities gained higher momentum as better job perspectives encouraged urban migration. In turn, better incomes led to the growth of working class people, the major clients for department stores. The economy, even though was not growing as fast as the earlier period, was still above average. Furthermore the accumulation of past saving (Pasdermadjian, 1954) brought general prosperity to the population in this period.

The development in technology was also far greater than before. The introduction of electric streetcars brought even more customers into the city. Similarly, the embrace of electricity as a new source of power had led to the invention of lifts. This new technology encouraged customers to visit upper floors, hence enabling a more intensive utilisation of higher levels.

Another favourable technical development was in the area of window display. The application of a new process has greatly increased the size of glass plates. This in turn presented opportunities to display merchandise at a greater scale. It was also during this period that great improvements in the manufacturing process accelerated the development of ready-to-wear clothing. This technology blended well with department stores' target market, the working class society (Laermans, 1993; Miller, 1981).

4.2.1.2 The Competition

As in the formation period, department stores remained the most superior retail format. However, several forms of competition began to appear. One of them was the ready-to-wear speciality stores. These stores grew due to the development in the ready-to-wear manufacturing. Having the advantages of a more intimate relationship with their customers and a better sales force, they managed to take away a portion of this market. Their strengths were further underlined, when they began to imitate the practice of fixed and marked prices and presented their stores with a better atmosphere.

The second competition came from grand couturiers. Their existence has taken away most of the higher working clienteles in the sense that even though they still shopped in department stores, they were reserving their most important purchases of dresses and coats for these special firms. Lastly, competition among the department stores began to appear. As they grew in numbers, department stores were starting to be wary of each other. To conclude, even though competition began to appear, their impact was not too noticeable. The growing urbanisation, the higher spending power and the development in technology made the market big enough for every retail player.

4.2.1.3 The Characteristics

During this period, department stores grew rapidly and on the whole, the characteristics during this period were almost similar to the formation period. Below were the discussions on these several additional characteristics that set this period apart from the previous one.

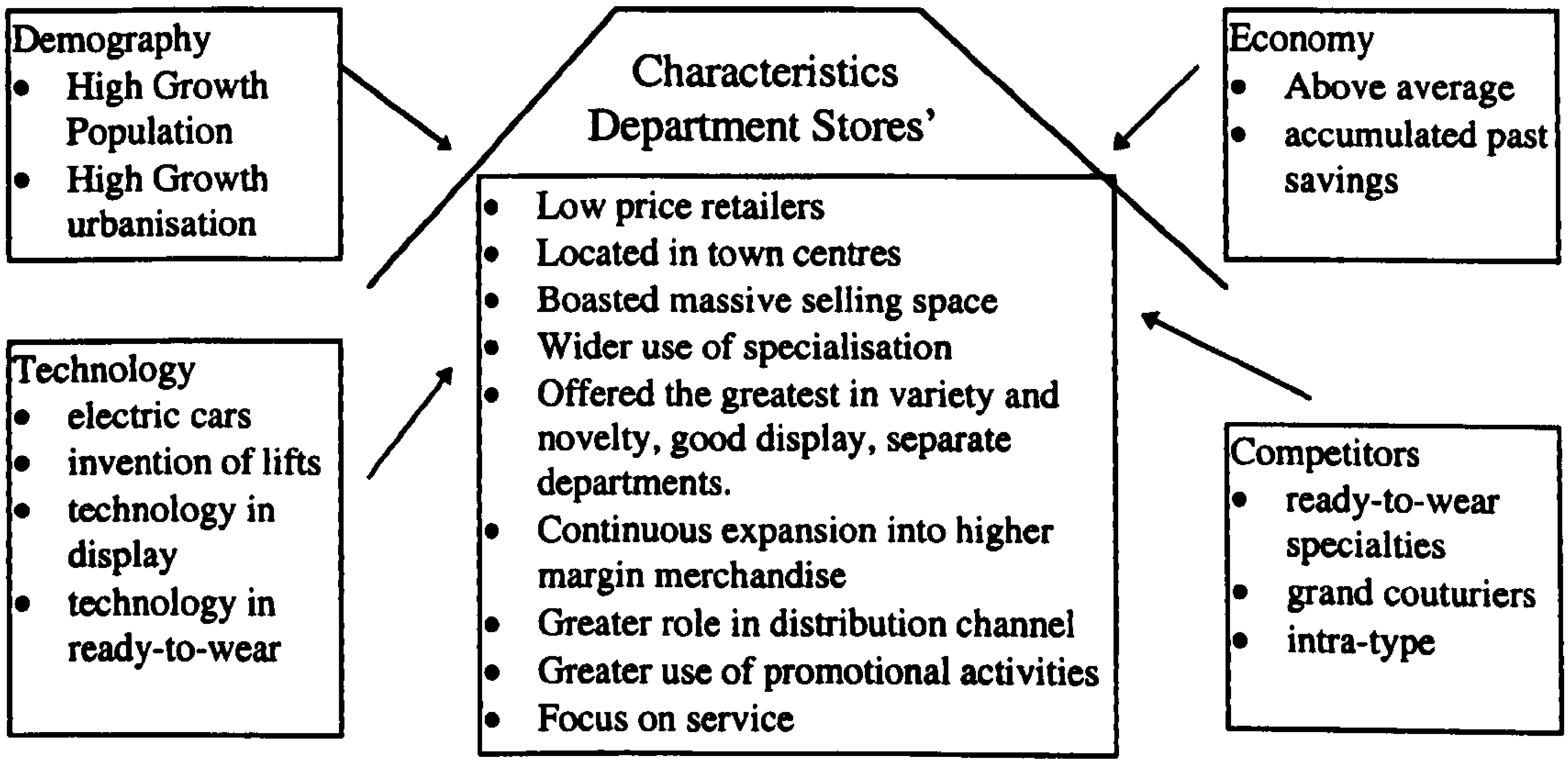
The first characteristic was their greater role in the distribution channel. It was during this time that several department stores started to open and operate their own production or manufacturing units. The reason was two folds. One was to keep the price of merchandise down. Two was to make them as a source of exclusive merchandise or to meet the demand for articles not found in the market. Thus, department stores during this period, did not represent an exclusively retailing enterprise, but to a certain extent was an integration of retailing, wholesaling and manufacturing.

The second characteristic was the continuous expansion into higher margin merchandise. It was during this time that they penetrated further into the fields of home furnishings, ready-to-wear merchandise and a number of other lines. This strategy not only helped them to secure more profits (through higher gross margin) but also reinforced their main strength (bringing different classes of merchandise under one roof). Nevertheless, this strategy exposed them to the risk of greater mark-downs. In order to reduce this problem and at the same time broaden their customer base, bargain basement and mail order business were introduced (Risch, 1963).

The third characteristic was the greater use of promotional activities. During this period, the advertising and display technique of department stores, both exterior and interior developed at a greater pace. Besides the development in technology as discussed before, there were two other main reasons for its (promotional activity) growing emphasis. One was the existence of intra-type competition as evidenced earlier. As department stores competed among themselves and since their merchandise and offerings were almost similar, it should be understandable that this technique was exploited. The other was tied to the nature of department stores as a form of distribution. Its size and its range of merchandise allowed an economy in the use of advertising or an increase of its effects.

The fourth characteristic was the increase focus on the service. During this period, the services were continually upgraded. It was very common for department stores to provide tea-rooms and resting chairs for the tired feet. As in the promotional activities, the intra-type competition pushed them to offer more innovative services. At the same time, as they began penetrating into higher margin merchandise, it was only natural that a higher quality service has to be provided. Similarly, higher services served to reinforce the ambience of leisure of department stores. Figure 4.2 summarises the characteristics of department stores in this period.

Figure 4.2 Characteristics of Department Stores and the Prevailing External Forces in the Growth Period



To this end, most of the above characteristics (Figure 4.2) tended to increase the expense percentage of department stores. Nevertheless, their effects were however, partly counter-balanced by two positive factors. One was the continuous and great increase in turnover and two was the increasing strength of the department store either in term of its purchasing power or its prestige. Therefore, while in 1880 the margin was around 20 per cent, in 1914 it reached 30 per cent. As regards to expense percentage, it moved from 15 per cent to 25 per cent (Pasdermadjian, 1954). But since their market share almost quadrupled from 1899 to 1929 (Ghosh, 1994), their profit was tremendous.

4.2.2 The Inter-war Period (1920 - 1940)

This period marked a new era for department stores. Their growth, which was so phenomenal earlier, was almost brought to a standstill. Almost everywhere, their sales had slowed down and their profits had eroded. A look at the external factors and the department stores' characteristics would explain this new culture.

4.2.2.1 The External Factors

Generally speaking, the growth of population in large cities during this period had slowed down (Lewison, 1995; Ghosh; 1994). In addition, city people were beginning to shift to suburbs. These had contributed towards the slower sales increase in centrally located retail trades. Similarly, modernisation in transportation technique seemed to work against the growth of city centre retailing. The continuos development in public transportation in the form of motor buses not only have extended the mobility of the population within large cities, but also increased the importance of smaller cities as retail centres (Okey Note, 1982). Likewise, the progress in manufacturing has given rise to a substantial number of privately-owned cars and brought traffic and parking problems in the city. This further reinforced the unpopularity of large cities and the popularity of smaller ones. Likewise, to make the situation worse, on the whole, the economic conditions at this time were erratic, swinging from a period of poverty to prosperity, due to the after effect of World War 1, the ill-balanced economic structure and artificial measures in large-scale public expenditure (Pasdermadjian, 1954).

On the other hand, there were new technologies, which brought positive effects to the department stores and were quickly adopted. One was the development of escalators. Compared to lifts, this new invention could continuously bring customers upstairs, let them view floors after floors and get off with minimal efforts. The other was the invention of moving pictures, which allowed department stores to enhance their promotional activities. Nevertheless, as shall be seen later, the adoption of these technologies failed to save many department stores from their demise. Once more, this goes to show the impressive impact of negative demography of demand to the livelihood of a department store.

4.2.2.2 The Competition

This period also signalled another first for department stores - being subjected to heavy competition. Generally competition came in three forms: inter-type competition, competition from other sectors of economy and intra-type competition. The inter-type competitors were the speciality shops, the speciality chains and the unit price store/variety stores. These competitors were already existed in the great expansion period, but it was during this inter-war time that their presence was really felt. The danger of speciality stores was apparent when they started adopting retail methods set by department stores. At the same time, due to their smallness, they were not expected to provide all the services available in department stores. These dimensions coupled with their earlier strengths saw them grew to rival department stores.

Another inter-type competition came in the form of speciality chains. During this period, there were chain stores selling clothes and home furnishings. Some of these chains were operated by manufacturers as outlets for their products. The others, however, were (set up) purely for commercial reason. The competition became more intensive as these retailers began extending their merchandise lines to include fashion goods. This was made possible by the development in the ready-to-wear clothing.

Their strengths resided mainly in their great buying capacity, their merchandising technique, and their relatively moderate expenses. By having chains of stores, they were blessed with more bargaining power. As such they were able to meet or even offer lower prices than department stores. On the same note, while department stores were expected to be "universal providers", the chains exercised "cherry picking". This practice allowed them to concentrate on the most profitable merchandise while letting the demand for slow stock-turn articles go to other forms of retailing. Naturally, due to their image, department stores were on the receiving ends (of this latter merchandise). Similarly, while consumers expected to be fully 'serviced' in department stores, they were happy to undertake some of the services in chain stores. Thus, higher buying power, superior merchandise technique and fewer services made them strong competitors in this erratic period.

The other external contender was the unit price stores (variety chain). Like speciality shops, these stores were already in existence in the previous period, but confined their business to cheap items. However, they started to present a great danger when they began to trade-up their merchandise by selling those articles which were formerly purchased in department stores. Armed with the strengths similar to those of chain stores, but having a wider selection of assortments, their competitive edge was eminent.

Competition also began to take place with other forms of business activities. Arguably the main competitor in this inter-war time came from the automobiles industry. For those who could afford to buy cars or who bought cars (even though ill-afford), they might not have much money to spend elsewhere. The same applies to those who spent a portion of their income to travel, sport, education and leisure activities.

In addition, this period marked a rise in inter-brand competition. The greater acceptance of national brands had effectively reduced the power of retailers in the amount of margin they could affix. This was brought by manufacturers who insisted on uniform resale price in order to have a better control of their product. Worse still, national brands enabled products to be bought without or with less assistance, thus pushed the growth of the chain and variety stores further.

4.2.2.3 The Characteristics

Unaccustomed to this new tradition (negative demography of demand and intense competition), department stores became frantic. Nevertheless, they saw three options available to them. One was to focus on activities to increase sales, two was to increase gross margin and three was to decrease the expenses (Pasdermadjian, 1954). Evidently, they chose to pursue the first two strategies as reflected by the characteristics of department stores in this inter-war time.

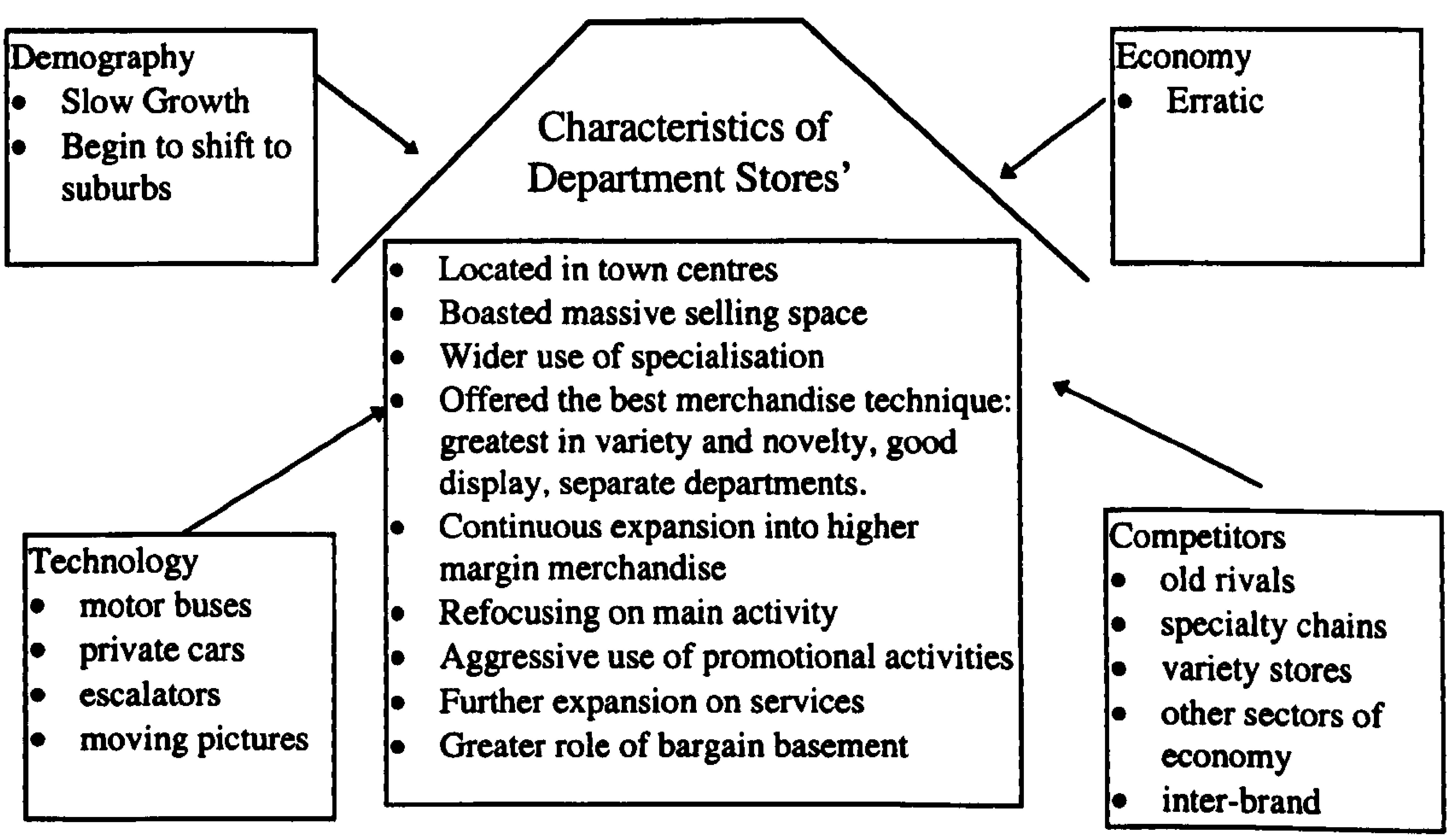
The first characteristic was the heavy use of promotional activities. In their efforts to increase sales, they employed high-pressure sales promotion and high-pressure advertising. However, in times when customers were presented with so many competitors, this activity failed to generate substantial sales, instead it increased further the expenses incurred (Pasdermadjian, 1954).

The second characteristic was their expansion of services to customers. During this period, department stores in an effort to outbid each other further extended their services. Later they found that once the customers were used to the extra services, they have to be provided even at a loss to the department stores. Consequently, this further increased their expenses.

The third characteristic was the continuous expansion into new merchandise lines. The department stores, due to their image were obliged to carry the widest variety with the deepest assortment possible. Thus, they continued to add fashionable and higher margin merchandise while maintaining the current ones. On top of that, the relentless spirit of the management in scooping novelties further increased merchandise assortments (Miller, 1981). Likewise, the growth of national brands, the ceaseless development of fashion and the penetration of style element into the ever-increasing range of merchandise further enlarged the inventory. Consequently, the possibilities of loss from obsolescence, mark-downs and returned merchandise were greater, thus pushing further the importance of bargain basement (Bluestone *et al.*, 1981).

The fourth characteristic was the abandonment of backward integration to benefit from the freedom and flexibility of choice. This direction, in essence, was taken to support their prevailing merchandise strategy. That is, by focusing on their main activities, they were not restricted to buy merchandise from a constant source. Instead, they could obtain novelties as soon as they appeared. Figure 4.3 summarises the characteristics.

Figure 4.3 Characteristics of Department Stores and the Prevailing External Forces in the Inter War Period



Looking through these features, one noticed that the strength of department stores as low priced retailers has gone. This was largely brought about by new competitors who had bettered their prices. At the same time, trapped by their early image, department stores were forced to step up efforts towards merchandising and servicing activities. Consequently, their strengths in these areas were further magnified. However, these features (endless merchandise variety and grand facilities) failed to fit with the current needs of the customers. It was also during this period that department stores realised their great profits in the past were due mostly to the large yearly sales. That is, as long as their sales increased tremendously, the high proportion of inflexible expenses would be sufficiently covered. However, in times of slow sales, their inflexible expenses would seem enormous and tend to swell over the gross margin. As a result, in this period, many department stores had to close down. The lessons from this era are important for Malaysian department stores, for as established in earlier chapters, the local counterparts are operating in the economic environment somewhat akin to this period. Similarly, the next subsection is fundamental to this study because the competitive environment and the consumers' lifestyles in the west are almost similar to the one faced by the local operators today.

4.2.3 The Maturity Period (1950-Today)

For western department stores that managed to endure and even succeed during the previous period, this post-war time brought them with yet new challenges. This subsection chronicles these challenges and the subsequent responses.

4.2.3.1 The External Factors

After the war, the growth of western's population began to slow down. At the same time, the movement to suburbs, which was apparent in the previous period continued at a faster rate. As a result, townships (outside the city) began to take shape at greater speed, making big neighbourhood stores increasingly popular. This trend spelt danger to downtown department stores. On the positive side, the 1950s and 1960s were also characterised by the emergence of a large middle class (Lesser and Hughes, 1986; Crask and Reynolds, 1978; Mitchell, 1983), providing the department stores with higher income clienteles. Therefore, though competition was rather intense, for most part of these two decades, they still posted a good growth.

However, this positive development was cancelled by mid 1960's when a fundamental change in the Western's demographics took place. That is, the masses began to develop increasingly diverse interests and lifestyles (Rogers, 1991; Cook and Walters, 1991), a phenomenon as deliberated in Chapter Two, at work in Malaysia currently. This new orientation proved to be detrimental to department stores, for literature reviews showed that despite operating in the 'roaring eighties' (Kotler and Armstrong, 1996, Biederman, 1991), their sales were on the decline (Reynolds and Crask, 1979; Bucklin, 1980; Berry, 1980). Naturally, as shall be discussed later, this dismal performance was brought about by the inability of department stores to offer a set of merchandise mix to suit these emerging lifestyles.

Of recent years, the trend in leading these diverse lifestyles has further segregated the market into smaller pieces (Berman and Evans, 1995; Rogers, 1991), as consumers moved into post modern society (Lannon, 1996; Firat and Schultz II, 1997; Brown, 1993). Once more this development, which is expected to continue in the future, will threaten the livelihood of department stores that are unwilling or slow to change (to these lifestyle shifts).

Like the population growth, the economy had also entered a slow phase. Real income continued to grow after World War 11. However, it began to stagnate during the 1970s, grew again for most part of 1980s and declined further in 1990's (Lewison, 1994). Having this economic condition as the backcloth and yet possessing more diverse lifestyles, consumers were becoming more and more careful with their expenditure. They still looked for quality in the purchase process, however, the trade off between price and quality was being closely examined. Such cautiousness, as observed by Berry (1980), would most likely lead to an even further inter-type competition. This prediction was in fact proven by researchers like Crask and Reynolds (1978) and Hirschman (1979).

For the department stores, the main implication of the above trends was the shift in the target market and consequently its impact on the current merchandise technique. Traditionally, the typical department store shoppers were characterised as the wives of the average-pay workers who lived on the "better side of the town" and often bought products "to keep up with the needs of the trends" (Coleman, 1983). These earlier customers saw department stores not only as the place to shop but also as a social institution (Thrift, 1996, Laermans, 1993). As such, the extensive range of merchandise served the purpose of prolonging one's stay at the department store.

However, by late 1970's, research has shown that the consumer profiles have changed considerably. They were of younger adults, better educated and of higher incomes and loved fashion (Crask and Reynolds, 1978; Hirschman, 1979). These new customers were the products of post World War II baby boom and part of the growing executives holding full-time jobs whose time became increasingly precious. Thus, their main motive of patronising a store was centred towards convenience. Hence, the early strategy of assembling a wide variety of merchandise for the purpose of extending one's visit (to a department store) became a turn-off and undoubtedly this was the reason for western's department stores dismissal performance.

Finally, this era and especially in 1990s without a doubt also witnessed the sweeping changes in technology. There was a tremendous growth in private car ownership, as technology and rivalries made personal cars increasingly affordable. Similarly, developments in public transportation gave rise to buses, subways, monorails, and bullet trains. As a result, they increased further consumers' mobility and shopping ability. The latter is especially true to private car owners as they were able to cart away bulky objects or bulk purchases.

The development in computer has been particularly significant in the areas of inventory control and consumer monitoring (Robins, 1993; Rouland, 1991; Robins 1991). The former solved the problem of overstocking or out-of-stocks. The latter, on the other hand, relayed up-to-date information on consumers. Innovation in mass media and changes in advertising techniques have also left a profound impact on the industry. The use of audio-visual, for example, has substituted the skill of sales personnel and to some extent the sales personnel themselves. Technical advances in packaging, warehousing, transportation, and inventory control have reshaped the industry, boosting sales per worker and increasing the number of variety of goods available. Similarly, technological breakthrough has enabled products to be sold all over the world via internet.

4.2.3.2 The Competition

The first competitors to emerge after World War 11 were the discounters. In late 1950s, these stores began in austere surroundings with few amenities and practically no services, selling branded clothes at rock bottom prices. Operating on the same premise introduced by Baucicaut, the "*successful discount stores turned over merchandise seven to eight times a year, instead of the conventional three to four*" (Bluestone *et al.*, 1981). In 1970s, these discounters began trading-up by offering more services and expanding their merchandise lines. This practice, in turn, posed greater threats to department stores. In a recent study, it was found out that 54 per cent of department store customers also patronised this store type (Morganosky, 1997).

The second competitor was the regional shopping malls (Retail Insights, 1996; Time, August 3, 1998). This shopping outlet came into place to take advantage of the vast market presented by 'suburbanites'. Having abundance of lands to work with, they (shopping malls) grew in size and sophistication. Thus, while department stores pioneered the concept of shopping as a leisure activity, this entered a completely new phase with the advent of commercial shopping centres As a result, this 'castle of consumption' has been detrimental to the health of 'palace of consumption'. A recent study (Alzubaidi *et al.*, 1997) proved this point.

The third competitor was the off-price retailers. They came into being by filling the gap left by the traded-up discount stores. Essentially, they carried a changing collection of leftovers, overruns and irregulars. However, their prices, which were as much as 50 per cent below retail, were the main attraction (Kotler, 1994; Kirby and Dardis, 1986). This retail format became very successful in early 1980's due to the economic situation at that time. Still, they continued to remain a vital force today (Morganosky, 1991). A study conducted in 1997 showed that department stores shared 40 per cent of their customers with off price retailers (Morganosky, 1997).

The fourth competitor came from a new breed of speciality stores (Retail Insights, 1996; Kaufman *et al.*, 1994). These stores, unlike the traditional ones, operated in a massive selling space equalled the size of discount stores or even department stores. Sometimes referred to as category killers or niche retailers, they carried extensive choice of single line products often found in department stores. With the population getting more time conscious and as their demand becoming numerous, niche retailers posed the greatest threat to department stores (Morganosky, 1991; Retail Insights, 1996). Moreover, in a recent study involving 9,000 consumers, this format was rated the highest in term of total value offered to customers (Morganosky, 1997). This trend – looking for the best value for money – bodes well with the present society. Thus, the impact of this store is expected to grow further in the future.

The fifth competitor was designer stores. They referred to fashion houses, which branched out into retailing and yet sold their collections to department stores. These outlets eroded department stores' earning in two ways. One was by taking away those special occasion purchases, similar to the effect of grand couturiers, as discussed previously. Two was by diluting department stores' merchandise mix in cases where these two retailers were housed in the same malls or catchment areas.

The sixth competitor came from very large stores that combined supermarket, discount stores and warehouse retailing. They were termed as superstores (at least 25,000 sq. feet) or hypermarkets (over 50,000 sq. feet) and their popularity has surged steadily over the last twenty years (McGoldrick, 1990; Larke, 1994). Wide assortments, cheap prices, and their location - away from the busy towns and their ample parking spaces, were their major strengths.

Beside these new entrants, competition from earlier rivals, such as traditional speciality stores, speciality chains and variety chains never ceased. Similarly, inter-brand competition ensued. Lastly, competition from other business activities became more intense. Thus, with all these competitors, western department stores in the last two decades were in a peculiar situation. One, their previous strength in merchandise selection has been rivalled by category killers in the sense that the latter carried more focused product lines in deeper assortment. Three, the traditional speciality stores scored higher in services. Four, the novelty aspect of their merchandise was reduced by designers stores, rendering "*no merchandise can be unique at department stores*" (Mc Goldrick, 1987). Last but not least, the customers became less interested in clothing as they aimed for higher material wealth and personal achievements. As a result, today's department stores are having 'tough times' (Berman and Evans, 1995; Retail Insights, 1996; Biederman, 1991; Laermans, 1993).

To recap this and the previous subsection, department stores in the last two decades were facing a double challenge. On one hand, the demand was getting more fragmented as consumers led various lifestyles. On the other hand, the competition was getting more intense as a host of retailers emerged to satisfy each lifestyle better. Thus, unlike in their formation days where environmental factors provided the platform for their emergence, lately, these forces seemed to work against them. Last but not least, department stores were also to be blamed for their disappointing performances. Saddled by their heritage (Biederman, 1991; Okey Note, 1982) they were known to be slow in adapting to environmental changes. Furthermore, the size, age, grand style of department store buildings, and duplication of top management led to high maintenance cost. Hence, with the ongoing external development, by 1980s this retail format became *'a dinosaur that was strangling the business from a cost point of view'* (Biederman, 1991). Nevertheless, as further noted by Biederman (1991), an even more important problem plaguing department stores, has been the bureaucratic layers of merchandising management on a division-by-division basis, which has resulted in 'merchandising paralysis' - where the total merchandise offerings became disjointed and cluttered.

Faced by these challenges, a workshop on department stores was specially organised by American Marketing Association in 1980 to debate their future. At the end, it was concluded that to stay succesful, this universal provider has to monitor their target markets and rationalise their merchandise mix (Crask, 1980; Pennington, 1980). Thus, clearly then, one of the research question in this thesis has to be 'who are the local department store shoppers and what are their merchandise mix expectations?'. This question will become part of the primary research objectives in Chapter Six.

4.2.3.3 The Characteristics

In meeting the above challenges, successful department stores in this decade, as evidenced in the ensuing characteristics have widely embraced the prescription given (AMA, 1980) and therefore possessed yet a new set of characteristics. The first one is in the ownership form and pattern (Biederman, 1991). Today independent stores are increasingly rare to find. Instead, they become multiunit firms. Therefore, it is common nowadays that one holding company owns full-service department stores, discount chains and speciality store. An important outcome of the rapid consolidation is that the industry is now composed of many nationals, as opposed to local or even regional enterprises. Large department store firms move in the national capital market and now even make their investment decisions at the international level (Ghosh, 1994; Berman and Evans, 1995).

Furthermore, their present size has allowed them to play a greater role in channel distribution. As such, it is common that department stores like Macy's and Nordstrom are also owners of production houses. At the same time they are able to work closely with many manufacturers with regards to the designs, the materials and other aspects of productions. Similarly, it is also not uncommon for them to elect agents or even open their own offices in other countries. Thus, for these big retailers, the channel power has tilted towards them.

The second and most pronounced characteristic is their range of merchandise. By 1970s, entire product lines have been abandoned while positions in others dramatically shifted, an approach lauded by academicians and practitioners alike (Stone, 1980;

Pennington, 1980; Gerdel, 1980; Rich and Portis, 1964; Rich, 1963). Putting an end to their universal provider image, downtown departments especially, are focusing on their strength as a big apparel fashion house. In line with this, many begin to drop household appliances, furniture and food departments. Instead they increase in width and depth, merchandise assortment in the remaining departments, particularly those selling women's and men's ready to wear, fashion accessories, and sportswear and sports goods. The result is that the line between department stores and speciality stores has blurred (Lewison, 1994).

Generally, their strategy is to exploit the widening interest of the society in fashion, especially for personal attire. This trend, as shown previously, came in tandem with the growth in education level, general employment and especially the working women. In addition, to complement this new emphasis, department stores began to seek customers less sensitive to price. Fuelled by the emerging working women and two-age-earner families, they have found in these consumers a growing market for quality and service. Today, increasingly, this strategy remains to be the best prescription for (downtown) department stores (Retail Insights, 1996; Wileman, 1993). Retail Insights (1996) noted, "*as a general convenient store in the city centre, department stores seem to have little future. However as specialist up-market store, stocking exclusive merchandise and interesting novelties, the concept does have a profitable role to play in modern retailing*". Likewise, Wileman (1993) approved this concept when he advised department stores to strive for destination retailing.

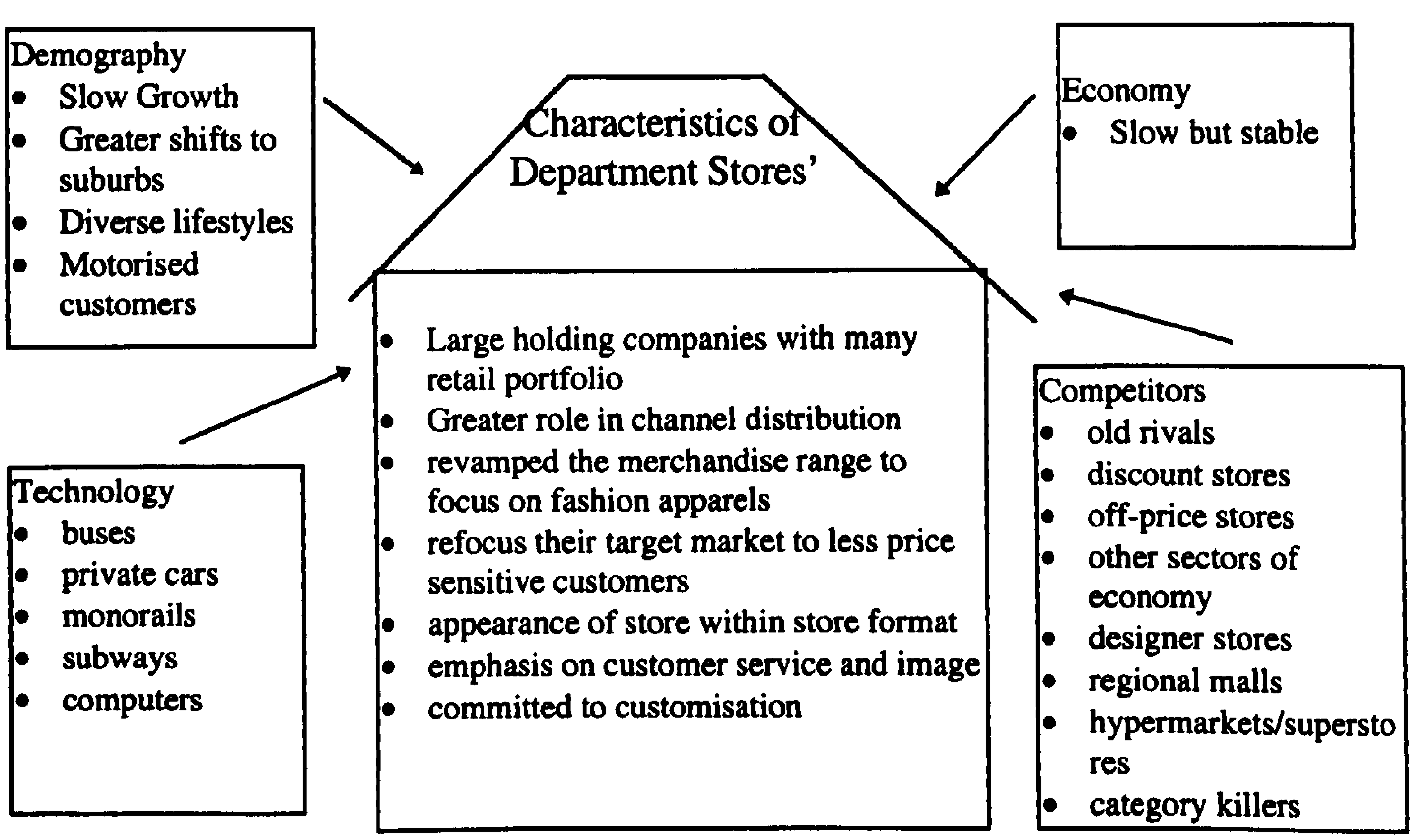
The third characteristic is the appearance of 'store-within-store" format. This concept took place when conventional department stores, began leasing departments within their stores to speciality shops. This new speciality department - each with its own motif - provided a high level of personal service and lend a new retail image for the traditional department stores. In addition, this format represented an attractive method (for department stores) to assemble a wider range of goods at minimal costs. This concept was very popular during the sixties in response to the growth of discounters and variety stores. Enthusiasm for this concept started to grow from then on as they were hailed as "*the most exciting market development for both retailers and manufacturer alike*" (Rawthorn, 1982). Today, its growth has moderated and in some Western department stores, the use of concession has declined (Mc Goldrick, 1987). However, in the East, they remain a strong option for department stores to spice-up their merchandise and are widely adopted.

The fourth characteristic is the growing emphasis on retailers' brands (Khachaturian and Morganosky, 1990). Many department stores have developed private label programs that enabled them to offer exclusive merchandise and received higher profits than brand name items (Evans, 1983; Moore, 1995). Today, some stores were reported to offer as much as 40 percent owned-brands merchandise. These exclusive private labels bode well with tougher economic times in recent years (Shocker *et al.*, 1994).

The fifth characteristic is the greater emphasis on customer services and of "image". The focus on the former has to be expected as department stores are expanding into high margin fashion apparels. The success of Nordstrom, for example, has been largely rested on this criterion (Lewison, 1995; Davis, 1992). Similarly, today, image has become nearly as important as the merchandise. This is partly due to intra-type competition, as practices of concessionaires and stocking up of national and international labels, have led to department stores carrying an almost identical merchandise mix. Thus, the critical variable has become to present the store in a certain image that fits with the target market.

The last characteristic is customisation. Like other retailers, today's department stores are committed towards delivering the best for their selected market. The introduction of loyalty card with imbued 'chips' is among the move towards this customisation. Computerised stock-planning system with greater awareness of customer flow and profit margins are also implemented. Similarly, in order to serve better the highly fragmented clients, they have now practised central buying with varying degrees of local autonomy (Biederman, 1991). Figure 4.4 exhibits the external forces during this period and the subsequent characteristics of today's western department stores.

Figure 4.4 Characteristics of Department Stores and the Prevailing External Forces in the Maturity Period



To summarise, the fragmentation of consumer market has encouraged retail specialisation during the last 20 years. To adapt, traditional department stores in the West have re-merchandised their outlooks by focusing on higher margin items. At the same time, their target market moved from price sensitive customers to the working professionals and double income households. Holding on to these ingredients, currently, they grasp a sizeable market and are 'perking up' (Patterson, 1994; Ghosh, 1994). In The United States, for example, their sales amounted to 10 per cent of retail spending in 1993 (Berman and Evans, 1995).

4.2.4 The Evolution of Eastern Department Stores

While western department stores have entered the 'troubled periods' by 1920's and onwards, those in eastern countries were beginning to show a lot of promise. This is because, on the whole, the external factors surrounding the birth and expansion of western department stores were also at work in Asia, but existed a little later (Creighton, 1982; Fukami, 1954). As they expanded, these traditional department stores grew to become community centres that offer services, cultural events, and entertainment as well as shopping (Gill, 1992; Sogo, 1995), a development not unparalleled to the ones undergone by the western counterparts but perhaps on a bigger scale.

At the same time, the movement towards bringing department stores to the masses began to appear. The birth of railway department stores (Larke, 1994; Moeran, 1998; Chizuko, 1998) and the emergence of Yaohan (Carlile, 1998) in Japan underlined this process. Similarly, in Hong Kong, this trend was symbolised by the participation of

Sincere Co and Wing On (Chan, 1998; MacPherson, 1998). Based on the slogan, '*quality clothes at good prices*' they appealed to the middle classes and by 1920s, were enjoying healthy profits.

However, modernisation and economic prosperity in most part of Asia only began to take place in 1960s. This was the time when department stores in Malaysia and her neighbouring countries began to emerge (Malaysian Business, 16 January 1986; Chong, 1996; Feeny *et al.*, 1996). Nevertheless, following the western's pattern, modernisation and economic prosperity soon gave rise to a proliferation of lifestyles. In turn, once more similar to the western's experience, this trend encouraged many new retail formats to surface. Nevertheless, as discussed earlier, as long as the demography of demand is strong, retailers are able to grow. Therefore, it is inevitable that when the 'miracle economy' ended by early 1990s (Carlile, 1998), department stores in the east are in 'troubled waters' (Chong, 1996).

Since then the turnover of these emporiums in Japan has fallen steadily (Larke, 1994; Goh, 1995; Koshiba, 1995). Closer to home, Singapore seemed to be the most recent victim. Headlines like *"C.K. Tang Plunges Further Into The Red With $18m Loss", "Isetan Singapore Net Loss Widens Nearly Three Times To $15.3m"* and *"Are Department Stores Losing Ground?"* hogged the limelight (Goh, 1995). In a session devoted to addressing this phenomenon during the Asian Retailers Conference and Exhibition 1995, retail specialists outlined three major factors that led to their downfall. One was the constant and growing threat of the new powerhouse retailers. Two was the sweeping changes in shoppers' behaviour. Three was the dilution of their merchandise uniqueness. To combat these department store blues, store operators were urged to be intimate with their customers and recover their strength in differentiated merchandising. Looking back at the previous write-up, this prescription was identical to the one made by the westerners.

As such, in response, today's eastern department stores have also scaled down their very expensive merchandise offering (Guo *et al.*, 1997) and turned to exclusive brands produced by the nation's young designers or own brands (Koshiba, 1995). Consequently, these stores have widened their customer's base to include middle and upper middle-class customers. The stores' present key customer is described as *'a housewife 40 to 60 years old, with large family and a lot of disposable income'* (Gill, 1992). At the same time, they were trying to appeal to new generation customers who were more concerned with quality and trendiness than brand names (Moeran, 1998). Therefore, at the end, with the present focus on higher margin fashion apparels by Western department stores and with the Eastern department stores' current policy of down-scaling their very expensive merchandise, the distinction between these stores (the Eastern and Western) has blurred.

Similarly, Asian department stores have expanded aggressively in the international market. The most aggressive was the Japanese (Chong, 1994; Philips *et al.*, 1992; Carlile, 1998; Wah, 1998). In Hong Kong for example, 10 out of the total 15 department stores in 1992 were owned by them (Philips *et al.*, 1992). Likewise, in Singapore, they controlled 18 out of the total 29 (Chong, 1994). They were also, as shown in Chapter Three, prevalent in the Malaysian market.

Once more this review goes to show that what have happened to the western department stores are now happening to their eastern counterparts. Similarly, the prescription given during the AMA Conference in 1980 in Chicago was also echoed by the participants of ARCE in 1995 in Kuala Lumpur. Therefore, in summary, it is safe to say that the characteristics of eastern department stores today resemble the ones in the west (at present time). With these parameters in mind, the writing is set to review their (department stores) evolution within the local context. Prior to that, however, the definition of a department store needs to be established. This is imperative because as previously uncovered, this retail institution gained new characters and lost several features as it moved from birth to maturity. Similarly, this definition helps in limiting what is constituted as a department store in Malaysia.

Building upon these arguments, department stores from hereafter are taken to mean: *large retail stores carrying fashionable and quality items at moderate to high prices. They offered mostly fashion apparel, such as suits, coats, dresses, accessories and several lines of home furnishings. These and other merchandise lines are normally arranged in separate sections or departments with accounting on departmentalised basis. The store's departments and functions are integrated under a single management. They placed high importance on image and draw businesses from fashionable middle to upper- middle-classes society".*

4.3 Department Stores in Malaysia

Following the earlier format, discussions in this section take a look at the evolution of Malaysian department stores. Because the environmental forces have been described in Chapter Two, they will only be discussed briefly here. Similarly, since deliberation on retail competitors has been laid down in Chapter Three, they will not be dwelt at length. Thus, in general, the focus is at reviewing the major characteristics of this retail institution. Lastly, it should be noted that due to very few literature in this area, descriptions on their features are sometimes based on the recollection of the author's experiences and her observations.

4.3.1 The Formation Period (1967 - 1985)

Reflecting back on the review of retailing in Malaysia, the importance of external forces to the formation of local department stores, like those in modern countries was also pronounced. As indicated, it was only in late 1960s that its appearance was made possible. At this time Malaysia was experiencing a rather slow but steady economic growth. Likewise, consumers were beginning to settle in city centres as manufacturing activities gained their importance. It was within this background that Emporium Selangor, a Singaporean based company came into the scene.

In 1976 when the economy and urbanisation were growing at a much faster rate, Metrojaya became the second department store in Malaysia. Nevertheless, as discussed in the introductory chapter, it was the 'government factor' that provided the main stimulus for its birth. Therefore, while Emporium Selangor was the earliest department store, Metrojaya took the credit as the first locally managed department store. Coming a few years later, Mun Loong, which has been operating several apparel stores, began branching out to include department store retailing (Malaysian Business, September, 1996). With this new diversification to complement its present clothing stores, Mun Loong, a Chinese-owned enterprise emerged as the most successful apparel company at that time.

Although these stores were regularly mentioned as earlier department stores, their sizes, grandness and merchandise lines were nowhere compared to the ones in advanced countries. Nevertheless the practices of fixed and marked prices and departmentation of merchandise lines were evident. Thus, in the opinion of the author, they were not 'real' department stores but merely prototypes to gauge and stimulate consumers' demand.

The next step in the development of department stores came in 1979, when Metrojaya launched its flagship store in Bukit Bintang Plaza (Metrojaya Annual Report, 1997). Compared to earlier ones, it was big, grandly furnished and offered an extensive range of branded merchandise. To maintain the air of prestige and exclusivity, its merchandise was priced above average. Armed with these features, for some time and until the coming of Printemps, Metrojaya became the centre of attraction for fashion lovers. The coming of the former, in addition, further signalled that this retail institution was set to expand further, only to be squashed by the big recession in mid 1980s as mentioned in Chapter Two.

4.3.2 The Great Expansion Period (1987 - 1997)

With the upturn of the nation's economy and its subsequent tremendous growth, department stores gained in numbers and in sales. Table 4.1 illustrates their performances during this period (Euromonitor, 1995 and 1997). These figures, however, have to be viewed with caution. The reason being, in Malaysia, the definition of a department store was rather vague (The Wholesale and Retail Survey, 1993). Thus, the statistics might encompass general stores and superstores like Jaya Jusco and Hankyu Jaya. Nevertheless, there were certainly at least seven department stores in Malaysia. They were Metrojaya, Mun Loong, Yaohan (Aktif Lifestyle Store), Parkson Grand, Isetan, Sogo and Tangs.

Table 4.1 Malaysian Department Store - Numbers and Turnover 1987-1995 (RM million)

	Year	Number	Sales
	1987	40	n/a
	1989	55	833
	1991	65	1,005
	1993	71	1,675
	1995	77	2,222
Growth (%)	1987-1995	93	167

Source: Euromonitor, May 1995 ; Euromonitor, October 1997

Looking at the above table, the sharp growth in numbers and sales during this period indicates that while new stores were making their debut, the old ones were busy expanding their businesses. Nevertheless, their expansions were not necessarily met with guaranteed success (Wall Street Journal, 1996). Metrojaya, for example, failed in Ipoh, one of the richest towns in Peninsular Malaysia. Similarly, Isetan failed in Cheras (a town one hour away from Kuala Lumpur), after barely two years of operation. Clearly, these failures, as has been implied through the experiences of department stores in advanced countries, were due to their (local department stores) inability to fine tune their merchandise to the needs and wants of the consumers.

This subsection ends with the most recent status of Malaysian department stores. As shown (Table 4.2), Parkson Grand is most aggressive in its expansion. Naturally, due to its size, Parkson Grand is now the leading department store in term of sales. In 1995, its sales was estimated to be RM533.00 millions (Euromonitor, October, 1997). However, it is believed that currently Metrojaya offers the best stock on the listed counters (Investors Digest, February, 1996). Another revelation is the profound withdrawal of Mun Loong from department store retailing. Lately, due to management take-overs and restructuring exercises, it has closed the two stores in the city centre. On the other hand, most outlets owned by other major department stores are situated in Kuala Lumpur. Therefore., as shall be seen in the research methodology chapter, Mun Loong was excluded from primary data collection.

Table 4.2 Leading Department Stores in Malaysia and Their Outlets

Metrojaya	*BB Plaza, *City Square, *Sinar Kota, *SS14
Mun Loong	*Bangsar, Johor Bharu, ** Jalan Tunku Abdul Rahman, **KL Plaza
Yaohan (Aktif Lifestyle Store)	*The Mall, *Sunway Pyramid, *OUG, KOMTAR, Terminal 1 Seremban
Parkson Grand	*Sg. Wang Plaza, *Subang Parade, *Klang Parade, Mahkota Parade, Johor Parade, Ipoh Parade, *KL Suria
Isetan	*Lot 10, *KL Suria
Sogo	*Kompleks Pernas Sogo
Tangs	*Starhill, *Sunway Pyramid

Note: *In Klang Valley; ** Ceased to Operate in Middle 1997

4.3.2.1 The External Factors

The discussion now moves to the descriptions of the prevailing environmental factors in this period. With Chapter Two in mind and in comparison to the external factors faced by western department stores in their growth period, two observations are made. First, as in the West, Malaysia has been experiencing a sharp and prolonged economic growth. In addition, tremendous urban migration has provided the city centre with a large number of customers. Likewise, the mass production of national cars since 1987 has made automobiles more affordable and further expanded the trading area of big towns. These environmental factors certainly mirrored those in the West during this period.

However, secondly, local retailers were also subjected to situations faced by Western retailers only in their maturity period. Among these conditions were a sharp increase in the number of working women, a significant rise in education levels and a profound change in the population's lifestyles. Thus, compared to the Western counterparts, department stores is Malaysia, during their growth period were subjected to a more challenging demography of demand.

4.3.2.2 The Competition

Likewise, with Chapter Three as the background, similar to the earlier observation, Malaysian department stores faced stiffer competition (in their great expansion years). First, they have to compete with former rivals like tailors, apparel superstores, and speciality shops. Second, they have to ward off challenges from those who were more equipped than the previous ones. These rivals, as mentioned at length in Chapter Three, comprised of designer stores, speciality clothing chains, boutiques selling traditional gear, neighbourhood superstores, discount outlets, category killers and hypermarkets. Their strengths have been discussed previously, and thus would not be deliberated again here.

Third, department stores have to compete with other commercial activities. Today's society, as found out previously, does not seek only material things but also spiritual gains. Once more, this aspect has been discussed earlier and thus would not be dwelt again. Needless to say these competitive environments only surfaced in the West when their stores were already in the maturity period. Thus similar to the demographic and lifestyle trends, local department stores in their growth period unlike their Western colleagues, faced greater competition.

4.3.2.3 The Characteristics

Despite operating under a harsher environment (than the predecessors during their growth period), Malaysian department stores have been enjoying tremendous sales increases (refer back to Table 4.1). This outcome is hardly surprising. It in fact serves to further validate the two interacting forces most important for the success of department store retailing - huge spending power and prolonged economic prosperity. Nevertheless, as mentioned in the introductory chapter, their market share was almost half of that enjoyed by those in advanced countries. Thus, pointing to the weakness in their merchandising strategies. The discussion now proceeds to outlining the characteristics of these department stores. Perhaps, through this deliberation, reasons for their dismal performance could be clearly established.

The first characteristic was their ownership form and pattern. Like many Asian countries (Chong, 1996; Philips *et al.*, 1993, 1992; Feeny *et al.*, 1996; Trappey and

Lai, 1996), Malaysian department stores were managed by both locals and foreigners. Considering the leading stores mentioned earlier, before 1997, three of them were Japanese-owned. After the fall of Yaohan, however, the Japanese were left with only Isetan and Sogo. On the other hand, with the inclusion of Yaohan whose name has been changed to Aktif Lifestyle Store, the locals have since operated four stores. The others were Metrojaya, Mun Loong and Parkson Grand. Tangs, as previously mentioned, was from Singapore.

Another aspect of ownership form was, they were parts of a bigger conglomerate. For example, Metrojaya Department Store was a subsidiary of a larger Metrojaya Berhad, the retail arms of MUI (Note: MUI had bought over Metrojaya Berhad from UDA). Thus, besides operating several department stores, they also hold licenses to manage several types of speciality chains, a hypermarket, one category killer and a few shopping complexes (Metrojaya Berhad Annual Report, 1997). Likewise, foreign operators were also active in the local market. In addition to department store retailing, Isetan, for instance also set up several speciality stores selling high quality clothes and duty free shops at the local airports (Isetan Annual Report, 1995). Thus, having identified this characteristic and in comparison to the west, it appears that local operators are putting their hands everywhere. This factor, must have in one way or another affect their concentration on department store retailing and thus explained their poor performance in comparison to the west.

The second characteristic was their merchandise strategy. Generally, as mentioned in Chapter Three, department stores in Malaysia could be divided into two merchandise categories. One was a fully integrated store that combined fashionable items, supermarket, electronics and food court. In this group, Yaohan and Sogo were most aggressive. The slogan '*I find it ALL at Yaohan*' signified this merchandise concept. While the first category stressed on being the universal provider, those in the other category carried more focused merchandise. Symbolised by '*A World of Difference*' slogan (Metrojaya Annual Report, 1997), these stores chose to concentrate on fashion apparels and several lines of household goods. Among these outlets, Isetan and Tangs offered the best selection and marked the highest prices (Ying, 1998). Isetan, for example, aspired to be '*department store that is international in outlook*'. They cited their target market as career women, age 20-34 years old, from the upper and middle class groups. To prove this commitment, five floors of their new outlet were dedicated for ladies fashion.

While several stores appeared to favour international labels to perk up their merchandise, this approach was not universal. Of late, several retailers began to step up activities on creating and marketing national and own label apparels. Generally speaking, these outlets were locally owned. Besides the strengths of private-labels in merchandise differentiation and margin expansion, perhaps the other reason for this direction was to support the indigenous retailers. Moreover, in view of the emerging lifestyles as discussed in Chapter Two, this direction has legitimacy. Among the locally owned department stores, Yaohan (Aktif Lifestyle Store) was most committed towards this route. It has expressed intention to include 70 to 80 per cent of own labels and those with 'Made in Malaysia' tags in its merchandise mix (The Star, February 12, 1996).

The third characteristic was the adoption of concessionaires. In Malaysia, perhaps more so than in western countries, this concept has been widely embraced. Again, considering that eastern department stores were among the most prestigious stores to visit, this is quite an expected move. And naturally due to their high image, internationally recognised counters were favoured. The leading store with this practice was Sogo. This was made possible by its sheer size and its partner's affiliation with the government. Among the international counters there were Christian Dior, Charrier, Paola Riboni, and Sonny San (Sogo, 1994).

The fourth characteristic was the emphasis on facilities and on image. In recent years, better career opportunities and the unattractiveness of retail jobs made getting good and courteous workers almost impossible. Thus, in order to create favourable image, local stores were aggressive in upgrading facilities and refurbishment. On the same note, innovations in displays and creative promotional activities were adopted to project an aura of fashionability and prestige.

The fifth and last characteristic was customisation. All local department stores, like those in advanced countries, sought to know their customers more intimately and pledged to transfer products that matched their (the customers) expectations (Ying, 1998). They were committed to new technologies that provided better insights and capabilities to deliver their promises. Again, this move is to be expected in view of the demographic and lifestyle changes in the recent years. Similarly, perhaps, taking the cue from their predecessors in modern countries, this is the only way there is to keep their customer base from eroding. Among the companies, perhaps Isetan was most aggressive.

To this end, department stores in Malaysia undertook a rather 'mature' character in their great expansion years (1987-1997). This orientation is understandable if one looks back at their environmental factors in this era. Faced by greater competition and more diverse lifestyles than the Western counterparts, they were forced to react more aggressively to contain their customer base. Having said this and looking back at the scenarios painted in Chapter Two and Three, it would seem inevitable that the local stores would be struggling in the next few years. Similarly, taking the lessons from those in advanced countries, it is clear that the need to offer merchandise that match customers' expectation better than the competitors would be the key to their survival. The mechanics towards this exercise will be discussed thoroughly in the next five chapters.

4.4 Conclusion

The review on department store retailing has emphasised the linkages between its success and the ways it responded to market changes through merchandising techniques. Table 4.3 provides the guideline for local retailers and thus answers the question posed at the beginning of this chapter. It should be noted that although this framework is fashioned over the experiences of western department stores, it generally applies to any department store across the world. This is because, as established earlier, regardless where it is, this retail format has gone through similar cycle. In addition and most importantly, the current external forces faced by local stores as deliberated earlier, were akin to the ones in the last two periods of this table. Naturally then, following the discussion in this chapter, the local stores should strive to emulate the merchandise strategy undertaken by the west in the maturity period and avoid the one in the inter-war era. Given the local scenarios as painted in Chapter Two and Three, clearly the time for this approach could not be more appropriate than now. To embrace this technique, local retailers need clear guidelines on how a strategic merchandise mix can be achieved. As such, Chapter Five will first present a theoretical framework towards understanding the merchandising activities. Later, the next four chapters will illustrate how this understanding can be operationalised to assemble that 'ideal' set of merchandise.

Table 4.3 The Evolution and Responses of Department Stores

Demography of dd. & competition	Price & Operating Principles	Merchandising Activities	Comment
THE FORMATION AND EXPANSION PERIOD			
• Strong economic growth • A large number of working class • Almost no competition • Urbanisation	• Low price, high stock turn and cash transaction • Wider use of 'specialisation principle' • Comfortable to shop	Offer greatest selection and convenience through : • Carrying a broad variety of dry goods (mostly staples) at fixed and marked prices • Continuous expansion into higher margins merchandise. • Constantly introducing new articles. • Organising merchandise under separate departments	**GOOD**
THE INTER-WAR PERIOD			
• Many competitors • Economic uncertainty • Suburbanisation	• The emphasis turned into finding ways to increase sales through any available mean	Offered even greater variety due to: • the need to maintain image • the increase sophistication in consumer demands • the growth of national brands • the ceaseless development of fashion and styles	**BAD**
THE MATURITY PERIOD			
• Low economic growth, Intense competition • Working women, Time poor and Educated Customers, • Fragmented lifestyles • Suburbanisation	• The emphasis is on fine tuning the merchandise to fit the emerging lifestyles and to offer 'value buys' as they repositioned to specific group	Revamping the merchandise mix by: • Abandoning household appliances, furniture and food departments • Concentrating on women's, men's, children's and home furnishing • Focusing on fashionable items • Pushing sales of owns brands	**GOOD**

CHAPTER FIVE

RETAIL MERCHANDISING

To understand the merchandising activities, the approach of this chapter is three fold. First, using the write-ups in Chapter Two, Three, and Four as guidelines, the theoretical framework developed towards this exercise is laid down. Section one and two of this chapter cover this aspect. Next, past works in this area, whenever possible, are illustrated. This issue is the subject of section three. Lastly, in section four, lessons from this literature are summarised and research questions are laid down as inputs for the subsequent write-ups. Therefore, in essence, this chapter pools the previous works together, combines them with this one to provide the kind of logic for the consecutive chapters

5.1 Overview of Retail Merchandising

To lay the foundation for subsequent write-ups, this section begins by defining the meaning of retail merchandising. Next, several key terms are laid down. Lastly, the function of retail merchandising and a framework for strategic merchandise mix decisions are established.

5.1.1 The Definition of Terms

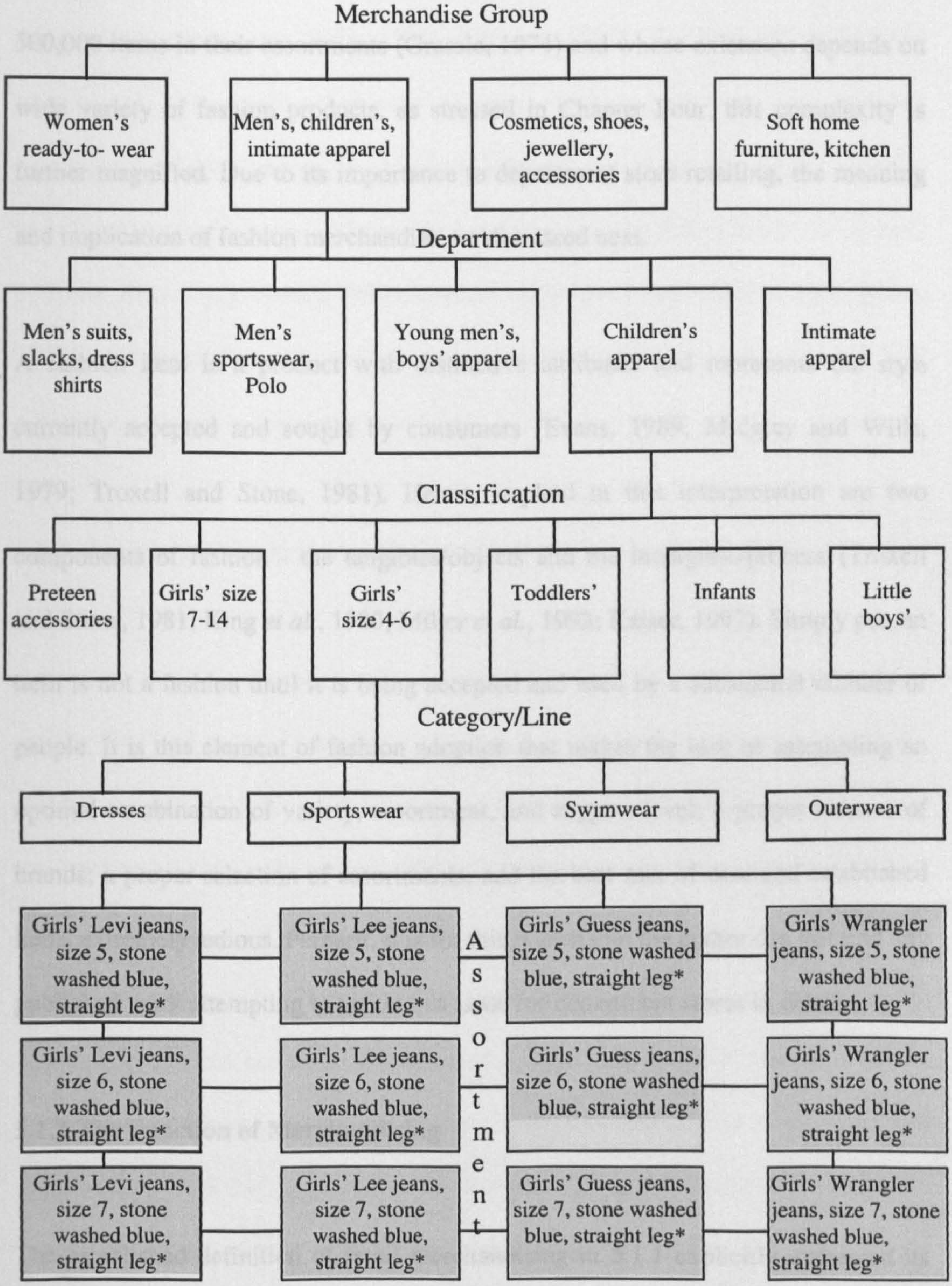
The term merchandising has been defined in many ways (e.g. Wingate *et al.*, 1972; Lewison, 1994; Kotler, 1995; Cash *et al.*, 1995). Upon comparison, however, the one penned by Shipp (1985) gives the clearest meaning and thus used for this thesis.

According to him, *'retail merchandising is the internal planning that takes place within the organisation in order to present merchandise to the consumer so that a profit will be realised'.*

Extending from the above definition, from the consumer's point of view, the presented merchandise must simply be the 'right' merchandise (Courtney, 1993; Grassle, 1974). To the store operator, however, the 'right' merchandise refers to the full range or combination of products her store wishes to offer the prospective clients. In the retailer's terms, this strategic merchandise mix must be made of an optimal combination of 'varieties', 'assortments', and 'support level'; a proper balance of brands; a proper selection of assortments; and best mix of new and established items (Lewison, 1994; Ghosh, 1994).

Similar to the term merchandising, the meaning of variety, assortment, and support level has been defined in various ways. And because they are an important makeup to a strategic merchandise mix, it is necessary to fully delineate and characterise these expressions. Following the work of Lewison (1994), in this thesis, variety refers to the number of different product lines or merchandising categories within a store. Assortment, on the other hand, refers to the number of different product items or the SKUs (Stock Keeping Units) within a particular product line or category. The last component, support level, defines the degree of product items availability. Figure 5.1 illustrates the term category, assortment and SKU. As shown, deciding on SKUs involves making choices of what and how many brands to carry. Next, within those brands, a retailer has to determine which style, pattern, colour and size to select.

Figure 5.1 Standard Merchandise Classification Scheme By The American National Retail Federation



Note : * One SKU
Adapted from Levy, Weitz (1995) page 276

Thus, to a retailer, the task of offering the 'right' merchandise involves complex decisions. In addition, for department stores, which carry somewhere around 500,000 items in their assortments (Grassle, 1974) and whose existence depends on wide variety of fashion products, as stressed in Chapter Four, this complexity is further magnified. Due to its importance to department store retailing, the meaning and implication of fashion merchandise are discussed next.

A fashion item is a product with distinctive attributes and represents the style currently accepted and sought by consumers (Evans, 1989; Midgley and Wills, 1979; Troxell and Stone, 1981). Hence, implied in this interpretation are two components of fashion - the tangibles/objects and the intangible/process (Troxell and Stone, 1981; King *et al.*, 1980; Miller *et al.*, 1993; Kaiser, 1997). Simply put, an item is not a fashion until it is being accepted and used by a substantial number of people. It is this element of fashion adoption that makes the task of assembling an optimal combination of variety, assortment, and support level; a proper balance of brands; a proper selection of assortments; and the best mix of new and established items extremely tedious. Perhaps, it is for this reason that the author can not find any published work attempting to tackle this issue for department stores in detail.

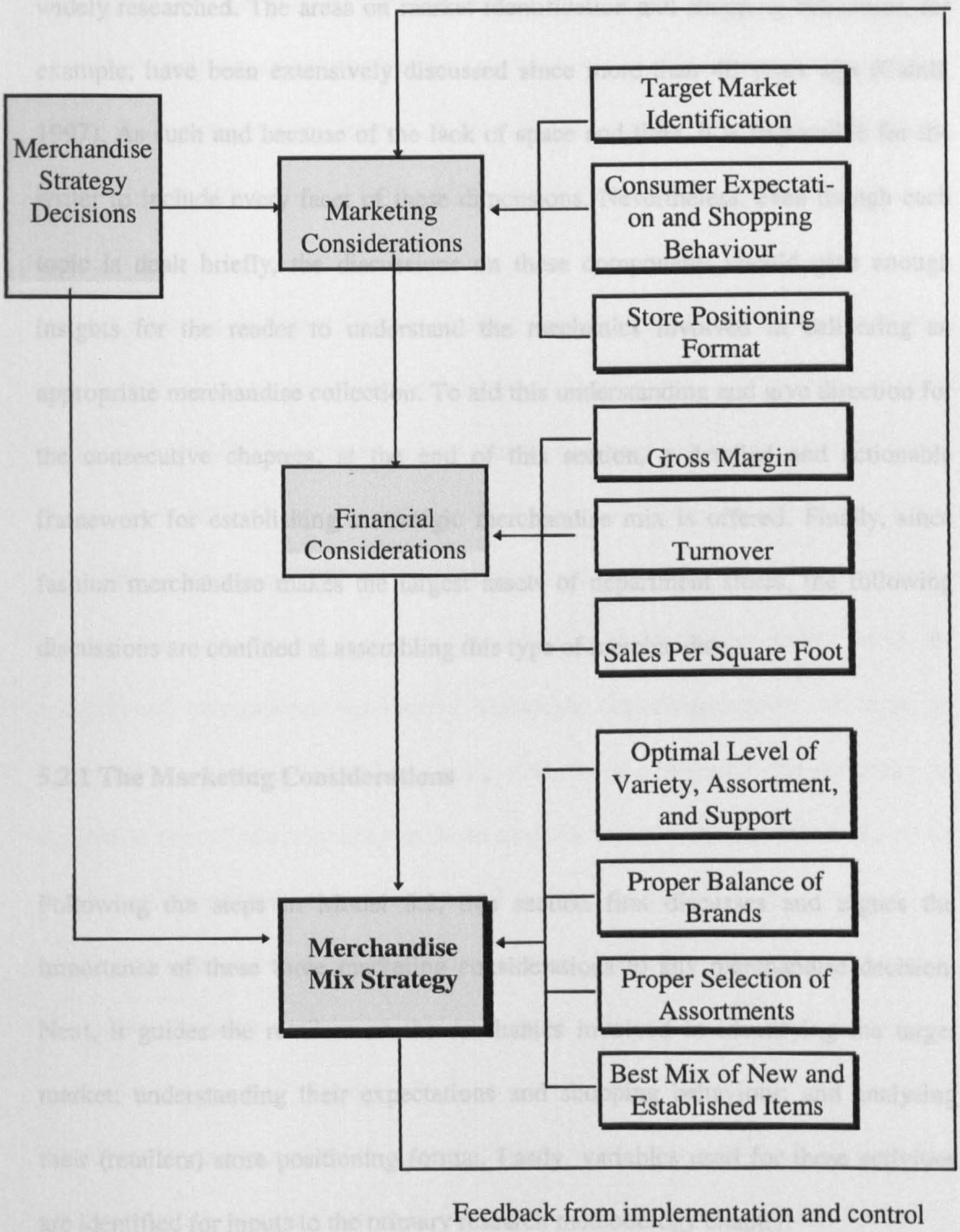
5.1.2 The Function of Merchandising

The established definition of retail merchandising in 5.1.1 explicitly expressed its primary goal. That is to influence potential buyers to buy a particular merchandise or a group of merchandise at a specific store. Similarly, clearly evidenced in the definition is the retailer's profitability. Therefore, although merchandise decisions must be based on the needs and wants of a defined group of customers, the selected merchandise must also be able to create the potential for profits (Swindley, 1992; Risch, 1991; Borin and Faris, 1990; Brunner, 1986). Risch (1991) called the aligning of this merchandise mix to meet both requirements as 'matched parallelism'. This concept, in essence, shapes the structure for a strategic merchandise mix decisions and thus, desk research showed that collectively all retail textbook writers (e.g. Ghosh, 1994; Lewison, 1994; Cook and Walters, 1991; Risch, 1991) used these elements: *consumer + profitability = strategic merchandise mix*, in their (merchandise decisions) equations.

5.1.3 Establishing the Framework for a Strategic Merchandise Mix

Expanding from the above equation, in making a strategic merchandise decision, a retailer first and foremost needs to consider the 'marketing implications' (Ghosh, 1994; Lewison, 1994; Cook and Walters, 1991; Risch, 1991). This input gives him information on the target markets, their expectations and shopping habits, and his store positioning. Today, as have been suggested throughout the writing, the proliferation of various lifestyles and intensity of retail competition has made this activity even more essential. Once this information is realised, the next step a retailer must do is to consider his financial consideration. At this stage he defines the overall profits the company needs to realise. Thus, the financial requirements specify the boundary that limits the customers' unlimited needs. These two criteria will give him the inputs for developing a merchandise mix strategy, where as stressed earlier, he will decide on the optimal level of variety, assortment and support; the proper balance of brands; the proper selection of assortments; and the best mix of new and established items. In summary, these steps echoed the two-step process prescribed for department stores in the introductory chapter. Figure 5.2 illustrates these interrelationships.

Figure 5.2 A Framework of Merchandise Strategy Decisions



5.2 Exploring the Framework for a Merchandise Mix Strategy

The discussion on key components for delivering the strategic merchandise mix forms the main trust of this section and of this chapter. As the reader is well aware, each of these dimensions is a big topic by itself and several of them have been widely researched. The areas on market identification and shopping behaviour, for example, have been extensively discussed since more than 40 years ago (Cahill, 1997). As such and because of the lack of space and time, it is impossible for the writer to include every facet of these dimensions. Nevertheless, even though each topic is dealt briefly, the discussions on these components should give enough insights for the reader to understand the mechanics involved in delivering an appropriate merchandise collection. To aid this understanding and give direction for the consecutive chapters, at the end of this section, a detailed and actionable framework for establishing a strategic merchandise mix is offered. Finally, since fashion merchandise makes the largest assets of department stores, the following discussions are confined at assembling this type of merchandise.

5.2.1 The Marketing Considerations

Following the steps in Model 5.2, this section first discusses and argues the importance of these three marketing considerations to any merchandise decision. Next, it guides the retailers on the mechanics involved in identifying the target market; understanding their expectations and shopping behaviour; and analysing their (retailers) store positioning format. Lastly, variables used for these activities are identified for inputs to the primary research methodology chapter.

5.2.1.1 Target Market Identification

As the model (Figure 5.2) shows, fundamental to any merchandise mix decision is customer identification (Mehrota and Wells, 1977; Wind 1978; Green and Krieger, 1991; Lewison, 1994). The reason being, retailers cannot be all things to all consumers and as conclusively evidenced in Chapter Four, even 'universal providers' could not afford this business philosophy now. Thus, an entrepreneur has to find (consumer) clusters that match his capabilities or build capabilities to match these segments (Mehrota and Wells, 1977; Wind, 1978; Porter, 1985).

Naturally being a dominant force in retailing for nearly a century, department stores were rather slow to embrace this technique (Leftkowitz, 1980; Crask, 1980). However, by 1970s, evidences showed that this attitude has changed for the better (Kopp *et al.*, 1989; Gutman and Mills, 1982; Crask and Reynolds, 1978; Bearden *et al.*, 1978; Hirschman, 1979). In contrast (considering that it is still a young industry), perhaps, having the advantage of being the followers and/or being the spin-offs of international companies, Malaysian department stores, as noted in Chapter Four, are rather fast in moving towards this direction. Nevertheless, as pointed in the introductory chapter, none of these works were published. However, in other advanced Asian countries, several research works in this area can be found and their results will be compared to the western studies later. First, the concept and procedure of market identification are laid down.

The first step in target market identification is market segmentation. This concept has been widely accepted since its introduction by Smith in 1956 and today it is considered as most crucial aspect of modern marketing (Wind 1978; Kotler, 1995; Cahill, 1997; Firat and Schultz, 1997; Green and Krieger, 1991). According to this technique, once a market becomes fragmented and distinct, 'it *has to be divided into certain parts by some scheme*' (Cahill, 1997) if '*companies want to be economically viable*' (Lesser and Hughes, 1986).

Central to the activity of segmentation is the identification of segmentation bases (dependent variables) to cluster the market (Wind, 1978; Kotler, 1996). There are, as illustrated by numerous past works, many schemes of segmenting the population (Kotler, 1996; Baker, 1992; Piercy and Morgan, 1993; Jerkins and McDonald, 1997; Frank and Massy, 1975). Naturally, as further noted by Wind (1978) there is no wrong or right variable. The chosen one, however, must be able to meet:

1. the management's specific needs
2. the current state of the marketing and consumer behaviour knowledge about the relevant of various variables as bases for market segments.

Contemporary works on consumer change suggest that demographics and lifestyles are the two extensively used variables in identifying customers for department stores (Kamakura and Wedel, 1995; Kopp *et al.*, 1989; King and Ring 1980; Gutman and Mills, 1982). In addition, past researchers on department store consumers were also known to employ store patronage pattern as a segment base (Crask and Reynolds, 1978; Hirschman, 1979; Bearden, *et al.*, 1978). The usage of this dimension is rational because most research works before 1980s were centred at comparing department store users and non-users. Besides, this parameter is useful when researchers integrated market segmentation and market positioning in their study

(Kopp *et al.*, 1989; Gutman and Mills, 1982). Because of their wide adoption (demographics, lifestyles, and store patronage pattern) in department store retailing, the next several paragraphs are devoted towards understanding these three dimensions.

Demographics are objective and quantifiable data that are easily identifiable and measurable (Berman and Evans, 1995; Mitchell and Tate, 1998). Among popular demographic inventories are population size and age, the number of household, population location, ethnic groups, education, working women and income. This variable (demographic dimension) has been and will still be one of the most popular parameters for classifying customer groups. One reason is, consumer's needs, wants, and usage rates often vary closely with demographic data. Another reason is, as mentioned earlier, demographic inventories are easier to measure than most other types of variables. The other reason is, even though markets are measured through other perimeters, their demographic characteristics must be known in order to assess the size of the target market to reach effectively.

Although popular, demographic characteristics fail to give further insight of how modern and sophisticated consumers live and spend time and money. Mitchell and Tate (1998) commented, '*whilst demographics are reliable and easily measured, they are fairly "blunt" targeting tools in highly competitive markets dominated by well-branded and image-conscious goods*'. Thus today, demographic data are just used as a beginning point in the measurement of market segments and trends in the marketplace.

In contrast, lifestyle characteristics are able to provide the much-needed answers (of how consumers live and spend time). This is because lifestyle reflects a person's pattern of living in the world as expressed in her activities, interests, and opinions (Plummer, 1974; Richards and Sturman, 1977; Lesser and Hughes, 1986). Hence, they give a rich view of the market and a more life-like portrait of the consumer. As such they meet the demands of management practice for increasingly sophisticated and actionable retailing information (Lesser and Hughes, 1980; Wells, 1975).

Besides, lifestyle questionnaires are relatively simple, direct and objective. They are typically made up of uncomplicated statements about a person's way of life designed in a series of scales ranging from 'strongly disagree' to 'strongly agree'. It could therefore be administered easily to large samples of respondents. Moreover, the results are in quantitative forms and hence ready to be used in multivariate analysis (Mehrota and Wells, 1977). Nevertheless, with all these benefits, lifestyle segmentation is still 'foreign' in Malaysia's academic circle. To illustrate, to the knowledge of the author, only one such exercise was carried out, and that was in 1987 (Mooij and Keegan, 1996). Thus, the following write-ups hopefully are able to enlighten future local researchers in implementing this lifestyle research.

To monitor and measure lifestyle changes, variables such as activities, interest, and opinions (AIOs) are used. Some researchers use the 'A' to stand for attitudes, but activities are a better indicator of lifestyles because they measure what people do (Reynolds and Darden, 1974). These two authors defined AIO as follows: *An **activity** is a manifest action such as viewing a medium, shopping in a store, or telling a neighbour about a new service. An **interest** in some object, event, or topic* *is the degree of excitement that accompanies both special and continuing attention to it. An* ***opinion*** *is a spoken or written "answer" that a person gives in response to stimulus situations in which some "questions" is raised.* To demonstrate further, Table 5.1 summarises the lifestyle dimensions (Plummer, 1974) and Table 5.2 exhibits several lifestyle statements used to identify shoppers (Bearden et al., 1978).

Table 5.1 Lifestyle Dimensions

Activities	Interest	Opinions
Work	family	themselves
Hobbies	home	social issues
Social events	jobs	politics
Vacation	community	business
Entertainment	recreation	economics
club membership	fashion	education
community	food	products
shopping	media	future
sports	achievements	culture

Source: Plummer, 1974

Table 5.2 Lifestyle Statements*

- I have some old fashioned tastes and habits
- I would rather fix something myself than take it to an expert
- I will go out of my way to find a bank with good service
- If my clothes are not in fashion, it really bothers me
- I usually ask for help from other people in making decisions

Source: Bearden et al., 1978
*Measured on five scales ranging from strongly agree to strongly disagree

For almost a decade prior to early 1980s, western department stores were using general lifestyle statements such as those in Table 5.2 to identify their target markets. However, in recent years, the complexity of modern consumers has increased the need for them (department store retailers) to develop a more focused AIO inventories. Naturally, the high degree of market fragmentation, as repeatedly mentioned, has resulted in this approach. And because these retail outlets are in the business of selling fashion, fashion lifestyle orientations are widely used to cluster the market (Gutman and Mills, 1982; Kopp *et al.*, 1989; Kamakura and Wedel, 1995). Table 5.3 illustrates the typical fashion lifestyle inventories used today.

Table 5.3 Lifestyles Expressions* For Department Stores' Market Formation

- I consider myself to be fashion/style conscious
- An important part of my life and activities is dressing smartly
- I am not very cost conscious when it comes to clothes
- The quality of the clothes that I buy is more important to me than price
- I wait until new fashion looks have become well accepted before I buy them myself
- My apparel selections are strongly influenced by clothing worn by people I admire
- I love to shop for clothes
- I enjoy looking through fashion magazines
- I buy more clothing on sales than I do at regular prices

Source: Kopp *et al.* (1989)
Note: * measured on 'Strongly Agree' to 'Strongly Disagree' scale

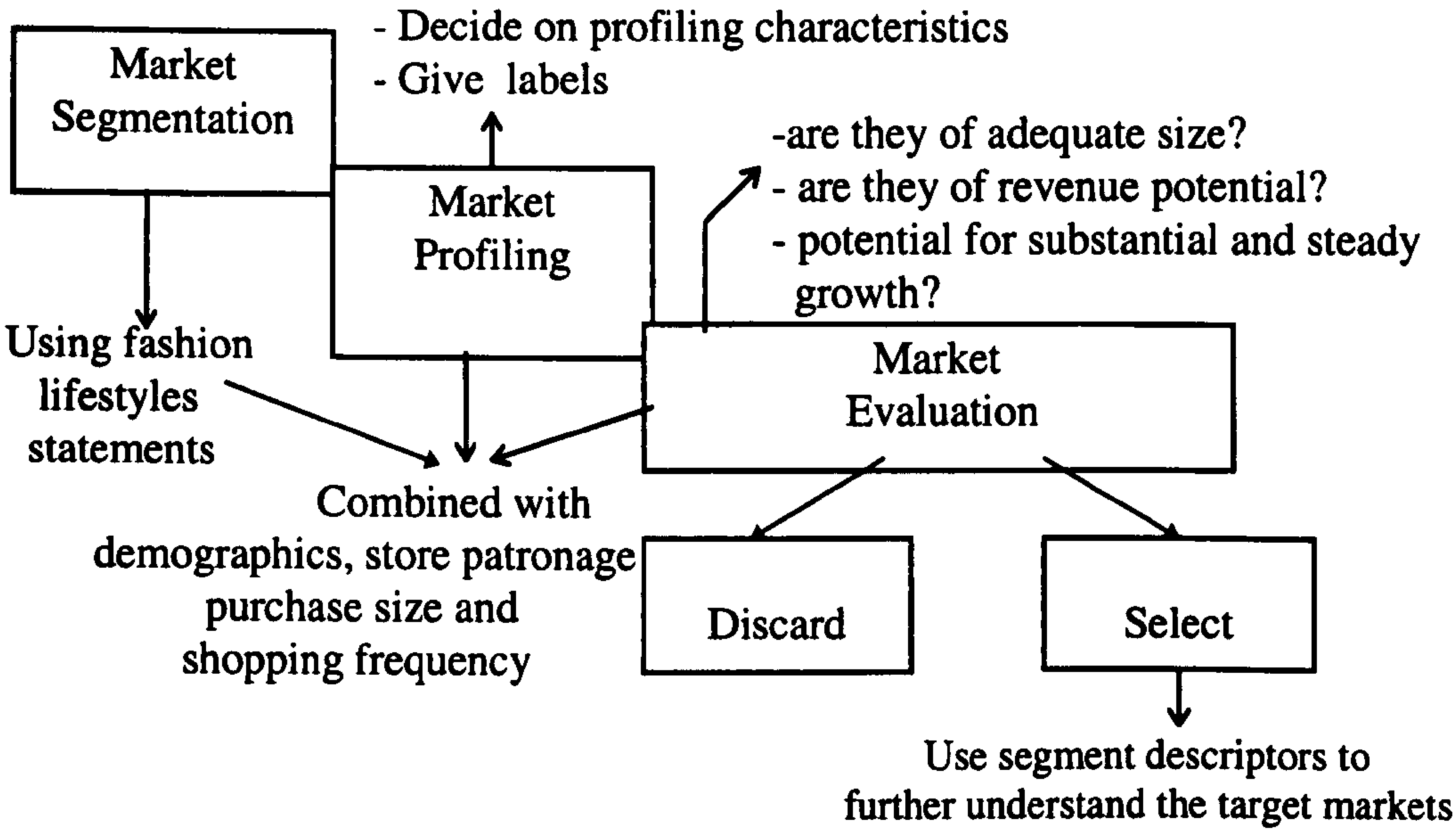
Even though lifestyle dimensions promise more in-depth understanding of consumer's behaviour, its application was far from smooth (Kamakura and Wedel, 1995; Gutman and Mills 1982; Mehrota and Wells, 1977). Definitional problems, lack of replicability and lengthy questionnaires due to broad domain of AIOs are several examples (Mehrota and Wells, 1977; Wind, 1975; Mitchell and Tate, 1998). Over enthusiasm in this area has also resulted in over segmentation. Nevertheless, its strength in providing greater insights on consumers has outweighed these issues (Plummer, 1974; Lesser and Hughes, 1986; Mehrota and Wells, 1977). And by the look of recent works, fashion lifestyle segmentation has become the advocated tool for identifying one's shoppers (Kopp et al, 1989; Gutman and Mills, 1982; Wei, 1997; Kamakura and Wedel, 1995). Hence, this will also be the direction taken by the author. Moreover, of current years, there are several lifestyle kits that have been tested and approved for reliability and can be adopted easily (Cook and Walters, 1991; Tam and Tai, 1998). Thus, the aspects of reliability and lack of replicability have somewhat been reduced. The mechanism of using this method will be discussed thoroughly in the next chapter.

Besides demographic and lifestyle measures, another segmentation variable frequently used by department store researchers is store patronage pattern. Crask and Reynolds (1978), for example, asked respondents to indicate the stores they shopped in the past 12 months. These responses were then classified into patrons and non-patrons of department stores. Likewise, Hirschman (1979) requested the shoppers to response on what store they shopped most often. Next, she divided these consumers into 'traditional department store shopper', 'national chain department store shopper', and 'discount department store shopper'. Today, however, with the acceptance of lifestyle segmentation, store patronage pattern, like demographic data is used as a beginning point in the measurement of market segments.

As the purpose of target identification is to detect a viable market and to address it with an appropriate offer, the next step involves evaluating the desirable segments (Gower, 1988; Cahill, 1997; Walker *et al.*, 1992). To analyse the resulting clusters, the retailers need to develop customer's profile for each group. To do this, the findings from the market segmentation exercise are summarised. Specifically, as discussed earlier, it is common today that shopping/fashion-related lifestyles are adopted as the main foundation for the profiling exercise. In addition, demographic variables and store patronage behaviour are applied to further understand and measure the attractiveness of each cluster. At the end, consumer typologies are derived. As shall be illustrated later, names such as classic shoppers, sophisticated shoppers, traditionalists, and neutrals are most prevalent in describing the clusters.

Once the customer profiles have been drawn and analysed, the last step in market identification is choosing the desired segment/segments. This procedure proved to be straight-forward and thus will not be dwelt in detail. According to Tonks (1995), the two prerequisites of clusters' attractiveness are they are known and can be reached. Besides, another two important criteria are segment size and stability (Birtwistle *et al.,* 1998; Kotler, 1996; Baker, 1992; Dibb and Simkin, 1991). In choosing a department store's target market, naturally, fashion interests is one of the criteria for cluster's attractiveness. Similarly, as this store has been focusing on fashionable items, high purchase amount is another contributor towards the cluster's attractiveness. Thus, data on purchase frequency and purchase size must be included in the profiling exercise. To this end, in theory, market identification calls for a three-step process. First is segmenting the market into several clusters to be followed by evaluating these clusters and choosing the feasible cluster/s. Figure 5.3 summarises the steps in target market identification for Malaysian department stores and attaches the variables to be employed at each stage. These data, then, will be primarily featured in the next chapter (primary research methodology).

Figure 5.3 Steps in Target Market Identification For Department Stores



5.2.1.2 Consumers Expectations and Shopping Behaviour

Once the consumers have been identified, the next step is to gather in-depth information on their buying behaviour and shopping expectations. In the case of this thesis, inputs on the target market's buying conducts and preferences on fashion merchandise and on apparel competitors need to be collected and understood. Thus, while the central issue in the segmentation procedure is identifying the segmentation bases, over here, the main aim is to underline segment descriptors (Wind, 1978; Lewison, 1994; Kotler, 1994). The latter term refers to the independent variables used to describe and understand the resultant clusters. These descriptions then are mounted to the segment profiles to give more a comprehensive outlook on each cluster. Through this exercise, the planner will have more intimate details of their target markets, an approach as established earlier, that must be embraced by contemporary retailers.

The best way to understand the consumers is by gathering answers on 'what', 'where', 'how and how much', 'when', and 'why' they buy (Engel *et al.,* 1995; Dibb and Simkin, 1991; Lewis and Hawskley, 1990; Hirschman, 1978). Nevertheless, selecting market descriptors and deciding on the appropriate number of questions are never easy (Wind, 1978). This is because there are so many variables affecting a consumer's buying behaviour.

At the most general level, text book writers (e.g. Kotler, 1995; Lewison, 1994) divided these variables into 'consumer characteristics' and 'buyer decision process'. Within each category, there exist several dimensions that a retailer can study. Likewise, inside each dimension, several parameters can be employed. For instance, at a broad level, consumer characteristics are determined by social, personal, psychological, and cultural factors. These variables, in turn are broken into smaller components. To illustrate further, personal factors are made up of age and life-cycle stage, occupation, lifestyle, economic situation, and self-concept and personality. On the same note, generally speaking, a buyer decision process can be divided into five stages. The study of consumer behaviour under each stage, in turn, will provide inputs in understanding the consumer shopping conduct.

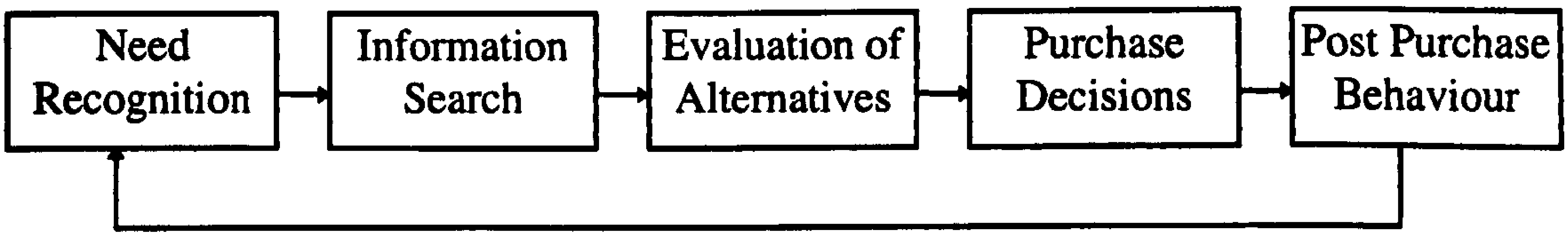
Due to the multitude of variables available, department store researchers (Crask and Reynolds, 1978; Hirschman, 1979; Bearden, *et al.*, 1978; Gutman and Mills, 1982; Kopp *et al.*, 1989; Tam and Tai, 1998) were known to study consumers' shopping behaviour on only a few dimensions. For instance, Gutman and Mills (1982) linked self-concept inventories and general shopping behaviour data (and hence used them as segment descriptors) to fashion lifestyles, demographic and store patronage pattern (segment bases). Likewise, Hirschman (1979) grouped these behavioural factors on three dimensions: socio-economic dimension, interpersonal dimension, and intrapersonal dimension (defined as a set of attributes to compare stores). She then used several variables in each component as segment descriptors. In addition, another group of researchers, Kopp *et al.* (1989) employed store attributes, sources of fashion information, and personal factors as segment descriptors.

The above illustrations proved that past researchers combined both consumer characteristics and buyer decision process in their bids to further understand the customers. However, they differed in their choice of variables within each category. Thus, while the choice for segmentation bases is clear, the one for segmentation descriptors is otherwise, forcing this author to seek her own avenue. Furthermore, as suggested earlier, no specific study on establishing a strategic merchandise mix has been undertaken. Instead, these past works were either focused mostly on understanding the consumer' shopping behaviour in relation to the overall marketing strategy (Price, Product, Place, Promotion) or to the media usage.

In making this decision, the author elects to further explore the shoppers' buying choices (and hence select market descriptors) through gathering answers on 'what', 'where', 'how and how much', 'when', and 'why' of the dimensions under 'buyer decision process'. The reason being, within the other category (consumer characteristics), lifestyle expressions, demographic data and patronage pattern, as argued earlier, are the three best indicators of shopper's behaviours. Accordingly, these three dimensions will be featured in this thesis as segmentation bases. Thus, to add variety to the understanding of consumer shopping behaviour, this chosen route is deemed suitable. Furthermore, this avenue gives a more comprehensive view of people's buying behaviour. This is because, to assimilate this buying process, the aspects of consumer characteristics will also have to be understood as well.

From the buyer decision process standpoint, the interaction between consumer, situation and product will result in a process of choice leading to a certain set of behaviour (Hirschman, 1978; Knox and Chernatony, 1990; Kotler, 1996). Knox and Chernatony (1990) called this framework as the S-O-R Paradigm. Kotler (1994) further refined this framework by illustrating the five stages in consumer buying process. This model is duplicated in Figure 5.4 and is used for the development of segment descriptors in this thesis.

Figure 5.4 A Model of Consumer Buying Process



Based on the above framework, the first stop at understanding the behaviour of shoppers is the 'need recognition stage'. Human needs are defined as the states of felt deprivation (Kotler, 1995; Engel *et al.,* 1995). These needs, in turn, are translated into wants and are governed by different motives (Mitchell, 1983; Lewis and Hawksley, 1990; Schrocer, 1991). Thus, understanding the different types of motives is important to a merchandiser. Lewis and Hawksley (1990) for instance, divide these motives into two categories. One is personal motives and the second is social motives. Maslow (Lewison, 1994), on the other hand, adds another dimension, physiological motive in his much accepted and well-publicised 'Hierarchy of Needs' theory. Another writer, Mitchell (1983) categorises motives through psychological variables and groups the society into three basic clusters: Money-restricted, Outwardly Directed, and Inwardly Directed. This outcome relates well with the one of Maslow's. Table 5.4 compares these three works.

Table 5.4 The Different Type of Motives

	Lewis and Hawksley, (1990)	Hierarchy of Needs'	Mitchell (1983)
Physiological Motives		Basic and Security needs	Money restricted
Personal Motives	Role-play; diversion; self-gratification; learning about new trends; sensory stimulation.	Self actualisation	Inwardly directed
Social Motives	Peer group attraction; ego-gratification	Self Esteem, Sense of belongings	Outwardly directed

Drawing from the above literature, the starting point for local retailers to understand consumers is by asking them questions on their needs, wants and motives. Naturally, the consumers most pertinent to department stores are those that make purchases based on social motives. This is because, peoples with these buying motives begin to buy products not weighted solely on their functional criteria but more on peer pressures and the cravings to establish a certain status (Thompson and Chen, 1998; Kaiser, 1990; O'Shaughnessy, 1987; Morganosky and Vreeman, 1986; Davis, 1985). The purchase decisions made out of these emotional needs in essence contribute to the growth of fashion merchandise.

Moving on, a consumer 'recognise' there is a need when there exist a stimulus that triggers a person to want to possess something (Bruner, 1986). Understanding this factor is relevant to the merchandiser because a product attribute in itself can become a stimulus. This behaviour usually occurs in impulse buying. Works by Crask and Reynolds (1978) and Lewis and Hawskley (1990) showed that many department store shoppers did not plan what they purchased. This finding is to be predicted because fashion merchandise is bought for social and emotional reasons rather than functional ones. Likewise, unlike buying grocery items, consumer has no preconceived idea of what to buy. In Malaysia, for instance, it has been accepted that almost 70 per cent of purchases are unplanned. Thus, going back to the definition of fashion made earlier, questions on the attractiveness of the tangibles and intangibles of fashion need to be posed. This information helps in providing firmer guidelines for department store retailers in assembling a strategic merchandise mix.

While impulsive shoppers will most likely skip the second and third stages (of consumer buying process), discerning customers tend to follow the above process closely. In this situation, the two most important places to learn about consumer behaviour is at stage three and four (Holbrooks, 1983). They are 'evaluation of alternatives' and 'purchase decision' respectively. The former gives the retailer detailed information about what are the attributes a customer is looking for in a product and the weight given on each attribute. The chosen product thus, as implied in Chapter Two, Three and Four, is the one that offers the best value for the consumers.

Thus, a retailer, at this purchase evaluation stage has to understand the components of product attributes and their relationships with the concept of value. In the case of the former, where fashion consumers use these objects to communicate and seek identity (Gabriel and Lang, 1995), tangible features such as brands, patterns, and fabrics are important to the wearers. As such, the shoppers proneness towards these attributes need to be investigated. Next, the consumer's definition of 'value' needs to be understood.

According to Biederman (1991), value refers to the combination of price, quality and style. He further noted, if the former is absent, then, the emphasis must be on the latter. Therefore, the dimension of value is flexible and arguably can be manipulated. However, Welch (Fortune, 1993) emphatically remarked, '*if you can't sell a top-quality product at the world's lowest price, you are going to be out of the game*'. Thus, to him, value is rather rigid and these two criteria have to be met.

Another group of writers view value as an evolving entity (Cassil *et al.*, 1997; Lewison, 1997). For instance, the term value according to Cassil *et al*, (1997) like almost everything else, moves with time. In earlier days, it has been defined as price or quality. However, as customers become more affluent, the equation of value has changed to price/quality. Later when the majority of the population joined the workforce, the definition of value, added another dimension - time. In this particular study to understand value as perceived by today's department store shoppers, the above writers found that quality, brand, and price were the most important factors.

To this end, in order for local department stores to gain a competitive edge, the attitudes of consumers towards merchandise attributes, value and the equation of value have to be researched. Similarly, as argued in the previous chapters, this 'get-my-money-worth' attitude is triggered mostly by economic climates, the importance of value buys in relation to the current bleak economic situation has to be assessed.

While the 'evaluation of alternatives stage' gives the retailer information on the attributes that will drive people to buy, the next stage provides inputs on where and how actual purchases are made. This information on 'where' can be easily sought by asking consumers to indicate the names of retail outlets they usually make their purchases (Hirschman, 1979; Gutman and Mills, 1982; Kopp *et al.*, 1989). To the department stores, this input will show how successful they have been in meeting the needs and expectations of the chosen target markets.

Naturally, a spin-off of this question is to ask the reasons for frequenting the favourite stores. And in line with the framework established in Figure 5.2, the preferences for variety, assortment and support level, the importance of various types of brands, and the significant of new items in fashion apparel to the consumers must be sought. The subject of these merchandise mix dimensions will be discussed further in 5.2.3.

Another important aspect to note here (buying decision) is, the actual purchase made may not necessarily be the customer's first choice in the list both in term of merchandise or the store. One main reason leading to this outcome is the low level of product availability. A customer who finds that an apparel she wants is not in stock may settle for another style, may go to another store, may make a specific request to have it ordered and set aside and return a few days later (Hill, 1990). In a relevant study, Emmelhainz *et al.* (1991) found that a store that failed to give what the customer was looking for, lost 26.8 per cent of customers on that particular day. In addition, among the attributes of stock-out, dress size was the major turnoff, resulting in 90 per cent lost of sales. Due to its impact on current and future sales, the local consumers' reactions towards stock-outs has to be investigated.

The other important aspect of purchase decision is to study the extent of cross shopping activity. In the west, this phenomenon, as seen by the works of Morganosky (1997) and Swinyard (1997) in Chapter Four was very rampant in fashion buying and has become an accepted norm. Likewise, with the increase attitude of 'value buys', the influx of retail competition, and the current economic downturn in Malaysia, this behaviour is to be anticipated in the local context. Thus, the degree of and the reasons for cross shopping have to be investigated and understood. As such, consumers' feedback on the average number of stores they visited before making apparel purchases should be sought.

To summarise, this subsection begins by pointing out the many aspects of human and situational factors that drive consumers to behave the way they do. Clearly, as illustrated, there are numerous forces underlying their behaviour and this reflects the earlier comment by Wind (1978) that choosing segment descriptors is more complex than segment bases. As such, though important, not all aspect can be covered in this thesis. For instance, in this case, only descriptors discussed along the three stages of consumer buying process will be employed. Table 5.5 provides the framework for these segment descriptors. The subsequent write-ups will clarify and add further the type of questions suitable into this model. Together, they will act as inputs to the research methodology chapter.

Table 5.5
The Framework of Segment Descriptors for Malaysian Department stores

The Need Recognition Stage
Objective: To study the Needs, Wants, Motives and Stimulus for apparel buying
***Action: Questions on the state of needs and reasons for apparel shopping*:**
e.g: deprived with the current wardrobe? What do they need most, Why they go shopping? What makes them go shopping? Are they impulsive buyers? Reason for impulse shopping

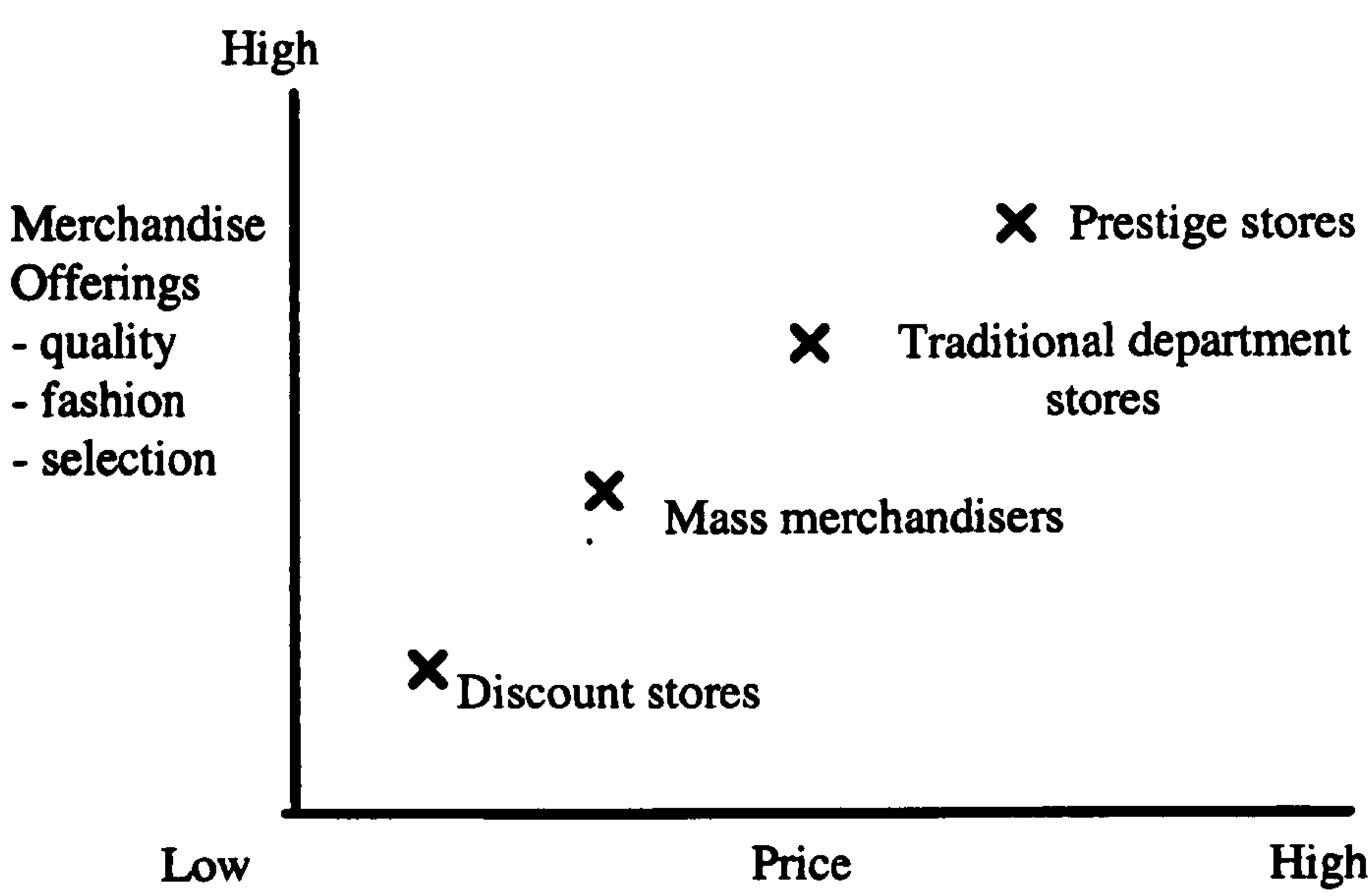
Evaluation of Alternatives Stage
Objective: To uncover the merchandise attributes preferences
Action: Questions on apparel characteristics: type, choice, quality, style/design, newness, exclusivity, availability, brand loyalty and own brands
e.g. ask consumers to list and rank merchandise characteristics
find out the trade-off behaviour to determine value
such as Price/Quality; Price/Quantity; Price/Exclusivity;
Price/Availability; Price/Convenience

Purchase Decision Stage
Objective: To uncover the purchasing behaviour and store preferences
Action: Questions on cross-shopping, stock-out actions, favourite stores, and characteristic of favourite stores in term of the four dimensions of a strategic merchandise mix
e.g. how many stores frequented before actually buy an apparel
why do you choose a certain store to make purchases
what do you do when the items you want is not available in a store

5.2.1.3 Store Positioning Format

In addition to identifying the core customers and understanding their behaviour and expectation, the trader needs to establish his strategic position on the shopping opportunity line. Through this exercise, he further enhances a picture of how customers in a market could be grouped. In turn the outcome enables him to sharpen his merchandise offerings. Several researchers in the past have produced works in the area relating to department stores (Rich and Portis, 1964; Ring, 1979; Hirschman, 1978) and their works paralleled to the one suggested by Ghosh (1994). Figure 5.5 illustrates a recent position of western department stores in relation to other general merchandise stores as seen by Ghosh (1994).

Figure 5.5 Strategic Groups of General Merchandise Retailers



Source: Ghosh 1994, page 48

In comparison, evidences (Creighton, 1998; Larke, 1994) have shown that eastern traditional department stores command an equal position with (if not higher than) the prestige stores. Once more, this image is a result of the roles they played in eastern countries, as discussed in Chapter Four. What then is the image of Malaysian department stores (on the above scale)? Again, the author is hard pressed to find any local work in this area. Nevertheless, the literature in Chapter Three and Four seemed to suggest that, designer stores headed the list. This is to be followed by focused merchandise department stores and fully integrated department stores. The general merchandise stores, which in Malaysia, are in the form of neighbourhood superstores, on the other hand, lay at the lower end of the fashion vs price dimension. The only question is how far apart are they from each other along these parameters? This query needs to be answered.

As numerous literature have demonstrated, positioning is not what the retailer thinks about his store, but rather what the customers perceived of his store in relation to others (eg. Hooley and Sanders, 1993; Paul and Krieger, 1991; Dibb and Simkin, 1991; Lefkowitz, 1978; Davies and brooks, 1989). Thus, central to this interpretation is the consumers and the competitors. This subsection will take a look at these two elements in the positioning process. The aim is, like in the previous subsections, to identify its inventories and technique.

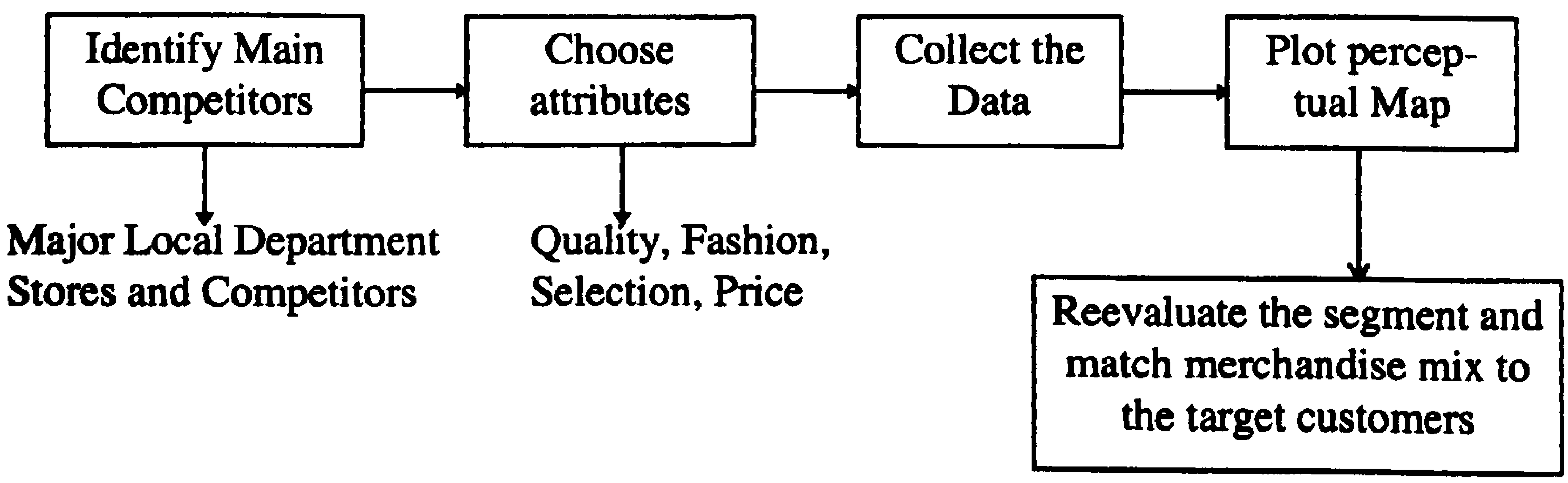
Heading the positioning procedure is competitors' identification. (Walker *et al.*, 1992; Hooley and Saunders, 1993). In doing this, only rivals that compete directly with the store being studied should be used. Predictably, the main reason for this is to make data gathering less onerous for respondents. This is because as shall be seen later, consumers are usually asked to rank these stores against certain measures. To illustrate, mathematically, if someone is to rank four types of attributes against eight stores, she is then has to make 32 decisions. Furthermore, this type of question requires greater consumer involvement, as such the interviewee will be taking more time to response as compared to the simple structured query.

There are two approaches towards competitors identification. One is by comparing different types of competing structures. Two is by identifying the different competing stores. In the case of this study, the latter method is used. The main reason being, consumers could easily identify the name of stores rather than the type of store formats (Ring, 1979). For example, it is easier to ask their opinions about Metrojaya and Jaya Jusco as compared to department store and neighbourhood superstore. Nevertheless, by adopting this method, the researchers are usually burdened with many store variables. The next chapter will illustrate how this issue is dealt with.

Moving on, once the number (and the name) of competitors has been decided, the second stage is to identify the set of attributes that differentiate these competing stores. Attributes, as noted by Thompson and Chen (1998) are concrete meanings embodied by both physical and perceived characteristics. For department stores, as reviewed in Chapter Four, competitors distinguish from each other on three main factors. They are services, price and merchandise characteristics such as quality, fashion and selection. Write-ups from Ghosh (1994) and Thompson and Chen (1998) further supported this statement. Similarly, in a recent study by Birtwistle *et al.*, (1998), they cited these factors as the main store choice attributes used by fashion buyers. Therefore, naturally these factors should be adopted for this thesis. In addition, since value has been assumed throughout this writing to be an important factor in making a purchase, the position of department stores and their major retailers along this variable would also be uncovered. Nevertheless as shall be seen in the research methodology chapter, to include all these dimensions would not be possible. On the same note, in line with the topic of this thesis, the 'service' factor is excluded.

After the attributes to be measured are distinguished, the third stage is data collection. The most frequently used method is to ask customers to rate the store and its competitors against a number of criteria or concepts (Davies and Brooks, 1989; Kopp *et al.*, 1989). Once the data is collected, the next step then is to analyse and draw the perceptual map according to the chosen attributes. Based on the finding, the merchandiser could again evaluate segment's attractiveness (after target market identification through segmentation process). Finally, satisfied with the chosen cluster/s, the last step is to strategically fit a set of merchandise mix with the target market's need and expectation. The diagram in Figure 5.6 illustrates the steps in positioning and the inputs needed to carry out this exercise.

Figure 5.6 The Positioning Process For Department Stores



To conclude, following the model in Figure 5.2, this subsection takes a look at the first key component for delivering a strategic merchandise mix. The main aim of this review is to look at the activities involved and the inputs needed in understanding what the consumer wants. Thus, at the end of each stage, a summary of steps to be taken and the types of information needed for the subsequent chapters are depicted (Figure 5.3, Table 5.5, Figure 5.6). Among these steps, inputs in Table 5.5 still need to be developed and this can only be accomplished once the discussion on what constitute a strategic merchandise mix (in 5.2.3) is dwelt at length.

5.2.2 The Financial Considerations

In line with the concept of matched parallelism, decisions on a strategic merchandise collection must also include the store's financial requirements. However today, with the advent of marketing concept (eg. Alderson, 1965; Bagozzi, 1975; Koshiba 1995; Dalgic, 1998; Pierson, 1995; Valentin, 1994), it is often assumed that if the target market is kept satisfied, profit is just a matter of time. In addition, for fashion retailers, whose existence depend largely on new products with short life cycle, trying to establish a certain financial standard is nearly impossible. As such, it is not surprising that researchers (e.g. Hirschman, 1979, Crask and Reynolds, 1978; Kopp *et al.*, 1989; Kamakura and Wedel, 1995; Tam and Tai, 1998) are more interested in studying consumer's preferences over time than financial trends. This thesis, nevertheless, seeks to extend the above works by incorporating the major components leading to merchandise profitability. This subsection takes a brief look at these parameters and identifies the variables needed in accomplish this task.

5.2.2.1 Gross Margin

Gross margin refers to the difference between the net sales revenue and the net direct acquisition cost of the merchandise sold, adjusted for changes in inventory holdings (O'Riordan, 1993; Walters, 1994). This measurement is important because it reflects the efficiency of a retail system. Besides, for these 'grand magasins' whose operating expenses are usually high, gross margin performances affect their livelihood. Maintaining a healthy gross margin is therefore, a prime goal of their merchandise managers.

As inputs to the merchandise mix decisions, first, a general picture of the overall of profit margin needed by the store should be established. In a study over several department stores across the world (O'Riordan, 1993), it appeared that the standard gross margin in recent years ranged from 31-39 per cent, the lower figure being recorded at those stores in advanced countries. This performance is easily understandable, for they have entered the maturity phase, a stage characterised by heavy competition and lower margin.

While data on the overall gross margin is necessary, inputs on specific product categories can provide more insights on merchandise performances. Likewise, information on the performance of each SKU will be the best guide for the merchandise planner. On the same context, inputs on margins expected from different group of customers could also help in giving directions for the appropriate merchandise mix to offer. For the author, to gain this data, local retailers are the best sources.

5.2.2.2 Inventory Turnover

In addition to gross margin, inventory (or stock) turnover is another determinant of merchandise efficiency. In fact, as shown in Chapter Four, this is the central idea behind the birth of department stores. Since the trader's inventory investment represents the single greatest portion of a store's working capital, the sales of merchandise from this inventory defines the store's major source of operating profit. Inventory turnover, therefore, is a measurement to assess the speed with which the merchandise sells. The following expression is one way to measure merchandise turnover:

$$\text{Turnover} = \frac{\text{Net Sales}}{\text{Retail value of average inventory}}$$

Similar to gross margin, in selecting an appropriate merchandise mix, the merchandiser needs detailed information on the turnover performances of each SKU. Only then, decisions on an optimal variety, assortment and support level can be made. For instance, over the years, industry reports (Schult, 1988) have consistently showed that the two highest turnover categories were 'female apparel' and 'infants/children's clothing and accessories'. On the other hand, the two least efficiently managed categories were 'shoes' and 'home furnishings'. From this result alone, clearly that if department stores are planning to drop several lines, they should first look at these two poor performing departments. On the same note, higher concentration should be given to female apparels. Naturally, in this thesis, the best way to gain this information is by contacting the merchandiser of each department store identified in Chapter Four.

5.2.2.3 Sales Per Square Foot

The third common measure for judging merchandise performance is sales per square foot. This tool, often referred to as "space-productivity ratio", is calculated by dividing net sales with the number of square feet of selling space. Once more, like the other two measures, detailed information about the performance of each merchandise category needs to be known by the merchandise planner. For the sake of comparison, for instance, female apparel has consistently produced one of the best sales per square foot result (Ghosh 1994). Relating this information to the characteristics of Malaysian department stores, as noted in Chapter Four, it is a small wonder that Isetan fills five of its eight floors with this category.

Moreover, like other profitability measures, getting inputs on the performance of each SKU would definitely be very beneficial. Through this measure, merchandise decisions such as proper mix of brands, proper selection of assortments and the best mix of new and established items could be assembled with more certainty. However, it is doubtful that local retailers are very comprehensive in using this tool. Furthermore, as mentioned earlier, being in the business of selling fashion apparel, which is always associated with 'newness', past ratios perhaps, could never be the yardstick for future performances. But then again, this assumption could be wrong. Regardless, the only way to be certain is through interviewing the local operators.

To end this subsection, although marketing considerations outweigh financial measures, inputs from the latter could further guide the author in executing her task. That is to investigate on a strategic merchandise mix for local department stores. As such, it is foreseen that personal interview with local operators and merchandisers should be carried out. The research design to meet this need will be laid down in the next chapter.

5.2.3 The Merchandise Mix Strategy

As depicted in Figure 5.2, in designing this strategy, department store operators must address four main issues: the optimal level of variety, assortment and support; the branding policy; the assortment policy; and the best mix of new and established products. This subsection is devoted towards understanding these key factors and (as indicated in 5.2.1) at picking up additional segment descriptors as inputs for the ensuing chapters.

5.2.3.1 Optimal Balance of Variety, Assortment and Support

Generally, traders can engage in variety strategies ranging from narrow to wide (Cash *et al.*, 1995; Lewison, 1995; Ghosh, 1994; Risch, 1992; Cook and Walters, 1991). Similarly, assortment strategies can range from shallow to deep. Support strategies, on the other hand, can vary from high to low service level. The optimal balance is the result in a trade-off among these three components. Obviously, this decision depends on the needs and expectations of the target market and the financial requirements.

One of the major strategies in this area is to seek a proper balance between variety and assortment. In the case of department stores, the review in Chapter Four has identified two main approaches. One is the 'balance strategy' (Figure 5.7) and the other is the 'concentration strategy' (Figure 5.8). In comparing both strategies, history has shown that the former is most suited for those in the growth period. On the other hand, the latter is best adopted in the maturity stage. Thus, with Malaysian department stores moving into the maturity period as noted in Chapter Four, this latter strategy should be the main emphasis.

Figure 5.7
Variety and Assortment Policy

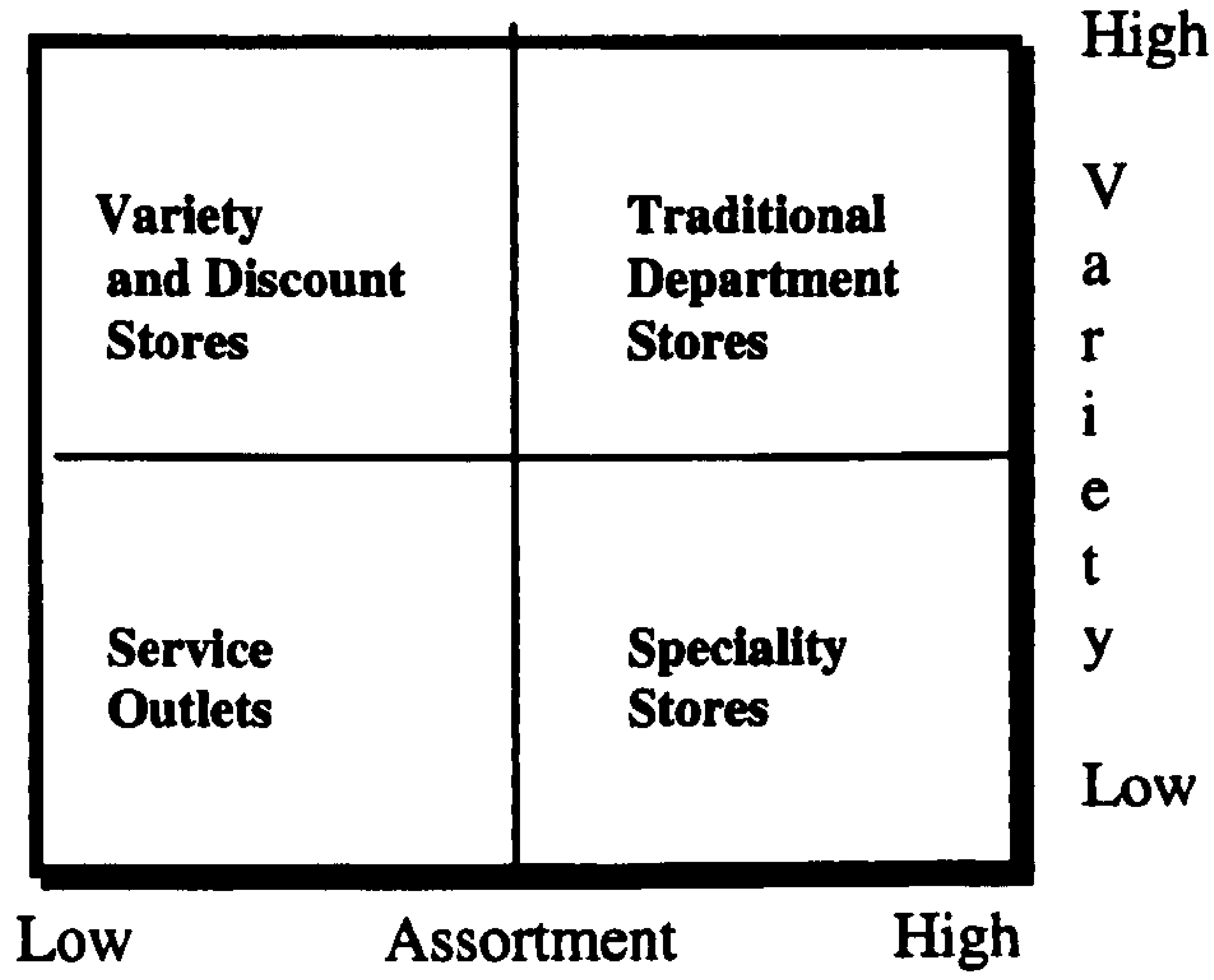
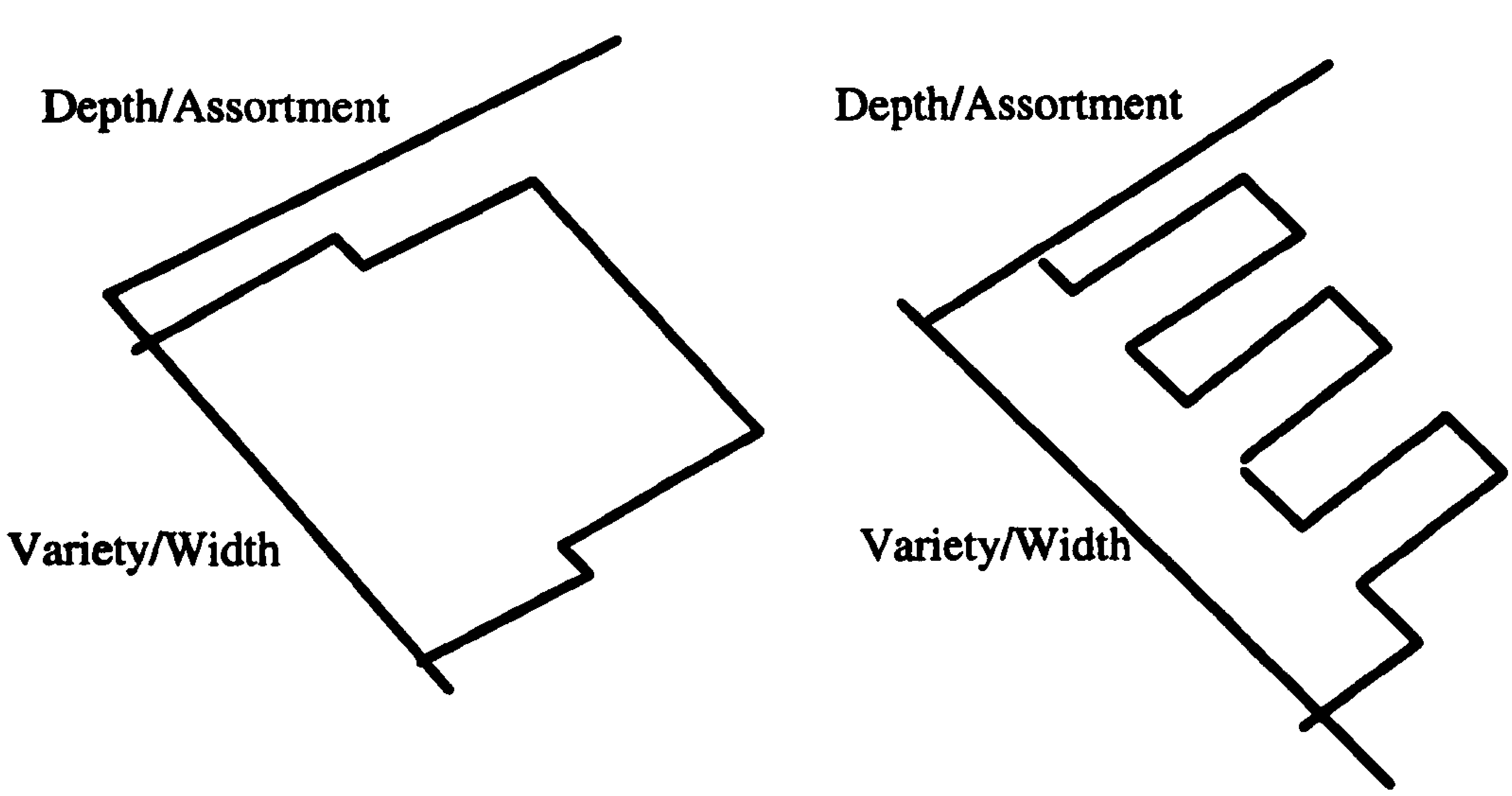


Figure 5.8 Alternative Profiles of Assortment and Variety



Nevertheless, this concentration strategy should be implemented with care, for while it is beneficial and necessary (Stone, 1980; Pennington, 1980; Gerdel, 1980; Rich and Portis, 1964; Rich, 1963), inherent dangers exist which must be recognised. One, by reducing the variety of lines offered to the consumer, department stores run the risk of emulating discount store strategies (Crask, 1980). Two, this approach would result in lost sales. That is, for some individuals, the unavailability of complementary products would put them off from buying some articles that they originally interested in. Besides, future sales might also be lost, if feeling unsatisfied, the customers refuse to continue patronising a particular store. For example, a study (Okey Note, 1982) has recorded that 35 per cent of respondents visited department stores because of wide selection of other items. Likewise, the attraction of this outlet as noted in Chapter Four mainly lies in the endless variety of merchandise. Naturally, decisions can be made only after the needs and wants of the target market are identified.

Once the variety and assortment policy has been established, another decision awaits the merchandiser. That is determining the standard of service level. A low service level would result in stock-out, a condition, as noted earlier which could result in losing almost 30 per cent of the customers. However, a high service level would perhaps not be economical and definitely constrained by floor space. Obviously, the right service level, like those of variety and assortment, would be the alignment of the consumer's expectations and the company's requirements. Nevertheless, given the image acquired by department stores over the years, generally speaking a high level of service is most suitable.

To conclude, the proper balance among variety, assortment, and support is crucial. A change in variety is likely to affect assortment and support level too. Therefore, decisions on them must be made jointly and with considerable caution. Naturally this decision is mainly hinged on the kind of clientele they wanted to appeal to and their (shoppers) subsequent attitudes towards these three variables. Hence, the primary research instrument in the next chapter must be able to extract this data.

5.2.3.2 Proper Balance of Brands

The second element of merchandise strategy is brand policy. Just as retailers must balance the variety, assortment, support level of the merchandise, they must carefully determine the proper mix of various brands. The discussion in this subsection first takes a look at the meaning of brands to fashion consumers. Next, the component of 'brand mix' is deliberated.

A brand is '*a name, symbol, design, or some combination which identifies the product of a particular organisation as having a substantial, differentiated advantage*' (Rooney, 1995). Thus, generally speaking, customers rely on brand names to distinguish among the massive selections offered by competing producers. To department store shoppers, however, brands meant more than just making purchases easier. To them, brands mostly satisfy social motives ((Browne and Kaldenberg, 1997; Kaiser, 1990; O'Shaughnessy, 1987; Morganosky and Vreeman, 1986). Thus, to these consumers, fashion is readily associated with prestigious brands (Fernie *et al.*, 1997). Reflecting back on the write-ups in Chapter Two, where anything western is considered better and a large number of middle class households has emerged, this attitude is further magnified in Malaysia. Thus, it is not a surprise that many local stores, as noted in Chapter Four intend to be the ones with the 'international outlook'.

In making this decision (proper balance of brands), retailers normally have three types of brands to mix and match. They are generic brands; manufacturer or national brands; and store or retailer brands. Generics are considered as the lower-grade product lines offered as low-cost alternatives to the other types of brands. Typically they are mostly found in grocery items. Due to their low quality and the image of department stores as fashion houses, this thesis excludes generics from the merchandise mix strategy.

Manufacturer brands are those products distributed under local or international manufacturers/designers and generally easily recognised by customers. Thus, being very socially conscious, consumers expected to see a wide selection of popular brands in department stores. Besides, a good brand elevates the image of a retail outlet (Jacoby and Mazurky, working paper No. 83085). Due to their high visibility and popularity, about 70-75 per cent of the products stocked (by department stores) are from this category (Crask, 1981). However, this orientation results in all retail outlets looking more similar to each other (Swinyard, 1997). In turn, as noted by Lewison (1994), *"the result of this 'me-too' approach is that many retailer's merchandise mixes have a sameness, a redundancy that does not contribute to any effort at gaining a competitive edge"*. This sameness, as reported by Chong (1994) contributed heavily to the dismal performance of department stores in Singapore.

Nevertheless, as mentioned earlier, consumers expect to find a wide range of manufacturers' brands in department stores. Therefore, the importance of these national and international labels can't be ignored. Once more, like those of variety, assortment, and support level, decision on an appropriate number of manufacturers' brands is dependent on the company's target market. For instance, a recent study had established that, fashion retailers outside London should concentrate less on these brands (Mintel, 1994). On the other hand, those in London should offer more international labels (Fernie *et al.*, 1997). In another study (Browne and Kaldenberg, 1997), retailers whose target markets are made up of high self-monitors are advised to stock a high percentage of prestige brands. Likewise, studies on ethnic groups have indicated that blacks (and arguably, lower social class consumers) were more prone to international labels (Goldsmith *et al.*, 1987; Jolson *et al.*, 1981).

The other aspect of branding strategy is the incorporation of store brands into the merchandise mix. They refer to those merchandise owned and sold at only a particular store (Levy and Weitz, 1995; Nandan and Dickinson, 1994). In the past, consumers viewed private labels as lower-quality, lower status, and lower-priced merchandise (than manufacturer brands). As such, they were sought only during economic downturn (Nandan and Dickinson, 1994; Hoch and Banner, 1993). However, as seen in Chapter Four, several department stores have been successful in marketing their own label by stressing on high quality items with 'value for money' concept. Likewise, the success of Marks and Spencer in United Kingdom (Whitehead, 1994; Davies, 1992) for example, shows that given the right strategy, private labels could knock away those famous labels.

Definitely, this is the aim of many retailers, for, they would like to sell as many own brands as possible to gain higher returns (Mc. Goldrick, 1990; Moore, 1995). (Gill, 1990; Elliott, 1994; Nandan and Dickinson, 1994). Furthermore, private labels allow retailers to differentiate themselves from competitors (Schary and Christopher, 1979; Steiner, 1993). The need to be different is very important to department stores since their differential advantage lies in merchandise uniqueness. Because of these reasons, lately several department stores plan to carry as much as 70 per cent of their labels (Stores, 1987; Ghosh, 1994; Khachaturian and Morganosky, 1990). In the context of local department stores, as shown in Chapter Four, Yaohan Aktif Lifestyle is the most aggressive in marketing own and local labels. On the other hand, Isetan and Tangs are the opposite. With the current economic turndown, it is imperative that the local's reaction to various type of brands is sought. Table 5.6 contrasts and compares the advantages of national brands to private label.

Table 5.6 Manufacturer Brands Versus Private-Label Brands

Manufacturer Brands VS	Private-label Brands
Pre-sold to target customers	Greater price flexibility
Lower selling cost	Higher gross margins
Attracts new customers	Promotes distinctive store and product imag
Enhance store image	Enhance store and store brand loyalty
Helps create assortments	No direct brand comparison

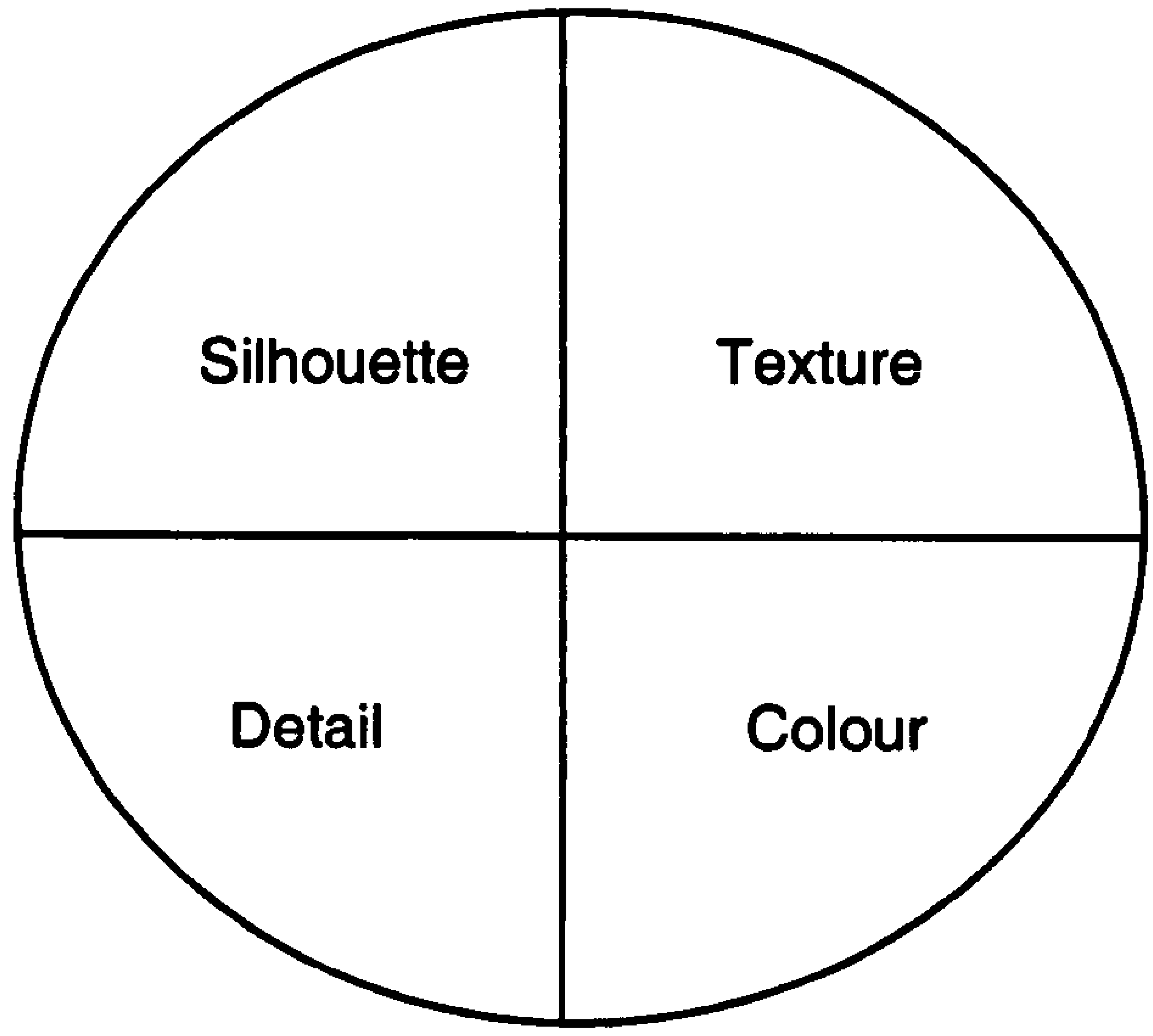
To this end, the review in this subsection has established that for Malaysian department stores to make brand decisions, they have to know the consumers' preferences and attitudes towards international, local, and retailer's brands. In addition, tying up with the discussion in 5.2.2, the retailers need also to know the profit performance of these brands. The best mix of brands to be offered, thus, must be the one that not only satisfies the consumers but also the company. Therefore, as also noted in this write-up, consumer proneness towards international, local, and retailer's brand and their (brands) financial impacts must become part of segment descriptors.

5.2.3.3 Proper Selection of Assortments

Once the retailer has decided on the proper balance between variety, assortment, support and the mix of brands, the next step is to select the assortment of merchandise within each line. Typically, decisions are made based on styles, brands, sizes, and price ranges (Cassil *et al.*, 1997; Auty and Elliot, 1998; Financial Times, 1995; Monk, 1997; Sproles, 1979). Since the aspect of brands has been covered earlier, this feature is excluded from this discussion. On the same note, because department store shoppers are relatively insensitive to price, this topic is lightly discussed. This subsection, thus, concentrates at the remaining parameters.

The term 'style' denotes the basic characteristic inherent in a specific outfit. This specific outfit is furthermore distinguished from each other through different designs (Kotler, 1996; Troxell and Stone, 1981; Paola and Mueller, 1986) according to its silhouette, details, texture, and colour (Figure 5.9). A customer, upon entering a store will be presented with these product features that make an item unique and her decisions (of which to buy) could largely rest upon these components. As such, a brief discussion on these elements and their implications is necessary.

Figure 5.9 The Components Of A Design



Silhouette is the general outline of a costume (Troxell and Stone, 1981; Young, 1936), which, generally speaking could be of loose or fitting shape. Looking back at the illustration in Figure 5.1, 'straight-leg jeans' signifies the latter. On the other hand, 'carrot-cut jeans' exemplifies the former. Today, with consumers are getting more aware of their health and body, clothes that define the body shape are preferable (from author's observation and readings from Vogue and Tattler's over the years). In the Malaysian context, however, this broad trend may apply only to the Chinese and Indians. In contrast, restricted by their religion, the Malays most often than not opt for loose fitting garments. Naturally, the best way to make the decision is to gauge the consumer's preferences towards this issue.

Detail, another dimension of style, refers to the various components within a silhouette (Paola and Mueller, 1986). These include collars, sleeves, trimmings, shoulder treatments, waist treatments, and the length and width of skirts and pants. This variable, like silhouette, could range from simple to elaborate. Clearly then, to make decisions on the proper selection of assortment, the proneness of local shoppers towards simple versus elaborate designs should be uncovered.

Moving on, texture, the third component of design refers to the look or the feel of material, which is a consequence from the choice of fabric (Paola and Mueller, 1986; Troxell and Stone, 1981). It is important for the consumers for two reasons. One, it contributes toward appearance and two it contributes towards performance. The former denotes the way the materials are being perceived. Certain material for example exudes a casual dimension while another reflects formal occasion. Material performance, in contrast, refers to how well the texture can take to certain colours, to precise sewing and pressing. To the majority of fashion consumers, as implied throughout this writing, between appearance and performance, the decision of which garment to buy rests largely on the former. Naturally, to be sure the merchandiser therefore, needs to know the customer's perception of different fabrics and their (the fabrics) contributions towards performance and appearance. Once more, this information will further assist store-owners in selecting the proper assortment within a product line.

The last element of design is colour. Colour is a powerful attribute because it can attract customers from afar and it always has been a major consideration in woman's clothing. This is especially true in Malaysia (Kotler *et al.*, 1996). The understanding on the effect of colour, however, must go beyond its aesthetic value. The reason being, colour also reflects status, personality, faith, suitability and moods of the wearer (Paola and Mueller, 1986). For instance, in times of great depression, people are apt to choose 'earthy' or muted colours (Danger, 1968). However, when customers have plenty of money, they project the tendency towards pastel and brighter colour. Looking into the Malaysian context, dark skinned locals are known to shy away from bright colours. Likewise, bright yellow is generally avoided by the public as it is typically associated with the royalties.

Besides these characters, size is another important element of an SKU and is the least substitutable (Cash *et al.*, 1994). Therefore, the implication on the correct size to the retailers, is two folds. One is to know if their merchandise has the correct fittings. Two is to decide on the support level of each size. Naturally, these inputs can be best derived from the consumers.

To this end, several pages have been devoted towards discussing the product features deemed most important to customers. The significance of these elements, as reviewed in Section 5.2, is apparent in impulse purchases. Similarly, as previously seen, consumers have incorporated tangible features in their 'value' dimensions Cassil *et al* (1997). Likewise, as further identified in this subsection, a shopper's decision (of which to buy) could largely rest upon these components. Therefore, inputs on proneness towards a certain style, design, colour, silhouette, texture and sizes need to be extracted from the market place. Hence, tying this outcome to those in 5.2.1.2, they (queries on these variables) become part of segment descriptors.

5.2.3.4 Best Mix of New and Established Items

The last major element of effective merchandising strategy is an optimal balance of new and established items. The inclusion of the former is primarily due to the obligation to satisfy customers' changing needs (Evans, 1989; Davis, 1992; Ghosh, 1994). For department stores especially, whose orientations are towards fashion conscious customers, stocking new items is a habit. This is because, fashion is always associated with newness (Dibb and Simkin, 1990; Lewis and Hawskley, 1990; Evans, 1989; Perna, 1978; Richards and Rachman, 1978). Besides, retailers more often than not have to project a progressive image. In addition, new products act as the cushion for older and mature ones. Therefore, new products have to be introduced. The only question is how many and which ones to carry and which of the existing products to be reduced or eliminated.

Needless to say, even though new products are highly desirable, the importance of many current items in the merchandise mix must not be ignored. They may not create as much excitement as the new ones but customers expect certain products to be continually stocked by retailers. Furthermore, they still represent a huge profit for retailers. This is especially true for products in the growth market. To satisfy the growing number of customers, retailers usually carry an extensive variety of those in growth periods. Due to their popularity, these merchandise are however can be found almost everywhere, therefore, intra-type competition exists for these products. For mature merchandise, though their profit margin is rather minimal, retailers should include or continue to include them in their merchandise mix. The reason being, customers expect to see them. This is especially true for department stores, which perhaps still could not shake their universal provider image. However, for those products entering the decline stage, the merchandiser generally should stock in limited quantities and only if demand is sufficient to yield a reasonable profit.

While decisions on existing products are easier to make (simply because existing financial performances can be used as yardsticks), decisions on new products, however, appear to be complex. For instance, in deciding on which new product to include, the retailer first needs to differentiate between complement and substitute items (to the current merchandise). Within these parameters, the merchandiser next, has also to differentiate between a perfect and a general complement/substitutes.

The implication is, both perfect and general complements are highly desirable additions to the retailer's merchandise mix. One reason is, they represent additional unplanned sales beyond the original planned purchase. The other is, consumers tend to be less sensitive about the price of complements. On the other hand, perfect substitutes should generally be avoided while the reverse is true for general substitutes. The former divert sales from other selections without adding anything in return. From the consumer point of view perfect substitutes do not increase the element of choice. In fact they (perfect substitutes) impede their purchase time. General substitutes, however, represent an increase in selection and thus increase the probability in one-stop shopping. Truly, this illustration underlines the complexity in making new product decision. It is for this reason that new product decisions have been studied in isolation (Kent, 1993).

For this thesis, the investigation on the best mix of new and established items will follow the guideline (Table 5.7) found in Cash *et al*, (1994). To fill this framework, answers from the fashion lifestyle batteries as discussed previously could establish the locals' attitudes towards this dimension. In addition, questions on their buying motives could also be used to analyse their proneness towards new items. Likewise, performances of each product category could be uncovered by meeting the retailers.

Table 5.7 A Guideline on New and Established Merchandise

Percentage	Product Types
5 %	should be "new" - perhaps "avante garde"- merchandise
15 %	should be "fashion right". These are the clothes with fashion ideas that were new last season and are now gaining broad acceptance
85%	should be "fashionable", solid establishment type merchandise that already enjoyed broad customer acceptance

5.2.3.5 The Framework for Establishing a Strategic Merchandise Mix

The readers are now coming to the end of the discussion on the parameters involved in establishing a strategic merchandise mix. Before going to the next section, market descriptors gathered in 5.2.2 and 5.2.3 are first summarised (Table 5.8). As indicated in Figure 5.3 and in subsection 5.2.1, these independent variables will be used together (in Chapter Six) with those in Table 5.5 to understand further the merchandise needs and buying behaviour of the target market. Besides, following the write-ups on financial considerations, this table also highlights the variables for financial measures. With, the completion of this task, the author is set to fulfil the overall objective of this chapter, that is drawing up a detailed model for establishing a strategic merchandise mix. Pulling all the information gathered previously, this framework is illustrated in Figure 5.10 and will be used as an input to the subsequent chapters. With this is mind, attention is turned to Section 5.3, where past works in this area are discussed.

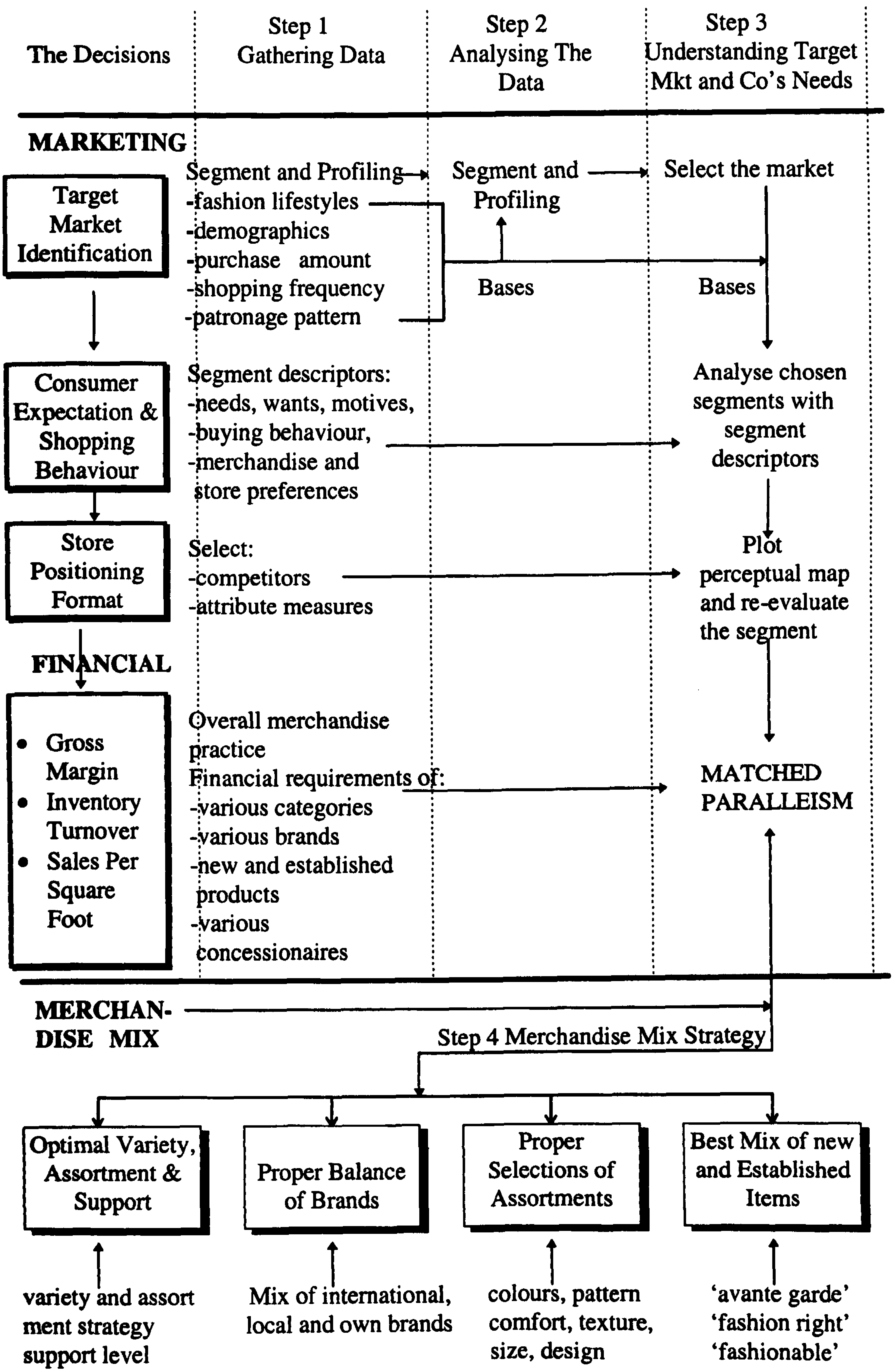
Table 5.8 Additional Segment Descriptors For Department Stores

Merchandise Mix Considerations ***Objective: To look further into the consumer's reactions towards merchandise attributes*** ***Action: Questions on merchandise mix variables*** e.g. look for international labels?, colours important?, prefer loose or tight fitting?, elaborate or simple pattern?, prefer western or traditional dress?
Financial Considerations ***Objective: To study the major components of merchandise performance measures*** ***Action: Questions on past performance or future expectations on different type of merchandise attributes*** e.g. what's the overall gross margin/turnover/space productivity? Specific performances of product categories and items in each product category? Which gives the best financial performance/profit - international brands, national or local? How profitable is your new products vs existing ones?

5.3 Review of Past Works

Research pertaining to this area appeared to be inclined towards identifying the consumers and understanding their shopping behaviour. The reasons for this impulse have been discussed earlier and as shall be argued in the next chapter, given the time and cost constraints, this is the most logical avenue for this thesis. As such, this section undertakes to discuss several past works within this framework.

Figure 5.10 The Framework for Establishing a Strategic Merchandise Mix



The earliest market identification study for department stores was probably done by Rich and Portis (1962). In their study, 4,500 randomly selected women shoppers were interviewed on their store patronage patterns, characteristics (demographic data), and fashion orientations. Next, using the former as the segment base and the others as segment descriptors, respondents were grouped into three categories – high-fashion store shoppers, price-appeal store shoppers, brand-appeal store shoppers and their profiles were laid down. Finally, after evaluating the characteristics of each cluster, high- fashion shoppers were chosen to be the most feasible consumers for town centre department stores.

In the next decade, department store researchers began to incorporate lifestyles in their segmentation and profiling studies. Nevertheless, store patronage behaviour remained the prime base for dividing the market. The works of Crask and Reynolds (1978) and (Hirschman, 1979) had been briefly discussed earlier and hence would not be deliberated again. This paragraph however takes a look at another work (Bearden, *et al.*, 1978), which the author felt was the most sophisticated at that time. In this work, a total of 754 randomly selected individuals were asked to provide data on retail store patronage, demographic, lifestyle and media proneness. Unlike the previous two research studies, this one was most advanced in the sense that the authors used multivariate analysis via factor analysis to process the resulting lifestyle differences. At the end of this exercise, five lifestyle dimensions were uncovered. They were, 'traditionalist', 'outgoing/individual', 'quality/services', 'socially conscious', and 'other-directed'. Table 5.9 compares these three works.

Table 5.9 Results on Profile of Department Store Shoppers in 1970s

Crask and Reynolds (1978) – Profile of Department Store Shoppers			
Demographics	Activity	Interest	Opinion
Younger Better educated Higher income	Vacation, Travel Shopping, Tennis Water sports, Picnics Hiking, Walking Jogging, Community Involvement, Socialising, Games & cards, Cultural Ed.	Fashion, Appearance Cleanliness, Foreign cultures, Music Arts and Crafts, Health, Nutrition, Cooking, Production satisfaction	Modern Family oriented, Financially secure, satisfied with life, Physically attractive, Innovative Opinion leader, Self indulgent, Liberal, Urbanite, Careful shopper Price-conscious

Hirschman (1979) – Profile of Various Department Store Shoppers Note: a "*" means store type was highest ranking on that variable; a "-" means store type was lowest ranking on that variable			
Demographics, AIO and Preferences	Traditional Department Store	National Chain Department Store	Discount Department Store
Single, under 35	*****	---	--
Younger couple	*-		-*
Children over 6	-	---*	***
Older couple	********	*--	---------
Single over 35	*****	---*	*-----
Self-education	*******	--	-----
Social class	************	*	------------
Movies	*	*******	-------
Golfing	****	-	----
Gatekeeping	-	*	
Layout/display	*****--	-	***-----
Pricing	----	***-	**
Variety	-	**	-
Real savings	---		***
Guarantee	-		*
Innovativeness	**	--*	--*
Opinion Leader		*-	

Bearden et al., (1978) – Profile of Retail Shoppers			
	Convenience Stores	Department Stores	Discount Stores
Demographics			
Age (years)	33.7	36.65	36.55
Income	8730	8100	7750
Education (years)	12.48	12.46	12.20
Race: White*	36.50	55.60	59.30
Black	26.20	59.00	59.30
Sex: Male	42.30	51.50	54.60
Female	26.70	60.90	63.80
Psychographic			
Traditionalist	36.18	38.18	38.85
Outgoing	17.10	14.53	15.85
Quality/Service	17.46	18.18	17.58
Socially Conscious	17.06	16.78	16.57
Other-directed	9.43	9.52	9.23

Note *: proportions of respondents were presented as percentages

By 1980s, the formation of market segments was not only done through using data on store proneness. Instead apparel researchers, as noted in 5.2.1, began to replace it with lifestyle variables (Tam and Tai, 1998; Asian Advertising and Marketing, 1990; Gutman and Mills, 1982). Likewise, as indicated previously, the general AIO statements adopted before were also abandoned. Thus, instead of using such statements in Table 5.2, the ones in Table 5.3 were employed.

Similarly, unlike the earlier years, research works in this decade appeared to be more refined and integrative. For instance, Gutman and Mills (1982) blended fashion lifestyle, self-concept, shopping orientation, and store patronage in understanding fashion consumers. Later, using the former as a base and the others as qualifiers and descriptors, clusters were formed and profiled. In another case, Kopp *et al.* (1989) combined six different data in segmenting and understanding the resulting clusters. Table 5.10 illustrates these two works. As shown, they gave better insights than the ones in Table 5.9.

Although fashion lifestyle segmentation was adopted by western department stores in 1980s, in Asia, this movement only took place in 1990s (e.g. Lam and Tai, 1998; Wei, 1997; Asian Advertising and Marketing, 1992). Once more this development is hardly surprising because, as suggested in previous chapters, the dramatic change in consumers' lifestyles in most eastern countries took place only in recent years. Table 5.11 illustrates two of these works. Going back to the mentioned lifestyle study undertaken in Malaysia, it was reported that seven clusters were obtained. They were 'Yuppies', 'Yesterday People', 'Village Trendsetters', 'Chameleons', 'Loners',

5.10 A Summary of Market Segment Profiles

Gutman and Mills (1982)	Kopp et al. (1989)
Leaders (14%) • Scored high on the factors of fashion leadership, interest and importance and low on anti-fashion attitude • Enjoyed shopping and were not cost conscious, practical, or traditional • Largest in the 18-24 age groups; single • visit department stores and speciality stores	Price Shoppers (18.4%) • older women; less educated • price is more important than fashionability or product quality • see shopping as a chore and cynical that affordable fashions will make them look good • very cost oriented • visit mass merchandisers
Followers (8.3%) • Similar profile to leaders but had a lower score on fashion leadership • Enjoyed shopping but scored high on traditionalism and following • Older and higher percentage of married • visit department stores and speciality stores	Budget Values (25.2%) • older women; less educated • price is more important than fashionability or product quality but moderately cost oriented • see shopping as a chore and cynical that affordable fashions will make them look good • shopped beyond mass merchandisers
Independents (10.4%) • They were aware of fashions, but differ from the first two groups in their strong anti fashion attitudes • Enjoyed shopping but rather cost conscious • Older and higher percentage of married • Visit department stores and speciality stores	Young Careers (23.0%) • High population of young and unmarried women • Extremely style and fashion conscious • Value price over quality • Enjoys shopping and discussing fashion • Visit moderately priced speciality stores
Neutrals (23.6 %) • They neutral on fashion orientation factors • Scored nearly zero on shopping enjoyment, cost consciousness, traditionalism, practicality, planning, and following • Older and higher percentage of married • Visit mass merchandisers	Senior Shoppers (5.3%) • Older women with limited income • do not see themselves as price conscious • views shopping as utilitarian • shop overwhelmingly at traditional department stores
Uninvolveds (8.7%) • They showed low importance in all fashion orientation lifestyles • Scored low on planning and shopping enjoyment • Married and many unemployed • Visit mass merchandisers	Fashion Enthusiasts (18.8%) • Fashion conscious and quality conscious • Interested in quality merchandise; • Not interested in price and convenience of store location, high probability of cross-shopping, Like trendy outfits • Visit traditional department stores
Negatives (21.8%) • Have no interest in fashion, but thought it is moderately important to be well-dressed • Scored high on cost consciousness, traditionalism, and practicality • Older and higher percentage of married • visit mass merchandisers	Fashion Elites (9.3%) • fashion conscious and quality conscious • interested in quality merchandise • not interested in price and convenience of store location • high probability of cross-shopping • prefer classics to trendy styles • visit upscale speciality stores
Rejectors (13.2%) • mirror image of leaders. They do not attach any importance to fashion even to the point of being unconcerned • Scored very high on cost consciousness and practicality • Married; many unemployed • visit mass merchandisers	

5.11 A Summary of Asian Market Segment Profiles

Tam and Tai (1998)	Asian Advertising and Marketing
Conventional Females (40.7%) • 67.4 of them are singles • prefer to stay at home • less brand conscious • look for quality than price and brand names • rarely buy products on impulse • risk averse	Traditionalist (41%) • resistant to change • reluctant to try new and premium products • strongly loyal to brands
Contemporary Females (21.9%) • highest level of income among the segments • 62% completed education to university level • brand and weight conscious • time poor and less price sensitive • enjoy looking at the latest fashion and strongly concerned about appearance	Strivers (20%) • very materialistic, in early 30s • immersed in an aggressive pursuit of achievement • wanted to change their role in life • impulsive buyers and insisted on instant gratification.
Searching Singles (19.4%) • career-oriented • enjoy looking at the latest fashion magazines and strongly concerned about appearance • like to go shopping and price conscious • influenced by store image • relatively low level of income and education compared to other groups	Super-achievers (7%) • valued achievement and materialism • more succesful than strivers • very keen on luxuries • the first to latch onto new trends, products and premium brands
The Followers (18.1%) • not enthusiastic about work and show moderate desire for self improvement • not active • shop moderately • relatively low level of income and education	Adapters (13%) • older people • more comfortable with their accomplishments in life but open to new experiences
	Yuppies (19%) • valued achievement and materialism • more succesful than strivers • keen on luxuries • would grow larger by year 2000

'the New Breed', and 'Sleepwalkers'. Nevertheless, the writer could not locate this research work, and thus could not dwell further on the outcome.

Looking at Table 5.10 and Table 5.11, several trends can be noted. One, the size of clusters in the western markets was more 'balanced' than that in the eastern markets. For instance, the biggest slice of the former was made up by only 25 per cent of the sample. On the other hand, over 40 per cent of the respondents in the latter were grouped in one cluster. This outcome goes to show that, on the whole, western consumers are leading more fragmented lifestyles than the eastern counterparts. Two, and perhaps in connection with the first observation, fewer clusters were found in Asia. Three, in any market, there tend to be fashion conscious shoppers who looked for quality clothes and trendy shoppers who shopped for apparels that speak styles and image. Finally, four, either in the west or the east, there appear to be several markets that department stores could appeal to. Thus, in general, it should be safe to postulate that consumers all over the world follow the same trend and exhibit the same behaviour. As such, it is to be expected that the market segmentation exercise to be undertaken in this thesis would not run away from these characters.

To summarise, this subsection takes a look at past studies on department stores. As the literature shows, the main impulse of the works were concentrated towards identifying consumers and understanding their behaviour. Through these variables, overall strategies for department stores were postulated. There were also previous works that tackled the aspects of positioning, however, since as established earlier, that these works produced consistent results, they were not discussed here. It is also due to this reason that studies (e.g. Crask and Reynolds, 1978; Gutman and Mills, 1982; Tam and Tai, 1998; Wei, 1997) on consumers usually omit this aspect (positioning) and tend to assume that it endures over the years. In the area of merchandise mix, however, the writer could not find any, and thus could not offer any illustration. Nevertheless, the discussion in this chapter should provide enough insight for the author to investigate the multifaceted aspects of merchandise mix variables.

5.4 Conclusion

This chapter, as noted in its first page, acts as a 'middle manager'. It comes into play as a result of the trends identified in the previous chapters and serves to provide directions as well as inputs for the consecutive chapters. Faced by the growing fragmentation of the market and the increasing competition, Malaysian department stores need to go to the basic. That is using their main strength - merchandising as a competitive tool. These are, in essence, the major abstracts of Chapter Two, Three, and Four. What exactly is merchandising, what is its function and how can it be used as a tool? This chapter has clarified these issues and subsequently laid down a detailed framework towards this exercise (Figure 5.10, page 182).

As shown in that framework, merchandising is a detailed and systematic activity aimed at assembling a set of merchandise that satisfies both the consumers and the company. In doing so, first, the planner needs to closely monitor the two most fundamental trends in the market place - the consumer and the competition. From these two dimensions, she needs definitive answers on how consumers live and shop; what are their merchandise mix requirement; and who are the main competitors for department stores and how close are their rivalries. The second she needs to balance these answers with the organisation's financial requirement.

To gain this information, primary data collection is a must. Moreover, the inherent properties of fashion merchandise and the growing needs to be intimate with the consumers - as they continue to lead various lifestyles and are constantly being wooed by a host of competitors necessitate this approach. Building on these arguments, a chapter on primary research methodology has to be drawn up. To provide the focus for this chapter (and thus the subsequent chapters), five main research questions are laid down. They are:

1. Who are the target markets for Malaysia department stores?
2. What are the merchandise mix needs and expectations of these shoppers?
3. What are the shopping behaviour of these shoppers?
4. What are the attitudes and perceptions of these shoppers towards department stores and other competitors?
5. What are the current merchandise mix strategy adopted by local department stores and what are their merchandise performance requirements?

Looking back, clearly the above research questions are built around trends and issues raised in the previous chapters and serve to fill the strategic merchandise mix framework established in Figure 5.10. Answers to the above questions therefore, provide the inputs needed for the completion of this thesis. With this understanding in mind, attention is turned to Chapter Six.

CHAPTER SIX

PRIMARY RESEARCH METHODOLOGY

To meet the research questions put forth at the end of Chapter Five, this chapter discusses the primary research methodology to be employed. These questions, as noted in the former chapter, revolve around the two major issues that have to be examined prior to outlining a strategic merchandise mix. One is to fully understand the marketing considerations. The second is to establish the company's financial requirements. Following the works in earlier chapters, inputs for the marketing considerations must come from the shoppers. On the same context, data on the financial considerations are best obtained from department store operators. Nevertheless, as has to be stressed previously, while these two sets of data are necessary, the former forms the major instrument for decision making.

With the above backdrop in mind, the first section of this chapter begins by establishing the scope for this study. Next, the objectives of this primary research are laid down. The deliberation continues with the research designs (one for the consumer and one for the retailer) and the subsequent sampling procedures. Later, the mechanics for data collection and the treatment of raw data into meaningful ones are described. Finally, research schedules are drawn.

6.1 The Scope of the Study

Prior to establishing the research objectives, the boundary for this study is first defined. Naturally, this 'narrowing of the scope' is inevitable. The reason being, department stores carry an extensive set of assortments and appeal to a wide range of customers. Thus, given the resources available to the author, a more focused study would result in greater insights to the mechanics involved in delivering a specific set of merchandise. As such, the resulting framework could be applied to other issues. Therefore, this section undertakes to briefly define the population and the merchandise classification for this study.

"Department store is a woman's store" (Burnet *et al.*, 1981). This statement defines the direction for consumer study in this thesis. On the same context, women's apparels are taken to be the merchandise under investigation. Following the work of Peacock (1997) and the classification adopted by Japanese Consumer Handbook (1991), these apparels are divided into three main categories. They are office-wear, leisurewear, and dresses for special occasions. In addition, the write-ups in Chapter Two, Three and Four have indicated that local department stores are primarily located in Klang Valley. Building upon this rationale, female shoppers in this area are chosen to represent the population for marketing inputs. On the same note, department store managers there, characterised the population for financial inputs.

6.2 Objectives of The Study

Specifically, this primary research seeks to achieve the following goals:

1. To determine the fashion lifestyle orientations, to establish the demographic characteristics, to unfold the department store usage pattern, to investigate the purchase size and to record the shopping frequency of female shoppers in Klang

Valley. Primarily, the former input, as deliberated in Chapter Five, will be used to segment the female market into several homogenous groups. The last four, on the other hand, will be applied to the resulting clusters to enhance the understanding of consumers in each group. In addition, they will be the yardsticks for assessing and electing the viable target markets for local department stores. This objective underscores the importance of identifying and profiling the segments to which inventory investment will be geared to, as implied throughout this writing. And, it sets to satisfy the first requirement of the marketing considerations as specified in Figure 5.3 and Figure 5.10 and to answer the first research question.

2. To uncover the merchandise needs and expectation of the selected shoppers and to investigate their attitudes towards clothes worn in their daily activities. Needs, wants and motivations as noted in Chapter Five are the underlying reasons for customers to choose an apparel over the others. Likewise are the shoppers' attitudes towards the tangibles and intangibles of fashion. These inputs satisfy the second marketing requirement in Figure 5.10 and answer the second research question.

3. To determine the selected shoppers' general propensity towards apparels, to gauge their reactions towards merchandise mix variables, and to investigate their store patronage patterns. First, this objective seeks to recognise the shoppers spending pattern and priority towards fashion items. Second, their attitudes towards several merchandise situations are described. Third, the names and characteristics of the stores shopped by different groups of customers are

identified. These inputs reflect the shoppers buying behaviour and complete the second marketing requirement as spelled out in Figure 5.10 as well as answer the third research question. Together with objective number two, these inputs form segment descriptors for this thesis.

4. To identify the female shoppers' attitudes towards department stores. Specifically, this objective serves to uncover the customers' perception of the major department stores in Klang Valley and their competitors on several attributes. This input, in turn would be summarised by plotting the perceptual map of each department store and the competitor, resembling that in Figure 5.5. This objective satisfies the last requirement needed for the marketing considerations in Figure 5.10 and the fourth research question.

5. To study the department stores current merchandise practice and to gauge the financial considerations involved in delivering that set of merchandise to the customers. First, the aim is to describe the overall merchandise mix strategy adopted by local department stores. Second, the merchandise performance and requirements in term of gross margin, inventory turnover and sales per square foot are investigated. This information satisfies the financial requirement in Figure 5.10 and the last research question.

To summarise, in line with the direction mapped by the previous chapters, five research objectives are established. The subsequent writing then is broadly divided into two parts. One is to deliberate on the consumer research, which seeks to satisfy the first four objectives. The other is to discuss on the retailer research, which is drawn to fulfil the last objective. On a final note, because the former is far more important to decision-makers, the major portion of this writing is devoted towards extracting data from the marketplace.

6.3 The Consumer Research

This section unfolds the mechanics used in securing data from the shoppers. The three major areas covered here are the sampling process, the mechanics for data collection, and data analysis and interpretation. The research schedule at the end of this section briefly indicates the expected time taken for this research.

6.3.1 The Research Design

The author, in getting the data from the shoppers, chose to employ a descriptive research over exploratory or causal research. This type of research is suitable when a study intends to produce accurate description of variables relevant to the decision being faced, without demonstrating that some relationship exists between variables (see for example Quee, 1993; Luck and Rubin, 1987; Crimp, 1985; Baker, 1991). This description fits well with the objectives of this study.

In employing this research design, the author is presented with two options - the cross sectional method or the longitudinal method (Davies, 1973; Green and Tull, 1978; Crouch, 1988; Chisnall, 1992). The cross sectional method describes an event at one particular point only while the latter gives measurements of an event at successive points in time. Naturally, data through longitudinal studies are able to provide a greater understanding of a particular problem since they are being measured repeatedly. This is an important element in this study where the author needs to describe the fashion requirements and shopping behaviours over time. However, this method takes a longer time to complete. In addition, its sample is smaller compared to the cross sectional studies. As such, the possibility of misrepresentation is higher. Furthermore, since it is repeatedly conducted over time, it is most likely that a large amount of money is required. Another problem could be in getting the participation of past respondents, as they might not be willing to co-operate any longer. Moreover, in a study that involves fashion such as this one, where changes are fast and sometimes incomprehensible, past data may not contribute much to the anticipation of future expectations. For these reasons, perhaps, related studies on this area seldom used this method.

Instead, past researchers (Reynolds, 1978; Hirschman, 1979; Gutman and Mills, 1982; Kopp *et al.*, 1989; Holbrooks, 1986; Kamakura and Wedel, 1995; Wei, 1997) employed cross sectional studies. This technique allows a researcher to assess to a larger number of customers, thus enabling him/her to produce a more representative data. Through this method, data are typically cross-tabulated against each other to answer specific issues. For example, in the case of this research, the author could cross-tabulate the resultant clusters with the shopping behaviour to find out the shopping patterns of each segment. This kind of data is meaningful to companies that appeal to many segments of the market such as department stores. Building on these arguments and the resources constraints faced by the author, cross-sectional method would be the most efficient method towards achieving the research objectives as spelled out earlier. As such it will be the technique used in this study.

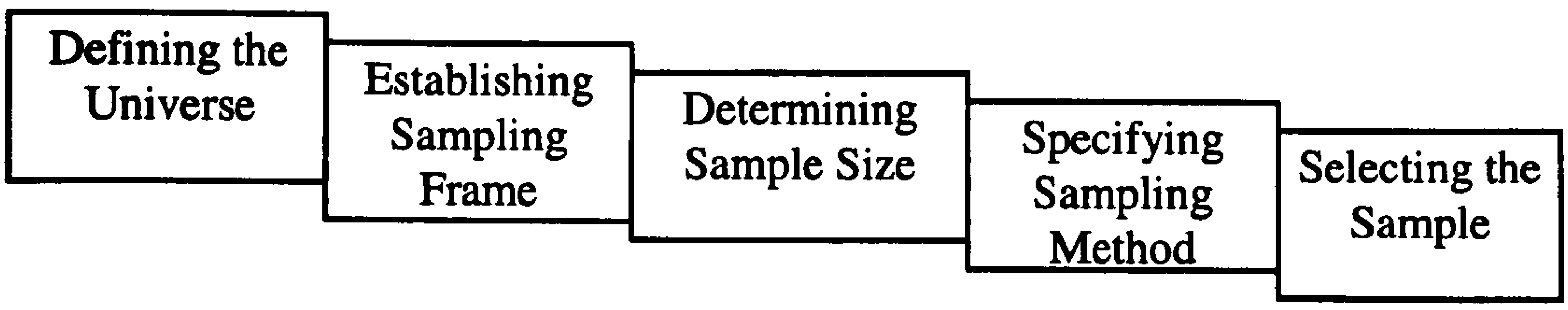
The basic approaches to collecting primary data are through observation, experimentation, and survey (Baker, 1990; Chisnall, 1992; Churchill, 1995). In this thesis, the survey method is chosen because it is the best way of achieving the four objectives specified earlier. According to Tull and Albaum (1973), "*survey is synonymous with getting information from a sample of people by using a questionnaire*". They further added, "*a survey is concerned with fact finding from a representative of a population, to determine attitudes and opinions in order to help understand and predict behaviour through asking questions*".

On the other hand, experimentation is used when the researcher is keen on establishing the causes and effects of a particular event. As such, this method is not suitable for the research objectives laid earlier. Likewise, observation is deemed unsuitable for this research because it is unable to determine the reasons underlying a certain attitude or behaviours. At best, it could only allow the researcher to describe the tangible aspects of behaviour such as how much a shopper is spending, what is she spending on and how long she takes to decide on which to buy. To summarise, in collecting data from the consumer, a descriptive data will be obtained. This will be done through the cross sectional studies using the survey method.

6.3.2 The Sampling Process

This subsection deals with the aspect of sample selection. First, the target population is identified. Second, the sampling frame is established. Third, the sample size is laid down. Fourth, the sampling method is selected and fifth, the procedure for selecting the sample is specified. Figure 6.1 illustrates the sampling process.

Figure 6.1 The Sampling Process



Source: Quee (1993), page 95

6.3.2.1 Defining the Universe

The universe, in the sampling terminology refers to the persons whom the researcher wants to study (Crouch, 1988, Chisnall, 1992; Quee, 1993; Sekaran, 1994). In the case of this thesis, as stated in the research scope, the universe refers to the female shoppers in Klang Valley. To further define the population and in view with the outcome of Chapter Two, the women in this study will be those in the age bracket of 20 to 55 years old. This age range is deemed appropriate for this research because department stores appeal to a wide range of customers and yet their price range should deter those under twenty years old from becoming regular customers.

In Malaysia, those who enter employment after secondary schools (18 years old) are generally low-wage earners. This automatically disqualifies them from being the patrons of department stores. However, after two to five years of working, they could eventually earn a sizeable salary to splurge on clothing. By then, they should be in their early twenties. For those who opt to further their studies, which in turn secured them better jobs and higher salaries, they generally need another five years before entering the workforce. Based on this assumption, their working age starts at 23 years old. Therefore, 20 years old is an appropriate lowest age range.

Likewise, it is thought that the reasonable upper limit of age range is 55 years old. In this country, women workers are allowed to opt for pension at the age of 45 and are expected to stop working at the age of 50. Except for a handful, this practice results in them staying home tending to their family needs. As such, it is most unlikely they will remain fashionable after the age of 55. To date, based on the write-up in Chapter Two, there are an estimated of 1 million female shoppers that fit the above description. This large number of population necessitates the researcher to identify the sampling unit. For the purpose at hand and in connection with the findings in Chapter Three ands Four, the sampling unit is restricted to those who frequented the shopping complexes that housed six flagship department stores in Malaysia (Table 6.1). This sample unit is thought to be representative because the study is about shopping and department stores. Therefore, the respondents should be those who patron these shopping complexes.

Table 6.1 Shopping Complexes and Department Stores

Shopping Complexes	Department Stores
Sg. Wang Plaza	Metrojaya
BB Plaza	Parson Grand
The Mall	Yaohan
Lot 10	Isetan
Kompleks Sogo Pernas	Sogo
Starhill	Tangs

Nevertheless, this method is not the only feasible means of defining the sample units. Several past local researchers (Asian Griffith, 1983; Khalifah, 1986; Ying, 1988; Osman and Ismail, 1989) chose residents of Petaling Jaya as their sampling unit. Petaling Jaya is the earliest and most modern township in Klang Valley. Furthermore, it occupies the central part of this region. These characteristics, according to these researchers, attract residents of many characters. Thus, making Petaling Jaya's population very representative of those in Klang Valley's.

Therefore, there are at least two suitable ways of defining the sample for this study. However, the author feels that the former is more appropriate for her study. The reason being, it allows her to select the respondents in their 'natural habitat' (that is going shopping/window shopping). Therefore, it is more probable that she would get the 'right' respondents. Furthermore, this method is less costly and more time efficient, two important constraints in this study. Perhaps, for these reasons, this technique is widely used in both America and United Kingdom (Luck and Rubin, 1987; Chisnall, 1992).

Since the respondents will be chosen from shopping complexes, it is also necessary to define the time boundary. That is the time frame for the sample unit (Luck and Rubin, 1987; Quee, 1993; Sekaran, 1994). It is planned that the time boundary will be the third week of December 1997. This time is selected for several reasons. One, four big events are to be celebrated close to each other – Christmas, Hari Raya Aidilfitri, Chinese New Year, and the start of the new school season. As such, it is expected that many shoppers of different characters would flock these complexes.

Two, it is the standard practice that Malaysian workers are paid on the 15th day in the months that the above religious occasions are celebrated. Furthermore, as in other countries, many workers are paid yearly bonus in December. Again, these practices will bring in shoppers of many personalities and diverse needs. Three, it is customary that retailers in Malaysia are using many tactics to capitalise on the earlier two factors. Again, these measures will attract female customers with different fashion lifestyles and shopping behaviour. Therefore, as illustrated, this time boundary enables the researcher to interview respondents that represent the multifaceted shoppers in Klang Valley. Naturally, this method could result in a biased sample, however, the selection of respondents as will be discussed in 6.3.3.4 will reduce this problem.

It is also necessary at this point to further clarify on the above time boundary by specifying the exact day or days this survey is to be undertaken. To provide a balance of shoppers in shopping complexes, two days are chosen for the field survey. One is a weekday and the other is a weekend. Friday is chosen for the former and Saturday is for the latter. There is no particular reason for choosing these two days but they should represent the typical shopping days for local shoppers.

6.3.2.2 Establishing the Sampling Frame

The author has earlier established the characteristics of the population under this study. It refers to female frequenters of any of the six shopping complexes; they must be in the age bracket of 20-55; and they are those who visit one of these shopping complexes on Friday and Saturday on the third week of December 1997. Specifically, the dates for these days are 19/12/1997 and 20/12/1997.

Given these requirements, perhaps the best sampling frame is the record on the number of shoppers from these shopping complexes. It would be most ideal if the monthly or weekly data on the number of female shoppers (from the age bracket specified earlier) is available. However, the probable problem with this option is to get the co-operation from all the shopping complexes management.

Furthermore, even if they may want to help most often than not, only a few have monitored the shoppers' movement. As such, not all the needed data can be supplied. Based on this argument, it is most unlikely that a comprehensive sampling frame from the shopping complexes' management could be used. Nevertheless, data from one or two of these shopping complexes should reflect the general number of visitors per month/week. This is because, these shopping complexes, with the exception of Kompleks Pernas Sogo, are comparable in sizes and mixture of tenants.

In cases where secondary sources are not available at all, the author could establish her own sampling frame by doing traffic counts at these six shopping complexes. She and her assistants could choose a weekday and a weekend to count the number of female shoppers entering the six plazas at some specified time interval and average them out according to each plaza. This method, however, requires intensive manpower and a large amount of money before a comprehensive data can be ascertained. To illustrate, to do a traffic count at a shopping plaza, at least three persons are needed at each entrance/checkpoint. This way, these three counts can be averaged out. Alternatively, the nearest two answers can be used to represent the number of people frequenting that complex. Bearing in mind that a shopping complex has many entrances, it is expected that this method needs at least 12 people per shopping complex or 72 people for the six identified plazas. If this traffic count is to be done at a weekday and a weekend, a total of 144 people are needed. With the market rate of RM30.00 per person/day, this method would cost the author more than RM4,000.00.

Considering the resources available at hand, an extensive traffic count could not be carried out. Thus, using the same argument with the first option (that is all the complexes are comparable in characteristics except Kompleks Sogo Pernas), one shopping complex will be chosen to represent the other four. On the other hand, a traffic count at Sogo Pernas has to be carried out. To summarise, the researcher will first try to get the sampling frame from secondary sources. That is either from the shopping complexes' management or from previous research works. Failing to get them, a traffic count as discussed above will be done.

6.3.2.3 Determining Sample Size

Crimp (1985) in discussing the adequate number of a sample size, notes that, it is a standard practice in United Kingdom that a sample of 3,000 or less is used to represent the 42.6 million adults there. Putting it in a percentage term, a sample of less than 0.007 per cent has been the norm there. Thus, if the total number of women shoppers in the identified six shopping plazas in a weekday is 1/2 a million and a weekend is ¾ million, then the sample size for this study will be 87.5 or 88 (that is 0.00007 x 500,000 + 0.00007 x 750,000 = 87.5). Using this formula, however, the sample size for this study seems to be too small. Nevertheless, another author, Roscoe (1975) also supports the above guideline when he stated "*samples sizes larger than 30 and less than 500 are appropriate for most research*". Lewison (1997), a famous retail writer, however, believes that a sample of 400 or 500 persons can provides a satisfactory results and reliable information. Roth (1978) and Blamires (1990), further upheld this latest notion.

Sekaran (1994), nevertheless, provides a more comprehensive guideline (Table 6.2). As evidenced from the table, the appropriate percentage of sample size differs according to population size. The table shows that the larger the population, the lower the percentage of sample size should be. For example, for a population of 1million, the appropriate percentage is .038 per cent. On the other hand, if the population is so small, for example 10, the entire population should be included or a 100 per cent sample size. Thus, this table explains the small percentage cited by Crimp (1985) earlier.

Table 6.2 Table for Determining Sample Size from a Given Population

N	S	N	S	N	S
10	10	1,000	278	40,000	380
50	44	5,000	357	50,000	381
150	108	10,000	370	75,000	382
200	132	20,000	377	1,000,000	384

Source: Sekaran (1994), page 253*
Note: *For a comprehensive list, please refer to this page of Sekaran (1994)
N = population size; S = sample size

Similar to the other three writers (Roscoe, 1975; Roth, 1978; Lewison, 1997), Sekaran (1994) agrees that 500 samples are the appropriate upper limit for the sample size. He states that "*too large a sample (say, over 500) could become a problem inasmuch as we would be prone to committing Type II error*". That is, if the sample is too large, even weak relationships reach significant levels. Thus, a researcher would be inclined to believe that these significant relationships found in the sample are indeed true of the population, when in fact they are not. Given the opinions and suggestions of these authors, a sample size of 500 should be more than suitable for this study.

Alternatively, the author could use data in Table 6.2 to calculate the sample size. This is quite a simple task because the given guideline is comprehensive and easily followed. If the sample size is to be calculated this way, the result will be derived by first seizing up the population at each location within the time boundary stated earlier. Then, the sample size for each location is calculated and summed up. Putting it in mathematical term:

$$\eta = X_1 \text{ of } (\Sigma\, N_1+N_2+N_3+N_4+N_5+N_6) + X_2 \text{ of } (\Sigma\, N_a+N_b+N_c+N_d+N_e+N_f)$$

that is $\eta = X_1 \text{ of } (\Sigma\, S_1+S_2+S_3+S_4+S_5+S_6) + X_2 \text{ of } (\Sigma\, S_a+S_b+S_c+S_d+S_e+S_f)$

where: η is the sample size;

X_1 is the sample size for a weekday;

X_2 is the sample size for a weekend;

N_1 . N_6 are the population size at shopping complexes on a weekday; and

N_a . N_f are the population size at shopping complexes on a weekend

S_1 . S_6 are the sample size at shopping complexes on a weekday; and

S_a . S_f are the sample size at shopping complexes on a weekend

This alternative, however, needs a comprehensive sampling frame before a correct sample size can be obtained. This requirement as discussed in 6.3.2.2 may not be possible. Taking this into consideration and the earlier recommendation on the appropriate sample size, the author elects to use the first alternative. As such, the sample size for this study will be 500 respondents.

6.3.2.4 Specifying Sampling Method and Selecting the Sample

The author in selecting an element in her sample chose probability sampling over non-probability sampling. This is because it enables her to obtain a representative sample (Churchill, 1995). There are as illustrated by any research book, several techniques to probability sampling. In this thesis, the sample elements will be chosen using systematic sampling. This method of probability sampling is selected over the others because it is orderly and saves a lot of time in identifying an element (Luck and Rubin, 1987; Chisnall, 1992; Quee, 1993). That is once an element is picked, the consecutive elements are selected in a systematic manner at a time after a fixed interval. Figure 6.2 illustrates the formula and the procedure.

Applying these formula and procedure, the interval for this thesis will be N/500. As N cannot be ascertained at the time of writing, the interval could not be calculated. Even so, it should be pointed out that once the interval is computed, the selection of respondents would be based on the operating hours rather than the number of people. This proposed method avoids fatigue and tedious counting. For example if the interval is 50, to identify one sample through the latter (the number of people), a researcher has to continue counting every 50 persons until the whole sample is selected. This practice would be too tiring. However if the former method is used, one only has to measure how many minutes or seconds on average, an interval of 50 people would take. After ascertaining the time lapse, each respondent is selected according to this cycle. As such, if the time lapse is 5 minutes, then the respondents would be approached using this interval.

Figure 6.2 Formula and Procedure of Systematic Sampling

Formula & Procedure

$$I = N/\eta$$

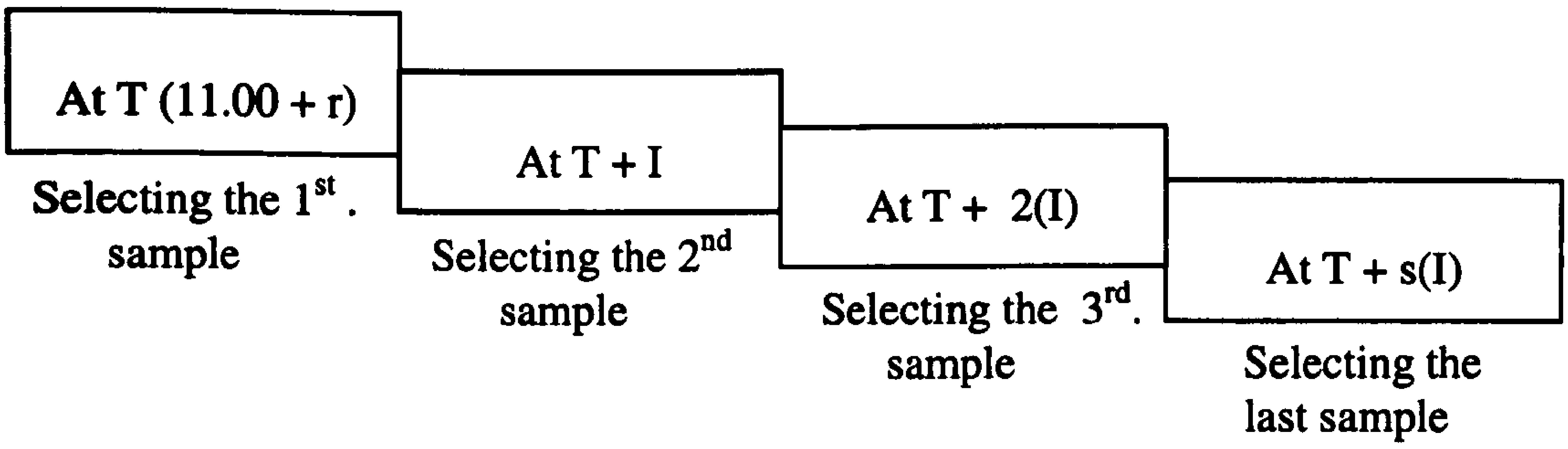
where: N is the population size;
η is the sample size; and
I is the interval.

1. Decide on the desired sample size;
2. Calculate the fixed sample interval;
3. Select a random start number r (0 < r < I); and
4. Select the r-th element from the population list. Subsequently, proceed to select other elements at every I-interval until the Population list is existed.

Source: Quee (1993)

To illustrate further, generally, shopping plazas in Malaysia open for 10 hours on a weekday (from 11.00 am to 9 p.m.); 11 hours on Saturday (from 11.00am – 10.00pm), and 71/2 hours on Sunday (from 11.30am – 6.00pm). To select the respondent systematically, first the interval (I) has to be calculated. Then r (random start, where (0 < r < I)) has to be identified. Fitting r with the operating hours, then the first respondent will be approached at the time T, where T = 11.00 am + r. Subsequent respondents will be chosen by adding the sums of interval (I) to T. Figure 6.3 shows the selection of respondents in this study.

Figure 6.3 Selecting the Respondents



Note : Where s = the summation of all the interval time leading to the last sample to be selected.

6.3.3 Data Collection

This subsection discusses the instrument and method used for data collection. The subjects of the former are the design of the questionnaires, the structure of the questionnaires and the scaling used. The administration of questionnaire is the subject of the latter.

6.3.3.1 The Design of the Questionnaire

Generally, there are two broad ways of collecting descriptive data from consumers. One is through observing and the other is by questioning. Observation method could yield a very reliable data, if longitudinal study is used. This way, the behaviour could be analysed and the future behaviour can be inferred. Turnover tables are the main tools for this type of study (Quee, 1993; Luck and Rubin, 1987).

However, since cross sectional study has been chosen for this study, data should be collected through questioning. Using this method, the respondents will be approached and issues related to a study will be asked. In this case, instead of using turnover tables, data are cross-tabulated to reveal answers or clues to a topic (Quee, 1993; Blamires, 1990; Luck and Rubin, 1987; Green and Tull, 1978).

To aid questioning the shoppers, a set of questionnaire has been designed. In constructing this instrument, the main concern lies on two factors. One is to gain as much information as possible from the shoppers. Two is to get a good mixture of respondents and to keep their interest going (to continue answering). To achieve the first aim, a long questionnaire is inevitable. As such, at the beginning of drafting the questionnaire, a total of 144 questions are included.

These questions may appear to be too many, but they are not uncommon in similar studies as this one. In the past, Gutman and Mills (1982) for example, constructed a 28-page questionnaire and mailed them to the respondents. Similarly using mail survey, Kopp *et al.* (1989) employed a 34-page questionnaire. To gain a substantial response rate, 30.5 per cent and 41 per cent respectively, these authors secured helps from retailers in the forms of gifts and cash rewards. Nevertheless, generally lengthy questions frighten away the respondents. This is especially true in the case of working women. Furthermore, the survey technique employed by the researcher (in this study) is different than the above authors (as shall be discussed later). Therefore, it is inevitable that the number of earlier drafted questionnaires has to be reduced. Finally, a total of 59 questions are retained (Appendix I)

Still, this questionnaire is rather complex and needs some time to complete. This is because, as will also be established in the next subsection, some questions need the respondents to recall past behaviour and to rank several attributes against eight stores. Nevertheless, the writer (of this thesis) at the moment has also secured co-operation from a local department store to issue cash vouchers as incentives to respondents. As such, it is envisioned that the shoppers would be willing to be subjected to these questions in exchange of the reward.

6.3.3.2 The Structure of the Questionnaire

The designed questionnaire is divided into five sections (Appendix I). They are:

i. Section A - The consumer lifestyle dimensions

ii. Section B - The merchandise requirements

iii. Section C – The buyer behaviour

iv. Section D - The store patronage and store image attributes, and

v. Section E - The demographics dimensions

Section A is designed to achieve the first objective of this primary research. As noted earlier, data uncovered in this section provide the main base for segmentation. The questions for this section are adopted from those used by Kopp *et al.* (1989). Their works are copied because their contributions to department stores and apparel retailers have been widely recognised. In addition, they have since late 1970s been commissioned to undertake periodic studies on apparel shoppers by these store operators. Therefore, it is assumed that these lifestyle batteries have been frequently used and tested. As such, problems in reliability and replicability as mentioned in Chapter Five are reduced.

On the other hand, Section B is drawn up to realise the second objective of this survey. The development of questions on this section is mostly guided by the inventories in Table 5.5 and Table 5.8. The author, in designing these questions, tends to rely heavily on the needs and expectations of three major categories of women's apparels, as underlined in the research scope. In addition, compared to the other sections, this one contained the most number of questions. This is to be expected because there are many aspects of merchandise mix that need to be asked. Even so, as the audience may notice, several aspects of merchandise queries as discussed in Chapter Five could not be incorporated. The need for brevity to contain the respondent's interests, as previously noted, is the reason.

To meet the third and part of the first objective of this study, Section C is drawn up. Similar to Section B, questions in this domain are heavily guided by those in Table 5.5 and 5.8. Over here, questions on shopping frequency and purchase amount are asked. Recall that these two variables will be used to measure the attractiveness of the resulting clusters. Thus, they serve to satisfy objective number one. Besides these two queries, questions on proneness towards clothes and stores are incorporated in Section C. Likewise, this section measures respondents' reactions towards the tangibles and intangibles of fashions. Therefore, most of the contents in this section are picked to realise the third objective of this study. Compared to others, this (section) is the only one with open-ended questions. They are essentially recalled questions where the respondents are requested to name the store they shopped most often and the reasons for choosing that store. It should be noted that up to this point, no names (of stores) are mentioned. This technique is adopted so that the respondents will not be affected by these names when indicating their favourite stores.

To satisfy part of the first objective and the fourth objective, Section D is constructed. In here, the names of all the six department stores and other general merchandise stores (that is neighbourhood superstores), uncovered in Chapter Three are laid down. This section measures the attitudes of female shoppers towards department stores and other general merchandise stores in Klang Valley. Essentially there are two sets of queries in this area. The first is questions on frequency of store patronage. They are constructed to determine their proneness towards department store retailing. This input will be used to qualify the resulting segments. As such, this exercise fulfils the first objective of this study.

The second set, on the other hand, contains questions on consumer's perception towards this retail format. Input from this outcome accomplishes the fourth objective of this study. Over here, respondents will be asked to rank several attributes against key department stores and neighbourhood superstores. The latter are chosen because, as indicated in Chapter Three, they resembled department stores in size and product line. The only difference is they traded on a lower image, stressing on price and value for money. Furthermore, they are widely known by local shoppers. However, admittedly, several speciality upmarket stores should be included as well. Their inclusion could provide a better perspective of the department stores' positions in the consumers' minds. Nevertheless, adding these stores would further add to the complexity of this rank and order question. In addition, the author has no knowledge of the speciality stores that are broadly known by the general public. Therefore, by including just any upmarket speciality store, the respondent will get confused and will blank the answer. Or worst still, they will lose the concentration and refuse to answer the rest of the questions. As such, it is best that the speciality stores are excluded from this exercise.

Among all the questions, this one (rank and order) is felt to be the most 'heavy' question. This is because the respondents are required to arrange the stores against several attributes. Nevertheless, this question is essential because the rankings given would allow the projection of a perceptual map (Davies and Brooks, 1989). As such, this is the last question posed before the respondents are instructed to fill in the easiest section, the demographics.

Finally, Section E is drawn up to complete the first objective of this study. Like the results in department store patronage pattern, shopping frequency and purchase amount, this one will be used to further understand and qualify the resulting clusters. The standard demographic factors for fashion studies are incorporated here (Gutman and Mills, 1982; Kopp *et al.*, 1989).

6.3.3.3 The Scaling and Pilot Testing of the Questionnaire

This questionnaire is designed with two scales in mind. One is the nominal scale and the other is the ordinal scale. However, several demographic and behavioural questions are also made up of continuous scale.

Generally the nominal scales employed in this research are divided into two types. One is categorical and the other is binary. The former is attached to several questions in Section E to extract answers regarding ethnic groups, dress size and type of jobs. The latter, on the other hand, is used in Section B as it allows the respondents to score a multiple of answers. This method is deemed most suitable because it does not restrict the respondents to only one answer. As such, the results will give a better picture of the customers' merchandise needs and expectations.

On the contrary, ordinal scales are applied to Section A, Section D and several parts of section C. Likert-like scales, as discussed in Chapter Five (examples: Plummer, 1974; Wells, 1974; Wei, 1997) are typically used to measure lifestyle AIOs (in Section A) and frequency of shopping (in Section D). In addition, rank and order is another ordinal scale employed in this thesis. Finally continuous scales are used to measure income, age, purchase amount, and age of the respondents.

Having the questions and the appropriate scales attached to them, the next stage will be pilot testing. The first stage of this procedure is reviewing the questions with the research sponsor. Recall that the author has at this point secured the help of one local department store in providing cash vouchers for respondents. The aim of this step is to ascertain that the questions are really pertinent for department stores in making their merchandise decisions. Besides, the proper usage of words and terms would also be discussed.

The second stage of this procedure is to actually test this instrument with a small group of respondents. This is done to determine its suitability and reliability in terms of :

a. the time taken to fill it in; b. the phrasing of the sentences;

c. the words used; d. the instruction given;

e. the redundancy of questions; and f. the answers given

g. the scaling used

This procedure shall be undertaken in early December 1997. It is planned that at least ten respondents will be subjected to these questions. Consequently, an in-depth discussion will follow to gain insight on the above issues. This is possible because the respondents are friends of the author. They are residents of Klang Valley and in the age range specified earlier. Upon completion, feed backs given will be used to improve the questionnaire and a reliability test will be performed on their answers (from the completed questionnaires).

6.3.3.4 The Administration of Questionnaire

This subsection describes how data are going to be collected. Specifically, it identifies the technique used, the manpower needed and the field-work schedule. Regarding the first issue, generally there are three ways in collecting data: personal interview, mail surveys and telephone survey (Crouch, 1988; Baker, 1990; Chisnall, 1992; Quee, 1993). Lewison (1997) provides a guideline for choosing the suitable method. This is illustrated in Table 6.3.

Table 6.3 Determining Which Survey Method To Use

Selection Criteria	Personal Interview	Telephone Survey	Mail Survey
Cost[1]	Most expensive	Intermediate	Least expensive
Speed	Slowest method	Fastest method	Intermediate
Accuracy	Most accurate	Intermediate	Least accurate
Volume	Most information	Least information	Intermediate
Response rate	Highest response	Intermediate	Lowest response
Flexibility	Most flexible	Intermediate	Least flexible
Sample control[2]	Intermediate	Worst representation	Best representation
Interview control	Greatest control	Intermediate	Least control
Administrative control	Least control	Intermediate	Greatest control

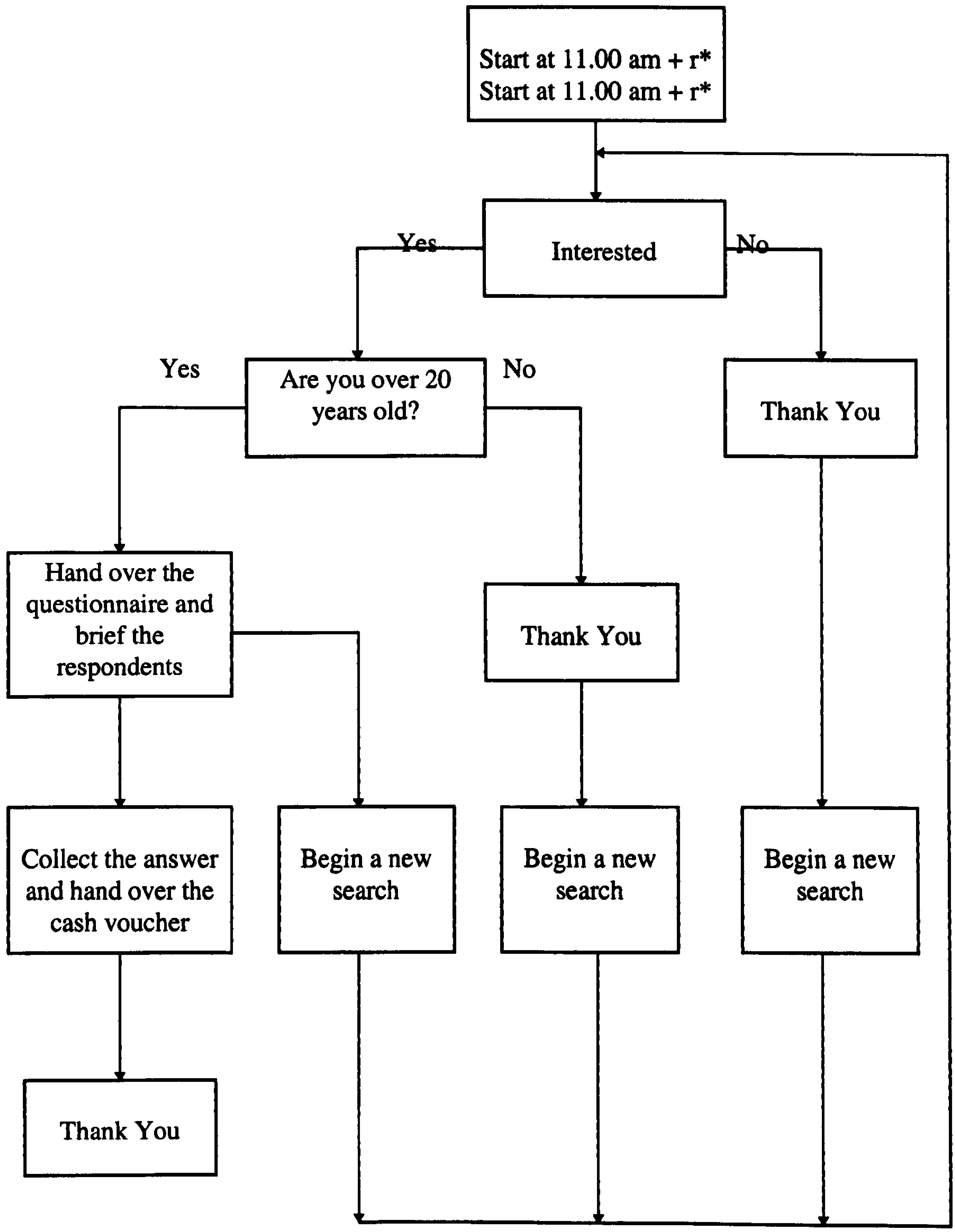
[1] Where the sample is scattered over a wide geographic area
[2] Assumes an accurate mailing list
Source: Lewison (1997), page 595

Similar to the process of drafting questionnaire, choosing the right survey method also needs balancing several factors. Generally speaking, accuracy, high response rate and sample representations are three most important criteria in data gathering (Lewison, 1997; Quee, 1993; Jobber, 1990). For this thesis however, three more dimensions are added. They are cost efficient, time efficient and secrecy. Naturally, as shown in the table, no one technique satisfies all the above conditions. Personal interview, for example, yields the highest response rate and accuracy. Nevertheless, it is the most expensive method. Similarly, while the most representative and secretive technique is mail survey, it is plagued with the lowest response rate (Jobber, 1990). Thus, no one method is superior to the other.

As such, similar to questionnaire design, the best method for any survey has to be the trade off between several criteria. In the case of the author, as mentioned earlier, her three most important criteria are lower cost, a considerable response rate and some secrecy. To illustrate on the last point, a good number of questions in this research are quite personal in nature. Therefore, it would be best that the respondents fill in the answers themselves. Perhaps for this reason, past researchers (Gutman and Mills, 1982; Kopp *et al*, 1989) chose mail survey as the data collection technique. However, through the author's personal experience, the typical response rate in Malaysia is less than 16 per cent. And even then, it is difficult to ascertain when the answers could eventually come back to the researcher. Hence, for this thesis, the 'on the spot mail survey' is elected. That is, the respondents will be asked to fill in the questionnaires themselves. In addition, to ensure that these instruments will be immediately returned, the researcher or her assistants will be waiting nearby. Once the questionnaire is completed, the respondent will hand it over to the person in waiting in exchange for the cash reward. As such, this survey involves self-administered questionnaire inside the six shopping complexes identified earlier. Figure 6.4 illustrates the organisation of this 'on the spot mail survey'.

To further demonstrate, the researcher or representatives will be stationed at the focal point of each shopping plaza (Table 6.4) and will approach the consumers systematically. The identification of the first respondent, as shown in Figure 6.4 earlier, will start at T (11.00am + r) - the opening hour of shopping complexes plus the random number. At T time, the first respondent will be approached and she will be asked if she will like to participate in exchange of a gift. The next step will be to identify if she meets the required age range (in cases where the researcher is uncertain). Once the answer is yes to both questions, a set of questionnaire will be handed to her. She is then asked to fill in and return the completed answer to the

Figure 6.4 The Administration of Data Collection



Note: * Friday
**Saturday

researcher. In the mean time, the same or another researcher will start looking for the next respondent. In cases where the identified respondent is unwilling to co-operate or does not meet the requirement, another respondent will be identified.

Table 6.4 The Selection of Respondents

No. Researchers/day*	Shopping Complexes	Department Stores
4	Sg. Wang Plaza	Metrojaya
4	BB Plaza	Parson Grand
4	The Mall	Yaohan
4	Lot 10	Isetan
4	Kompleks Sogo Pernas	Sogo
4	Starhill	Tangs

*Note: There are two shifts at each plaza. Each shift employs two persons.

To summarise, this section discusses issues pertaining to data collection. As argued earlier, the questioning technique is chosen over the observation. This choice is most appropriate when descriptive data are needed. To aid data collection, a set of questionnaire, divided into five sections is drawn. It is constructed with the first four objectives of this research in mind. Once they are pilot-tested, the questionnaires will be distributed to the respondents using systematic sampling. The participating shopper will be requested to fill in the questionnaire on the spot and return it to the nearby author or her research assistants.

6.3.4 Data Analysis and Interpretation

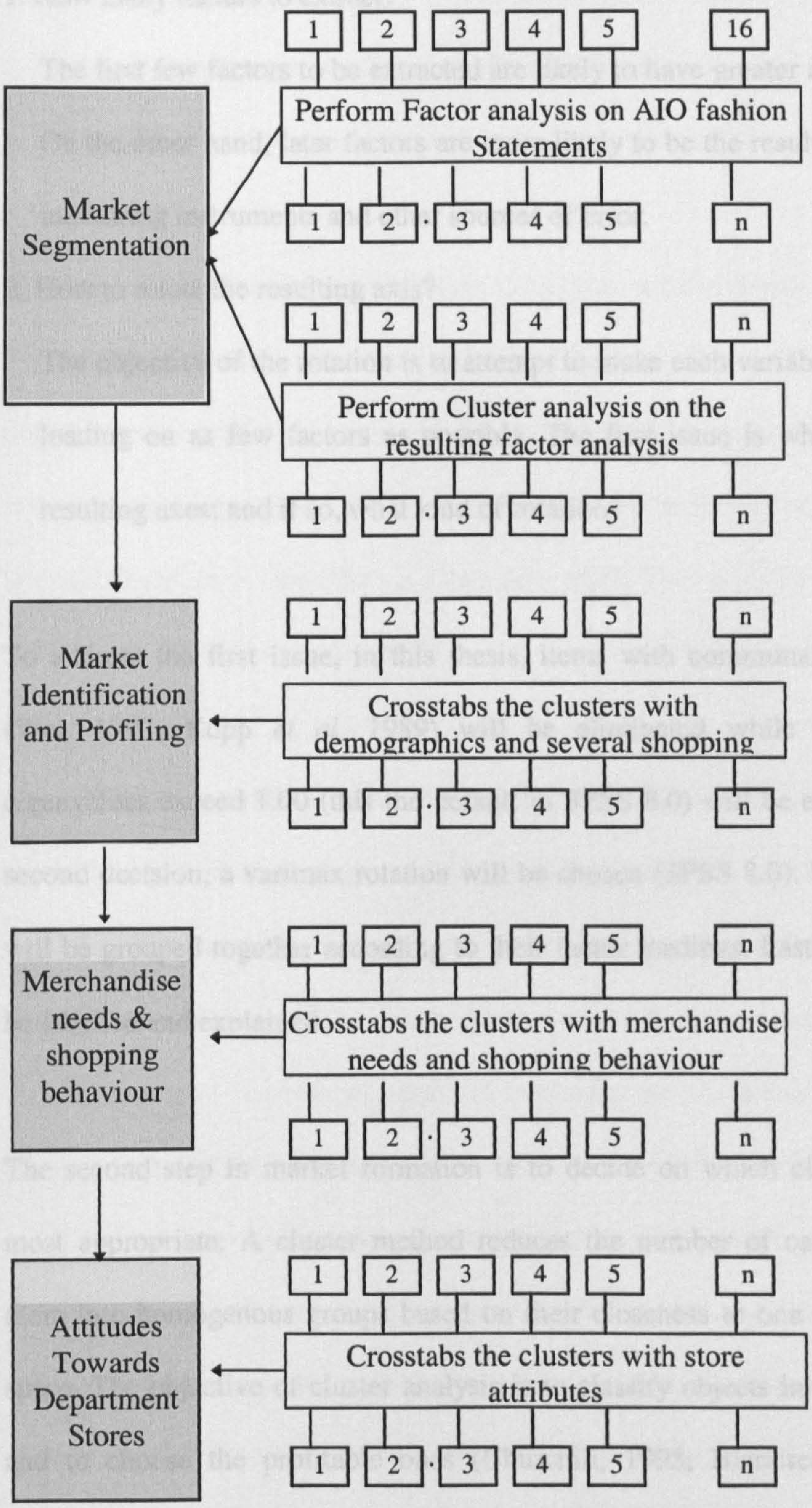
Once the questionnaires are gathered, they will first be edited. This is to check that the returned questionnaires are filled by female shoppers of the required age (between 20-55). It is predicted that it could be possible for the researcher or her assistants to misjudge the age of the respondents. In addition, it is also reasonable to expect that some respondents may mislead the researchers about their age when cash vouchers are at stake. Thus, the answer to the last question would be checked. If the respondents indicated that they are not within the age range specified, their returned questionnaires have to be discarded. Next, the 'good' questionnaires would be coded, keyed in and processed through the SPSS software. The processed data would be analysed following the steps illustrated in Figure 6.5.

6.3.4.1 Market Segmentation

The process of predicting the merchandise mix for Malaysian department store will begin by partitioning the respondents into smaller groups of similar behaviour. Central to this process is the development of an a priori classification variables (Frank and Massy, 1975; Hudson, 1982; and SPSS/PC+ Advanced Statistics V2.0). In the case of this study, the 16 fashion lifestyles in Section A of the questionnaire, exemplifies these variables.

As the first step to grouping customers, the above 16 variables will be subjected to factor analysis. Factor analysis, according to Green and Tull (1978), is "*a generic name given to a class of techniques whose purpose often consists of data reduction and summarisation.*" Therefore, essentially, factor analysis attempts to draw out a number of factors underlying the input variables (Blamires, 1990; Punj and Stewart, 1983; Green and Carmone, 1970). In addition, these factors will be independent of each other, and it should be possible to label them in terms of the original variables.

Figure 6.5 Overview of Data Analysis



Fundamentally two basic decisions have to be made, prior to using this factor analysis (Green and Carmone, 1970). They are:

1. How many factors to extract?

   The first few factors to be extracted are likely to have greater descriptive powers. On the other hand, later factors are more likely to be the result of unreliability of measuring instruments and other sources of error.

2. How to rotate the resulting axis?

   The objective of the rotation is to attempt to make each variable has a substantial loading on as few factors as possible. The first issue is whether to rotate the resulting axes; and if so, what kind of rotation?

To address the first issue, in this thesis, items with communalities less than 0.3 (Wei, 1997; Kopp *et al*, 1989) will be eliminated while all factors whose eigenvalues exceed 1.00 (this the default in SPSS 8.0) will be extracted. As to the second decision, a varimax rotation will be chosen (SPSS 8.0). Later, the variables will be grouped together according to their factor loadings. Lastly, each factor will be labelled and explained.

The second step in market formation is to decide on which clustering method is most appropriate. A cluster method reduces the number of cases by partitioning them into homogenous groups based on their closeness to one another in variable space. The objective of cluster analysis is to classify objects into several segments and to choose the profitable ones (Churchill, 1995; Blamires, 1990; Punj and Stewart, 1983; Green and Carmone, 1970).

Churchill (1995) recommended three important decisions to be made before embarking on the actual analysis. They are:

1. Which variables will serve as the basis for cluster formation?
2. How will the distance between cases be measured?
3. What criteria will be used for combining cases into clusters?

For this research, the factored lifestyle statements satisfy question number one. For question number two, "Squared Euclidean Distance", the most commonly used of distance index would be employed. Lastly for the third question, "average linkage criteria" would be used. These decisions are made based on recommendations through literature review (for eg. Churchill, 1995; Everitt, 1993; Punj and Stewart, 1983; SPSS-X User's Guide, 1988).

The SPSS package offered three clustering methods for users. They are discriminant method, hierarchical method, and k-means method. The prerequisite for the first type of analysis excludes it from being useful for this analysis. Instead, the other two are most suitable. Generally, hierarchical method is much simpler to use because (unlike k-means) it does not need the researcher to pre-determine the number of clusters to be performed. Instead, it would self-partition the respondents through several sequences and submit the output to the programmer. The task then is to decide at which distance level the clusters will be chosen. Judgement will depend on criteria such as external isolation and internal cohesion (Churchill, 1995; Everitt, 1993; Punj and Stewart, 1983; Cormack, 1971). Dendrogram, for example, is one of the techniques used to evaluate these criteria.

However, hierarchical method is not suitable for larger cases (more than 200 respondents). In addition, in an extensive study done by Punj and Stewart (1983), K means method seemed to give a better result if a random starting point can be specified. The issue is then is how to specify the starting point or the number of clusters? There are several suggestions that command both the suitable procedure and the programmer's judgements.

The above authors for example recommended a two-stage clustering method. According to them, the responses should first be subjected to hierarchical analysis to determine the starting point and to weed out the outliers. Then the selected number of clusters and the centroids of clusters should be fed into k-means analysis to perform cluster analysis on the 'cleaner' set of cases. It is common, for instance, to find up to 8 per cent of outliers in a research work (Lesser and Hughes, 1984). In the case of this study then, the outliers could be up to 40. The method suggested by Punj and Stewart (1983), however, can best be applied to smaller set of cases.

For larger cases Mezzich (1982) recommended the programmer to first randomly split them into smaller groups and subject each group into hierarchical analysis. From the output, the appropriate number of clusters could be determined. As mentioned earlier, dendrogram is one of the measuring techniques. Even though this method is relatively easy to use, the problem could arise when each output differs substantially from each other. As such, a common pattern could not be extracted. Probably, due to this reason that researchers like Wei (1997), Chaturvedi *et al.* (1997), Bucklin *et al.* (1995) and Kopp *et al.* (1989) relied on another method. That is by specifying several sets of clusters and scrutinising the output for:

1. How well did each factor cluster the sample?

2. How interpretable was the cluster solution?

The output that fits the above specification best is then chosen.

As the above literature suggests, regardless of any technique, cluster analysis involves a great deal of human judgement. Kozelka (1982) wrote "*the trouble with a clustering problem is that there is no correct answer in the back of the book*". This sentiment was also echoed by every author (that the researcher came across) in this area. Therefore, essentially there is no single best way of evaluating how many clusters are 'perfect'. The most suitable, however, depends on the situation and the meanings that set of cluster could bring. As such, the approach in this thesis is to experiment with different ways before deciding on the appropriate clusters.

To this end, the first step of data analysis begins by subjecting answers in Section A to factor analysis. This exercise will enable the author to identify key fashion orientations of the Malaysians. Consequently, these various fashion lifestyles are labelled and discussed. In addition, the resulting fashion lifestyles would then become the input to assigning cases into several clusters. At the end, fashion lifestyles of each group will be laid down. Looking back at the objectives set forth for this research, clearly this procedure serves to meet part of the first objective.

6.3.4.2 Market Identification and Profiling

Most often cluster analysis is viewed as the first step to identifying potential prospects. The next step is to assign more meanings to these groups so that profitable markets can be picked out. For this thesis and in line with Figure 5.3, the segment evaluators will be the demographics, the shopping frequency, the shopping amount and the department store patronage behaviour. This subsection discusses the treatment of these data.

First, the seven demographic variables will be cross-classified with segment members. They are marital status, education, job, monthly income, dress size, race, and age contained in Section E. Second, data on consumers spending pattern in question 30 will be cross-referenced with the resulting clusters. Third, the same treatment will be carried out to inputs on the amount shopped taken from question 31. Finally, the department store patronage behaviour of questions 43-48 will be cross-tabbed with the each group.

Once all these procedures are carried out, the results will be attached to the respective segments. Next, the profile of each group will be explained and described. Combining these variables, as mentioned in Chapter Five, will provide a richer characteristics of each cluster. Later, the attractive clusters for department stores will be picked for the next stage. Going back to the objective set forth in this research, clearly this exercise serves to complete the first objective.

6.3.4.3 Merchandise Expectations and Shopping Behaviour

Once the profitable segments have been identified, their merchandise expectations and shopping behaviour will be studied. That is done through direct association. At this point, the 'good' cluster/s will be crosstabbed with Section B and C (of the questionnaire). Specifically, the target market's motivation towards clothing, their needs and expectations on the three apparel categories, their assortment choice criteria and their reactions towards brands, stock-outs and new products are laid down. Similarly, their store choice and spending patterns are analysed. Primarily this step satisfies the second and third research objectives. The results would then be used to recommend an appropriate merchandise mix for Malaysia's department stores.

6.3.4.4 Attitudes Towards Department Stores

Finally, data on Section D, namely the rank and order data will be used to construct the perceptual map of each department store. Once more, using direction association technique, the 'good' cluster/s will be cross-referenced with the attributes of department stores and their competitors. Consequently, the perceptual map of each department store is plotted. Responses to question 49-52 in Section D will be used for this purpose. At the same time, the attractiveness of each cluster is re-evaluated. This exercise accomplishes the last objective of this consumer research and follows the procedure set in Figure 5.6.

To summarise, this section discusses the aspects of data treatment for consumer research. First Section A of the questionnaire will be subjected to factor analysis. Next, variables extracted from this analysis will become the input for cluster analysis. Once this is achieved, demographics and several general shopping behaviour will be cross-referenced with each cluster to select the segment/s for department stores. Later, outcomes in Section B and C would be cross tabbed with the selected groups to uncover their merchandise expectations and shopping behaviour. Lastly, a perceptual map based on information from Section D is plotted. Once more, the cluster would be re-analysed to determine their importance to department store retailing. These analysis accomplish the first four objectives of the research work.

6.3.5 Scheduling

Finally Table 6.5 reflects the scheduling for this consumer survey.

Table 6.5 The Schedule for Consumer Survey

Month / Activity	Sept. 1997	Oct. 1997	Nov. 1997	Dec. 1997	Jan. 1998	Feb. 1998	Mar. 1998
Formulating Research Objectives							
Questionnaire Design							
Pilot Study							
Questionnaire refinement and field work							
Data Processing							
Data Analysis							

6.4 The Retailer Research

To satisfy the last objective of this study, the local department stores' financial considerations needs to be uncovered Arguably, looking back at this final objective, past trend could sufficiently equip the author with the needed information. That being said, then secondary data from key department stores on gross margins, turnover and sales per square feet of the different types of women's apparels, should give enough input for future trends. Likewise are financial data pertaining to brand mix policy, assortment policy and new product policy.

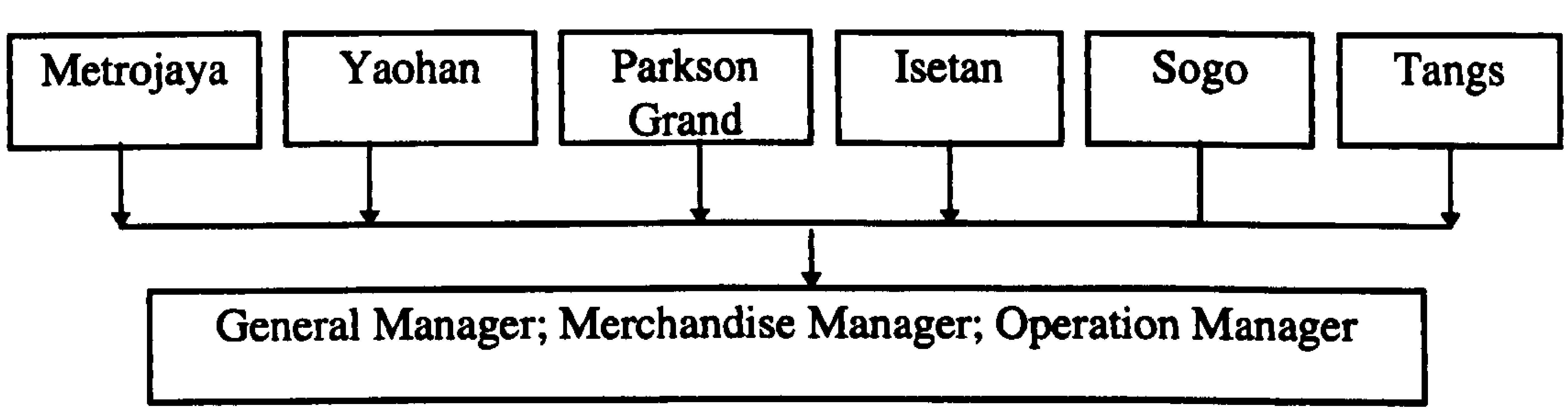
However, it is doubtful that these past records are readily available. Looking through their annual reports (the author only managed to get hold from two sources - Metrojaya and Yaohan Aktif Lifestyle), it is impossible to extract the needed data. In addition, even if secondary data are readily available, perhaps, they are not easily accessible. Company's trade secret could be one reason to this (Crouch, 1988). Besides, it could also be possible that local department stores do not formally adopt these financial measures. Therefore, taking these arguments into consideration, it is thought that the best way is through arranging a formal interview with key people involved in merchandising decisions. This section undertakes to discuss the research design, the research instrument, the mechanics for data collection, and the data analysis and interpretation for the retailer research. Like the consumer research, towards the end of this section, the expected time taken for this research is laid down in the research schedule.

6.4.1 The Research Design

Similar to the earlier consumer research, this one intends to describe the characteristics of merchandise. However, instead of looking at how they can fulfil the consumers, this second research looks at how they can satisfy the department stores. Once more, for the reasons previously discussed, the cross-sectional is chosen over the longitudinal method. Admittedly, it is possible for the researcher to obtain longitudinal data as well. That is, given that the respondents are willing and able to share, historical data could be obtained. However, through her own previous experiences, the author doubt that this is possible. In addition, resembling the method of extracting data from consumers, the survey technique is favoured over experimentation and observation. The earlier section has discussed at length the reasons for using this research design and thus would not be discussed again here.

The target population will be the department store operators in the six shopping malls identified earlier. This selection bodes well with the defined consumer population and sampling frame discussed in section 6.3.2.2. Essentially, the respondents will be those who are directly involved in making and implementing the merchandise policy. As such, they would have the fact and the knowledge about this area. It is thought the key people are the general manager, the merchandising manager and the operation manager. Due to the factual nature of this study, arguably, getting the information from one of them is enough. However, knowing how difficult it is to get an interview with any of them (Hart, 1991), all of the identified respondents would be contacted. Thus, the maximum number of sample for this retailer's survey is 18. Figure 6.6 illustrates the sample size for this survey.

Figure 6.6 The Sample Size For Retailer Research



6.4.2 The Research Instrument and Research Method

The aid the researcher, a set of questionnaire is developed (Appendix II). In designing this research instrument, the main concern is whether the respondents are willing to answer the issues posed (Crouch, 1988). This is because these questions try to uncover the facts about the company, which as shown in the Appendix II, could possibly be classified under 'strictly confidential'. For this reason, the personal interview technique is chosen. This method, according to researchers (eg. Jobber, 1991; Podsakoff and Dalton, 1991), is the most important survey method in industrial market research.

Chisnall (1992) defined an interview as '*a conversation directed to a definite purpose other than satisfaction in the conversation itself. It is concern with a purposeful exchange of meanings, and it is this interaction between the interviewer and the respondents which contributes so much to the success of the interview*'. Therefore, it is hope that with meeting them face-to-face, they could be persuaded to pour the information to the researcher.

In addition, personal interview is also the most flexible data collection method (Green and Tull, 1978; Crouch, 1988; Jobber, 1991; Chisnall, 1992). As such, different phrases could be worded depending on the situation and the person, to get the responses needed. Therefore, questions in Appendix II are used as guidelines to this survey. Instead, the precise nature of each interview would differ from one respondent to another. Nevertheless, it is imperative that questions pertaining to their financial requirements on the merchandise mix are posed and answers are extracted from them. As such, it is expected that this interview session would take as short as an hour and to as long as two hours. To relief the author from taking notes, tape recorder will be used. However, once more, it will depend on the interviewee. If permission (to use tape recorder) is not granted, the researcher has no choice but to resort to note taking.

Looking back at Appendix II, all the questions are open-ended. They are designed to provide the utmost flexibility for the interviewer and interviewee. Although, this questionnaire is not divided into several sections, it is basically aimed at gathering data on the financial performances of the components of merchandise mix. Thus, questions pertaining to financial requirements on variety, assortments, brands and new products are asked. In addition, queries on future policies regarding these areas are also posed.

To 'soften' the atmosphere of the interview from being too factual, 'teasers' (questions) such as 'Wow, your store is packed, how did you do it?', 'I heard one consumer commented the other day, how she liked shopping at your store, could your describe your present customers?', and 'I would suppose, many retailers are now concern on how consumers will react to the current economic condition. (By the look of it, I guess you have nothing to worry). What's your prediction, anyway?', will be posed. Once more, as mentioned earlier, depending on the situation and the mood of the respondent, these teasers could be asked at any time of the interview. Similarly, the number of teasers vary with the respondents.

Besides making sure that the questions or phrases directed to the respondents are as 'friendly' and yet 'focused' as possible, the other main concern in constructing the retailer's questionnaire is the proper usage of retail jargons. To satisfy this criterion, pilot testing will be carried out. Somewhat similar to the one in consumer survey, this procedure will undergo two stages. Stage one is to meet the several officers from the sponsored department store to assist on the retail jargons and the appropriateness of the questions. The next stage is to enlist helps from several retail friends to answer the questions. Later feedback from them will be used to modify the questionnaire.

6.4.3 Data Collection, Analysis and Scheduling

The duration for the data collection is set for two months running from October 1997. This time is presumably suitable because it is considered 'quiet' months for retailers. Thus, it is hoped that they will be willing to meet up with the researcher. On the same note, it is imperative that this interview be finished by end of November. This is because as mentioned earlier, December is a busy month as consumers are in frenzy preparing the coming of four major events in Malaysia.

Once the responses are gathered, they will be coded in simpler form into the SPSS. Because the answers are factual, inputs could be easily grouped and keyed into the computer. From there, these responses would be processed to determine the mean, mode, median and frequency of each category. Later these inputs will be compared to those on consumer survey. By balancing these two sources of information, an appropriate merchandise mix for department stores will be recommended. Finally Table 6.6 reflects the scheduling for this retailer survey.

Table 6.6 The Schedule for Retailer Survey

Month / Activity	Sept. 1997	Oct. & Nov. 1997	Dec. 1997	Jan. 1998
Designing Questionnaire, Pilot Testing, Contacting Respondents				
Actual Field Survey				
Tabulating, Data Processing and Analysing				
Writing up				

6.6 Conclusion

In line with direction given by the previous chapters, this chapter discusses the primary research plan for this thesis. Essentially, two research plans are drawn up. One is to extract data from the consumers and two is to uncover inputs from department store operators. To aid the investigation, five working objectives are established.

The first four objectives of this study are centred at identifying the profitable segments for department stores in Malaysia, studying their buying behaviour and merchandise needs and expectations, and examining their perceptions of department stores. This exercise, as discussed in Chapter Five, will lead to the recommendation on a strategic merchandise mix for Malaysian department stores. To realise this goal, 500 shoppers will be intercepted and requested to fill a set of questionnaire.

These shoppers would be extracted from six shopping complexes that house six flagship department stores Malaysia.

The fifth objective of the study is to gather the company's financial requirements on the merchandise mix to be offered. To accomplish this objective, key people from the six major department stores will be contacted. They will be interviewed on policies regarding gross margin, turnover, sales per square foot, brand mix, assortment mix and concessionaires. The inputs from this interview will complete the information needed towards establishing an appropriate merchandise mix for Malaysian department stores. The next three chapters discuss the outcomes of both the consumer and retailer survey.

CHAPTER SEVEN

RESEARCH OUTCOME AND DATA ANALYSIS

The research plan set out in the previous chapter was carried out in the months of January to March 1998. The consumer survey was undertaken as scheduled and managed to secure the required number of respondents. However, the response from the retailers was disappointing. When contacted, the normal answers were 'out-station' and 'in the meeting'. This outcome is not uncommon in Malaysia especially in times of severe economic problems, when generally speaking, retail personnel were forced to work harder to maintain the operating profits or at least to maximise the losses. As such, to retain their jobs, these managers would rather plan their sales activities than responding to the author's interview. Khalifah (1986) faced the same encounter with supermarket retailers. Like the author, he (Khalifah) had also undertaken the retailer survey in the period of financial turbulence. Tahir (1994), another Malaysian researcher, lamented the same problem in his article on "Problems of Doing Research In The Third World Country".

Even more discouraging was the response of senior managers from the sponsored department store. While they were quite willing to help the author in finalising questions for the consumer survey (even though in some cases our appointment has to be rescheduled or cut short), they were however, 'not able' to find time to share their financial inputs. Once more like retail personnel from other department stores, they seemed to be in a hurry and cited 'datelines' as the main reason for their inability to 'entertain' the author.

This discouraging response, besides stemmed from the collapse of Malaysian economy, could also stemmed from their lack of knowledge or minimal information filtered down by top management. The growing nature of the local retail industry, the overall low image of this enterprise, and the lack of skilled workers as noted in Chapter Three could be the reasons. As such, even if data were collected from them, they (the data) might lack representation.

Besides, even though feedback from retailers could enhance further understanding to the internal considerations, its exclusion would not greatly affect the recommendations for this research. This is because, as stressed in previous chapters, customers' satisfaction has to be the central point of any commercial activities. As such, their opinions and expectations must form the major inputs to assembling a strategic merchandise mix. This is especially true for retailers like department stores where their existence depend on the strategic product mix rather than the efficiency of operation such as that of supermarkets. Therefore, understanding the target market must precedes and guides the internal policy.

Taking all these into considerations and due to time and resources constraints, the retailer survey has to be abandoned. Consequently, this chapter sets out to give an overview on the outcome of the consumer research. First it reports on the issues raised in the previous chapter, namely: pilot testing, the sampling frame, and the treatment of raw data (data editing). These issues are addressed in section one of this chapter. In the second section, a general profile of the respondents is laid down. Essentially this section reports on the 'sample size mix' by using several demographic and general shopping habit variables. The objective is to point out the kind of crowds these shopping centres (that housed six major department stores in Malaysia) are attracting. In the third section, the treatment of keyed-in data is discussed. Specifically, this section explains how initial data were processed to form market segments. Thus, issues concerning the application of factor analysis and cluster analysis are deliberated here. Lastly, a conclusion is drawn in section four.

7.1 Research Outcome

Earlier in Chapter Six, the issues on pilot testing and the sampling frame were brought up. Thus, this section then first addresses the outcome of these two items. Next, the treatment of the raw data (data editing) is laid down.

7.1.1 Pilot Testing

The pilot questionnaires were distributed in the third week of November while the planned informal meeting was set up with the respondents at the end of that week. Out of 17 respondents, 10 returned back the questionnaires and participated in the discussion. Following their suggestions, the numbering of several questions in Section A was rearranged. Figure 7.1 illustrates.

Figure 7.1 Rearrangement of Numberings in Section A

BEFORE	AFTER
I. I consider myself to be fashion conscious	1. I love to shop for clothes
13. I love to shop for clothes	2. I enjoy looking trough fashion magazines
14. I enjoy looking trough fashion magazines	3. I consider myself to be fashion conscious

Similarly several questions in Section B underwent some restructuring. They were either reworded or extended to include new possible answers. At the same time multiple answers were allowed. Figure 7.2 illustrates:

Figure 7.2 Changes in Instruction and Items Choice

BEFORE

Instruction: Please fill in the blank or tick (/) the answer that suit you best.

17. I buy new clothes because

1	I am tired of my old ones	5	I can't fit into the old ones
2	My old ones are too worn out	6	I buy on impulse
3	To keep up with fashion	7	____________________
4	To keep up with my friends		(others, please specify)

AFTER

Instruction: Please fill in the blank or tick (/) the answer that suit you best. You may tick more than one answer.

17. I buy new clothes because

1	I am tired of my old ones	5	I like changes
2	My old ones are too worn out	6	I can't fit into the old ones
3	To keep up with fashion	7	I buy on impulse
4	To keep up with my friends	8	____________________
			(Others, please specify)

Among the questions, the rank and order in Section D received the most comment (Figure 7.3). The main issue was the inability to fill in the boxes due to the 'sameness' of some stores or due to 'no experience'. The former reason was cited by frequenters of all the stores while the latter came from those who never shop at one or several of those stores. Tangs, for example is the latest department store in Malaysia and some of the respondents have never been there.

The author viewed this feedback as not a setback to these questions but as a valuable information because it alerted her to the forthcoming answers when tested on the real respondents. As shall be discussed later, understanding these factors made keying in the results much easier. Besides those comments, the pilot respondents generally approved the questionnaires and agreed that the questions were in simple phrases and could be easily understood. To test the reliability of the variables, Section A was subjected to Alpha reliability test. A score 0.8 was computed and thus interpreted as reliable (Kent, 1996).

Figure 7.3 Problem Questions

49. Quality	**50.** Expensive	**51.** Fashionable	**52.** Best value
☐ Metrojaya	☐ Metrojaya	☐ Metrojaya	☐ Metrojaya
☐ Yaohan	☐ Yaohan	☐ Yaohan	☐ Yaohan
☐ Parkson Grand	☐ Parkson Grand	☐ Parkson Grand	☐ Parkson Grand
☐ Sogo	☐ Sogo	☐ Sogo	☐ Sogo
☐ Isetan	☐ Isetan	☐ Isetan	☐ Isetan
☐ Tangs	☐ Tangs	☐ Tangs	☐ Tangs
☐ Jaya Jusco	☐ Jaya Jusco	☐ Jaya Jusco	☐ Jaya Jusco
☐ Hankyu Jaya	☐ Hankyu Jaya	☐ Hankyu Jaya	☐ Hankyu Jaya

The process of 'cleaning up' the questions, however, was still unfinished. During the two meetings with the senior merchandising manager of Metrojaya, changes after changes (phrases) had been made. Being the practitioner (and also the co-sponsor), his recommendations were greatly considered. Similarly, following his suggestion, it was agreed that two more open-ended questions should be added to Section C. They were:

Q41. The main problem I faced when buying clothes is ________________

Q42. To me branded clothes are ____________________________

To make way for these two questions, three questions on Section B which specifically ask the types of clothes worn on three different occasions (office wear, leisure wear, and special occasion) were deleted. They were, according to the Metrojaya's merchandiser, not necessary. In addition, another question was also included to assess the criteria for choosing a store. Therefore, the number of questions remained as planned but several questions were included at the expense of others. This was inevitable since the original questionnaire has been quite lengthy.

One final note has to be made about the actual process of pilot testing. Recall in Chapter Six, the author planned to meet up with the sponsored company to discuss the wording and the significance of items in the questionnaire before pilot test it to the selected respondents. However, due to the inability to set up a meeting with them at an earlier date, the situation has reversed. Nevertheless, it is thought that this event did not affect the result of this research. That is both ways of doing things are acceptable.

7.1.2 The Sampling Frame

The importance of sampling frame to this research was to determine the proportion of respondents in each shopping complex. Consequently the input would guide the researcher in determining the appropriate time interval to approach a respondent (please refer to figure 6.2). As scheduled, traffic counts were carried out by the researcher and her assistants. Every person has to count the traffics for 10 minutes at every hour starting from 11.00 a.m. and ending at 7 p.m. For reasons stated in Chapter Six, Bukit Bintang Plaza and Kompleks Pernas Sogo were selected for this purpose. Furthermore, it should be noted that "traffics" in this context refers to women 20 to 55 years old. Needless to say, the counting session was quite messy in the sense that the researcher or her assistants not only has to keep tab on the numbers but also to mentally screen the crowd. This is especially true during peak hours. At the end when numbers were compared, it appeared that the traffic in Bukit Bintang Plaza was almost 30 times more than that in Kompleks Pernas Sogo.

The result is far from surprising because the former is host to myriad of stores while the latter only housed Sogo Department Store. Therefore, it is thought that using 1:30 as the ratio to divide the sample size would not be advisable. This is because the possibility of getting a good sample for this survey is higher in Kompleks Pernas Sogo. That is, we could assume that most of those who frequent this complex are department store shoppers. Thus, instead of a sample size of 16 which is (1/31 X 500), the number was doubled and rounded up to 30. Table 7.1 shows the final sample size from each complex and the interval time.

Table 7.1 The Sample Size in Each Location and the Time Interval

Name of the complex	Sample Size*1	Time Interval*2
Sg. Wang Plaza	94	Every 10 minutes
BB Plaza	94	Every 10 minutes
Lot 10	94	Every 10 minutes
Starhill	94	Every 10 minutes
The Mall	94	Every 10 minutes
Kompleks Sogo Pernas	30	Every 30 minutes

*1 averaged into two days: Friday and Saturday
*2 based on an average on 10 shopping hours per day. Rounded figures

7.1.3 The Treatment of Raw Data

The field study took three weeks to complete with the first one started in the first week of January 1998. The reader will realise that this time frame is two weeks off the schedule. The reason being, the author has to wait for the cash voucher to be issued. Similarly, the unwillingness of the population to participate has extended the fieldwork to three weeks. Generally, all sections were satisfactorily filled up, except for the open-ended questions. This is especially true for questions 38, 39, and 40. These questions required the respondents to indicate the store most often shopped for the three types of clothing needs and the reason for choosing that store. To illustrate:

Q 38. "I usually buy my office/formal wear at __________________ because
(name of the store)

____"

While shoppers responded well to the first part of these questions, they however, left the second part blank. Upon further examining, answers given for choosing a particular store or stores did not differ from one store type to the other. Thus, after much deliberation the second part of question 38, 39, and 40 was excluded.

Another issue that emerged from these questions was the multiple answers and range of answers given. The former refers to respondents who answered more than one store. To illustrate, their answers to '***the name of the store***' were Isetan and Antenna. On the other hand, the latter refers to answers other than the names of the store. For example, shoppers responded to '***the name of the store***' as: Lot 10 (a shopping complex), everywhere, anywhere, and no particular place. To accommodate these answers, multiple responses were allowed with each question having ten variables. They were "Metrojaya", "Yaohan", "Parkson Grand", "Sogo", "Isetan", "Tangs", "Speciality Store", "Anywhere", "Others", and "Not applicable". Consequently, additional nine variables were added to each question (38, 39, 40).

True to the comment made during pilot studies, the rank and order questions (49-52) received a variety of treatments from the respondents. For example: 1. Ranking only two or three stores; 2. Ranking all the stores the same; 3. Left all the boxes unmarked but commented "all are the same"; and 4. Left all the boxes blank. To accommodate responses of type 1, boxes left unmarked was left blank; for responses of type 2 and 3, each box was assigned number 9; and for type 4 responses, boxes were also left blank.

In addition to issues in coding these answers, a rough observation on the answers in this section revealed that some shoppers confused Tangs, the department store with Tanglin, the rather low image apparel store. This is the only probable explanation for those who ranked Tangs as lowest against almost all the attributes. This inference is based on the notion that since Tangs is the latest department store in Malaysia, therefore, it is not widely recognised by everybody. One could expect that these people are budget conscious and do not put fashion as their priority. Further checks showed that those with these attitudes frequently shop along Jalan Tunku Abdul Rahman. Recalled earlier that this area currently offers stores for budget customers and Tanglin is also situated here. This experience is hoped to prepare and caution the would-be researchers in the future. Nevertheless, going back to this research at hand, it is envisioned that these answers would pose little effect to the outcome of this study. This is because, it should be safe to assume that these respondents were never department store shoppers in the first place.

To summarise, the pilot study was conducted as planned and inputs were incorporated into the final questionnaire. In addition, comments from pilot respondents helped prepare the researcher in data handling. Similarly, traffic counts were carried out and helped in roughly defining the sample size and time interval for intercepting the respondents. However, as widely accepted by all researchers, it is most unusual to have complete answers from respondents. The discussion on the raw data treatment proves that this research is also far from unusual.

7.2 General Profiles of the Sample

This section marks the beginning of data processing. Essentially, this part addresses the questions of "who frequent these shopping complexes?", "what are their general shopping behaviour?", and "how successful are department stores at attracting them"? To answer these questions, frequency tables were run on demographics and several key indicators of shopping patterns. The first subsection discusses the first issue while the second discusses the remaining ones.

7.2.1 Demographics of the Sample

Table 7.2 on the next page, summarises the demographics of the sample. Included is the number of the sample size for each variable. Looking at the table, it is clear that shopping complexes were mostly patrolled by people who have 'less responsibility in their life'. As shown:

1. almost 75 per cent of them were either singles or married with no children,
2. half of these shoppers were still at the early stage of their career, and
3. more than three quarter of them were 30 years old and below.

In addition, if one is to compare the ethnic group mix, the Malay came top to be followed by the Chinese. Similarly, there were many private sector workers as compared to the government's and more than 65 per cent of them were either diploma or first-degree holders.

Table 7.2 Demographics of the Sample

	Marital Status (%)	Education (%)	Job (%)	Income (%)	Race (%)	Age (%)
1	62.0	27.5	51.7	54.7	54.6	53.2
2	12.4	40.9	11.6	20.6	30.4	23.8
3	15.8	24.6	8.6	10.3	7.6	10.4
4	9.8	7.0	2.2	4.4	7.4	5.6
5			10.2	3.2		5.2
6			15.6	2.8		1.8
7				1.6		
8				2.2		
n =	500	499	499	495	500	500

Note: Marital Status: 1- 1- single 2- married with no kid, 3- married with 1/2 kids, 4- married with more than 2 kids
Education; 1 - secondary school, 2-diploma, 3-bachelor degree, 4-masters degree and above
Job; 1 - private sector(low category), 2-private sector(high category), 3-govt. (low category), 4 - govt.(high category), 5-work on her own, 6-not working
Monthly Income 1 - below RM2,000, 2-RM2000_3500, 3-RM3501_5000, 4-RM5001_6500, 5-RM6501_8000, 6 - RM8001_9500, 7-RM9501_11000, 8-RM11001 and above
Race: 1 - Malay, 2-Chinese, 3-Indians, 4-Others
Age: 1- 20_25, 2-26_30, 3-31_35, 4-36_40, 5-41_45, 6-46_55 years old

To summarise, Table 7.2 illustrates the standard mixture of Klang Valley residents as discussed in Chapter Two. They were generally young, modern and educated shoppers. This is reflected in the type of jobs they were holding, their age, their marital status, the income they earned and their rather high education's standard. One might argue that the sample reflects a high percentage of young women as compared to the total population of the urbanites. This may be so, but hardly surprising because they are undeniably the one with more time to spare. Therefore, this sample mirrors the typical shoppers of shopping complexes in Malaysia.

7.2.2 Shopping Habits of the Sample

Now that the question of 'who frequent these shopping complexes' has been answered and the outcome is found to be representative, the focus is shifted to the second and third issues raised earlier. Similar to the previous subsection, a frequency table (Table 7.3) that summarises the key shopping behaviours is shown to aid the discussion. It should be noted that, for generality, the means frequency of shopping at the six department stores was computed for 'Visit Department Store'.

Table 7.3 The Shopping Habits of the Sample Size

	Frequency of Shopping (%)	Amount Spend (%)	Visit Department Stores (%)
1	19.0	6.8	1.0
2	30.2	32.0	17.6
3	16.6	34.2	35.9
4	19.4	17.1	31.7
5	7.8	7.2	13.8
6	7.0	2.8	
n	500	500	499

Note: Frequency of shopping: 1_ At least twice a month, 2_ once a month, 3_once in two months, 4_once in two to three months, 5_ once in four to five months, 6_once in six months or longer
Amount spend: 1_less than RM50.00, 2_RM51.00-RM100.00, 3_ RM101.00-RM200.00, 4_ RM201.00-RM300.00, 5_RM 301.00-RM400.00, 6_RM401.00 and above
Visit department store: 1_ Twice a month or more, 2_Once a month, 3_Once in two months, 4_ Once in three to five months, 5_Never/hardly

Table 7.3 reveals that generally shoppers in Klang Valley love to shop. That is almost 50 per cent of them shopped at least once a month. This is to be expected because as established earlier, they were people who are not time poor and like to socialise. Therefore, arguably shopping is an outlet for them to own new clothes, to kill their free time, and to meet up with friends.

These shoppers spent an average of RM100.00 per month on clothes. However, while almost 50 per cent of the respondents were regular (twice a month to once a month) frequenters to shopping complexes, less than 20 per cent of them visited department stores regularly. It would however still premature at this point to conclude that there are still a sizeable number of customers, whose merchandise mix needs has not been met by department stores. To come to this conclusion, a more comprehensive study has to be performed. This is the gist of the next section where respondents would be clustered to extract further descriptions from them.

7.3 Segment Formation

This section begins to unfold the first objective of this primary research study - the segment formation. To realise this goal, the three-step procedure for statistical analysis as deliberated in Chapter Six, was used. The first step was factor analysis. The second was cluster analysis and finally cross-tabulations were performed to seek profiling of the clusters through demographics and general usage pattern. The treatment of data and the findings of these three steps are discussed respectively.

7.3.1 Lifestyles of Malaysian Shoppers

Applying the technique introduced in Chapter Five and Chapter Six, the 16 lifestyles batteries in the questionnaire were selected as inputs for factor analysis. Consequently, a Principle Components Factor Analysis with Varimax Rotation was applied to determine the possible lifestyle dimensions. It should be noted that while the number of respondents were 500, only 493 cases were used. It is inevitable because seven respondents missed answering one of the fashion lifestyle question.

The processed data showed that all the 16 variables possessed communalities exceeded the minimum point of loading established earlier (> 0.3). As such they were accepted as descriptors of the lifestyle factors. Similarly, all the five factors exceeded the minimum eigenvalue measures with a high percentage of total variance explained ranging from 13.169 to 7.271. Therefore all the factors were also accepted. In addition, a reliability test using Alpha model was performed and yielded a value of 0.7. Again, this value met the requirement set earlier.

Tables 7.4, 7.5, and 7.6 illustrate the results of this factor analysis. The first table gives the loadings of each variable. The second table highlights the grouping of each component. The last table, in addition, summarises and labels each fashion lifestyle dimension. The discussion on these results follows.

Table 7.4

Rotated Component Matrix[a]

	Component				
	1	2	3	4	5
A1	.695	-2.5E-02	2.74E-02	.127	.148
A10	.204	.554	.241	7.75E-02	-.141
A11	-.240	.482	-.186	.296	-2.8E-02
A12	-.187	.574	8.19E-02	.131	-1.9E-04
A13	.234	.697	9.24E-02	-3.1E-02	-5.6E-02
A14	.159	.646	-4.5E-03	-6.8E-02	.135
A15	-.274	.315	.412	9.27E-02	.321
A16	.314	.134	-1.2E-02	.351	.458
A2	.740	.139	2.24E-02	5.26E-02	-.112
A3	.736	6.53E-02	7.37E-03	6.84E-02	.138
A4	.308	3.81E-02	.259	.138	.574
A5	-1.4E-02	7.81E-02	.770	7.32E-02	3.00E-03
A6	9.22E-02	3.41E-02	.744	5.07E-04	-2.7E-02
A7	4.37E-02	7.46E-02	6.79E-02	.736	2.00E-02
A8	.164	2.00E-02	4.96E-02	.773	6.57E-03
A9	.124	.228	.257	.288	-.652

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 7 iterations.

Table 7.5
The Grouping of Fashion Lifestyle Factors Using Rotated Component Matrix

	Factor	Factor	Factor	Factor	Factor
	1	2	3	4	5
A2	.740				
A3	.736				
A1	.695				
A13		.697			
A14		.696			
A12		.574			
A10		.554			
A11		.482			
A5			.770		
A6			.744		
A15			.412		
A8				.773	
A7				.736	
A9					-.652
A4					.574
A16					.458

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.
a Rotation converged in 7 iterations.

Table 7.6 The Different Lifestyle Orientations

Group 1 (Fashion Conscious)

- I enjoy looking through fashion magazines
- I consider myself to be fashion conscious
- I love to shop for clothes

Group 2 (Fashion Follower)

- My apparel selections are strongly influenced by clothing worn by people I admire
- When shopping for expensive clothes, I rely heavily on the advice of the salespeople
- I am finding it increasingly difficult to buy fashions that look good on me
- I wait until new fashion looks have become well accepted before I buy them myself
- More and more, I find that no matter at which store I shop, the fashions are all the same

Group 3 (Price Conscious)

- I buy more clothing on sale than I do at regular prices
- I am very cost conscious when it comes to clothes
- I make clothing purchases only when there is a need, not on impulse

Group 4 (Quality Conscious)

- The quality of merchandise I buy is more important to me than the price I have to pay
- For the amount of money, I will generally buy one good item rather than several of lower price and quality

Group 5 (Practical Buying)

- I prefer classic look to trendy look in clothes
- An important part of my life is dressing smartly
- Because I have a very active lifestyle, I need clothes for many different kinds of occasions

As evidenced in these tables, there were five distinct fashion lifestyles of Malaysian shoppers. This first factor was a collection of statements concerned with interests for fashion. It was the strongest factor, explaining 13.2 per cent of variance. The statements 'I enjoy looking through fashion magazines' and 'I consider myself to be fashion conscious' gained the highest score here.. As such, this factor was labelled 'fashion conscious'.

The second factor was made up of five items with 12.4 per cent variance explained. These items dealt with unwillingness to take the risk and a state of discontentment. Therefore, arguably there were two separate directions in this fashion lifestyle. The former was about 'following fashion' and the latter concerned 'fashion disenchantment'. As such, there is no clear cut label to stick to this group. Nevertheless, there were several criteria that helped in naming this fashion lifestyle. One, three of the five statements were closely related to advice-seeking tendency. Two, the strongest two variables in this lifestyle dimensions were about inability to make decisions. Three, generally speaking, a women who is disenchanted with fashion would most probably need to consult with somebody before making any purchase decision. Therefore, taking all these into account, this factor was labelled as 'fashion follower'.

The third factor was represented by three items reflecting concerns about money. Therefore, contrary to the second factor, this component gave a clear cut interpretation of the resulting fashion lifestyle. It was then labelled 'price conscious'. Similarly, the fourth factor consisted of distinct statements concerning quality. Hence the name 'quality conscious' was attached to it. These third and fourth factors have 9.8 per cent and 9.5 per cent variance explained respectively.

This last factor accounted for 7.3 per cent variance explained. It was represented by statements that were bias towards evergreen apparels and sensibility. For example, it is sensible to prefer classic than trendy because it lasts longer. Similarly, it is more practical to dress smartly than the latest fashion because one is less subjected to criticism. In addition, the last statement in this factor also pointed out to this practicality of life. Therefore, this final fashion lifestyle factor was labelled 'practical buying'

In summary, there were five fashion lifestyles of Malaysian shoppers. These factors were very believable and could easily be identified with previous works in this area (e.g. Wei, 1997; Kopp *et al.*, 1989; Gutman and Mills, 1982). Nevertheless, compared to these studies, the Malaysians exhibited fewer lifestyle dimensions. Given that Malaysia is still very much a growing country as compared to the United States where most of this work is based on, the finding is far than surprising. Naturally a modern country like the latter would give rise to a more diverse lifestyles and vice versa.

7.3.2 The Grouping of Malaysian Shoppers

The five factors above served as the inputs for cluster analysis. Similar to the treatment of factor analysis, the procedures reviewed in the research methodology chapter were applied. Therefore, to select the best clusters, the method recommended by Mezzich (1982) was first used. The usage of this technique is two folds. One was to determine the number of clusters and the other was to wipe out the outliers. The presence of outliers as discussed earlier could affect the clustering performance. Therefore, it is imperative that they be cleaned out before a cluster analysis is run.

The procedure began by splitting the cases into five sets of 100 each. This is inevitable because hierarchical cluster could not accommodate large cases. The output, via dendrogram, showed that at 12.5 re-scale value (middle value), four out of five dendrograms yielded seven clusters. In addition 14 outliers were identified. Please see Figure 7.4, 7.5, 7.6, 7.7 and 7.8 (Appendix III) on the resulting dendrograms. The outliers were marked by asterisk (*). To confirm the exclusion of the outliers, they were processed again through hierarchical analysis and the output showed that they were rather further apart from each other. The first cluster for example was only formed at stage six. Furthermore, since these outliers were well below those typically experienced by Lesser and Hughes (1987), all of them were weeded out. As a result, the cases were reduced to 486.

Following the method of Wei (1997); Bucklin *et al.* (1997); Chaturvedi *et al.* (1995); and Kopp *et al.* (1989), the remaining cases were then submitted to the cluster analysis via k-means technique (Please note that even though 486 cases were submitted, only 479 were processed due to missing cases as discussed earlier). Clusters of six, seven, and eight were specified. The first and third cluster numbers were chosen because they were the nearest members to identified cluster (seven). The outcomes were then compared to select the best solution. In doing so, again the criteria set forth in Chapter Six were used.

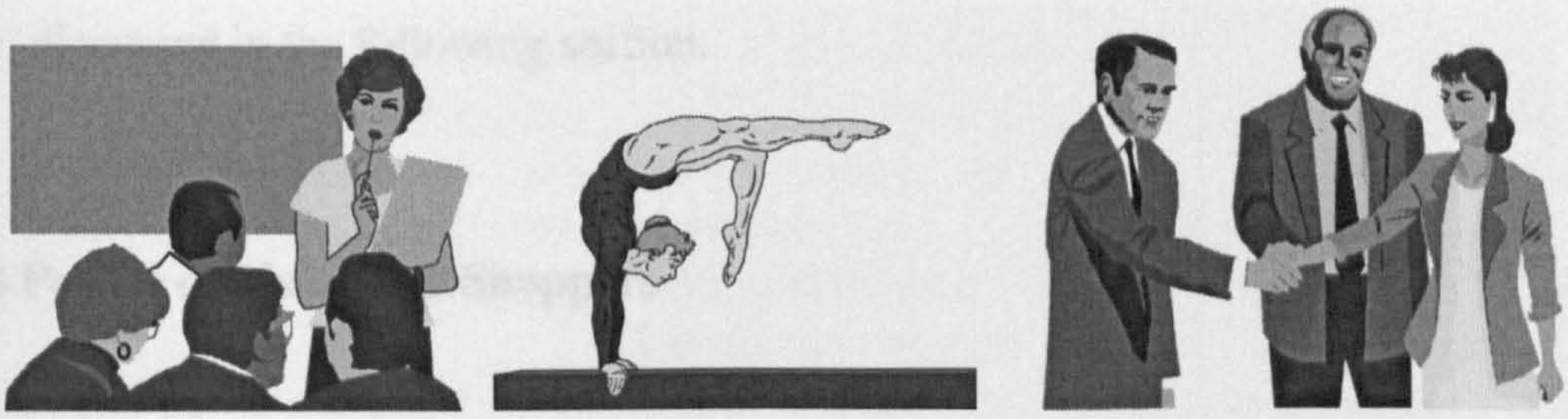
First the final clusters of each solution was compared to seek the grouping assignment. Table 7.7, 7.8, and 7.9 (Appendix III) illustrate the outputs. Factor loadings of 0.40 or more were taken to describe the fashion lifestyles of each group. Comparatively solution in cluster six was almost similar to solution in cluster seven.

For example, cluster 1, cluster 3, and cluster 5 of the six-cluster solution resembled those of cluster 1, cluster 3, cluster 6 of the seven-cluster solution respectively. The eight-cluster solution on the other hand demonstrated less similarity. It tied with the six-cluster solution on two clusters while only similar on one group with the seven-cluster solution. Thus, possibly the best assignment could come from one of these earlier two clusters.

To verify, the second criterion of evaluating the clusters was then applied. To analyse how far apart each cluster was from each other, the distances between final cluster centres were compared (Table 7.10, 7.11, and 7.12 - Appendix III). As shown, the groups in the seven-cluster solution were the farthest apart from each other. As such and taking the results of dendrograms and factor loadings, the seven-cluster solution was accepted. Table 7.13 (Appendix III) summarises the size of each cluster, while Figure 7.9 on the next page, describes the resulting clusters.

As shown (Figure 7.9), the seven segments of Malaysian shoppers vary in sizes and lead diverse fashion lifestyles. One stark observation is the sizes of cluster 3 and 6, which are very small. The author (and undoubtedly the reader as well), could not help having the feeling that perhaps they are outliers. Another way of interpretation is, 'could it be possible that they be combined together?' However, given the robustness of factor and cluster analysis performed earlier, the author came to conclusion that this result is acceptable. Furthermore, looking at their fashion lifestyles, the author believes that these segments are indeed 'real' in Malaysia. In addition, in a developing country like Malaysia, where distinct lifestyles are about to be developed, it is possible that the spread of lifestyles are not very even.

Figure 7.9 The Fashion Lifestyle Segments of Malaysian Shoppers



Cluster 1 (10%)
fashion conscious, quality conscious and practical buying.

Cluster 2 (12%)
quality conscious and practical buying

Cluster 3 (2%)
fashions conscious, fashion follower, and quality conscious

Cluster 4 (24%)
fashion conscious and fashion follower

Cluster 5 (43%)
fashion conscious and practical buying

Cluster 6 (3%)
fashion conscious, fashion follower, price conscious,
quality conscious, and practical buying

Cluster 7 (6%)
fashion conscious, fashion follower, price conscious

Note: based on 479 valid answers. There were 7 missing answers.

Similarly, the resulting lifestyles vary from as few as two to as many as all (five) of them. Among the clusters, six of them contained shoppers who were fashion conscious. These customers made up of 88 per cent of all the respondents. Therefore, typically, they should be the viable target markets for department stores. However, without making a sharper analysis on these customers, this deduction could be misleading. As such, the next step is to flesh out the segmentation scheme with a number of segment descriptors. The segment profiling procedures and results are discussed in the following section.

7.4 Profile of Malaysian Shoppers

To gain further insights on the emerging seven clusters, several cross-tabulations, as spelled out in Chapter Six were performed. Specifically the resulting clusters were cross-referenced with demographics and shopping patterns. These outputs would eventually be used to qualify the profitable clusters for department stores in Malaysia. This section, therefore, is the final step to target identification. To aid the subsequent discussions, Table 7.14 summarises the profile and labels each group. For a comprehensive result of cross-tabulations, please refer to Appendix IV.

7.4.1 Sophisticated Shoppers

Cluster one was made up of 49 (10 per cent) women who have classic taste. In addition to being wise buyers, they were also those with impeccable taste. This is so because they demanded fashionable clothes that exude quality as well as versatility. As such, shoppers in this category appeared to be successful professional women who were confident of their own style. This segment then was branded as 'sophisticated shoppers'.

This group was characterised by people in the age range of 20-35 years old. They were the most educated women and hence this segment was made up of quite a number of high-income earners. However, generally speaking, this cluster was

Table 7.14 The Profile of Malaysian Shoppers

Segments	Fashion Lifestyles	Demographics	Shopping Orientations
Sophistica ted Shoppers (49)	Fashion conscious Quality conscious Practical buying	Rather young, age 20-35 years old Highest education Self-driven women	Many shopped once in a month Spend RM51-200 Visit dept. stores once in 2 months
Value Shoppers (57)	Practical buying Quality conscious	Older women Slightly less educated than sophisticated shoppers Many worked with the government Many Chinese	Spend RM51-400 Shopped once in 2 or 2/3 months Visit dept. stores once in 2-4 months
Dreamers (10)	Fashion conscious Fashion follower Quality conscious	Many married women but still young. Least educated Many did not work Lowest income earner Mostly Malays	Low spenders Half of them seldom shopped Most hardly visit dept. stores
Fashion Enthu-siasts (114)	Fashion conscious Fashion follower	Young shoppers Mostly in private sectors. Quite many still not working Various education level, but many with diplomas Rather low income	A big percentage of those 'shopped most often' Spend RM51-300 Visit dept. stores once in 2 months
Career Women (206)	Fashion conscious Practical buying	Slightly older women than fashion enthusiasts Various education level. Also many diplomas The highest of those working in private sectors Av. income; Many Malays	Quite many shopped once a month Spend RM51-300 Visit dept. stores once in 2-4 months
Ruthless Shoppers (12)	All the five fashion lifestyles	Many married women but rather young Low level jobs / work her own. Many Chinese Various level of education	Many shopped twice/once a month Spend RM51-200 Half visit dept. stores once in 2 months
Status Shoppers (31)	Fashion conscious Fashion follower Price conscious	Many married women with one to two kids or more A big percentage of highest income level Average education	Many shopped twice/once a month Spend RM101-200 Visit dept. stores once in 2 months

represented by shoppers of all income levels. This finding conformed to that of Chapter Five which implied that clothing choice transcends all income levels. In addition, a considerable number of those who 'work-on- her-own' was also in this group. Therefore it is not surprising that this group was made up of many Chinese. This ethnic group, in accordance to the literature review in Chapter Two, were historically traders and were very good at running their own business.

These women shopped mostly once a month. Every time the sophisticates shopped, their purchases ranged from RM51 to RM200. The various income levels of women in this group might explain this rather large difference (in amount spent). This amount, in addition, was rather low compared to their earnings and was among the lowest amount spent by any group. Checking further into their department store usage rate, they appeared to be rather keen in visiting this big emporium. The cross-tabulated data suggested that they went into department stores once in every two shopping trips they made.

7.4.2 Value Shoppers

The next segment, cluster two was made of those who bought clothes for their quality and practicality. There were 57 (12 per cent) shoppers in this group. Compared to the sophisticated, these shoppers were older and were less educated. In addition, many of those who worked with the government were in this segment. Essentially, their choice of clothes fitted very well with their demographic descriptions. That is, since they were older, hold lower positions and earned less (than the first cluster), fashionable clothes do not play prominent roles in their life.

Furthermore, it is commonly known that generally government workers in Malaysia or in any part of the world are not as fashion conscious as their private sector counterparts. It is also interesting to note that there were many Chinese in this group. Their presence here supported the literature review in Chapter Two about the general behaviour of this race. They were as discussed in that chapter were very value conscious and very functional. Therefore this group was labelled as 'value shoppers'.

These value shoppers shopped slightly less frequent than the sophisticates. However, they relatively visited department stores more often. To illustrate, almost every time they went to shop, they chose department stores. In addition, they spent more per purchase transaction than the sophisticates, that is up to twice more. This is quite unexpected since their lifestyles and demographics suggested that they would be most likely to spend less on clothes.

The most probable reason could be the respondents scored the 'amount spent' (Question 31 of the questionnaires) not only on their apparels but also to include that of other family members. That is, it is quite possible that at their age, they would combine both personal and family needs in one shopping trip. This inference could also explain the big range (RM50 - RM400) in the amount spent on clothes. Similarly, it also clarified their higher department store usage rate. That is, it makes sense and most practical for these consumers to search for the household needs in department stores. As such they visited these universal providers more often than the sophisticates.

7.4.3 Dreamers

The next segment, cluster three was made up of only 10 (2 per cent) respondents. Compared to the earlier groups, these shoppers have the tendency to seek advice before making purchases. Therefore, they appeared to lack a certain amount of self-confidence. However, even though they were quite unsure of their decision, they demanded quality clothes and were fashion conscious. In addition, the exclusion of practical buying in their lifestyles also could indicate that they were reckless or impulsive buyers.

This segment was mostly made up of married women having more than three children. Furthermore, this market was characterised by the least educated women, the highest non-working wives, and the biggest number of Malays. Similar to observations in earlier clusters, this finding further served to enhance the earlier literature review on this ethnic group.

Summing up these descriptions, one could conclude that these women should not in the first place, put fashion and quality as their priority. After all, their incomes could not support this lifestyle orientation. Similarly, their current 'jobs' did not demand them to wear stylish clothes. Therefore, it is most probable that the respondents in this group scored their answers based on 'escapism' than 'reality'. As such, this group was labelled 'dreamer'. The dreamers, as expected, seldom shopped for their clothes. Even if they shopped, they spent as low as possible. And understandably, most of them answered 'never or hardly' to the question on frequency of visiting department stores.

7.4.4 Fashion Enthusiasts

The subsequent group was the second largest cluster in the sample. It belonged to cluster 4 and was made up of 114 (24 per cent) shoppers. Women in this group were fashion conscious as well as fashion followers. These descriptions tend to point out that young shoppers could make up the bulk of this segment. This assumption is made on the pretext that young people are seldom confident of their fashion sense that they need to copy other people. And yet, because they are young, it is only natural that they buy clothes that speak fashions.

A look at their demographics confirmed the above assumption. This group symbolises freshness and excitement. They were epitomised by many singles in the age range of 20-30 years old, having average education and were mostly at the early stage of their career or were about to join the work place. These new jobs or expectation of new opportunities brought a lot of thrills as well as uncertainties. One way to cope and prepare them through this phase is through owning trendy clothes. Therefore, 'fashion enthusiasts' was attached to them

While these shoppers received rather low income, their spending power was considerably high. Less or no family commitments and inability to spend on high-ticket items, for examples, have left them with a sizeable discretionary income. Therefore, they turned they attention to beautifying themselves. As such, this group came up top as those shopped most often. And because of their high buying power, they spent an average of RM200.00 per shopping trip. Nevertheless, even though they were the most frequent buyers, they visited department stores only once in two months. This is understandable, because even though they spent quite a high percentage of their money on clothes, they were not quality conscious. Thus it is expected that in choosing apparels, they, most of the time go for quantity rather than quality.

7.4.5 Career Women

The biggest slice of Malaysian apparels market belonged to Cluster Five. It contained 206 shoppers, which made up 43 per cent of the total respondents. These shoppers were marked by two fashion lifestyles - fashion conscious and practical buying. These characteristics suggested that shoppers in this group, similar to the sophisticates, were confident women who had developed their own fashion sense. However, unlike the latter, they did not seek quality clothes. One probable reason could be that these shoppers did not earn enough to 'quality bingeing'.

A look in Figure 7.9 revealed the following descriptions. They were, as fashion enthusiasts, made up of many singles and young shoppers. However, compared to the latter, there were slightly more married shoppers in this cluster. Similarly, quite a sizeable number of those in the age range 41-55 were here. Nevertheless, on average, this group was just slightly older than fashion enthusiasts. Thus, they were the second youngest cluster. In addition, similar to cluster 4, they were represented by shoppers of various academic backgrounds with diploma holders being the largest group. However, their earnings were slightly higher that the former. A further analysis showed that a considerable number of private sector employees settled in this segment. Finally, the cross-tabulated data showed many Malays were in this group.

Again, the presence of this ethnic group served to further validate the literature review in Chapter Two on the emerging 'new Malays'. These women symbolised the new generation of Malays who were dynamic and modern. For example, compared to their earlier counterparts, they were more adventurous and seek jobs in private sectors rather with the government. As such, this group was labelled 'career women'.

The career women were once-a-month shoppers and spent as much as fashion enthusiasts. However, compared to other previous groups, their shopping frequency to department store usage rate ratio was the largest. Specifically, for every three shopping trips, they only visited department stores once. This finding should be an eye opener to local department stores because they (career women) not only formed the largest group but also exhibited the fashion lifestyles that underline the very existence of these stores.

7.4.6 Ruthless Shoppers

The second last segment in this apparel market was made up of 12 (3 per cent) people. In contrast to other groups, they possessed the most complex fashion lifestyles. As such, they could be the most difficult clients to satisfy. For instance, they sought high quality clothes and yet expected these clothes to be cheap as well. They were fashion conscious and yet they were also fashion followers who emphasised in practical buying. Therefore, this group seemed to want everything in life and yet expect to pay as little as possible to get them. As such, they were labelled 'ruthless shoppers'.

These shoppers were characterised by many married women. However, even though they were married, they were quite young. They worked in rather low level jobs and a considerable number of those who 'work-on-her-own' were in this group. These shoppers earned an average income and were made up of many Chinese. Therefore, again, racial group seemed to play a big role in shaping the lifestyle orientations of Malaysian shoppers.

Many of the ruthless, interestingly, shopped either twice or once a month. This is quite a revelation, in the sense that since they were price conscious and earned rather low income, one would expect them to shy away from shopping complexes. This behaviour, however, might be induced by their fashion conscious dimension. That is, even though, they were cautious of their money and wanted to make the most of their 'ringgit' and cents, they were still young and loved to look and feel great. Therefore, they shopped often to take advantage of any special offer or good bargains. This assumption could also attribute to their comparatively high spending and rather frequent trips to department stores.

7.4.7 Status Shoppers

The final cluster was made up of 31 (6 per cent) respondents. These customers, similar to those in cluster 6 were price conscious. Otherwise, like fashion enthusiasts, they were very fashion conscious and yet were seemed happy to follow rather than dictate the direction of fashions.

Even though these customers were price conscious, they did not share the same characteristics as the ruthless. Status shoppers were symbolised by married women with at least one child. Their standard of education was generally about average, nevertheless, there was quite a considerable percentage of highly educated women in this group. Likewise, a number of those who worked as managers could also be found here As such, it is not surprising to note that many of the highest income bracket were here.

Judging from these statistics, this group contained mature shoppers who were quite successful in their life either through their own career or through their marriages to successful men. In fact, the latter women should form the majority of this group. This is because their shopping habits showed that they were among the most ardent shoppers. Based on these projections and assumptions, it is most likely that these ladies shopped very often because clothes to them were the extension of their husbands' images. Therefore, this group was named 'status buyers'.

Even though it was established earlier that status buyers were among those who shopped most often, they were not too keen to shop at department stores. For example, their shopping frequency to visit department store ratio was about 1:5. This statistic could suggest that because they had money, these ladies would rather shopped in boutiques where they could get more personalised service. They were, after all, fashion followers.

To conclude, there were seven fashion lifestyles segments of Malaysian shoppers. These fashion lifestyles fit well with the descriptions of female shoppers in general (as seen in Kopp *et al.*, 1989; Gutman and Mills, 1986; Tam and Tai, 1998). and Malaysian shoppers in particular (as noted in Chapter Two). Therefore, this result is very believable and should reflect the current consumer market in Malaysia.

7.5 Conclusion

This chapter was written with two objectives in mind. One was to review and report the outcome of the fieldwork study. Issues pertaining to pilot testing and establishing the sampling frame were discussed here. Essentially, these two activities were undertaken as planned. Consequently, results (from these activities) were applied in refining the questionnaire and defining the time interval for selecting each respondent.

The second objective of this chapter was to bring readers to the first goal of this primary research, as spelled out in Chapter Six. After processing the data, five fashion lifestyle factors of Malaysian shoppers are uncovered. They were 1. fashion conscious, 2. fashion followers, 3. price conscious, 4. quality conscious, and 5. practical buying. In addition, there were seven clusters of customers with as few as two lifestyle factors to as many as having all of them. Further analysis was performed to give a sharper look into their shopping orientations. Combining the lifestyles and socio-economic discriminators as profile descriptors, symbolic names were given to these seven segments.

Thus, at the end of this profiling exercise, depending on which cluster a respondent was assigned to, she can either be a sophisticated buyer, a value buyer, a dreamer, a fashion enthusiast, a career woman, a ruthless buyer, or a status buyer. The question at this point then is 'how many of these shoppers should be department stores' customers? The next chapter undertakes to answer this query..

CHAPTER EIGHT

DEPARTMENT STORE SHOPPERS AND THEIR MERCHANDISE EXPECTATIONS

Taking over from Chapter Seven, this one opens by concluding the first goal of this primary research. Later, it sets out to satisfy the second objective of this investigation. Specifically, this chapter assembles the first two most important puzzles for developing a strategic merchandise mix for department stores. One, "who are the most likely target markets for department stores?" The second "what are the merchandise expectations of these markets?"

To unfold the above puzzles, this chapter is divided into three sections. Section one begins by evaluating the attractiveness of segments uncovered in the previous chapter. Those segments found to be most viable are then selected. Section two continues by exploring the merchandise expectations of these qualified consumers. In line with literature review in Chapter Five and research objectives in Chapter Six, answers pertaining to the merchandise variety, assortment, support level, brand choice and new product proneness would be examined. Finally, a conclusion is drawn in section three.

8.1 Target Market Identification

To measure the attractiveness of each cluster, the criteria set out in Chapter Five were used. They were: 1. each segment's revenue potential, and 2. each segment's unique requirements can be satisfied with the firm's resources and capabilities at a profit. The following discussion pits each group against these criteria. At the end of this section, viable cluster/clusters are suggested.

8.1.1 Estimating Revenue Potential

In evaluating the demand for each segment, the groups were subjected to the usage pattern analysed in Chapter Seven. Primarily, each cluster were evaluated through its shopping frequency, amount spent, and frequency of visiting department stores. In addition, the size of each market were also judged to assess its attractiveness.

Looking back at Table 7.14, one clear segment that does not fit in, is the dreamers. They were as established earlier the poorest among the groups. As such they seldom shopped and even if they did, they were the least spenders among the group. In addition, they were part of a very small market (2%). And most importantly, they hardly visited department stores. Therefore, this group is dropped from further discussion.

Besides these dreamers, all the other shoppers exhibited a certain degree of similarity in their shopping patterns. They, for example, generally spent an average of RM51-200 or RM51-300 per shopping trip. Similarly, they visited shopping complexes an average of once a month or once in two months. In addition, their proneness to department stores was almost equal.

However, if one is to compare the sizes of these remaining segments, ruthless shoppers have the least members. Their numbers, as calculated earlier, were almost as small as the axed dreamers. Nevertheless, they were among the most frequent shoppers in the market. Similarly, ruthless shoppers were the most religious patrons of department stores. Therefore, at this point, the fate of this segment will have to wait until the second criterion is used.

Another segment that may fail the 'size' test is status shoppers. Essentially, they were the third smallest group, making up only 6.5 per cent of the total market. However, this segment was among those who shopped most often for clothes. Besides, status shoppers' lowest purchase amount was the highest among the groups. To illustrate, their spending amount started from as low as RM100.00 while the others were at RM50.00. Therefore, similar to ruthless shoppers, their inclusion or otherwise could only be decided at the next stage.

8.1.2 Estimating the Cost of Marketing Effort

This criterion evaluates clusters on the cost of effort needed to make an impact on each segment. Therefore, factors cited in Chapter Five, such as the overall company objectives, resources and capabilities, and the level of competition have to be considered.

The qualifying process begins by looking at the two 'weak' segments uncovered previously - ruthless shoppers and status shoppers. If one were to compare the merchandise needs of the former, it is clear that it would be too costly for department stores to satisfy this market. Furthermore, gearing department stores' resources to meet this market's expectation could drive away the other groups. To illustrate, these ruthless shoppers possessed complex fashion lifestyles. They were as previously discussed evaluated apparels based on all the five fashion orientations. Therefore, to satisfy this group would put heavy demands on department stores' resources. Moreover, as this group was also price-conscious, to include them could 'cheapened' the image of department stores. Consequently, this lower image would turn away those non-price consumers. Therefore, taking all these considerations and the fact that they made up a small number of the total market, this group is eliminated.

In contrast, status shoppers exhibited less complexity in their choice of fashion lifestyles. However, similar to ruthless shoppers, they were also price conscious. This merchandise stimulus was rather incompatible with the image of department stores. In addition, these status shoppers were among the eldest in the remaining clusters. Older women, generally speaking, seldom evoke excitement or show fashion proneness or exhibit willingness to accept changes readily. These criteria are in essence the concept of department stores, which must be reflected in their merchandise mix offerings. Therefore, by being rather elderly, their attractiveness as department store shoppers diminishes. Furthermore, it was also argued in Chapter Seven that status shoppers preferred to shop in speciality shops. Summing up all these factors, this group is also dropped.

The pruning exercise is now shifted to the remaining four segments. Among these clusters, value shoppers were at the disadvantage because they were not fashion conscious. In addition, their market size was also quite small (12%). These shoppers, even though were among the highest spenders, were also rather older than the remaining clusters. Moreover, as pointed out earlier, many of them worked in government sectors. Similarly, earlier inference suggested that their rather sizeable expenditure could be based on households' rather than individual's spending. Therefore, they appeared to not really belong to the department stores' target market. Furthermore, as there were another 77 per cent of the market who was fashion conscious, it is thought that dropping this segment would still leave department stores operators with a sizeable target market. As such, value shoppers are discarded. The next subsection concentrates on these 'left-overs'.

8.1.3 Target Markets for Malaysian Department Stores

In qualifying the remaining clusters, the same procedure (as in 8.1) was applied. Essentially, this exercise was done to validate the inclusion of each segment as department store shoppers. Looking at these clusters, one glaring point is underlined. That is, they were not cost conscious (besides being fashion conscious). These criteria, no doubt, click with the department stores image. Therefore it should be reasonable to assume, given that their size is large enough, these segments exude financial potential.

If size then becomes a major yardstick, sophisticated shoppers were at a disadvantage. They only garnered 13 percent of the market while fashion enthusiasts and career women scored 31 per cent and 56 per cent respectively. However, as noted in Chapter Seven, their fashion sense was far more powerful than the other two groups. Therefore, their inclusion would further elevate the status of department stores. Their sense of dressing and their type of clothing should enrich the variety of fashion merchandise in these stores. In addition, their kind of apparels could also serve to provide inspiration for the other two groups. Thus, in effect, by incorporating the sophisticates into its (department store) sphere, more of less sophisticated buyers could be attracted and presumably more buys could be registered. Therefore, given the many advantages to be reaped from this cluster, it should be retained.

The final two groups definitely passed the size test. In addition they shopped as often or sometimes more frequent than the sophisticates. Likewise, as noted in Chapter Seven, it is also possible that they sometimes spent more than sophisticated shoppers, though it is quite questionable as to where these shoppers are most likely to spend their money. Their high ratio of shopping frequency as to department store visits suggested that they were quite most likely to spend their money on a variety of apparel stores.

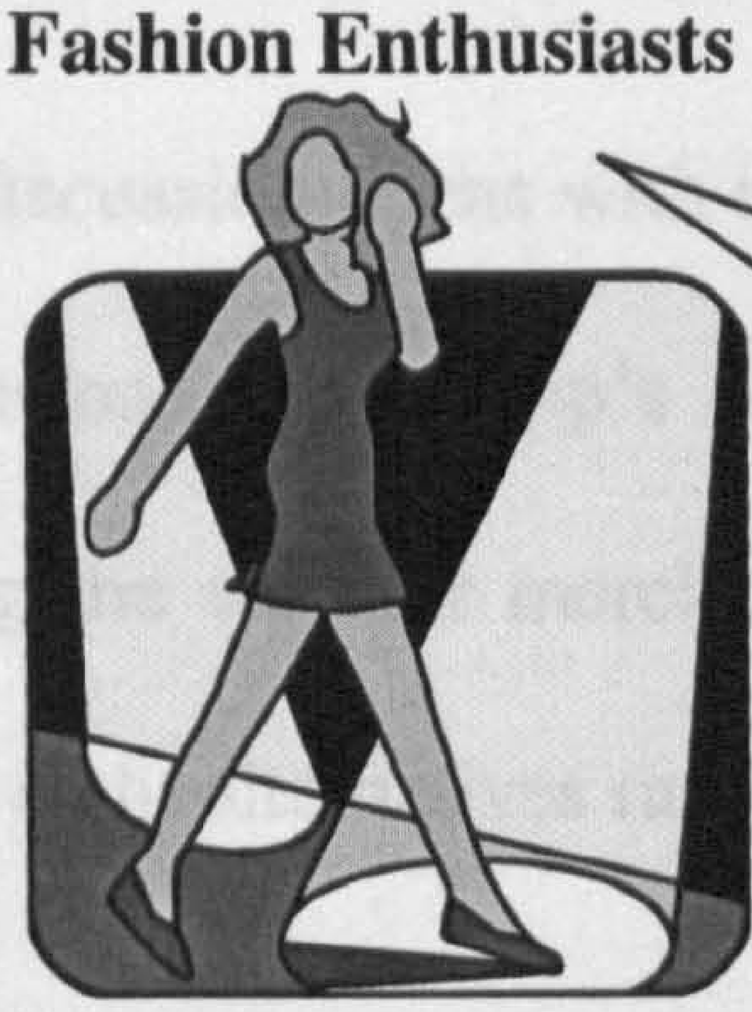
In any case, their overall fashion orientation, spending amount, shopping frequency and sheer size made them attractive target markets for department stores. Ignoring these two groups would result in delineating 87 per cent (based on the three groups discussed) of the current shoppers. This is an unacceptable for the livelihood of these emporiums. Therefore, fashion enthusiasts and career women must be part of the department stores' target markets. Picture 8.1 describes them. The discussion now shift to understanding their merchandise expectations.

Picture 8.1 Profiles of Department Store Shoppers

The Sophisticated Shoppers

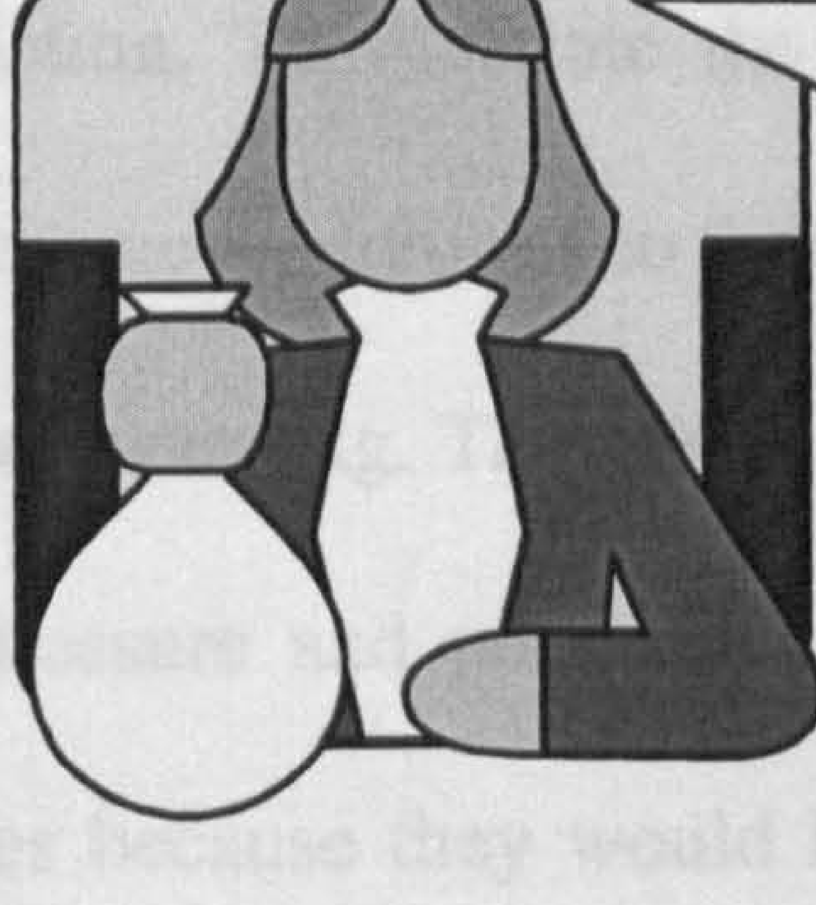
Yes, I love fashions. But they do not necessarily have to burn my pocket.
I believe if you look around, you could get the best deal.
I spend up to RM200 per month
My clothes have to be of certain quality and should project my professional image
My clothes have to be versatile as well

Fashion Enthusiasts



Yes, I love fashions.
I looked for trendy clothes.
I shopped very often for clothes and looked around for clothes that suit my pocket and me the best.
I spend up to RM300 per month

Career Women



Yes, I love fashions. But they do not necessarily have to burn my pocket.
I believe if you look around, you could get the best deal.
I spend up to RM300 per month
My clothes have to speak fashions but I won't buy them just for the sake of fashions. They have to project my 'modern women' image
My clothes have to be versatile as well

8.2 Merchandise Expectations

To uncover each segment's merchandise expectations, responses in Section B and Section C (of the questionnaire) were crosstabbed against each cluster and analysed. In this section, the outcomes on buying motives and expectations towards merchandise variety, merchandise assortments, brands, new versus established items, and service level are presented.

8.2.1 Motivation Towards Clothing

The discussion opens with examining the motive for owning apparels. Through this dimension, each group's degree of fashion proneness could be postulated, thus, paving the way for merchandise allocation to each cluster. The respondents were given eight alternatives ranging from physiological needs to self-actualisation.

To arrange their answers in that manner (Table 8.1) several assumptions were made. One, the variable 'liked changes' could stem from either internal or external satisfaction. To illustrate the former, target markets being fashionable, love and welcome new additions to their wardrobes. As such, they seek new clothes to satisfy their own craving. The latter, on the other hand, rests on their surroundings such as peer pressure and positions in the society. For example, the target markets seek changes because they would lose 'face' if they keep wearing the same dress over and over. Building on these assumptions, the first motive is associated with self-actualisation. In contrast the second one bordered to social needs and social esteem. Thus, this dimension is arranged towards the left of the table.

The next assumption concerns 'tired of old ones'. This motive could arise from the needs to be fashionable and to keep on being fashionable. Using this argument, it is expected that the more fashionable a person, the faster she will get bored with her present wardrobes. Hence, an attitude stems from social needs and self-esteem. On the other hand, this motive could also be bordered towards basic needs. That is after wearing an apparel for so many years, one feels that she must buy a new one. Therefore, 'tired of old ones' orientation is arranged towards the right of the table.

Table 8.1 Motives for Buying Clothes (%)

Physiological needs → self-actualisation

	Can't fit old ones	Worn out	Others	Tired of old ones	Keep with friend	Keep with fashion	Like changes	Impulse buy
Sophisticates	14	20	-	37	10	41	49	25
Fashion Enthusiasts	15	25	2	47	8	51	44	10
Career Women	17	22	4	36	4	29	48	15

Staple Merchandise ←

→ Fashion Merchandise

Armed with these assumptions, the motives of individual segment are examined. As shown, the sophisticates' motives were more inclined towards the middle to the upper hierarchy of needs. On the other hand, fashion enthusiasts' motives were more towards the middle hierarchy of needs. Meanwhile the motives of career women moved towards the left. This (career women) attitude is not surprising because their fashion orientation was also hinged on practical buying. Therefore, being wise, they would not want to be too dictated by the waves of fashion.

However, one would ask, 'being practical buyers themselves, why would the sophisticated shoppers be considerably more fashion conscious than career women?' Perhaps, one of the answers lays in their ethnic backgrounds. As pointed out earlier, the Malays made up the majority of the latter. On the other hand, the Chinese predominantly represented the former. Confucius teaching generally is more flexible and hence more tolerant to fashion attitudes. Another probable reason is the 'size' factor, the most fundamental motive (buying clothes) in this thesis. Looking at Table 8.1, clearly, the career women's needs for clothes were most basic. Similarly, this 'size' factor implies that career women were in the worst shape than the rest. Therefore, they were not too overly conscious with fashion.

It is also interesting to note that the sophisticates were relatively less restrained than the others in buying apparels. This assumption was made based on their impulse buying incidence as displayed in Table 8.1. The attitude must be due to their higher earnings. As they have money at their disposal, they were more prone to buy anything that caught their eyes.

Therefore, a conclusion from this subsection is:

1. Fashion enthusiasts were most easily influenced by fashion
2. Career women were the least easily influenced by fashion
3. The sophisticates, on the other hand, were in between.

Looking back to Chapter Seven, this finding correlates perfectly with their fashion lifestyle orientations.

8.2.2 Merchandise Variety

The investigation continues by focusing on the broad merchandise variety, which in this thesis, refers to the three types of merchandise worn by a woman in her daily activity. The objective of this examination is two folds. One is to investigate the overall merchandise emphasis. Two is discover the merchandise type or types most important to each segment. This in turn would further assist decisions on an optimal merchandise variety. In order to realise this objective, the first subsection studies the present states of needs of each segment. The second subsection investigates each group's merchandise expectations. At the end, assumptions about the relationship of each segment and merchandise type are laid down.

8.2.2.1 Present State of Needs

To examine the present state of needs of the shoppers, respondents were asked to react to questions on their current merchandise ownership and actual needs. Table 8.2 compared these dimensions. As shown, target markets placed the highest emphasis on leisure wears to be followed by office wears and dresses for special occasions. Therefore, based on this general data, providing more selling spaces for leisure wears could be a strategic option.

To investigate further, gap analysis was performed on each merchandise category. Applying it to casual wears, it appeared that the sophisticates experienced the biggest gap. Thus, suggesting that this group presented the highest sales gain opportunity for department stores. Nevertheless, while bigger gaps could point to higher opportunity for department stores, smaller gaps could also lead to the same path. The reason being, by shrinking the gap, fashion enthusiasts demonstrated that clothes meant a world to them. That is, once motivated to own a garment, they would aggressively seek for it. On the other hand, by letting a big rift in their clothing needs, the sophisticates demonstrated that casual wear was of lesser needs to them. Therefore, based on this prediction, fashion enthusiasts presented a great sales gain opportunity as well.

Table 8.2 The Current State of Merchandise Acquisition By Segments (%)

	Formal Wear			Leisure Wear			Dresses for Special Occasions		
	Have Most	Need Most	Problem*	Have Most	Need Most	Problem*	Have Most	Need Most	Problem*
Sophisticates	55	55	18	55	63	10	10	16	37
Enthusiasts	46	45	30	61	63	18	13	15	52
Career Women	45	54	26	64	57	9	8	11	43

Notes: In general: 45% of the sophisticates indicated 'no problem'
20% of fashion enthusiasts indicated 'no problem'
37% of career women indicated 'no problem'

It is also interesting to note that while gaps in these earlier groups showed unmet needs, the gap for career women ran in the opposite way. One probable reason could be, career women just loved casual wears. Therefore, even though they had more than enough, they kept on buying those apparels that caught their fancy. If this assumption is to be taken into consideration, they should also be given top priority in the planning of casual wear.

The second most needed apparel type was office wear. Comparing the 'needs' and 'haves' of this clothing, it is clear that among the groups, career women experienced the highest disparity. This discrepancy could lead to an assumption that apparel stores in Klang Valley did not offer enough office wears to suit this group's taste. On the other hand, the opposite is true for leisure wears. Therefore, they ended up buying more of the latter than needed. Similarly, relating back to the 'size' factor discovered earlier, this assumption (that no suitable office wear is catered for them) is further validated. The reason being, most often that not, office wears need to be more fitting than casual wears. Looking in this light, perhaps, it would be best to concentrate on office wears for this group (career women).

On the other hand, the other two clusters seemed to manage their wardrobes (in office wear) very well. Both the sophisticates and fashion enthusiasts matched their 'needs' and their 'haves' perfectly. Again, applying the 'urgency of needs' formula, these two groups established that office wears were very important to them. Therefore, like those of career women, their needs on office wears have to be exploited by Malaysian department stores.

Dresses for special occasions made up only 10 per cent of the total wardrobe of the target markets. Nevertheless, all of these shoppers believed that they needed more of these dresses than they presently had. Leading this notion are the sophisticates. Since they have the most financial means, perhaps it would be wise to give them top priority in this dress category. Meanwhile, if one is to apply the urgency of needs approach, fashion enthusiasts should head the list. Furthermore, the earlier profiling exercise has established that this group spent the most on clothes.

To seek further insight on the shoppers' unmet needs, respondents were asked to relate problems associated with buying these apparel types. In addition, 'no problem' was also provided as an alternative answer. Among the segments, fashion enthusiasts appeared to encounter the worst experience. On the other hand, the sophisticates faced the least problems. Almost half of the latter attested to this notion (Table 8.2).

The areas found most lacking by fashion enthusiasts were dresses for special occasions and office-wears. Nevertheless, looking back at their 'haves' and 'needs', these bad experiences did not seem to affect their wardrobes. Therefore, one could assume that their problems rest more on the time spent searching and evaluating the merchandise. That is given the money and time that they had, they managed to find clothes that could at the end satisfy their needs, even though finding them was quite a problem at first. Putting it in another way, apparel stores in Klang Valley offered enough merchandise selections for fashion enthusiasts. Furthermore, the fact that they managed to accumulate the apparels that they needed despite having 'problems', served to further strengthen the urgency of needs phenomenon discussed earlier.

Although not as glaring as the former group, career women also indicated they faced problems (63 per cent) in getting the merchandise they wanted. Like the former, the two major areas were in selecting office wears and clothes for special occasions. Therefore, this finding served to validate the earlier assumption about clothing stores in Klang Valley. That is, they were not selling enough merchandise range and selections to meet career women's needs in office wear and special wear.

Though the sophisticates faced the least problems in buying clothes, more than half of them hinted that buying clothes in Klang Valley was not easy. Their biggest problem was in buying dresses for special occasions. One interesting revelation in this segment is, even though they lacked casual wear, the sophisticates did not feel that they encounter many problems in getting this apparel type. This finding is rather baffling because earlier data proved that there exist a big gap between their present states of needs and 'haves'. What, then separates this group from possessing this apparel?

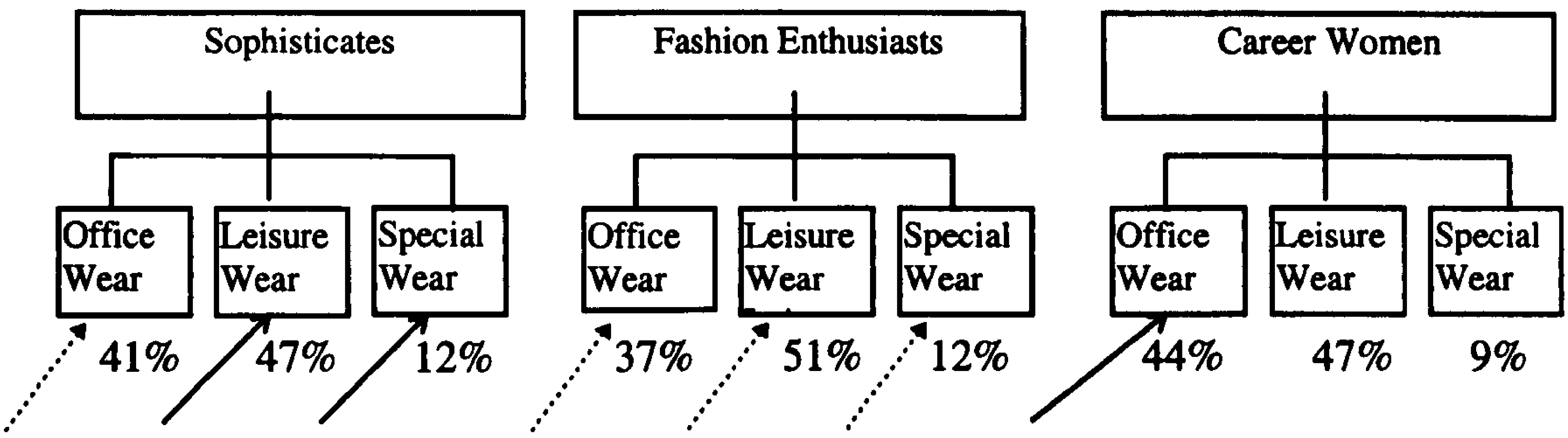
One probable answer could be, their needs for this dress type were not too pressing. This is because, assuming that most of their time was spent working, indulgence in leisure activities was restricted. Another probable answer could be, like the other two groups, they were aware that many apparel stores around Klang Valley could satisfy these needs. The only problem is they did not have the time and energy as the others to go hunting for this casual wears. Therefore, seeing in this light, the stores that would gained the most would be those that assembled various assortments in one place, thereby creating convenience as well as choice.

To this end and in view of the above discussions, Figure 8.1 summarises the proportion of each merchandise category for each cluster. In addition, three assumptions on the merchandise needs were postulated. They were:

1. The sophisticates placed highest emphasis on office wear. The second was leisure wear and the third was special wear.
2. Fashion enthusiasts placed highest emphasis on leisure wear. The second was office wear and the third was special wear.

3. Career women placed highest emphasis in office wear. However, the inability of apparel stores to satisfy them has made them turned to casual wear. Like any other groups, special wear came last.

Figure 8.1 The Proportion of Merchandise Types by Market Segments



Note: ——→ Possibly higher marketing effort due to big unfulfilled needs
·········→ Possibly higher marketing efforts due to urgency of needs

8.2.2.2 Expectations on Merchandise Variety

Seldom are consumers' needs matched perfectly with their expectation. Table 8.3 on the next page confirms this statement. The sophisticates for example, expected to see more of office wears in stores than what they really needed. This is rather surprising considering that earlier investigations showed their unmet needs rested on leisure wears and dresses for special occasions.

Possibly the 'selective exposure' factor has resulted in this attitude. That is, because of their competitive work environment, the sophisticates were more aware of office wears than any other clothing type. Therefore, these clothes became most visible and hence possibly most important to them. This selective exposure assumption then, tied nicely with the urgency of needs discussed earlier. As such, this input further validates the assumption made about this group in 8.2.2.1.

Table 8.3 The Needs Versus Expectation of Merchandise By Segments (%)

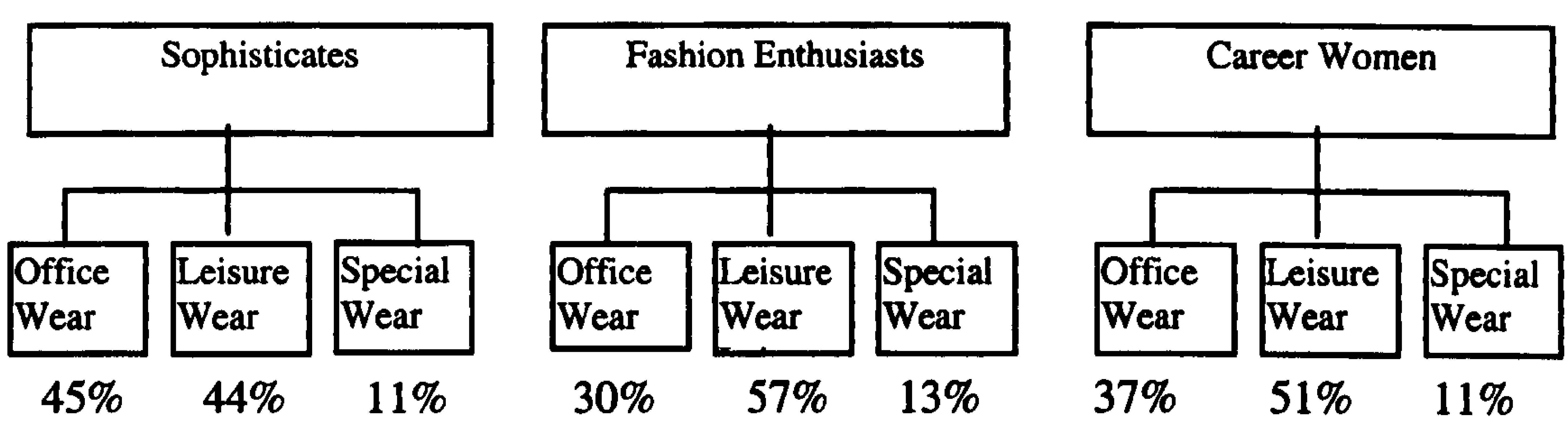
	Formal/office Wear		Leisure Wear		Dresses for Special Occasion	
	Need Most	Like to see more	Need Most	Like to see more	Need Most	Like to see more
Sophisticates	55	65	63	63	16	16
Fashion Enthusiasts	45	40	63	76	15	17
Career Women	54	49	57	72	11	13

Similarly, career women also showed peculiarity in their request. While they seemed to own more leisure wears than needed, they would still like to shop in stores that offer a big selection of these merchandise. Nevertheless, the assumption about their apparent love for this apparel type could be the reason. However, looking back at their practical buying dimension, this prediction might prove to be wrong. Instead, the factor 'habits' could be a more pliable explanation. To illustrate, career women expected to see more leisure wear in the stores (even though they really did not need them) because past shopping experiences showed that this merchandise type makes the bulk of the retailers' offerings. Thus, their expectation is based on routine rather than needs.

Among the groups, fashion enthusiasts were most consistent in their needs and expectations. They indicated that they wanted to see more of leisure wear. This expectation is easily digested because a majority of this group needed this clothing type the most. In addition, there was a small discrepancy between their needs and haves in this apparel category.

To conclude, this subsection further established that office wear was most important to the sophisticates. Similarly, it also served to validate that fashion enthusiasts placed highest emphasis in casual wear. In the case of career women, it should be most wise to assume that office wear was of utmost significant. Figure 8.2 illustrates the proportion of merchandise types based on each segment's expectation.

Figure 8.2 The Proportion of Merchandise Expectation By Market Segments



8.2.3 Merchandise Assortments

To assist decisions on the proper selection of assortments, this subsection examines the respondents feedback on three dimensions - the priority of merchandise assortment, problems in buying clothes and on their assortment choice criteria.

8.2.3.1 Priorities in Merchandise Assortment

To assess this parameter, consumers were asked to respond to the importance of wide variety for each apparel category. Although, this question could be interpreted as giving directions on product lines, it is considered as otherwise in this thesis. The findings, which shows that an almost balanced emphasis on every category, in Table 8.4 supports this avenue.

Table 8.4 The Importance of Widest Assortment (%)

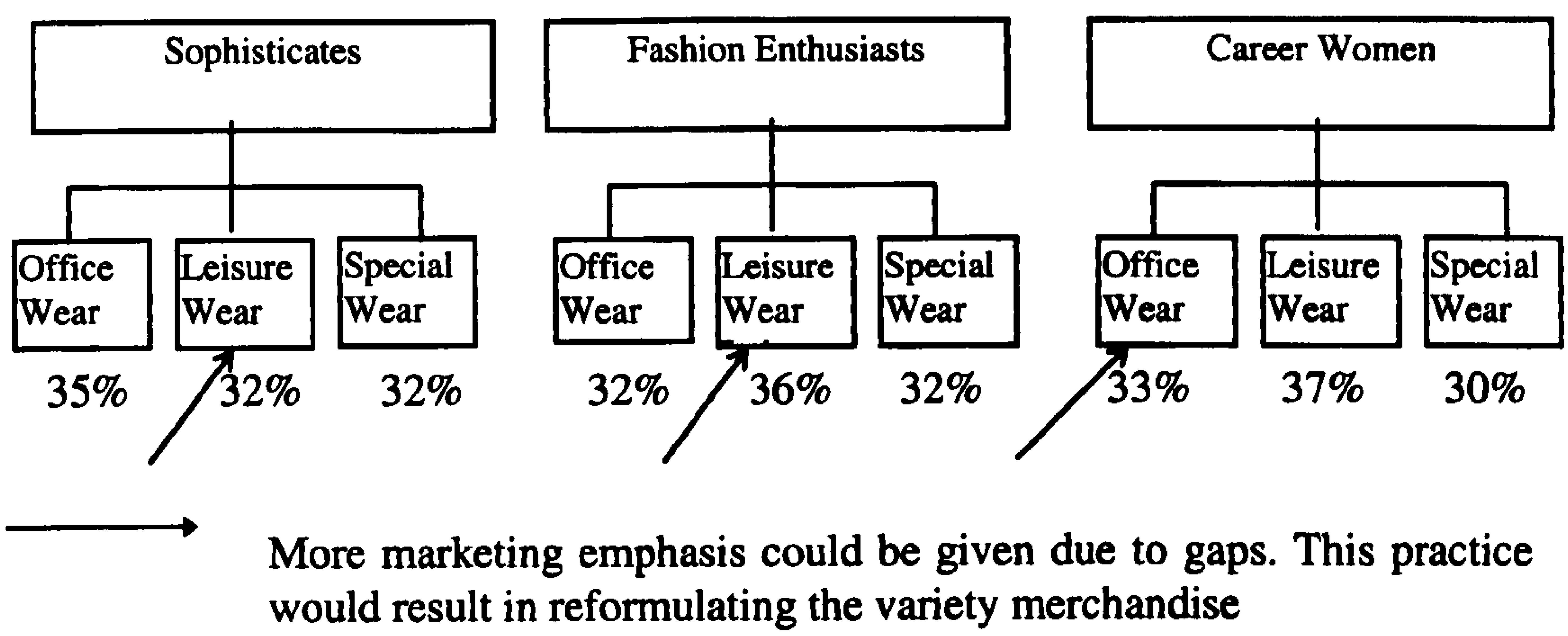
	Widest Assortment is Most Important		
	Office Wear	Casual Wear	Special Wear
Sophisticates	57	49	49
Fashion Enthusiasts	42	48	43
Career Women	49	54	45

As illustrated, sophisticated shoppers, being the most successful working women placed the highest emphasis on office wear. Likewise, as the youngest group and possibly the most sociable, fashion enthusiasts preferred the deepest assortment in leisure wear to be followed by dresses for special occasions. One the other hand, career women, which also hold good positions in the workplace, preferred the greatest assortment for casual wears. Perhaps, being practical and not too overly fashion conscious, they do not need too many selections of office wears. Figure 8.3 illustrates the proportion of merchandise selection for each segment.

To conclude, given the data and arguments earlier, these assumptions are made about the priority of merchandise assortment:

1. To the sophisticates, deepest assortment was most important to office wear. Casual wear and dresses for special occasions came second.
2. To fashion enthusiasts, deepest assortment was most important to leisure wear. The second were dresses for special occasions. Third was office wear.
3. To career women, deepest variety was most important to casual wear. The second was office wear. Third were dresses for special occasions.

Figure 8.3 The Proportion Merchandise Assortments By Market Segments



8.2.3.2 Problems in Buying Clothes

The discussion continues by probing the main issue uncovered in the earlier section - the problems in buying clothes. An open-ended question was posed to unravel the causes. To code the answers, the first three reasons related to inherent physical attributes of the merchandise, which are of greater interest to this thesis, were gathered. The fourth reason was generally a combination of other tangible or intangible aspects of merchandise. Basically, the majority of 'others' was centred on prices and quality of the apparels. There were several occasions, though, that 'poor support level' and 'after sales services' were mentioned. At the end, their answers were grouped into four categories as exhibited in Table 8.5.

Table 8.5 Reasons for Difficulty in Finding Apparels (%)

	Size	Pattern	Colour	Others
Sophisticates	41	17	13	44
Fashion Enthusiasts	51	12	13	33
Career Women	43	13	13	43

Least substitutable → Most substitutable

Looking at the table, it is most alarming to find that size was the major cause to the problem. This is because, as elaborated in Chapter Five, size in most cases is rigid in character. That is, while one could substitute a pattern or colour with another, the same behaviour is most unlikely with size. Similarly, size is less volatile than the other two elements. Therefore, this finding suggests that department stores and other apparel stores were guilty of not updating on this important element.

The problem most probably does not lie in making the favourite sizes available, but rather to the definition of 'correct measurement' of these sizes. Is it possible then, because apparel stores in Malaysia were so intent at forecasting on other more volatile aspects of merchandise, that they assumed the domain of sizes always remained the same? In most developed countries for example, retailers have agreed that the changing roles of women in the society have left them (among other things) with thicker waists and bigger arms. Similarly, better nutrients have possibly made them taller and bigger than their predecessors. In contrast, advertisements are using thinner and thinner models (Fay and Price, 1994). Therefore, most probably, dress measurements are also getting smaller. No doubt this aspect needs to be investigated. However, the concentration on this area is beyond this thesis.

Going back to the discussion at hand, another big problem in buying clothes was due to prices. This aspect made up the majority of 'others'. It should be stressed here that even though the consumers mentioned the word 'price', it was by no means to suggest that they went for the cheapest item. This is because the fashion life style factors discovered in Chapter Seven suggested that these consumers were not price conscious. Instead, it should be interpreted as, in buying apparels, consumers evaluate each merchandise attributes against the price attached. And since the other major aspect of 'others' was quality, therefore, the main trade-off is between price and quality. Naturally this outcome validates the statement made by Welch (Fortune, 1993, Chapter Five, page 155).

Upon further checking (on the other aspects of difficulty in getting clothes), the refined taste of the sophisticates is once more underlined. They, compared to the rest, placed higher emphasis on pattern. Perhaps, this discerning taste plus their inability to find the right sizes had led to a wide gap in their merchandise needs. Manual checks on their answers also proved that this segment cited problems of quality and style more often than the others. For example, one respondent in this group wrote " ...... *the dresses were too transparent to suit my taste. Today's* *fashion seemed to revolve around young unmarried girls*". Possibly this expression could be the reason for career women's inability to find suitable office wears. On the whole, they were more discriminating than fashion enthusiasts. To illustrate, they were rather particular of patterns in choosing apparels. In addition, they encountered more problems in size than the sophisticates. Furthermore, as shown previously, they went out of shape faster.

One would argue however, size has also presented a big problem to fashion enthusiasts. Size, being unsubtitutable, "why then it did not appear to affect fashion enthusiasts"? The probable answers could be tied to their youth and fashion orientation. They were young and were fashion followers. Therefore, blinded by the tide of fashion, they were not overly concerned with the fitness in as much as the fashionness of the apparel. This assumption blended well with their urgency of needs established in 8.2.2.1.

Moreover, while going through their feedback, the author was also amused to find that several shoppers in this group regarded variety and assortment as a hindrance rather than an added value. They remarked "....... *(the problem is), there are so many choices to choose from!*" Therefore, to this group, offering 'over choice' assortments could be as threatening as under choices. This revelation further explained the almost non-existing discrepancies in this group's merchandise needs versus merchandise owned, as pointed out earlier. That is, because their problems were due to choice decisions, they managed at the end to settle on apparels that were most agreeable.

Table 8.6 explores further on these assortment problems. Size, as found put earlier was the major problem in buying apparel. If one were to look at the table, 'perfect fit' is of utmost important to the sophisticates. On the other hand, satisfying the sizes for the other two groups is much easier. Therefore, this finding served to further confirm the earlier assumption that the sophisticates were most discriminating in their apparel choice. As such, to satisfy this group, the assortments for the sophisticates have to be most exacting.

Table 8.6 Sizes and Patterns Choices

	My Dress Size				I most likely buy (Fit/Size)			I most likely buy (Pattern)		
	S	M	L	XL	Loosely	Well-fit	Tight	Simple	Moderate	Elaborate
Sophisticates	25	49	24	2	37	63	20	74	43	2
Fashion Enthusiasts	23	44	27	6	47	51	13	74	34	7
Career Women	15	55	19	11	58	54	10	80	28	7

If one were to compare the dress size of each segment, quite a number of career women were 'big'. Therefore, in a sense, this explained the reason for these shoppers to want 'loosely fit clothes'. Similarly, it correlates with the finding on their 'can't fit into old ones' motive. Thus this outcome also pointed out that to cater to career women, more bigger sizes clothes have to be made available.

Nevertheless, it is clear that generally, shoppers preferred loosely fitted dresses. More than two third of them cited this preference. Therefore, by looking at this inclination, one could hardly understand why they could not find the size that fits. They, after all, were of normal sizes, with medium being the mode flanked by an almost balanced number of small and large sizes. Unless, as suggested earlier, the standard measurements used by local retailers failed to 'size' up with the changing consumers.

The second biggest problem in buying, as identified earlier, was getting the right pattern. An overview on this dimension in the last three columns of Table 8.6, reveals that, fashion enthusiasts have the most varied taste. Therefore, generally speaking, they were more game to any pattern. In contrast, the preference of career women was most universal. The attitude of the latter is comprehensible because it correlates with their fitting preferences. Similarly, it augurs well with their practical dimensions. However, like the former, a handful of these shoppers were quite extravagance in their choice of patterns.

The sophisticates, on the other hand, were the moderators. They went for simple or moderate pattern and rarely would go overboard for an elaborate one. Again, these behaviour paralleled to their earlier profile. Being educated and having a good social standing, they did not need to be overshadowed by these elaborate dresses.

8.2.3.3 Assortment Choice Criteria

To explore further on the totality of features used by consumers to assess apparels, a rank and order question was constructed. A total of 13 assortment's attributes were listed. The alternatives provided were rather numerous but inevitable. The reason being, a buying decision is made from a combination of many factors (Kotler, 1994; Engel *et al.*, 1995). The respondents were asked to rank the first, second, and third attribute they were looking for in apparels. Table 8.7 illustrates the result.

Table 8.7 The Bundles of Attributes

Sophisticates			Fashion Enthusiasts			Career Women		
1st	2nd	3rd	1st	2nd	3rd	1st	2nd	3rd
Low Price	Value	Value	Qualit y	Suit Age	Comf ort	Comfor t	Suit My age	Comfor t
Comfo rt	Comfor t	Comf ort	Low Price	Value Quality Colour	Value	Quality	Comfor t	Value
Suit Age Quality Pattern	Fabric Suit Age Quality	Well fit	Value	Trendy	Brand	Price	Quality	Long Lasting

Notes: [shaded] The weightage is almost the same

Looking at the presented table, these assumptions are made:

1. The sophisticates were most polished in their requirements.
2. Fashion enthusiasts were most flamboyant in their requirements.
3. Career women were most practical in their requirements.

To begin with, the targets markets relentlessly seek to select the best combination of attributes with the lowest price. As shown, the two first choice criteria in every segment were low price and quality. Coincidentally, recalled earlier that these two dimensions were also mentioned as the main problems in locating apparels. This finding again proved that Malaysians like any others in a more modern setting were discerning buyers. Looking back at Table 8.7, clearly among the groups, the sophisticates were most discriminating in this price continuum. Career women, on the other hand, were least affected.

Besides these two major ingredients, there were some variations in the target markets' selection criteria. The sophisticates appeared to treat clothes in the most personal way. To them, a garment needs also to be comfortable, possessed a certain fabric quality, bore a certain kind of pattern and must be perfectly fit. Thus, explained the first assumption made earlier. Fashion enthusiasts, in contrast, were of direct opposite from the former. Clothes to them have to be loud and expressive. As such, they chose clothes with attention to colour, trendiness, and brands. These attitudes explained the second assumption made earlier.

Career women's assortment selections were more akin to the sophisticates. However, compared to the rest, their selection criteria were the least complex. Instead of balancing eight choice factors, theirs were hinged on only six dimensions (see Figure 8.4). In addition, what set this group apart from the others is they placed high attention on clothes that are long lasting. As such, they conformed to the third assumption made earlier.

To summarise, the choice attributes indicated by each segment conformed to the lifestyle factors and the profiles established in Chapter Seven. Figure 8.4 reflects the general selection discriminators of each group.

Figure 8.4 The Assortment Choice Criteria

Sophisticated Shoppers	Fashion Enthusiasts	Career Women
Low Price	Quality	Comfort
Comfort	Low Price	Quality
Suit Age	Value	Price
Quality	Suit Age	Suit Age
Pattern	Colour	Value
Value	Trendy	Long Lasting
Fabric	Comfort	
Well fit	Brand	

8.2.4 Brands Priorities

A decision on an appropriate merchandise mix has also to take into account the balance between own, local and international brands. This subsection begins with assessing the attitudes of shoppers towards brands. Later the importance of brands towards each merchandise type is established. Lastly, their proneness towards brands is examined.

An open-ended question was posed to uncover the first issue. It was phrased, *"To me branded clothes are ________"*. To examine the other dimensions, two structured questions were designed. The answers were grouped into three categories: positive, negative and neutral. Responses such as 'Gucci', 'Versace', 'prestige', 'image' and 'high quality' were indicators of the first category. The second category was symbolised by phrases/words such as 'expensive', 'a waste of money', 'nothing' and 'just a name'. Neutral on the other hand was reserved for 'okay', 'no problem', 'the same as unbranded', 'no comment'.

Table 8.8 Attitudes Towards Brands

	Attitudes Towards Brands			Brands Most Important To:			I Most Likely Buy		
	Positi ve	Nega tive	Neutr al	Offic e Wear	Leisu re Wear	Speci al Wear	Interna tional	Loca l	Not Impo rtant
Sophisticates	29	42	29	46	40	43	25	25	63
Enthusiasts	44	28	29	39	43	48	36	27	56
Career Wom	29	44	28	42	34	40	28	29	67

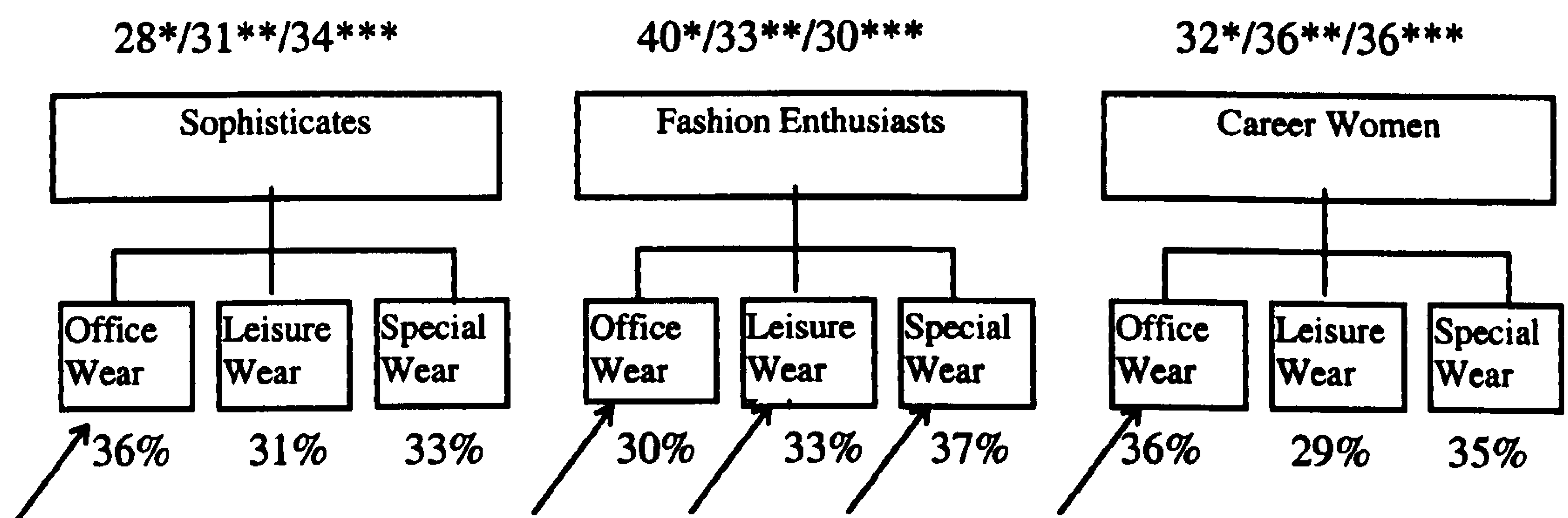
Upon tabulating their answers (first three columns, Table 8.8), it is clear that brands positively affected fashion enthusiasts the most. This finding served to further validate the earlier data on the selection factors of this group. On the other hand, the other two clusters were least impressed by the power of brands. Again, their attitudes towards brands were reflected in their assortment choice criteria as noted in Figure 8.4 earlier.

Next, a structured question was posed to examine the importance of brands to each merchandise category. As shown (the middle three columns, Table 8.9), the sophisticates and career women placed highest emphasis on the office wear. On the other hand, fashion enthusiasts gave top priority on dresses for special occasions. Once more, each segment's personality and merchandise emphasis was reflected through these preferences.

To cap the brand dimension, the respondents' likeliness to buy local or international brands was gathered (the last three columns, Table 8.9). On the whole, consumers felt that brands were not very important. Career women led this notion, to be followed closely by the sophisticates. However, the former was most likely to buy international brands than the latter. Again, this corresponds with them being Malays. Similarly, fashion enthusiasts consistently showed higher appetite towards brands. In addition, parallel with their flamboyant character, they placed greater emphasis for world class labels. Once more this inclination supported their 'loud' mannerism.

To conclude, the findings in this subsection served to further validate the preceding assumptions about each group. Building on these evidences, it should be safe to suggest the department stores to carry brands in this proportion: one-third international label and two-third of national and own labels. An adjustment could be made to this general ratio. For example, higher emphasis on international labels to fashion enthusiasts is most wise due to their penchant towards this stimulus. Likewise, higher concentration should be given to the merchandise type that benefits most from the power of brands. If brands are to be planned this way, perhaps department store retailers should feature them most in formal wear. Figure 8.5 illustrates the points where retailers must zoom at in planning brands.

Figure 8.5 The Percentage of Brands By Market Segments



Notes: ——→ refers to potential areas for brands' emphasis
* international, **local, ***own brands in percentage.

8.2.5 New Products Proneness

Another important area closely linked with merchandise mix decisions, as uncovered in Chapter Five, is striking the right proportion of new as opposed to established products. Two questions were specifically structured to assess this spectrum. The first question measures segment's proneness towards new items. The second query, parallels to those of brands, inquires the importance of changes to each merchandise type. Table 8.9 presented the results and their outcomes are discussed accordingly. Scrutinising the first three columns, once again, the earlier profiles supported the behaviour of each group. Therefore, based on this data, assumptions on receptivity new products by different groups were as follows:

1. Fashion enthusiasts were most charmed by any fashion innovation.
2. Career women were most resistance to product 'newness'
3. Sophisticate shoppers were the moderators

Table 8.9 Assessing the Proportion of New Products (%)

	I Most Likely Buy			Frequent Changes is Most Impt.		
	Latest Fashion	Usual Clothes	Combination	Office	Casual	Special
Sophisticates	25	29	66	53	49	19
Enthusiasts	42	28	60	40	54	22
Career Wom	20	34	73	54	57	17

In establishing ratios for new items, results in the first column of Table 8.9 were used. Admittedly, a percentage of the third column (answers to 'combination) should also be calculated. However, because of the ambiguity of these answers and due to simplicity, the former basis was selected. Similarly, the answers to the second column were taken as the proportion of the established items. Once more, arguably, the answers on the third column should also be built in. Nevertheless, the reasons of ambiguity and simplicity, as argued earlier prevailed. As such, it was postulated that the ratios of new versus established items follow these guidelines:

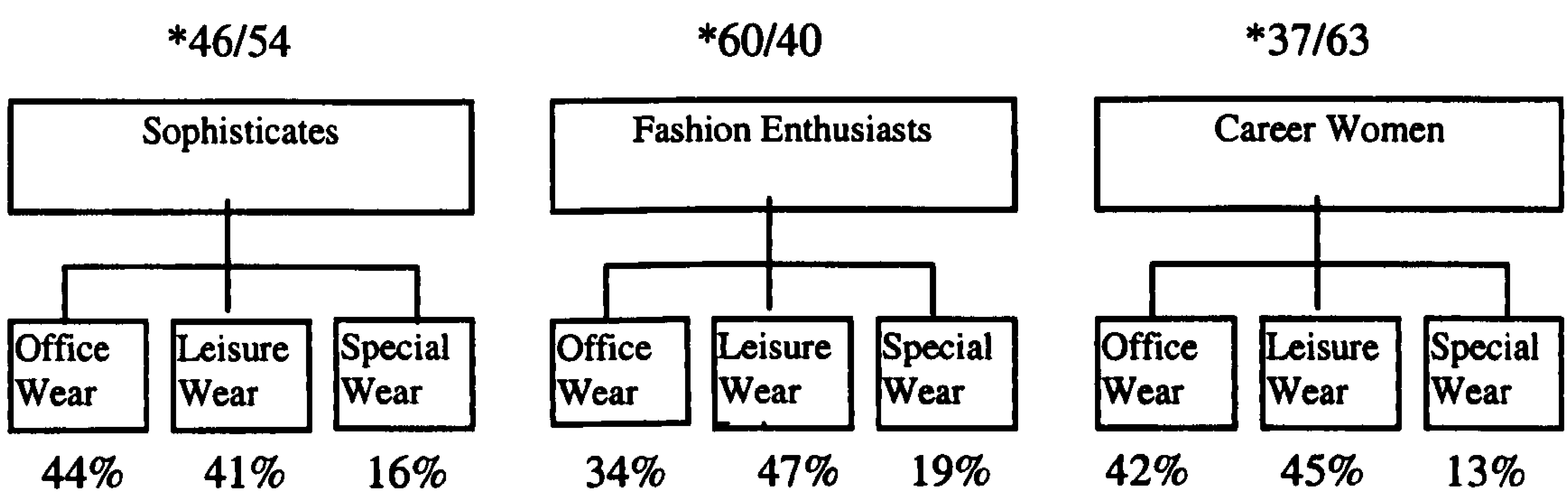
1. For sophisticated shoppers - 46:54
2. For fashion enthusiasts - 60:40
3. For Career Women - 37:63

Looking further (Table 8.9), on the matter of which merchandise type should feature new items most often, all groups agreed on office wear and leisure wear. Once more, this goes to show the importance of these two apparel categories to the target markets. Among these two merchandise types, the sophisticates preferred more new items for office wears than casual wears. This is understandable, considering their work commitment As such, this attitude is consistent with earlier findings on their fashion orientations and merchandise priorities.

Similarly, the importance of changes in leisure wears to fashion enthusiasts is comprehensible. Compared to the other groups, their preference (towards leisure wear) was most distinct. Thus, clearly, this finding further served to justify their profiles described in Chapter Seven. Likewise, conforming to their attitude on assortment's depth and practicality dimension, career women preferred frequent changes in casual wears the most.

To summarise, the target markets generally are receptive to changes. Naturally this finding favours the growth of department stores retailing. Among the clusters, fashion enthusiasts displayed the greatest passion for novelties. Nevertheless, new fashions present highest risks. Therefore, adding them is not an easy decision. Nevertheless Figure 8.6 provides the guideline for this study.

Figure 8.6 The Percentage of New Versus Established Products



Note: * refers to the percentage of new products

8.2.6 Attitudes on Service Level

The last topic in this section deals with reactions of consumers to the support level. In examining this perimeter, shoppers were first asked to indicate their priority in service level by merchandise types. Second, they were required to pick among alternatives, which included stock-outs situation, the reason that caused the most disappointment. Third, their reactions to stock-outs were assessed. Table 8.10 illustrates.

Table 8.10 Attitudes on Support Level (%)

	Should not Run Out of Stock Most			Most Disappointed If ______ Not Available				If Disappointed I Will			
	Offi ce	Casu al	Spec ial	Size	Colo ur	Fabr ic	Not Fit Well	Stay	Visit Agai n	Wal k out	Not Both ered
s	47	35	27	68	6	14	12	27	16	30	27
f	51	35	27	43	19	17	21	26	22	42	10
c	41	33	22	62	9	15	14	19	16	42	23

Note: s - sophisticated shoppers; f - fashion enthusiasts; c - career women

The consumers, as the data implies, would be most frustrated if office wears that caught their fancy were not available. Even fashion enthusiasts who have constantly favoured leisure wears supported this notion. Therefore, this finding established that office wear should be given the highest support level.

On the factor that would lead to most frustration, size again came top of the list. Once more, this finding correlates with the one earlier, where size was the major problem in buying apparels. Therefore, it has to be stressed again the importance of this factor in planning the selection and service level of an assortment. Besides, another glaring information about support level is the importance of colour to fashion enthusiasts. Again, this variable complements their 'young and vibrant' outlook. Hence, the service level on this element for this cluster should be twice higher than the other groups.

Once disappointed, all the groups' most likely action was to walk out from the store. Fashion enthusiasts and career women came top with this behaviour. On the other hand, the sophisticates were most likely to stay on. It is interesting to note that, although nearly half of fashion enthusiasts indicated that they would go out of the store, they also signalled the highest likelihood of visiting the store again. This attitude goes to show that fashion enthusiasts were determined shoppers and thus would go at any length to search for the garment that caught their eyes. Their behaviour, therefore, should alert department store merchandisers on the significance of high support level to this group.

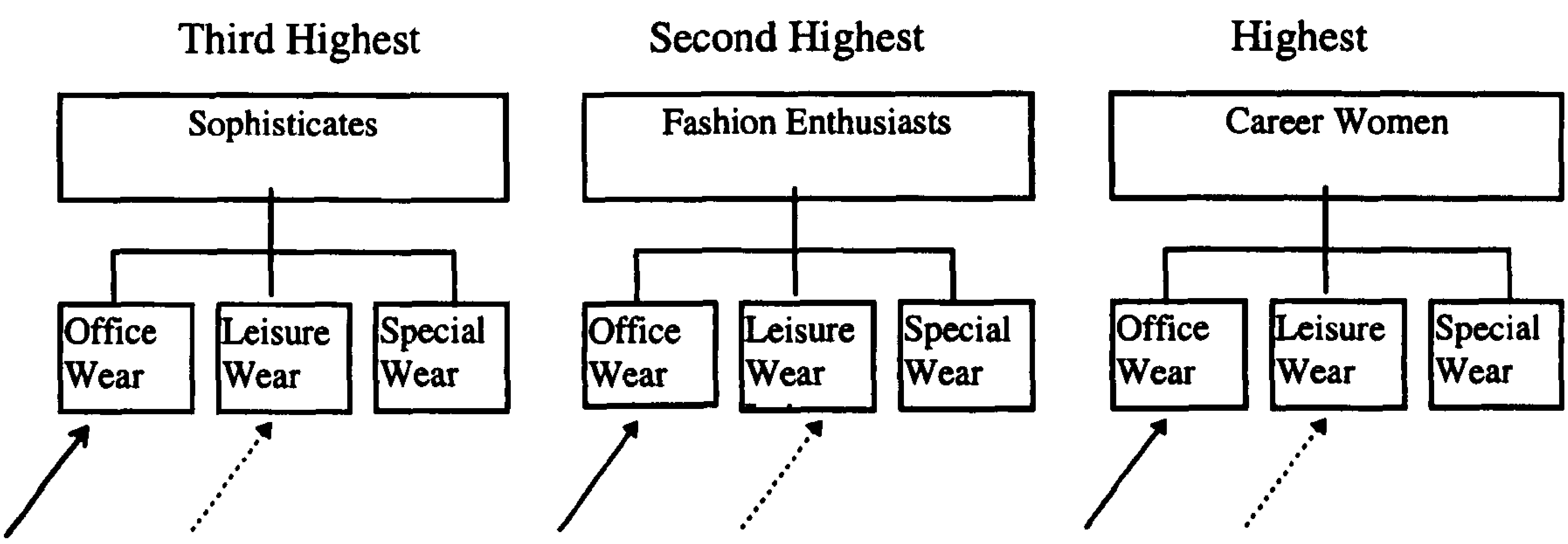
Among the groups, career women were most unforgiving. Left with unmatched dresses, 42 per cent of them would walk out of the stores and only a handful would come back again. For those that went out of the store, it is rather unlikely that they would search for these garments again. This attitude perfectly correlates with their segment's profiles. That is being practical and armed with less time than fashion enthusiasts, they would rather abandon the purchase. Hence, further explains the big gap in their office wear ownership, as uncovered in 8.2.2.2. The implication here is therefore, a high level of service must be given to this group.

To this end, these findings led to the guideline in Figure 8.7 and the assumptions below:

1. The sophisticates were least likely to abandon the store that disappointed them. As such, lower support level is tolerated.
2. Fashion enthusiasts would more likely abandon the store and would continue searching until they found a replacement. Therefore, higher service level must be offered to them.

3. Career women would most likely abandon the store and never bothered to look around again. Thus, the highest support level must be offered to them.

Figure 8.7 The Service Level



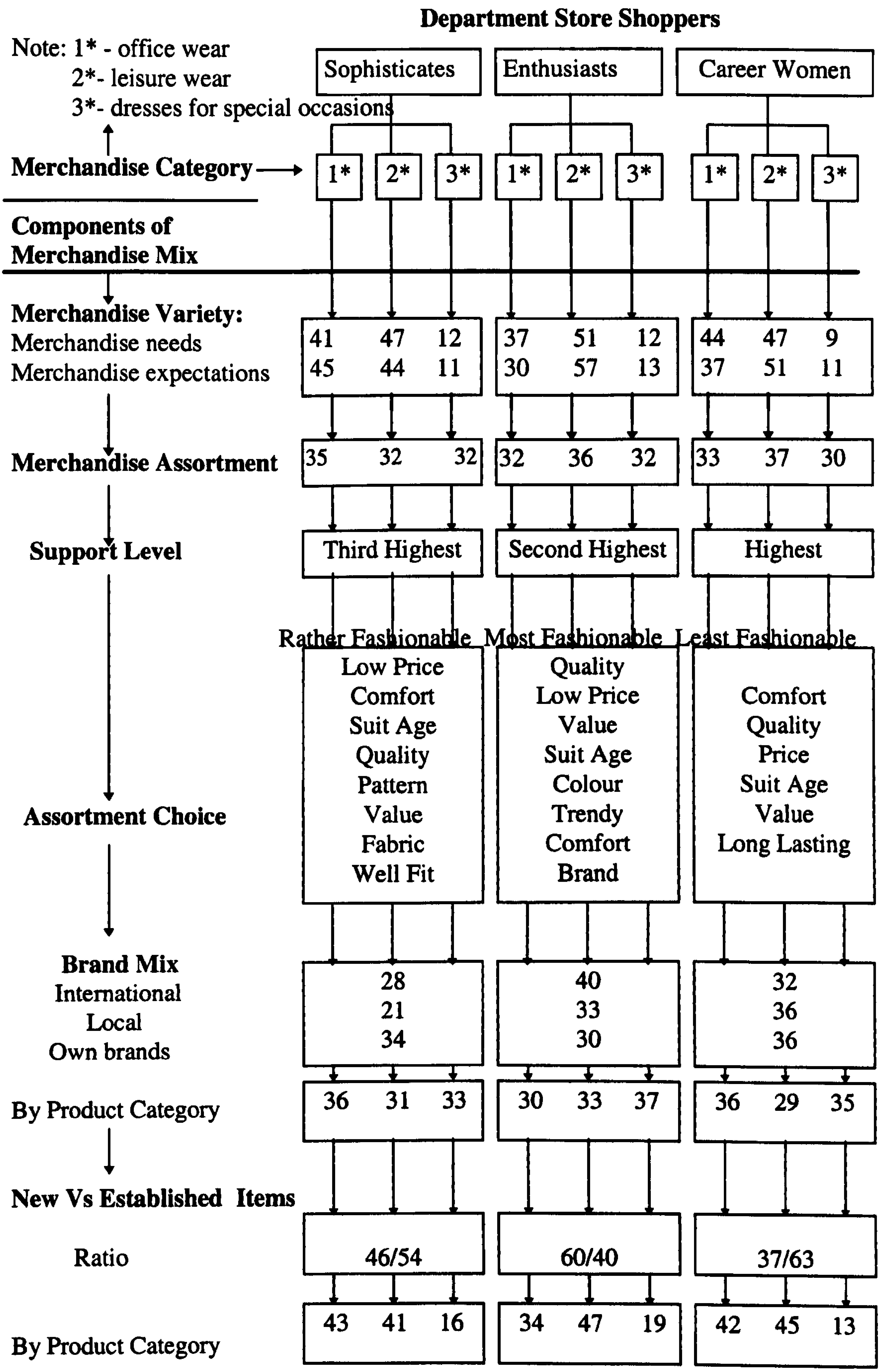
Notes: ——→ refers to highest support level
············▸ Refers to the second highest support level

8.3 Conclusion

The markets most suitable for local department stores have been identified. Of all the seven clusters uncovered in Chapter Seven, three groups passed the 'qualification test' and hence selected. They were sophisticated shoppers, fashion enthusiasts and career women. While these good clusters exhibited proneness towards fashion, they were separated (from each other) through 'quality', 'fashion follower' and 'practical buying' dimensions. A summary of who they are was established in Picture 8.1 (page 275).

Upon completing this 'target market identification' task, next, the groups' merchandise needs and expectations were analysed. To the delight of the author, the study served to confirm the reliability of the factor and cluster analysis performed in the earlier chapter. Time and again, the fashion orientations of each segment corresponded with the ensuing merchandise mix expectations As such, assumptions made on them could be clearly established. On the whole it was postulated that fashion enthusiasts, as their name implies, sought the trendiest clothes. In contrast career women bought more basic apparels. The sophisticates, on the other hand, were the moderators and possessed the most refined taste. Figure 8.8 illustrates the merchandise needs and expectations of these three groups in detail.

Figure 8.8 Ratios for Merchandise Mix Considerations



CHAPTER NINE

DEPARTMENT STORE SHOPPERS: SHOPPING BEHAVIOUR, PERCEPTUAL MAP AND A STRATEGIC MERCHANDISE MIX

The discussion on department store shoppers continues by examining answers to the other two variables in the marketing considerations. They are: "what are the shopping behaviour of these customers?" and "how do they 'position' department stores along the fashion/quality and price attributes?" Section one and two of this chapter tackle each of these issues respectively. Once these queries are solved, the third section combines these inputs and those of Chapter Eight to fulfil the last objective of this primary research and thesis. That is to assemble a strategic merchandise mix for Malaysian department stores. At the end of this chapter, a conclusion is made.

9.1 The Shopping Behaviour

To be viewed as an extension of their general shopping behaviour used in the profiling exercise, this investigation is divided into two parts. The first portion investigates the attitudes of consumers towards clothing stores and clothes. Here the consumers were asked to visualise their favourite stores, indicate their shopping mobility and rank the importance of clothes in relation to other purchases. The second portion deals with the store patronage behaviour. At this point, shoppers were instructed to reveal the names of stores they regularly shopped and recall their frequency of shopping at all major department stores in Malaysia.

9.1.1 The Store Choice and Shopping Pattern

To investigate the respondents' store choice, two questions were structured. In the first one, respondents were required to choose their target stores among the five attributes given. The motive is to identify the profile of their favourite stores, thus pointing out to the make up of an ideal store. The first column in Table 9.1 demonstrates the answer. The second column of the same table, in contrast, measures the degree of cross shopping engaged by each segment. Hence, the extent of store loyalty can be examined.

Table 9.1 Store Choice and Shopping Mobility (%)

	I Choose A Store That Sells					When Buying, I Will Shop At			
	New Styles	Brands	Wide Selection	Quality & Price	Others	One Store I Like	At least Two	More Than Three	All Stores
Sophisticates	4	4	33	45	14	20	27	18	35
Enthusiasts	20	6	22	41	11	20	19	28	33
Career Women	6	4	30	50	10	20	18	24	37

Looking at Table 9.1, clearly the ideal target stores for every cluster were identified on two main dimensions – selling good quality merchandise at the most reasonable price. Looking back, these two perimeters were also highly featured in the consumers' assortments choice. Therefore, this outcome further proved beyond doubt the importance of emphasising these two factors in planning the merchandise mix. Among the groups, career women were most demanding towards these criteria.

Being practical buyers, this attitude is very comprehensible. Similarly, being wise buyers themselves, the sophisticates came second. Fashion enthusiasts, being trendy and flamboyant, were less concerned.

The next important criterion was wide selection. However, it is worth noting that the significance of this variable was pale compared to the 'quality and price'. This outcome further underlined the pressing need for local department stores to rationalise their existing merchandise mix. This attitude (consumers not too bothered about wide variety) and the aggressiveness of local department stores to pursue other types of retail activities as noted in the introductory chapter and further emphasised in Chapter Four, must have led to the below-the-par performances of this retail format.

Scanning further (Table 9.1) fashion enthusiasts also showed high interest to stores that offer new products. Once more, this attitude went down well with their assortment choice criteria and flamboyant nature. In addition, branded items hold little pulling power. It became the least important reason for consumers to choose a store. Obviously this data need not be taken as it is. That is, it was evidenced earlier that brands did make a considerable impact to these buyers. Therefore, perhaps because brands are so prevalent in almost any shop, they are taken for granted. Putting it in any way, because branded items are expected to be carried by retailers, they are more important in assortment choice than store choice. As such, the ratios presented in Figure 8.5 (page 298) are regarded as the better yardstick for merchandise mix decision for this thesis.

The second column of Table 9.1, as introduced earlier, measures the segments' shopping mobility. Generally Malaysian women were very active shoppers. More than one third of them indicated that they would visit all available stores before making purchases. If one were to compare each group, fashion enthusiasts and career women (based on at least four stores and all stores – the last two columns under this category) were most relentless in this pursuit. This behaviour could be interpreted in two ways. One, there are abundant of stores in Klang Valley that meet the specification of these two groups. As such, it is only natural that they would want to visit every store before making purchases. On the other hand, one could also assume that there are few stores that fit their taste. As a result, these two clusters were forced to shop around for the best product.

In this thesis, the first assumption is taken to fit fashion enthusiasts while the second one match those of career women. The reason is, a smaller percentage of the former was engaged in this fashion. In addition, the fact that fashion enthusiasts were found to be most satisfied with their wardrobes supported this prediction. Furthermore, the same prediction was postulated in subsection 8.2.2.1.

In contrast, the documentation that career women were the most active shoppers suggests that there were few stores that catered to their merchandise needs. The reason being, earlier assumption pointed out that career women were more time constrained than fashion enthusiasts. Thus, if everything else were equal, one would expect fewer career women would undergo extensive shopping. However, in this case, the reverse was true.

Among the groups, the sophisticates were most loyal. Besides as noted in Chapter Eight, they encountered the least problem in getting suitable apparels. Therefore, the assumption was there were enough shops in Klang Valley that catered for their needs. Thus, if less competition is the main guiding perimeter, career women should be given higher emphasis in planning the merchandise mix. This step could be a good idea because they made up the majority of department store shoppers.

To this end, three additional assumptions were postulated:

1. There were many stores that catered to fashion enthusiasts. And having a lot of time to spend, this group engaged in heavy cross shopping.
2. There were enough stores that fit the needs of the sophisticates. As such, their cross-shopping activities were at the minimal.
3. There were very few stores that catered for career women. Therefore, they engaged in intense cross shopping.

Finally, in tandem with the current economic problems in Malaysia, a question was posed to gauge the spending priority of shoppers. Consumers were asked to rank (first, second and third) their spending attitude on five alternatives – clothes, food, home improvements, leisure activities and personal care. Table 9.2 presented the responses.

Looking at the table, it appears that Malaysian women felt that clothes have to take the back seat whenever they needed to conserve money. All segments had ranked this alternative as the first to go. Nevertheless, comparatively, among the segments, career women would most likely continue to look for apparels in bad times. This is not surprising if one looks back at their buying motives. Could this suggest that in times like this, apparel retailers should concentrate more on this group? They were, after all, the biggest revenue generators. Similarly, earlier finding seems to suggest that not many retailers were able to satisfy their present needs. Perhaps, this could be an option to keep in mind.

Table 9.2 The Consumers' Spending Priority (%)

When I Need To Save Money, I will Cut On								
The Sophisticates			Fashion Enthusiasts			Career Women		
1st Choice	2nd Choice	3rd Choice	1st Choice	2nd Choice	3rd Choice	1st Choice	2nd Choice	3rd Choice
Clothes (41)	Leisure (57)	Clothes (39)	Clothes (41)	Leisure (42)	Clothes (38)	Clothes (38)	Leisure (44)	Personal (36)
Food (31)	Home (24)	Leisure (32)	Leisure (32)	Clothes (33)	Leisure (32)	Leisure (37)	Clothes (34)	Clothes (36)
Home (28)	Clothes (19)	Personal (29)	Food (27)	Home (25)	Personal (30)	Home (25)	Home (22)	Home (28)

9.1.2 The Store Patronage Behaviour

The examination of consumers' behaviour continues by looking at their store choice across the three merchandise categories. Through this understanding, main user/s of and the major merchandise categories for department stores could be identified. Hence providing a firmer grip to the discussion made in 8.2. Three open-ended questions were designed. Each requiring the respondents to name the store usually shopped for casual wear, leisure wear and dresses for special occasion. To analyse the answers, responses were grouped into five categories. While most of these classifications are readily understood, 'others' and 'not applicable' need to be clarified. The former refers mostly to the neighbourhood superstores and apparel superstores available in Malaysia such as Jaya Jusco, Hankyu Jaya and Globe Silk Store. The latter, on the other hand, refers to answers such as 'Lot 10' (a shopping complex), 'no favourite store' and 'I bought from overseas'. Table 9.3 illustrates.

Table 9.3 Store Patronage by Different Store Formats (%)

	I usually buy my Office Wear at			I usually buy my Leisure Wear at			I usually buy my Special Wear at		
	Sophisticates	Enthusiasts	Career Wom	Sophisticates	Enthusiasts	Career Wom	Sophisticates	Enthusiasts	Career Wom
Dept. Store	40	41	41	31	40	35	25	34	40
Special Store	17	23	18	19	25	19	23	29	24
Anywhere	9	-	2	6	1	5	9	3	5
Others	32	28	35	38	32	40	30	26	23
Not Applicable	2	7	4	6	2	1	13	8	8

An overview of the table draws these assumptions on the level of competition:

1. Department stores' appeal in office wear was unmistakable.
2. Department stores competed with neighbourhood superstores and apparel superstores in leisure wear.
3. Department stores competed with neighbourhood superstores, apparel superstores and speciality stores in dresses for special occasion.

Looking further, the sophisticates were the least users (in term of merchandise type) of department stores to be followed by career women. As such, this finding suggests that there exist opportunities to appeal to the first two groups. Obviously, deeper understandings on their perceptions on department stores, which will be deliberated in the next section, could confirm this assumption. In any case, one has to be cautioned that in the eagerness to explore these new opportunities, department stores should not neglect the needs of fashion enthusiasts. They were, as glaringly displayed in the table, the heavy users of this emporium.

In the meantime, the attention is shifted to Table 9.4, 9.5 and 9.6, where the focus is centred on each department store's attractiveness against the three merchandise categories. Naturally, this information is vital for department stores as it points out their strengths and weaknesses. Similarly, it provides the answer to 'which department store appeal to which group?'

As demonstrated, all segments pointed that Isetan has the best selection of office wear. The next store that received a considerable vote was Metrojaya. On the other hand, Parkson Grand got the worst response. This attitude could have explained the inclination of this last store to expand in the outskirts of Kuala Lumpur. While Isetan was most superior in office wear, the overall winner of leisure wear was Sogo. Nevertheless, unlike the first category, not all groups favoured this store. Primarily, Sogo appealed to the sophisticates and career women. On the other hand, fashion enthusiasts preferred Metrojaya. Connecting these stores with the groups' profiles, clearly then, Metrojaya's leisure wears are more trendy and fashionable. In contrast, Sogo's casual wears are more subdued to suit the two older groups. Finally, in the area of dresses for special occasion, Isetan generally came tops again. Therefore, tying this outcome to the store choice attribute, it is postulated that Isetan gave the best 'quality versus price' and the best range of assortments. Following closely behind were Metrojaya and Sogo. In contrast, Parkson Grand and Tangs consistently came last in every category.

Table 9.4 Department Store Patronage on Office Wear (%)

	I Usually Buy Office Wear At						Total
	Metrojaya	Parkson	Yaohan	Isetan	Sogo	Tangs	(%)
Sophisticates	7	-	8	13	11	1	40
Enthusiasts	12	3	1	14	5	6	41
Career Wom	10	4	6	11	8	2	41

Table 9.5 Department Store Patronage on Leisure Wear (%)

	I Usually Buy Leisure Wear At						Total
	Metrojaya	Parkson	Yaohan	Isetan	Sogo	Tangs	(%)
Sophisticates	3	2	8	6	13	-	31
Enthusiasts	13	5	1	10	6	5	40
Career Wom	9	5	4	5	11	1	35

Table 9.6 Department Store Patronage on Dresses for Special Occasion (%)

	I Usually Buy Dresses For Special Occasion At						Total
	Metrojaya	Parkson	Yaohan	Isetan	Sogo	Tangs	(%)
Sophisticates	1	-	9	4	8	3	25
Enthusiasts	11	3	1	11	4	4	34
Career Wom	7	2	5	13	11	2	40

The last aspect of store patronage behaviour was on the frequency of visiting each department store. Table 9.7 illustrates. A quick overview of this table shows that the outcomes supported the shopping behaviour identified earlier and the merchandise mix requirement underlined in Chapter Eight. That is, fashion enthusiasts, being the most fashion conscious, had made department stores as a whole and Isetan especially as their favourite choice. Therefore, this correlation goes to prove the reliability of this research.

Similarly, the fact that career women frequented Metrojaya and Sogo rather than Isetan also served to further strengthen the quality of answers given. That is, because they were buying more casual wears, they visited these two stores most often. Likewise is true for the sophisticates, when the data showed that on average, they were the least frequenters of department stores. As such, these outcomes show that the respondents were very serious in answering the questionnaires.

Table 9.7 Frequency of Shopping at Department Stores

	How Often Shop This Year At					
	Metro jaya	Parkson	Yaohan	Isetan	Sogo	Tangs
	*a/b/c	a/b/c	a/b/c	a/b/c	a/b/c	a/b/c
Sophisticates	29/25/46	31/29/40	25/19/56	37/16/47	29/15/56	27/17/56
Fashion Enthusiasts	44/19/37	38/17/45	20/18/62	53/12/35	40/20/40	39/20/41
Career Women	37/17/46	28/23/49	24/18/58	32/19/49	38/15/47	20/15/65

Key : * a - Often (twice a month or once a month)
b - Average (once in two months)
c - Seldom (Once in three to five months or never/hardly)

To summarise, this section conclusively underlined the two major assortment attributes. They are quality and price. The search for these two dimensions has led to more than 60 per cent of the shoppers hopping from one store to another. The importance of these two variables could not be more magnifying than now in the time when Malaysia is suffering from an economic setback. Respondents had indicated that in bad times, clothes would be the first product to go.

This section also revealed that among the apparel stores, department stores have the upper hands in office wear controlling 40 per cent of the total market. In leisure wear, however, neighbourhood superstores and other apparel stores hold a slight edge over them. They came top again in clothes for special occasion. However, their dominance in this merchandise was rather weak. The rivals were the neighbourhood superstores, other apparel stores and speciality stores.

Among the groups, fashion enthusiasts were the heaviest department store users. They visited these stores on average of 1.5 times than the others. Recalled that they were also the biggest apparel spenders and most relentless at meeting their merchandise needs. Therefore, without a doubt, they should become the major players in department stores' target markets. Nevertheless, as noted in this chapter, they were also the prime market of many local retail outlets. Therefore intense competition to attract these shoppers is to be expected.

9.2 The Perceptual Map

This section serves to satisfy the last objective of consumer survey. Guided by the literature in Chapter Five, four criteria were used to locate the consumers' perceptual map for department stores. In addition, based on the write-ups in Chapter Three, Four and Six, eight stores were selected.

In order to plot the perceptual map of each store, findings in Table 9.8, 9.9 and 9.10 were jointly analysed (Page 321). The first two tables depicted the merchandise offerings. The third table presented the price dimension. In addition, another table (Table 9.11 - page 321) that ranked the stores according to value dimension was also drawn. It is thought that this perimeter should be assessed because local consumers, as implied throughout this writing, on the whole are fast becoming value conscious.

Scrutinising the four tables simultaneously, the perceptual map was drawn in Figure 9.1 (page 322) and several observations were made:

1. Department stores occupied the highest of 'fashion vs price' positioning.
2. Neighbourhood superstores got the worst rating in the fashion/quality and price dimensions but scored well in the value confinement.

Relating these postulations to the store choice and assortment attributes, one could describe the kind of stores that are ideal to walk into for office wears. This model store has to offer the highest quality and the most fashionable assortments, price has become quite secondary. Therefore, one could conclusively state that these assortment attributes (highest quality and most fashionable items) were highly important to office wear. This is because, all the target markets made department stores in general and Isetan in particular, as their main choice in buying this clothing type.

On the other hand, in leisure wear purchases, the groups failed to concur on the same venue. The majority of the sophisticates, though was found out to have a fine taste in clothing, preferred to go to other general stores. In this case, the store choice could be symbolised by either Jaya Jusco or Hankyu Jaya. Looking at the tables, these two stores were consistently voted at the lowest quality/fashionability and price quadrant.

The answer (to the sophisticates' behaviour) lies in Table 9.11 (page 321). To them, these stores oozed value. To illustrate, Jaya Jusco came third in this dimension. Nevertheless, one could question, 'if value is the main criterion, why didn't the sophisticates chose Metrojaya?' Arguably then the other plausible reason is their ethnic background. Being prudent traditionally, they looked for quality clothes at the lowest possible prices. If this is the case, the assumption made about the relative 'unimportant' of casual wears to them compared to office wears again proved its merit here. Similarly, the preposition made earlier about them being most price conscious among the groups, is verified.

Identical shopping behaviour was also observed in career women. The bulk of them, looked for casual wears in lower ranked stores. Clearly, the factor value is a vital attribute in their decision making. Looking at Table 9.11, they placed Jaya Jusco as the top store for value. Thus, this attitude perhaps explained the reason they acquired more leisure wears than needed (Table 8.2, page 280). Likewise, one could assume that career women similar to the sophisticates, were not very particular in choosing their casual wears as compared to office wears. Summing up the behaviours of these two groups, the prediction is, in buying casual wears the factor quality/fashionability would be compromised with price.

The same (as above) buying attitude is foreseen adopted by the sophisticates in buying dresses for special occasion. This is rather surprising, knowing the nature of dresses of special occasions. Nevertheless, with Chinese being the majority, this attitude is comprehensible. In contrast, most of the other two groups chose the highest quality and fashionable clothes for their special wear. Between these two groups, career women were more fashionable and very quality conscious. To illustrate, they made up the major group who shopped in Isetan for this dress category (Table 9.6). Again, because the Malays made up the bulk of this group, the impending attitude parallels to those discussed in Chapter Two.

Linking this outcome with the one on store choice earlier and the findings in Chapter Eight, it is beyond doubt that office wear should make up the bulk of department stores' merchandise mix. In addition, the analysed data point out to the attractiveness of fashion enthusiasts as the target. Nevertheless, as previously established, they were smaller in size as compared to career women. Likewise there were too many retail outlets that cater for their needs. The next section will take a closer look at this factor (determining the ranking of target market). In any case, suffice to say that after the analysis, all the three groups should be included as the target market for department stores.

Table 9.8 Merchandise Offerings Ranking – The Quality Dimension

	1st	2nd	3rd	4th	5th	6th.	7th.	8th.
The Sophisticates	Isetan	Metro jaya	Sogo	Tangs	Yaohan	Parkson	Jaya Jusco	Hankyu Jaya
Fashion Enthusiasts	Isetan	Tangs	Metro jaya	Sogo	Parkson	Yaohan	Jaya Jusco	Hankyu Jaya
Career Women	Isetan	Sogo	Metro jaya	Tangs	Yaohan	Parkson	Jaya Jusco	Hankyu Jaya

Table 9.9 Merchandise Offerings Ranking – The Fashion Dimension

	1st	2nd	3rd	4th	5th	6th	7th	8th
The Sophisticates	Isetan	Tangs	Sogo	Metro jaya	Yaohan	Parkson	Jaya Jusco	Hankyu
Fashion Enthu-siasts	Isetan	Tangs	Sogo	Metro Jaya	Yaohan	Parkson	Jaya Jusco	Hankyu Jaya
Career Women	Isetan	Tangs	Sogo	Metro jaya	Yaohan	Parkson	Jaya Jusco	Hankyu Jaya

Table 9.10 The Merchandise Offerings Ranking - The Price Dimension

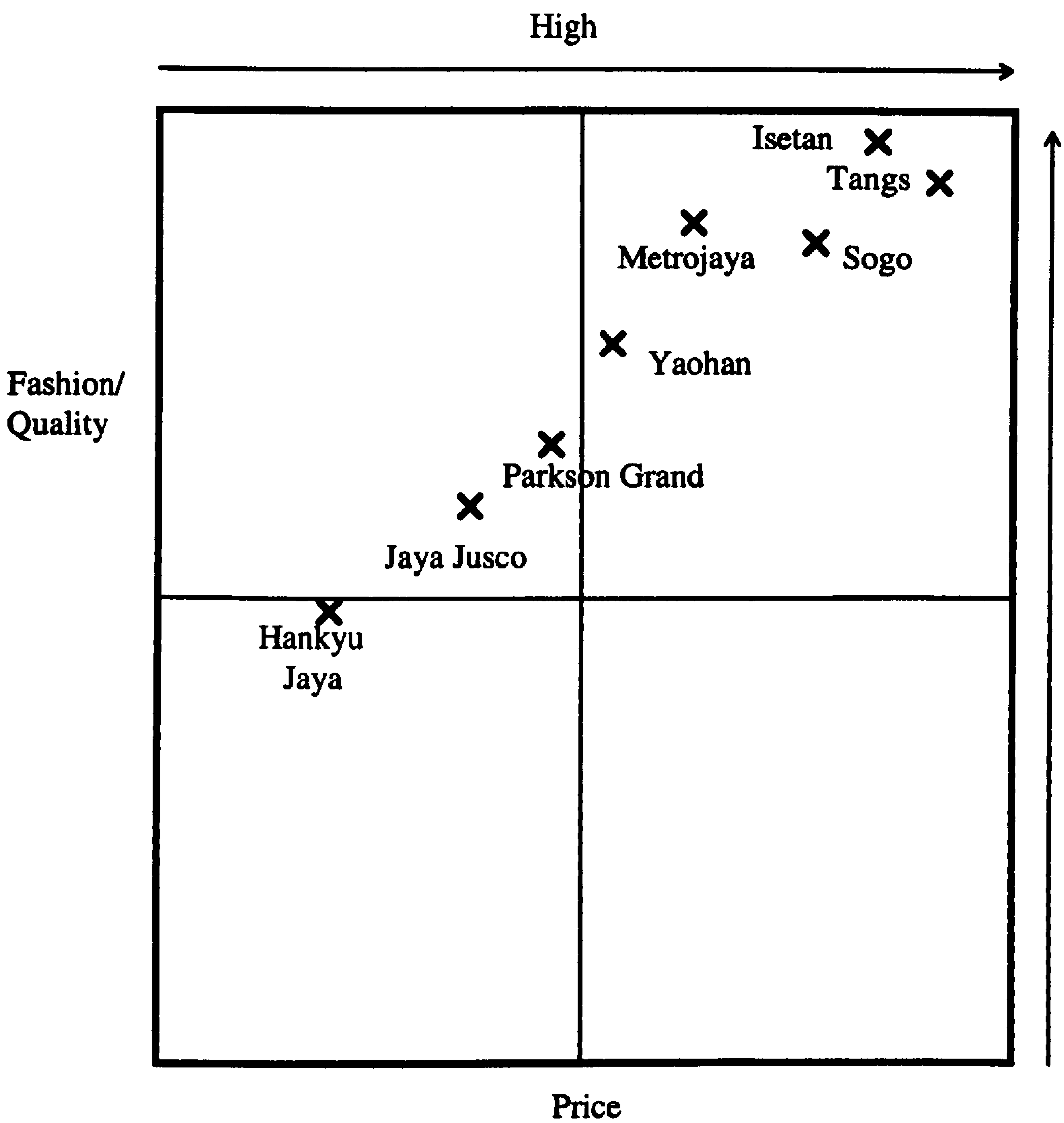
	1st	2nd	3rd	4th	5th	6th.	7th.	8th.
The Sophisticates	Tangs	Isetan	Sogo	Metro	Yaohan	Parkson	Jaya Jusco	Hankyu Jaya
Fashion Enthu-siasts	Tangs	Isetan	Sogo	Yaohan	Metro jaya	Parkson	Jaya Jusco	Hankyu Jaya
Career Women	Tangs	Isetan	Sogo	Yaohan	Metro jaya	Parkson	Jaya Jusco	Hankyu Jaya

Table 9.11 The Merchandise Offerings Ranking - The Value Dimension

	1st	2nd	3rd	4th	5th	6th.	7th.	8th.
The sophisticates	Metro jaya	Parkson	Jaya Jusco	Sogo	Iscatn	Yaohan	Tangs	Hankyu Jaya
Fashion Enthu-siasts	Metro jaya	Sogo	Parkson	Isetan	Jaya Jusco	Yaohan	Tangs	Hankyu Jaya
Career Women	Jaya Jusco	Metro jaya	Hanky u Jaya	Parkson	Yaohan	Sogo	Isetan	Tangs

Notes ▨ Share the same ranking

Figure 9.1 Perceptual Mapping - Fashion/Price



To this end, Figure 9.2 (on the next page) summarises the central theme on the target markets' merchandise needs and expectations, their buying behaviour and their perceptual maps of department stores. This framework and that of Figure 8.8 (page 306) become the main foundation for the next step of the merchandising activities. That is to assemble a strategic merchandise mix for Malaysian department stores. This activity, as noted in the introductory chapter is the last objective of this thesis.

Figure 9.2 The Merchandise Mix Framework

The Sophisticates

Fashion Lifestyles:
Quality, fashion conscious, practical buying.

Demographics
Make up 13% of the market
Highest education
Highest occupation
Many Chinese
Spent RM125/mth on clothes
Shopped once a month
Shopped once in 2 months at department stores
Shopped mostly in general merchandise stores

Merchandise Needs and Expectations
Most important office wear, biggest gap leisure wear
Looked for low price, comfort, suit age, quality, pattern, value, fabric, well fit
Brands not important, new products quite welcome.
Most tolerant to stock-outs

Buying Behaviour
Motives- towards self esteem/self-actualisation
Look for stores with quality, price, wide selection
Shopped at the least number of apparel stores
Bought office wear at department stores. Bought leisure wear and special wear at other stores

Perceptual Maps
Quality/fashion vs. Price - Department stores
Value dimension - Blur distinction

Fashion Enthusiasts

Fashion Lifestyles:
Fashion conscious, fashion follower

Demographics
Make up 31% of the market
Lowest education
Lowest occupation
Spent RM200/mth. on clothes
Shopped twice a month.
Shopped once in 2 months at department stores
Shopped mostly in department stores

Merchandise Needs and Expectations
Most important casual wear, not noticeable gap across merchandise category
Looked for quality, low price, value, suit age, colour, trendy, comfort, brands
Brands rather important-emphasis on international brands, eager for new products .

Buying Behaviour
Motives-social security/self esteem
Look for stores with quality, price, wide selection, new items
Shopped at most apparel stores
Bought all merchandise needs at department stores.

Perceptual Maps
Quality/fashion vs. Price - Department stores
Value dimension - Department stores

Career Women

Fashion Lifestyles:
Fashion conscious, practical buying

Demographics
Make up 56% of the market
Average education
Average occupation
Many Malays
Spent RM 180/month on clothes
Shopped once a month
Shopped once in 3 months at department stores

Merchandise Needs and Expectations
Most important office wear, biggest gap office wear
Looked for comfort, quality, low price, suit age, value, long lasting
Brands not important, new products quite welcome .
Least tolerant to stock-outs

Buying Behaviour
Motives- physiological, self esteem/self-actualisation
Look for stores with quality, price, wide selection
Shopped at most apparel stores
Bought office wear and special wear at department stores. Bought leisure wear at other stores

Perceptual Maps
Quality/fashion vs. Price - Department stores
Value dimension - Other Store

9.3 Assembling a Strategic Merchandise Mix for Malaysian Department Stores

Decisions on an optimal merchandise mix as underlined in Chapter Four and Five must be based on the target market/s a department store wants to pursue. Therefore, implied in this activity is not only consumer identification but also consumer prioritisation. As the former issue has been taken to task previously, this section seeks to satisfy the latter requirement. Through this exercise, the total merchandise for each market can be apportioned, thus, establishing a foundation for the next step. That is assembling a strategic merchandise mix.

9.3.1 Prioritising the Market

To prioritise the target markets, once more the earlier (Chapter Eight) two discriminators were put to use. Moreover, in doing so, Isetan was taken as the department store. This choice was based on its position as the best (department store) in Malaysia, as underlined previously. To guide this assessment, the framework enacted in Figure 9.2, as noted earlier, formed the main instrument

9.3.1.1 Financial Opportunity

To rank these shoppers according to their financial capabilities, the demographics of each group were consulted. In making this evaluation, two approaches are available. One is by basing on the amount spent. The other is by calculating on the amount earned. If the latter technique is used, clearly, career women will gain higher merchandise allocation (as compared to using 'amount spent'). The reason being, this group, as argued in Chapter Eight and presented in Table 8.2 (page 294), experienced the biggest (needs versus have) gap. They reportedly were deprived of office wears by almost 10 per cent. And, since career women mostly shopped this merchandise category in department stores, it should be safe to predict that given the right assortment, they would be willing to splurge more. Similarly, through this 'amount earned' method, the sophisticates will gain a higher proportion of merchandise allocation than if 'the amount spent' formula is used. This is because as established in Figure 9.2, they earned the most but wasted the least money on clothes.

Ranking customers through this basis, nevertheless, might overshadow the true financial potential presented by fashion enthusiasts. Recall that this group depleted most money on apparels and shopped most often. Besides, using the 'amount earned' would lead to a more shaky foundation in the sense that it is rather risky to assume that bigger salary positively correlates with the amount shopped. Literature review in Chapter Two has proved otherwise. That is, affluent consumers were most likely to spend their salary on big-ticket items such as houses and cars. Similarly, the fact that sophisticates shoppers spent the least served to further validate this assumption. Likewise, the finding that fashion enthusiasts splurged the most.

Building on this argument, the 'amount spent' is a better measurement and thus was adopted for this thesis. Next, another issue has to be decided. That is, should the amount spent be multiplied with the general frequency of shopping or with the frequency of shopping at department stores? For this recommendation, the author chooses to employ the latter (frequency of shopping at department stores). This selection is made on the assumption that it is much wiser for any retail format to maintain its loyal customers than trying to capture new ones. Figure 9.3 illustrates the market size in dollars for each segment per year based on this calculation. Using these data, the ranking starts with career women and end with sophisticated shoppers. Equation 1 illustrates the allocation of the merchandise mix according to financial opportunity.

Figure 9.3 The Target Markets and Their Market Share (in Sales)

Market size (in dollars) = (size of the market in units) x (average amount spent) x (average frequency of shopping at department store/year)

Market size of sophisticated shoppers	=	(49) x (125) x (6)	=	RM 36750.00
Market size of fashion enthusiasts	=	(114) x (200) x (6)	=	RM 136800.00
Market size of career women	=	(206) x (180) x (4)	=	RM 148320.00

Equation 1:

$$V = 11s + 43f + 46c$$

Where: s =sophisticated shoppers, f = fashion enthusiasts, c= career women.

9.3.1.2 Marketing Effort

To rank the shoppers according to the marketing effort, fashion enthusiasts, as implied through primary data analysis, are the most attractive. Being fashion followers as well as extremely fashion conscious, they were most easily swayed by fashion trends. Furthermore, planning new items for fashion followers is much more simpler (than fashion leaders). In addition, their assortment criteria are relatively easy to accomplish. They, after all, looked for items that are branded, have a myriad of colours and trendy. Similarly, they were the main users of department stores. As such, it should be justifiable to assume that the cost of marketing effort in getting them into these store is the most minimal.

On the other hand, being practical and older, the other two groups are less easily persuaded. As a result, products directed to them have to be of a certain standard. Thus, department store retailers must put greater efforts in sourcing apparels for them. In addition, they sometimes preferred to shop somewhere else for their clothes. Between these two groups, it is thought that the cost of marketing efforts to reach the sophisticates would be higher than that of career women.

There are several reasons leading to this assumption. One, the sophisticates formed the smallest market. Two, they were the least spenders. Three, their fashion sense is more complex. Four, their shopping behaviour showed that they shopped more often in other stores than career women. Therefore looking in this light, the most viable segment in terms of the marketing effort begins with fashion enthusiasts and ends with the sophisticates.

In apportioning the market through this dimension, it is thought that both career women and the sophisticates were far behind fashion enthusiasts in their attractiveness. Therefore, >> should be assigned to the latter to indicate a much higher score. Nevertheless, if one looks back at the strength of department stores, clearly it lies in the area of office wears. This merchandise category, as found out in this chapter and in the previous one was very important for each cluster and they mainly bought this apparel type in department stores. Therefore, looking in this light and because department stores should emphasise this category the most, the cost of marketing effort to appeal to each group is generally the same. Building on this assumption, the attractiveness of fashion enthusiasts is reduced to only one >. Equation 2 established the equation on the marketing effort.

Equation 2

$$\boxed{V = s + > f + c}$$

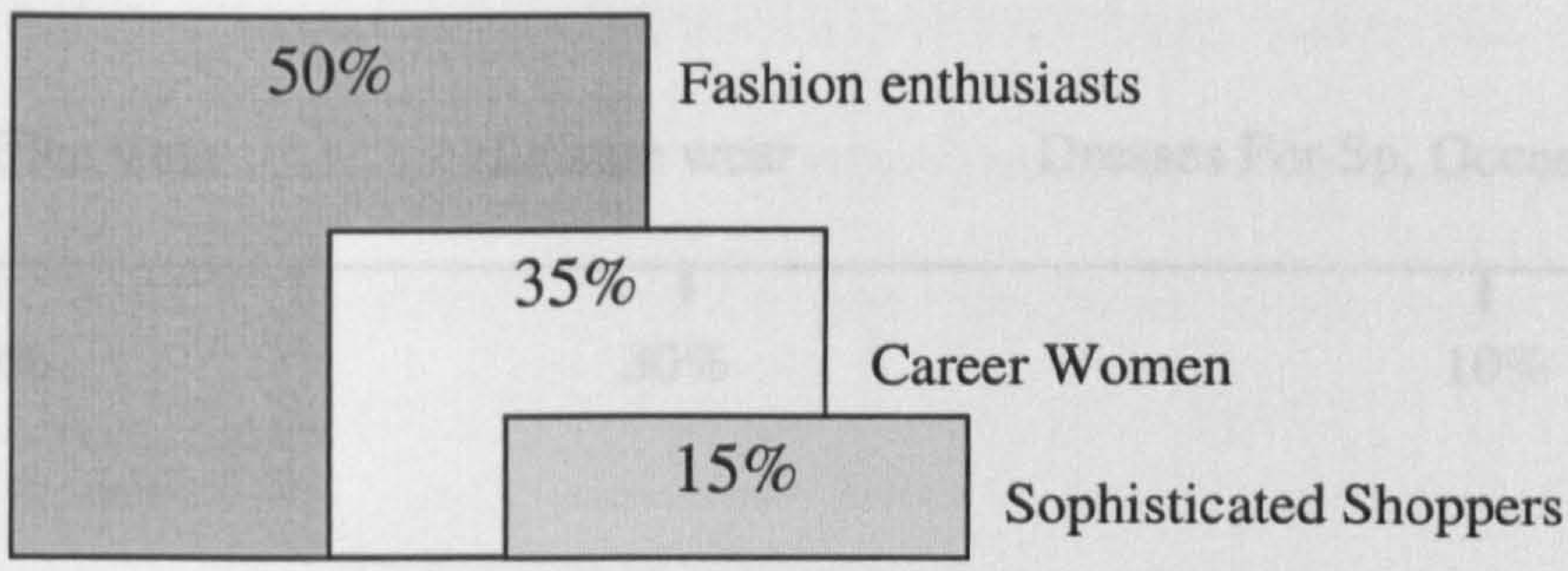
To this end, based on the ongoing ranking exercise, Equation 1 and Equation 2 are merged together into Equation 3.

Equation 3

$$\boxed{\mathbf{V = (11s) + (+ > 43f) + (46c)}}$$

Naturally it is rather hard to assign the final ratio to each group. Nevertheless, for this thesis, it is thought that merchandise allocation should follow the guideline in Figure 9.4. The sophisticates, to clarify, get higher allocation because their fashion styles were found to be most superior. Therefore, by offering higher proportion of their merchandise, the image of department stores is further elevated. Besides their kind of apparels could also serve to provide inspirations for the other two groups.

Figure 9.4 Merchandise Allocation For Each Target Market

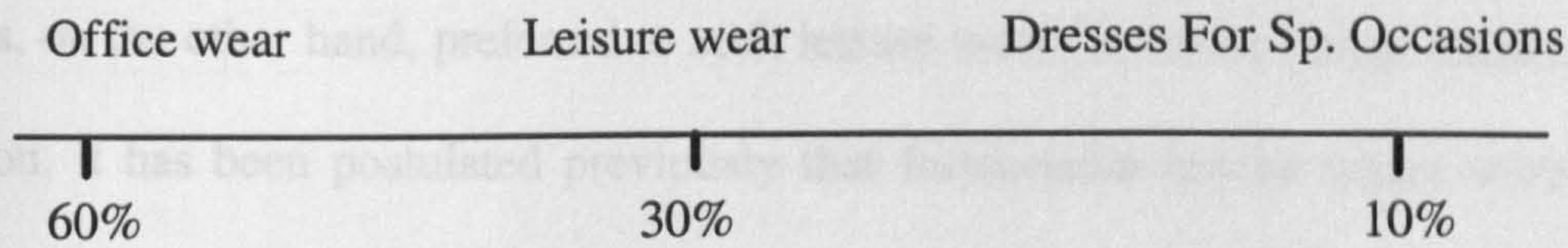


9.3.2 Decisions on a Strategic Merchandise Mix

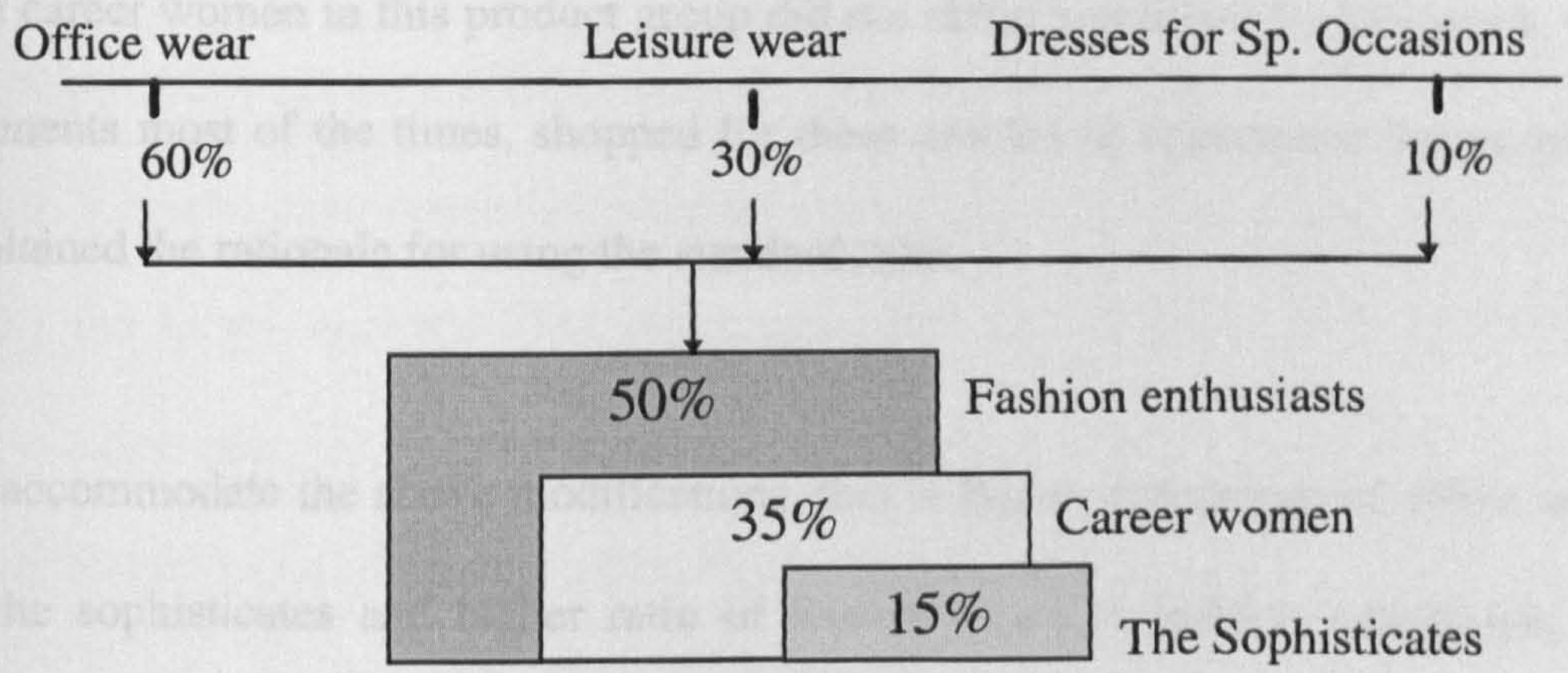
With the guideline for merchandise allocation is firmly established, this subsection takes a look and makes recommendations at the individual component of a merchandise mix. Like the earlier discussion, this one will adhere to the data in Figure 9.2. At the same time, the ratios computed in Figure 8.8 (page 306) will also be heavily consulted.

9.3.2.1 Optimal Balance of Variety

To assemble an optimal variety, decisions on the importance of each category to the department stores and their clients need to be weighed. Once this is established, the next step is to apportion each variety to the target clients. Undoubtedly, as underlined throughout this writing, office wears must make the majority of department stores' merchandise. The second is leisure wear. The main question is, how much of space should be given to these three apparel types. After consulting Figure 9.3 and Figure 8.8, it is thought that, the ratio as depicted below is justifiable.



Another merchandise variety decision, as noted earlier, concerns its allocation to each group. The easiest way to execute this task, is simply by taking the outcome of the prioritising exercise (Figure 9.4) and incorporates it along the merchandise variety line. Based on this result, the merchandise variety should be as follows:



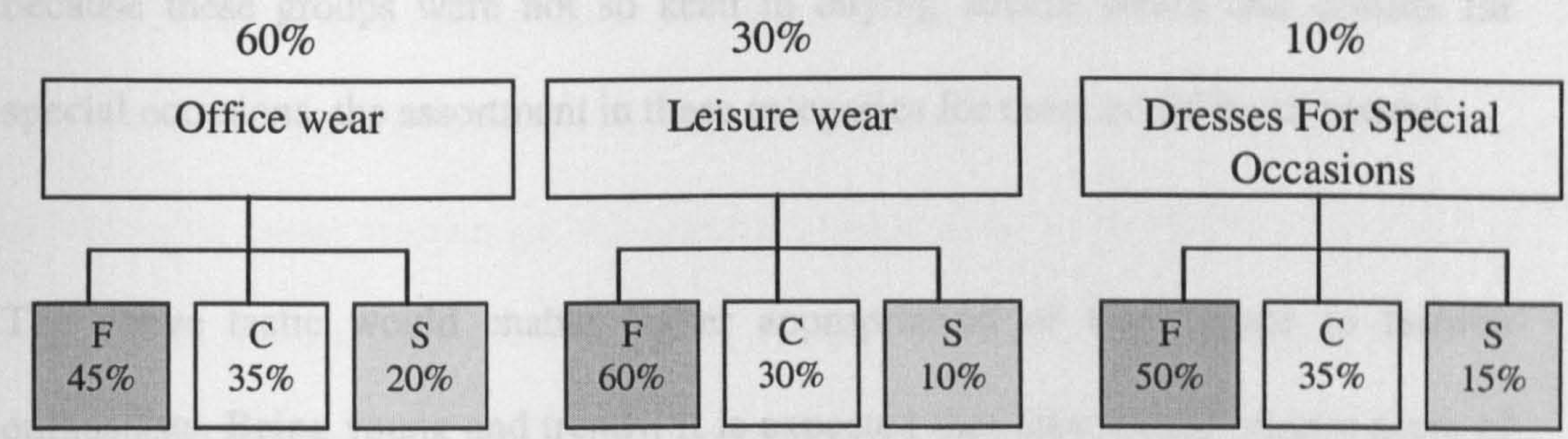
Nevertheless, the writer believes that several modifications should be made on this standard guideline. To illustrate, in the area of office wear, planners could increase the allocation for the sophisticates. One reason being, they were found to need these items the most and shopped for them in department stores. In addition, their kinds of apparel, as noted earlier could further enhance the image of department stores.

Similarly, in the area of casual wear, further weight could be given to fashion enthusiasts. The argument is, they not only indicated their preferences for these apparels but also shopped for these items mostly in department stores. The other two groups, on the other hand, preferred to seek leisure wears in lower image outlets. In addition, it has been postulated previously that fashionable leisure wears were of less importance to them.

As regard to dresses on special occasions, however, the standard formula could be applied. Although the sophisticates were less likely to buy these apparels in department stores, their kind of merchandise as emphasised earlier, should be included to inspire the others. On the same note, the needs of fashion enthusiasts and career women in this product group did not differ significantly. Moreover, both segments most of the times, shopped for these articles in department stores, hence explained the rationale for using the standard ratio.

To accommodate the above modifications, that is higher percentage of office wears to the sophisticates and higher ratio of leisure wears to fashion enthusiasts, the trade-offs would be to decrease the proportion of office wears for fashion enthusiasts and to deflate the allocation of leisure wears for the sophisticates and career women. The argument is, the former put less emphasis on office wears. Likewise, the latter two groups bought less of casual wears in department stores. As such, the recommendation for merchandise variety across the product groups and consumers resembles that in Figure 9.5.

Figure 9.5 An Optimal Level of Merchandise Variety



Note: F–Fashion Enthusiasts; C–Career Women; S–Sophisticated Shoppers

9.3.2.2 Optimal Level of Assortment and Support Level.

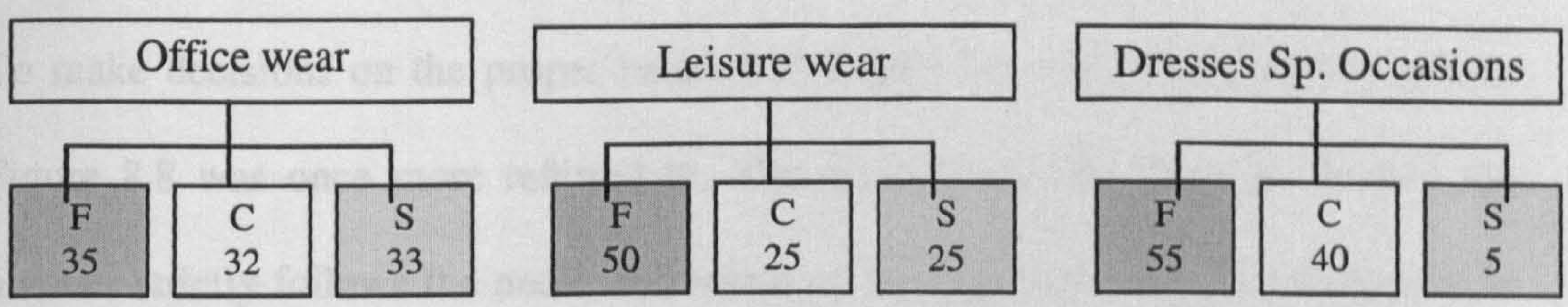
To establish ratios for an optimal level of assortment, the framework in Figure 9.2 and Figure 8.8 were once again consulted. Generally speaking, the ratios depicted in Figure 8.8 have been consistent with the needs and the wants of (as described by them) the target markets. That being said then, it should be acceptable for a merchandise planner to allocate an optimal assortment level using the guideline given. Nevertheless, if one considers their shopping habits and general merchandise needs, modifications could be made.

To illustrate, among the groups, the sophisticates merchandise needs were most exacting. Therefore, given that this retail format is able to assemble items that matched their expectations, only particular styles should be stocked. The same postulation could be applied to career women. The outcomes of their assortment choice decisions, showed that they were the most easily pleased group. As such, if they find something to their liking, they are most likely to pick it up straight away rather than making further comparisons in the same store or at other outlets. And because these groups were not so keen in buying leisure wears and dresses for special occasions, the assortment in these categories for them could be shortened.

The above tactic would enable higher appropriation of floor space to fashion enthusiasts. Being young and trendy, it is expected that they would require more of these two types of clothing than the other two clusters. Similarly since they were most easily coaxed to part with their money and the least price conscious, this strategy could result in higher margins.

Finally, in the area of office wears, however, equal amount of assortments is suggested. This is because, generally speaking, all the groups placed high emphasis on this merchandise category. Naturally, another option is to increase assortments for fashion enthusiasts and the sophisticates at the expense of career women. This is because, as noted previously, the first two groups were more demanding in their attributes' selection. Nevertheless, the earlier recommendation should sufficiently serve the purpose of this thesis. As such, based on this notion, the optimal level of assortment level for local department stores resembles that in Figure 9.6.

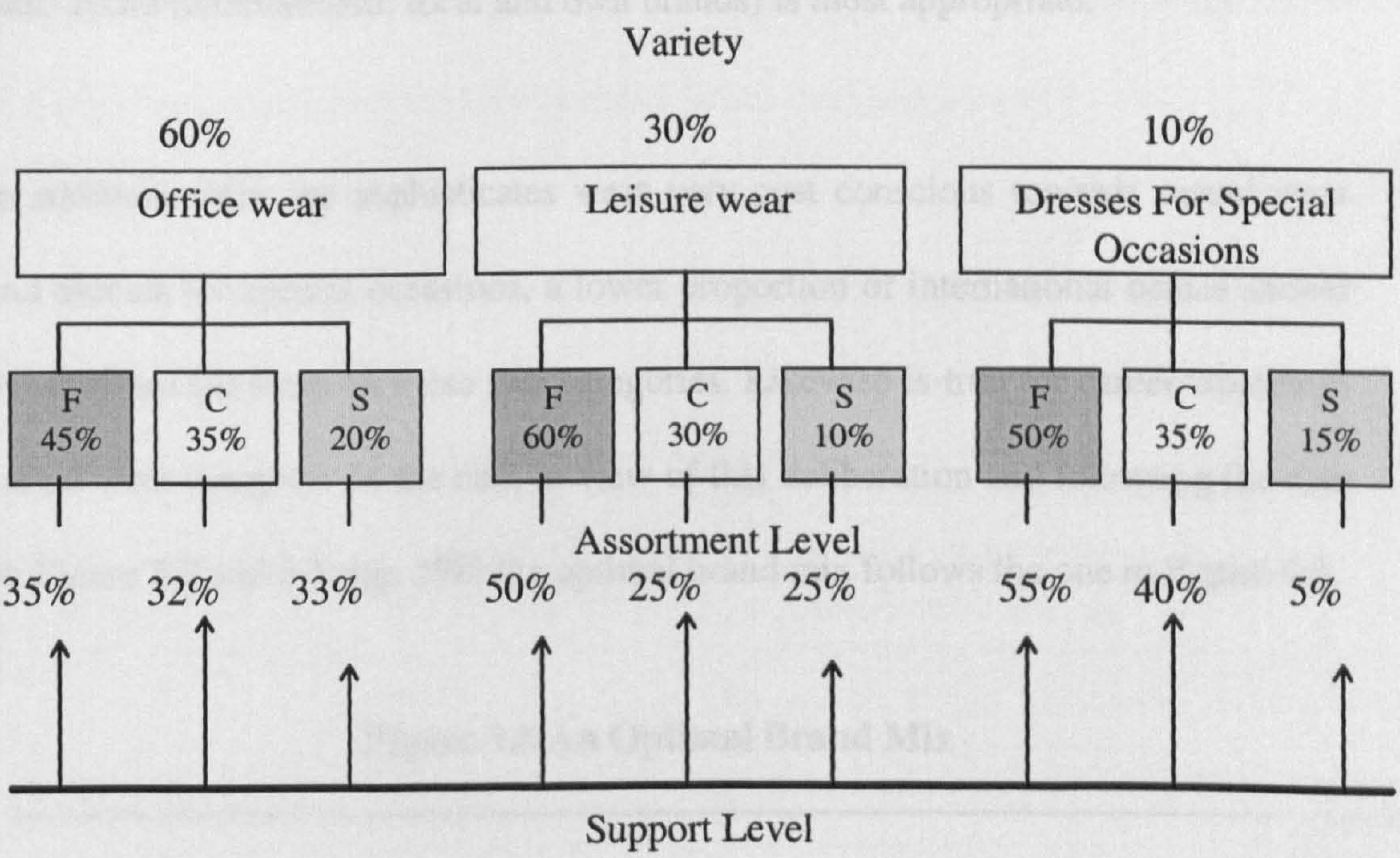
Figure 9.6 An Optimal Level Assortment (%)



Note: F–Fashion Enthusiasts; C–Career Women; S–Sophisticated Shoppers

Finally, in deciding on the support level, the general finding in Figure 8.8 is adopted. This conclusion, as noted in Chapter Eight was based on the analysis on each cluster's attitude towards the support level (in 8.2.6 pg. 301-304). Thus, accordingly, career women get the highest support level to be followed by fashion enthusiasts and the sophisticates. Figure 9.7 illustrates an optimal level of variety, assortment and support level for Malaysian department stores.

Figure 9.7 An Optimal Level of Variety, Assortment and Support Level



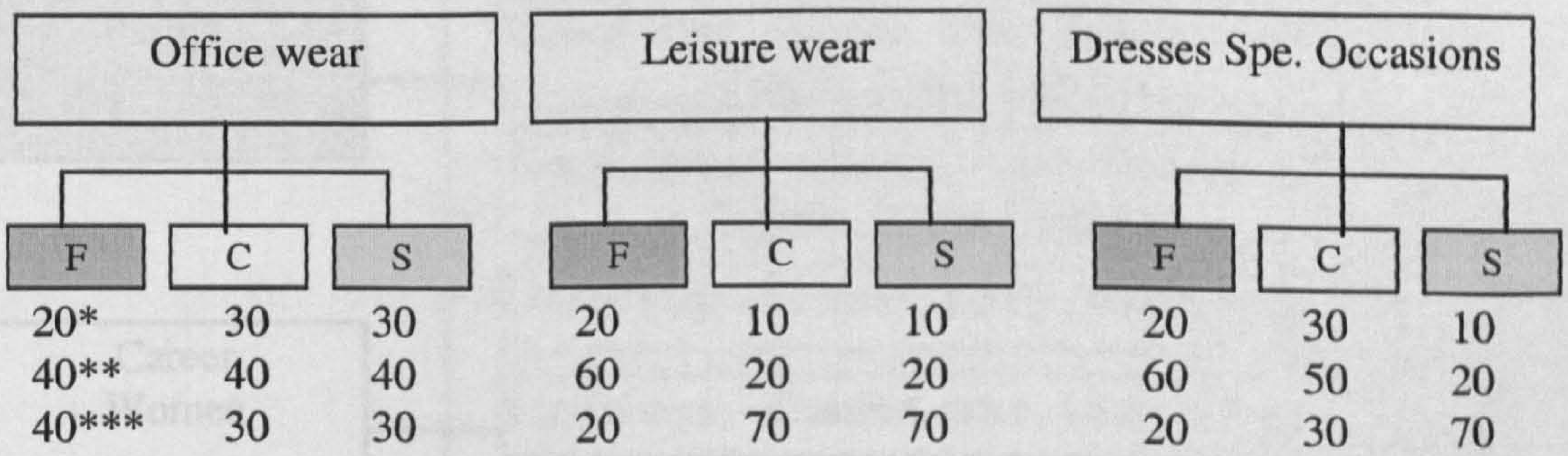
9.3.2.3 The Proper Balance of Brands

To make decisions on the proper balance of brands for department stores, data in Figure 8.8 was once more referred to. The question at this point is "should the planner strictly follows the needs and wants of the target markets as established in Figure 8.8 or should several adjustment to these data be made?"

The writer, in making this choice, feels the second procedure is more appropriate. This is especially true for fashion enthusiasts. The argument is, this group earned the least, as such, even though they have big appetites for international labels, their actual buys may proved otherwise. Instead, it would be most probable that they settled for local brands. On the same note, being the youngest among the clusters, they most likely responded to the questionnaire based on their desires rather than actual capabilities. Building on these assumptions, the ratio for international brands is depressed to make ways for the other two. In this occasion, it is thought that the ratio 20:80 (international: local and own brands) is most appropriate.

In addition, since the sophisticates were very cost conscious towards casual wear and dresses for special occasions, a lower proportion of international names should be allocated for them on these two categories. Likewise is true for career women in casual wear category. At the end, in view of this deliberation and following the data on Figure 8.8 and 8.5 (pg. 298) the optimal brand mix follows the one in Figure 9.8.

Figure 9.8 An Optimal Brand Mix



Note: F–Fashion Enthusiasts; C–Career Women; S–Sophisticated Shoppers
* international, **national, ***own brands across the categories

9.3.2.4 Proper Selection of Assortments

Like the proper balance of brands, decisions on proper selection of assortments are best made after the question "should the planner strictly follows the needs and wants of the target markets as established in Figure 8.8 or should several adjustment to these data be made?" is answered. Looking through inputs in Figure 8.8, perhaps, what needs to be done is to divide these attributes to the three types of merchandise. In doing so, findings on their assortment choice criteria (Figure 8.4, page 296) are adopted along with that in Figure 8.8 and Figure 9.2. As such guidelines on an optimal assortment selection for this thesis is depicted in Figure 9.9.

Figure 9.9 A Proper Selection of Assortments

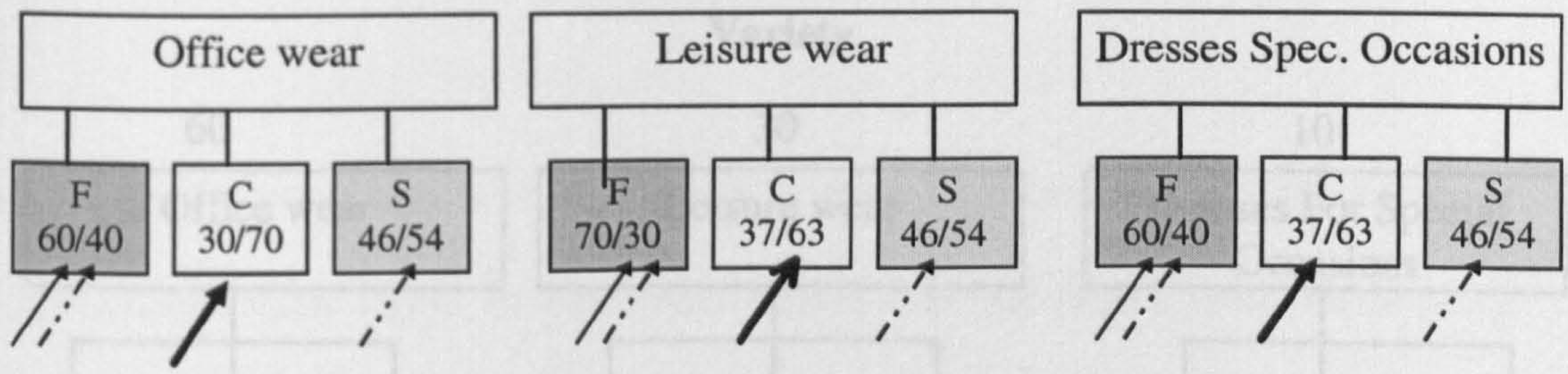
9.3.2.5 Best Mix of New and Established Items

The last element in assembling an optimal merchandise mix concerns with making decisions on the proportion of new products in relation to established ones. Looking at Figure 9.2 and Figure 8.8 simultaneously, the evident is clear and to be expected. That is being young and trendy, fashion enthusiasts were most inclined towards new products. The question then, "are these ratios (Figure 8.8) justifiable or should several changes be made?"

In making this judgement, generally the author finds the responses given were very acceptable. Nevertheless adjustments should be made for fashion enthusiasts, where a higher percentage of fresh casual wears should be allocated. This modification, once more, parallels to their shopping behaviour, fashion lifestyle orientations, demographics, and merchandise needs as depicted in Figure 9.2. It is thought that a ratio of 70/30 (new/established items) is reasonable. Similarly, the author believes that the 30/70 ratio of new and established items for career women in the office wear category is a better yardstick.

Finally, in relating this data to the framework enacted in Table 5.7 (Page 180), clearly, 'avante garde' merchandise should be allocated to fashion enthusiasts the most. On the other hand, a sizeable of 'fashion right' items should be apportioned to the sophisticates. For career women, undoubtedly, apparels from 'fashionable' category suit them the most. Figure 9.10 illustrates the best mix of new and established items for this thesis.

Figure 9.10 The Best Mix of New and Established Items



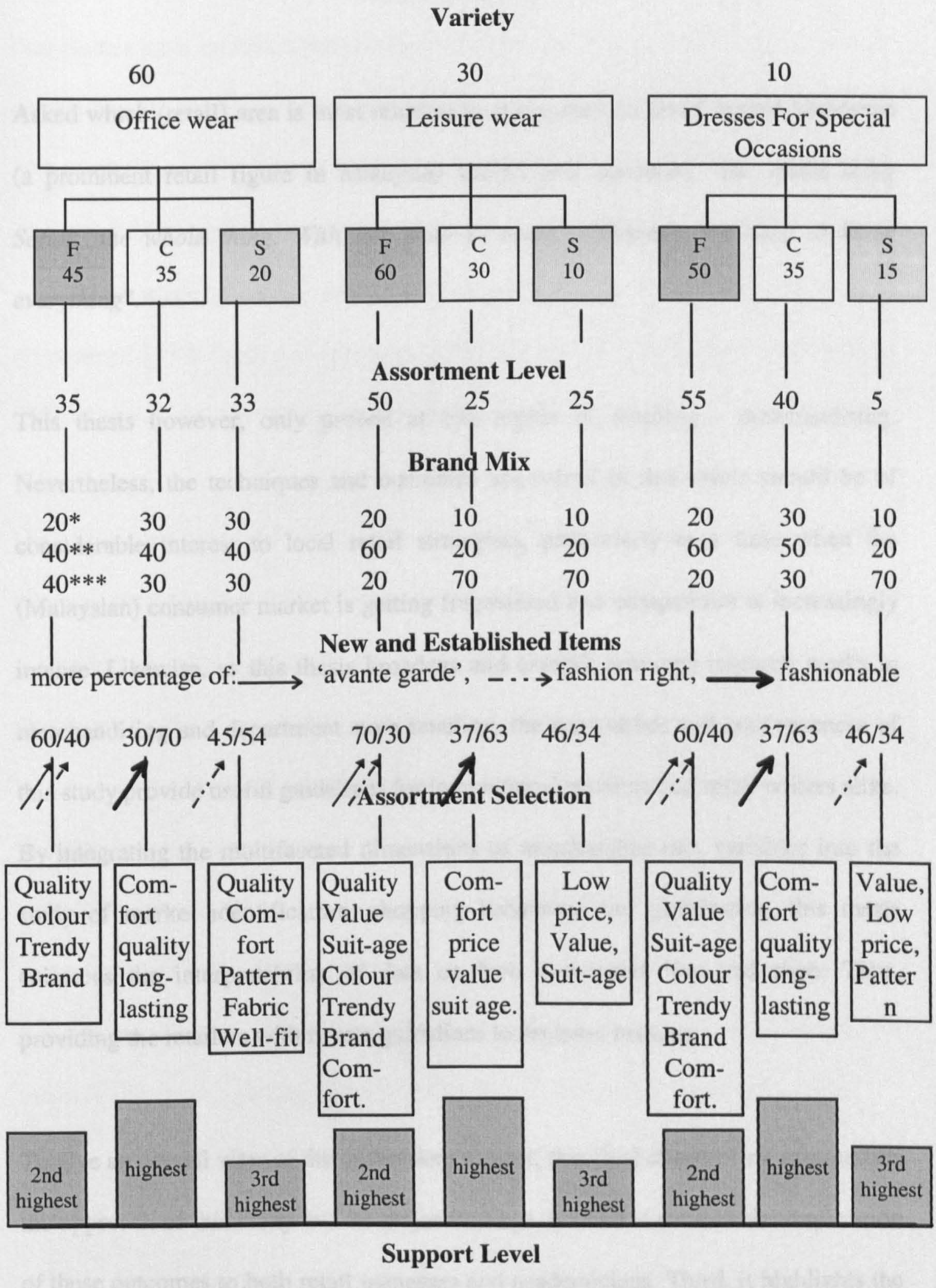
Note: F–Fashion Enthusiasts; C–Career Women; S–Sophisticated Shoppers
highest percentage of: ⟶ 'avante garde' items; - - - -> 'fashion right' items; ⟶ of 'fashionable' items

To sum up this section, Figure 9.11 (on the next page) depicts the strategic merchandise mix for Malaysian department stores.

9.4 Conclusion

The last four chapters (including this one) illustrate the application of merchandising activities. As in any retail strategy, where consumers needs and wants change ever so often, the output of this exercise is short term in nature. Naturally, it would be beneficial if this outcome can be compared with previous works. This will be tackled in the next chapter. Nevertheless, as noted in Chapter Five, past studies in this area concentrated mostly in market identification and understanding the consumers behaviour. The apparent 'neglect' of store positioning, as noted in that chapter was due the wide acceptance that consumer's perception changes slowly. On the other, the lack of definitive study on merchandising activities must be due to the complexity involved in making joint decisions on the above four determinants. It is therefore hoped that this study will provide a framework for other researchers.

Figure 9.11 A Strategic Merchandise Mix (%)



Note: * international, ** local, ***own brands
F–Fashion Enthusiasts; C–Career Women; S–Sophisticated Shoppers

CHAPTER TEN

CONCLUSIONS

Asked which (retail) area is most relevant to study, the late Dato' Ismail Mohamad (a prominent retail figure in Malaysia) smiled and answered, "*the whole thing Sofiah, the whole thing. With our state of retail (il)literacy, we need to know everything*".

This thesis however, only probed at one aspect of retailing - merchandising. Nevertheless, the techniques and outcomes uncovered in this thesis should be of considerable interest to local retail strategists, particularly at a time when the (Malaysian) consumer market is getting fragmented and competition is increasingly intense. Likewise, as this thesis broadens and extends previous research works in merchandising and department store retailing, the approaches and consequences of this study provide useful guidelines for international retailers and retail writers alike. By integrating the multifaceted dimensions of merchandise mix variables into the study of market identification, shopping behaviour and positioning, this thesis enhances the interpretability of data on how consumers live and shop. Thus, providing the retailers with firmer guidelines to decision making.

To give an overall view of the undertaken project, this final chapter first summarises the approach of this study and its major findings. Second it stresses the implication of these outcomes to both retail managers and academicians. Third, it highlights the contributions of this thesis. Fourth, it discusses the limitations of this research work. Fifth, it gives directions for future research.

10.1 Thesis Summary and Major Findings

Past studies have indicated that the key to department stores' success relies heavily on effective merchandise strategies (e.g. AMA, 1980; Holbrooks, 1981; Biederman, 1991; ARCE, 1995; Retail Insights, 1996). Central to this exercise was the attainment of a strategic merchandise mix. In doing so, retailers were advised to monitor the marketplace and study the demographics and lifestyles of the shoppers (Grossman, 1970; Crask and Reynolds, 1978; Hirschman, 1979; Gutman and Mills, 1982; Kopp *et al*, 1989; Kamakura and Wedel, 1995).

Having argued that Malaysian department stores were at the losing end lately (Euromonitor, October 1997; Berman and Evans, 1995; Larke, 1994) and in view of the current economic problem, this study commenced. The aims were three fold. One was to build an understanding on the concepts and the interrelationship between these three dimensions – consumers, department stores, and strategic merchandise decisions. Two was to lay down an actionable framework for achieving a strategic merchandise mix. Three was to test this model in the local context and present its results. To discuss these outcomes, this section is divided into five parts - the present situation, the theoretical framework, the primary research plans, the major findings and a strategic merchandise mix for Malaysian department stores.

10.1.1 The Present Situation

Within the above guideline, three chapters were designed to provide the background to this study. The investigation began by studying the demographic and lifestyle changes of Malaysian's consumers. This was the subject of Chapter Two. At the end of this chapter, secondary data showed that several major trends have permanently changed the way these consumers lived and shopped. It was observed that:

1. Malaysian was dominated by young people (mainly in the 25-39 age bracket) and they were the prime spenders.
2. Economic prosperity has turned roughly 47 per cent of the locals into middle income households and pushed the wealth of the top 20 per cent (of the income bracket) further.
3. The drive towards modernisation has resulted in massive urbanisation (more than 40 per cent resided in town areas); created a great number of working women (47 per cent); and given rise to a large percentage of educated consumers (75 per cent of educated Malaysian were degree holders, the least).
4. As a result of the above trends, Malaysians in the 90s began to lead diverse lifestyles. On one side, wealthy locals started to indulge in imported goods to the point of conspicuous consumption. On the other side, educated customers were looking for 'value buys'. Working mothers, in the meantime, sought fast checkouts and least travelling time in shopping, while those with more time and money preferred personalised services. Besides, Malaysians were also seeking different ways to satisfy themselves.

Fuelled by these population trends, Chapter Three noted that a more defined retail structure began to emerge and flourish in large cities. To some observers (Asian Retailer, 1994) this development marked a strong indication that Malaysian's retail market was maturing. For local department stores, this phase signalled a new beginning. They were for the first time being subjected to heavy competition.

Looking at this development, it was postulated in Chapter Three that:

1. Among the rivals, upmarket speciality stores, neighbourhood superstores, and speciality clothing chains were most damaging for department store retailing.
2. The phenomenal and unstoppable growth of shopping complexes would provide more shopping spaces and invite a myriad of retailers and thus increased the pressure for department stores to contain their customer base.
3. The above two trends would lead to department stores cannibalising each other.

Confronted with this double challenge – fragmented market and intense competition, local department stores as previously noted were at the losing end. They barely captured 5 per cent (sales volume) of the total market, a figure, which was only half of that enjoyed by those in advanced countries. Moreover, since 1994, despite operating in a very positive economic condition, their sales have been sliding down at the rate of 50 per cent annually. With Malaysia being hit by her worst economic recession ever, local department stores are facing another major obstacle – shrinking spending power. Therefore, given that the key to success lies in their merchandising skills, the approach in this thesis at this point was to study the evolution of department stores in advanced countries with particular attention on how they managed their merchandise mix under different market conditions.

The review on department store retailing in Chapter Four has established that, regardless of conditions in the environmental factors, department stores still have a place in the society if they managed their merchandise well. For those that did not, the fall of many western department stores during the inter-war period and the recent heavy losses incurred by their eastern counterparts, were grim examples of the consequences. To summarise their winning strategies, two contrasting routes were generally taken:

1. In periods of expanding market and minimal competition, department stores were known to react by extending their merchandise lines and penetrating further into high margin fashion items.
2. In times of intense competition, increasing market fragmentation, and slow market growth, they responded by rationalising their range of merchandise and focusing their strength as a big fashion apparel house.
3. Given that the Malaysian market today resembles that of the latter, clearly, local department store operators must adopt the second route.

10.1.2 The Theoretical Framework

While the findings so far gave a general direction as to what the local stores should do, it did not provide comprehensive guidelines on how merchandising decisions were and should be made. Therefore, the investigation continued in Chapter Five by looking at the concepts of retail merchandising and how a strategic merchandise mix could be achieved. It soon appeared that while past writers were in agreement that the main aim of any merchandising activity was to assemble a strategic merchandise mix (Ghosh, 1994; Lewison, 1994; Cook and Walters, 1991; Risch, 1991), works in this area have not been well developed. For instance, the exact components of a strategic merchandise mix are till open for debate.

Nevertheless, past researchers concurred that a strategic merchandise mix must be that set of merchandise that meets the needs of the consumers and is able to create the potential for profits (Swindley, 1992; Risch, 19991; Borin and Faris, 1990; Brunner, 1986). Building upon this structure, the equation for successful retail merchandising in this thesis was: *consumer + profitability = strategic merchandise mix.* Hence, at this point, the relationship between consumers, department stores and strategic merchandise decisions was established.

The next step then was to understand the components of this equation and to draw a detailed and an actionable framework towards achieving a strategic merchandise mix. In doing so, it was immediately apparent that the concepts and techniques of identifying and understanding the consumers were very well discussed and researched. Therefore, to lay an actionable framework towards this exercise was relatively easy. The only problem was, there were too many concepts and techniques to look through. Hence, the whole process of understanding these two dimensions was rather tedious and confusing to say the least. This is especially true on the techniques of identifying consumers. Nevertheless, generally speaking, a three-stage process of 1. target market identification, 2. understanding merchandise needs and expectation and shopping behaviour, and 3. positioning, was the normative procedure.

To execute this three-step procedure or the marketing considerations (Ghosh, 1994), the main task was to identify the variables used in each step. Literature review (Gutman and Mills, 1982; Kopp *et al.*, 1989; Kamakura and Wedel, 1995) showed that department stores commonly combined fashion lifestyle inventories, demographic variables and store patronage behaviour in target market identification. These parameters, therefore, were chosen as segment bases.

While variables for the first exercise (target market identification) were universals, the dimensions for the second step (understanding merchandise needs and expectation and shopping behaviour) however, differed from one study to another. The choice of market descriptors, as literature review suggested, depends on the kind of data a researcher wants. And, because no prior research has concentrated on merchandise mix variables, the author was left to seek her own avenue. In doing so and with inputs from Chapter Two, the author picked up variables from the merchandise mix components and 'buyer decision process model' as segment descriptors.

With the identification of segment bases and segment descriptors, the last step in 'consumer' (of merchandise mix equation) was to establish variables for positioning. The task in this stage centred on two themes. One was to identify the competing stores and two was to determine the competing criteria. Guided by literature in Chapter Three and Four and with the design on primary research methodology chapter in mind, the general merchandise stores in Malaysia were chosen to represent the first theme. On the other hand, following the literature in Chapter Five, quality, fashion and price represented the second theme. In addition, as a consequence of the write-ups in Chapter Two and Chapter Four, another dimension - value for money, was also included. Hence, the 'position' of these competing general merchandise stores would be measured through quality, fashion price, and value for money dimensions.

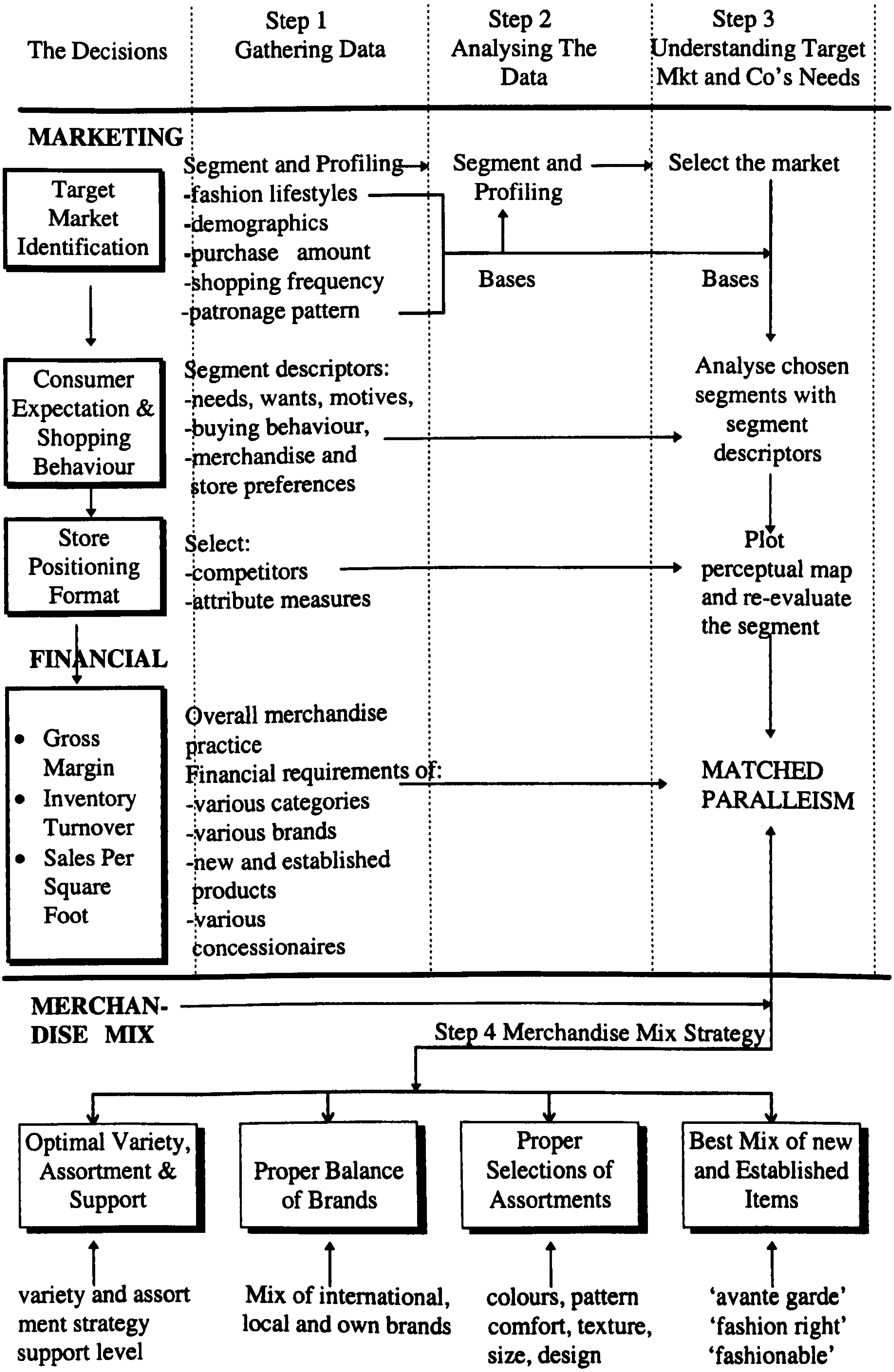
As to the second variable of the merchandise equation (financial considerations, Ghosh, 1994), although was lightly researched, components for profitability were almost universal (Schultz, 1988; O'Riordan, 1993; Walters, 1994) and thus, choosing them was quite simple. They were gross margin, inventory turnover, sales per square foot, and DPP (Direct Product Profitability). Among these measures, DPP was omitted. For one reason, through the author's experience, this technique was not too readily adopted by local retailers. And for another reason, the other identified profitability measures should give enough inputs for the task at hand.

By this point, therefore, the main concern was to identify the make-ups of the last dimension in the merchandise equation – the strategic merchandise mix. The vast body of literature on specific aspects of merchandise gave (the author) the clue. Studies on branding, assortments, support level, varieties and new products were found to be most prevalent and left the author with no doubt that the sum of these pieces makes up the components of an appropriate merchandise mix. After reflecting on this finding and upon comparing with the works of textbook writers (and finding many similarities with that of Ghosh, 1994), a strategic merchandise mix were identified as a combination of four main variables:

1. an optimum level of variety, assortment, and support,
2. a proper balance of brands,
3. a proper selection of assortments, and
4. the best mix of new and established items.

Hence, building upon these discussions, the author laid down a detailed and actionable framework for achieving this strategic merchandise mix (Figure 10.1). This framework, therefore, answered the question of 'given the trends depicted in earlier chapters, what should department stores do?' and served to provide

Figure 10.1 The Framework for Establishing a Strategic Merchandise Mix



directions for the consecutive chapters. This merchandising framework, as shall be discussed in the later section, represents one of the main contribution of this thesis.

Finally to further guide the ensuing chapters, at the end of Chapter Five, five main research questions were formulated. They were:

1. Who are the target markets for Malaysia department stores?
2. What are the merchandise mix needs and expectations of these shoppers?
3. What are the shopping behaviour of these shoppers?
4. What are the attitudes and perceptions of these shoppers towards department stores and other competitors?
5. What are the current merchandise mix strategy adopted by local department stores and what are their merchandise performance requirements?

Looking back, clearly the above research questions were built around trends and issues raised in the previous chapters and served to fill the strategic merchandise mix framework established in Figure 10.1.

10.1.3 The Primary Research Plan

Hence, by this stage, the author was ready to test this (merchandise mix) model in the local market and present outputs that answer the research questions. In doing so, clearly, primary data collection has to be undertaken. In the past, researchers (Rich, 1963; Crask and Reynolds, 1978; Bearden *et al.*, 1978; Hirschman, 1979; Gutman and Mills, 1982; Kopp *et al.*, 1989; Wei, 1997; Tam and Tai, 1998) were known to gather data only from the consumers. This thesis, however, sought to collect data from the retailers as well. This avenue was elected because having both data would be most ideal for the formulation of a strategic merchandise mix. Therefore, in this research methodology chapter, both designs were discussed.

To realise each of the research questions, five primary research objectives were laid down. They were:

1. To determine the fashion lifestyle orientations, to establish the demographic characteristics, to unfold the department store usage pattern, to investigate the purchase size and to record the shopping frequency of female shoppers in Klang Valley.
2. To uncover the merchandise needs and expectation of the selected shoppers and to investigate their attitudes towards clothes worn in their daily activities.
3. To determine the selected shoppers' general propensity towards apparels, to gauge their reactions towards merchandise mix variables, and to investigate their store patronage patterns.
4. To identify the female shoppers' attitudes towards department stores and to uncover the customers' perception of the major department stores in Klang Valley and their competitors on four attributes - fashion, quality, price and value.
5. To study the department stores current merchandise practice and to investigate their financial performance and requirements in term of gross margin, inventory turnover and sales per square foot.

To satisfy the first four objectives, 500 women consumers were approached and requested to fill in a set of questionnaire. These respondents were intercepted in the six shopping plazas that housed the major department stores in Klang Valley - the most populated and modern region in Malaysia. The gathered data were keyed into

SPSS and later subjected to the three step process - factor analysis, cluster analysis and cross tabulations. The last research objective, as noted in Chapter Seven, however, could not be met. Nevertheless, as '*business is about making money from satisfied customers*', the consumer survey should provide enough inputs to the formulation of a strategic merchandise mix. The following discussion, therefore, supplies answers to the first four research questions.

10.1.4 The Major Findings

The main findings are organised into each of the four research questions. While answering the research questions, the outputs will be contrasted by past works whenever possible. Meanwhile, the implications of these inputs to retail practitioners and academicians, will be highlighted in the next section.

10.1.4.1 Who are the Malaysian Department Store Shoppers?

The answer to the above research question could not be extracted without first determining 'who are the Malaysian shoppers'? Likewise, prior to answering the latter question, the fashion lifestyles of Malaysian consumers have to be determined. Because the application of fashion lifestyle segmentation in Malaysia, as implied in Chapter Five was still at an infancy stage (if there has been at all), the fashion lifestyle orientations and the fashion lifestyle segments found in this thesis should be a major interest to both retailers and academician. Therefore, their results are first laid down. Next, the answer to the first research question is supplied.

To determine the multitude of the local's fashion lifestyle orientations, the 16 fashion lifestyle batteries in the consumer survey, were subjected to factor analysis. At the end, five fashion lifestyle orientations were extracted and labelled (Table 10.1). When this data was next processed via cluster analysis, initial outputs showed that there were seven types of shoppers in Malaysia (Table 10.2).

In comparing the resulting clusters to past works (Rich, 1963; Crask and Reynolds 1978; Bearden *et al.*, 1978; Hirschman, 1979; Gutman and Mills, 1982; Kopp *et al.*, 1989; Wei, 1997; Tam and Tai, 1998), several distinctions were underlined. One, unlike the illustrated works in Asian markets (page 187), Malaysian consumers were more fragmented. This result could lie mostly in its plural society. As noted in Chapter Seven and Eight, each race exhibited a distinct shopping behaviour, which was the result of its heritage. Two, perhaps due to the combination of these attitudes, in contrast to the western consumers (page 186), Malaysians were more discerning shoppers. For instance, Malaysian fashion leaders (Sophisticated Shoppers) although were very fashionable and quality conscious, were also practical buyers. This latter fashion orientation was not evident in the profiles of western fashion leaders ('Leaders' from Gutman and Mills, 1982 and 'Fashion Elites' from Kopp *et al.*, 1989). Three, almost all segments, except Value Shoppers (12 per cent of total shoppers), were fashion conscious. On the contrary, in western markets, roughly three of the resulting segments - amounting to 40 per cent of the total market, were not bothered by fashion. Four, unlike the westerners, Malaysians were generally not quality conscious. Naturally, these findings correlate with the demographic and lifestyle trends discussed in Chapter Two.

Perhaps, the next question is, how do Malaysian shoppers compared to other East Asian countries? Sadly, the author could not find any comparable work to answer this query. Nevertheless, looking back at Asian market profiles (page 187), arguable, Malaysian shoppers behaved almost identical to their Asian counterparts.

Table 10.1 The Different Lifestyle Orientations

Orientation 1 (Fashion Conscious)

- I enjoy looking through fashion magazines
- I consider myself to be fashion conscious
- I love to shop for clothes

Orientation 2 (Fashion Follower)

- My apparel selections are strongly influenced by clothing worn by people I admire
- When shopping for expensive clothes, I rely heavily on the advice of the salespeople
- I am finding it increasingly difficult to buy fashions that look good on me
- I wait until new fashion looks have become well accepted before I buy them myself
- More and more, I find that no matter at which store I shop, the fashions are all the same

Orientation 3 (Price Conscious)

- I buy more clothing on sale than I do at regular prices
- I am very cost conscious when it comes to clothes
- I make clothing purchases only when there is a need, not on impulse

Orientation 4 (Quality Conscious)

- The quality of merchandise I buy is more important to me than the price I pay
- For the amount of money, I will generally buy one good item rather than several of lower price and quality

Orientation 5 (Practical Buying)

- I prefer classic look to trendy look in clothes
- An important part of my life is dressing smartly
- Because I have a very active lifestyle, I need clothes for many different kinds of occasions

Table 10.2 The Profile of Malaysian Shoppers*

Segments	Fashion Lifestyles	Demographics	Shopping Orientations
Sophisticated Shoppers (49)	Fashion conscious Quality conscious Practical buying	Rather young, age 20-35 years old Highest education Self-driven women	Many shopped once in a month Spend RM51-200 Visit dept. stores once in 2 months
Value Shoppers (57)	Practical buying Quality conscious	Older women Slightly less educated than sophisticated shoppers Many worked with the government Many Chinese	Spend RM51-400 Shopped once in 2 or 2/3 months Visit dept. stores once in 2-4 months
Dreamers (10)	Fashion conscious Fashion follower Quality conscious	Many married women but still young. Least educated Many did not work Lowest income earner Mostly Malays	Low spenders Half of them seldom shopped Most hardly visit dept. stores
Fashion Enthusiasts (114)	Fashion conscious Fashion follower	Young shoppers Mostly in private sectors. Quite many still not working Various education level, but many with diplomas Rather low income	A big percentage of those 'shopped most often' Spend RM51-300 Visit dept. stores once in 2 months
Career Women (206)	Fashion conscious Practical buying	Slightly older women than fashion enthusiasts Various education level. Also many diplomas The highest of those working in private sectors Av. income; Many Malays	Quite many shopped once a month Spend RM51-300 Visit dept. stores once in 2-4 months
Ruthless Shoppers (12)	All the five fashion lifestyles	Many married women but rather young Low level jobs / work her own. Many Chinese Various level of education	Many shopped twice/once a month Spend RM51-200 Half visit dept. stores once in 2 months
Status Shoppers (31)	Fashion conscious Fashion follower Price conscious	Many married women with one to two kids or more A big percentage of highest income level Average education	Many shopped twice/once a month Spend RM101-200 Visit dept. stores once in 2 months

Note: *The shaded boxes indicate profiles of Malaysian Department Store Shoppers

To answer the first research question, each cluster was analysed via revenue potential and cost of marketing effort. At the end, three clusters were selected as department store shoppers (shaded in Table 10.2). Picture 10.1 conjures images of these selected shoppers and summarises their general attitudes. Therefore, by this stage, the first research question was answered. Local department store shoppers, as the data illustrates, were made up of three main target markets:

1. The sophisticates who were fashion leaders or fashion elites (10%).
2. Fashion enthusiasts who were fashion followers (24%).
3. Career women who were looking for classic and smart looking fashion items at very good prices (43%).

These shoppers, as noted above, were distinctly separated through their fashion lifestyle orientations. On the other hand, their demographics and shopping patterns did not differ greatly. This outcome, therefore, supports previous works on department store shoppers (Crask and Reynolds, 1978; Bearden *et al.*, 1978; Hirschman, 1979; Gutman and Mills, 1982; Kopp *et al.*, 1989).

Nevertheless, as underlined earlier, there was also one marked difference between this finding than that of past works. This is, although all of local department store shoppers were fashion conscious, the majority of them were not quality conscious. Instead, they were practical buyers. Hence, this combination of fashion orientations suggest that they were thrifty buyers. This outcome, besides pointing out that Malaysian consumers possessed their own unique characteristics, also established that the old practice (by Malaysian department stores) of selling high quality product at equally high prices, as noted in Chapter Four has to be revamped.

Picture 10.1 Profiles of Department Store Shoppers

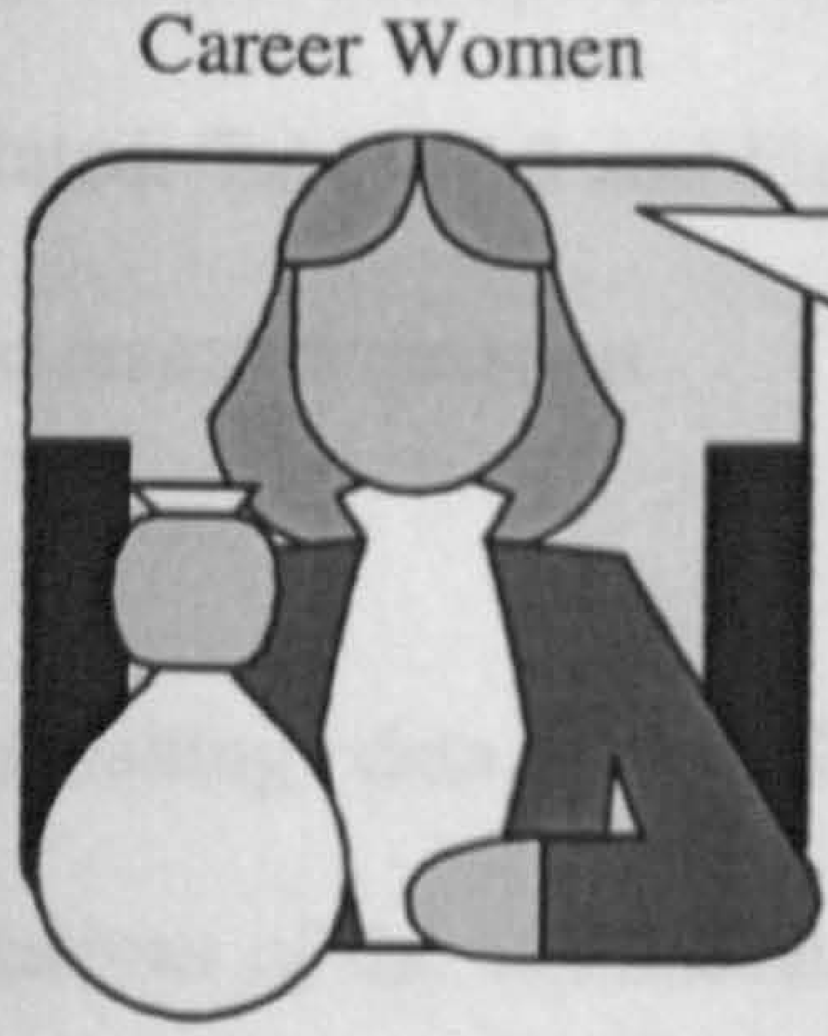
The Sophisticated Shoppers

Yes, I love fashions. But they do not necessarily have to burn my pocket.
I believe if you look around, you could get the best deal.
I spend up to RM200 per month
My clothes have to be of certain quality and should project my professional image
My clothes have to be versatile as well

Fashion Enthusiasts

Yes, I love fashions.
I looked for trendy clothes.
I shopped very often for clothes and looked around for clothes that suit my pocket and me the best.
I spend up to RM300 per month

Career Women



Yes, I love fashions. But they do not necessarily have to burn my pocket.
I believe if you look around, you could get the best deal.
I spend up to RM300 per month
My clothes have to speak fashions but I won't buy them just for the sake of fashions. They have to project my 'modern women' image
My clothes have to be versatile as well

10.1.4.2 What are The Merchandise Mix Needs and Expectations of These Shoppers?

Having remarked on the differences (in 10.1.3.1), it would be interesting if the author could further compare the merchandise mix needs of these different markets (Malaysian, other Asian and Western) and the consequence formulation of a strategic merchandise mix for each cluster. However, as noted in Chapter Five, most of research works in department stores stopped at this stage. There were, however, several attempts at looking into one or two of the merchandise mix variables (Risch, 1963 and Hirschman, 1979). Nevertheless, these works were too broad in nature for comparison. Therefore, the finding and approach in this subsection provides another big contribution to retail managers and academicians.

To accomplish this task, the merchandise mix needs and expectations of these selected shoppers as to variety versus assortment, support level, brand mix, assortment criteria and new and established products were analysed. At the end, the central theme and specific ratio of each component of a merchandise mix were postulated. Table 10.3 and Figure 10.2 illustrate respectively and hence answer the second research question.

The resulting data, generally, established that the merchandise needs and expectations of the sophisticates and career women were quite similar. In contrast, the opposite was true for fashion enthusiasts. For instance, while the first two groups emphasised heavily on office wears, the latter favoured casual wears. Likewise, while the sophisticates and career women were not overly impressed by

Table 10.3 Central Themes of Merchandise Mix Needs and Expectations

Proneness on Fashion Items

1. Fashion enthusiasts were most easily influenced by fashion
2. Career women were the least easily influenced by fashion
3. The sophisticates, on the other hand, were in between.

Proneness Towards Variety

1. The sophisticates placed highest emphasis on office wear. The second was leisure wear and the third was special wear.
2. Fashion enthusiasts placed highest emphasis on leisure wear. The second was office wear and the third was special wear.
3. Career women placed highest emphasis in office wear. However, the inability of apparel stores to satisfy them has made them turned to casual wear. Like any other groups, special wear came last.

Priority on Assortment

1. To the sophisticates, deepest assortment was most important to office wear. Casual wear and dresses for special occasions came second.
2. To fashion enthusiasts, deepest assortment was most important to leisure wear. The second were dresses for special occasions. Third was office wear.
3. To career women, deepest variety was most important to casual wear. The second was office wear. Third were dresses for special occasions.

Selection Criteria

1. The sophisticates were most polished in their requirements.
2. Fashion enthusiasts were most flamboyant in their requirements.
3. Career women were most practical in their requirements.

Attitudes Towards Brands

1. Fashion enthusiasts were impressed by branded items
2. Career women and the sophisticates were not impressed by branded items

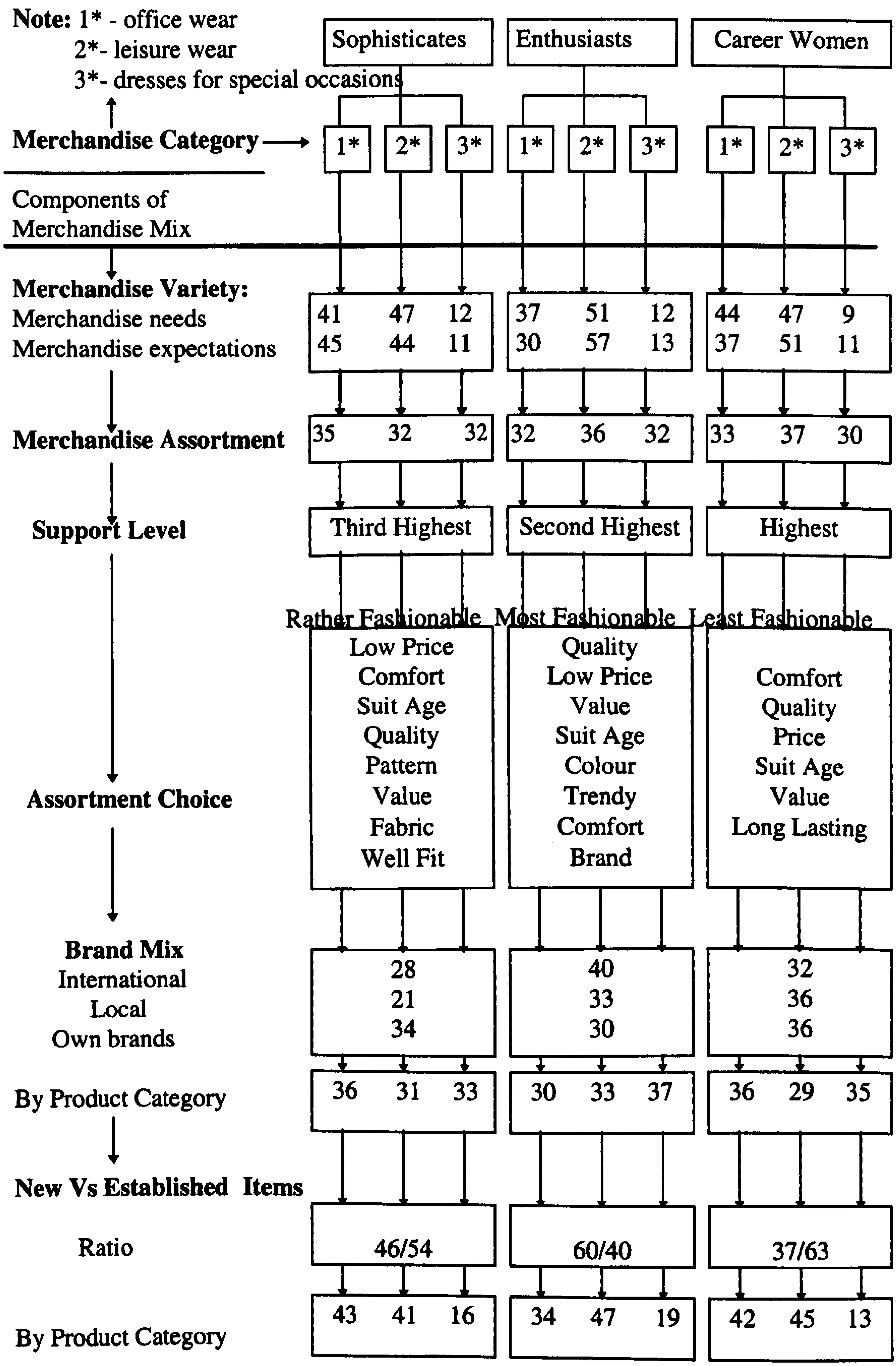
Attitudes Towards Product Newness

1. Fashion enthusiasts were most charmed by any fashion innovation.
2. Career women were most resistance to product 'newness'
3. Sophisticate shoppers were the moderators

Support Level Requirement

1. The sophisticates were least likely to abandon the store that disappointed them.
2. Fashion enthusiasts would more likely abandon the store and would continue searching until they found a replacement.
3. Career women would most likely abandon the store and never bothered to look around again.

Figure 10.2 The Merchandise Mix Needs and Expectations of Department Store Shoppers



branded or new items, fashion enthusiasts responded positively to these stimuli. Therefore, generally, the merchandise needs and wants of fashion enthusiasts were most exciting. In contrast, the needs of the remaining group were more subdued. Looking back (10.1.4.1), this outcome correlates perfectly with each profile.

Besides the above result, the other major outcome in this section has to be the 'size' dimension. This variable, as noted in Chapter Eight, outnumbered the others as the main obstacle in buying clothes. Since size is highly unsubstitutable and as these shoppers were found to be of normal sizes, this outcome suggests that local retailers are guilty of not updating themselves of this dimension. Clearly, immediate measures must be taken and size must be one of the major considerations in planning for assortment and support level.

10.1.4.3 What are the Shopping Behaviour of These Shoppers?

To answer this question, store choice criteria, cross-shopping activities, store patronage pattern, and shopping priority of the selected shoppers were cross-referenced and analysed. Table 10.4 illustrates the answer to this third research question. As the table shows, lately, Malaysian department store shoppers are prudent buyers, a phenomenon also discovered in 10.1.4.1. Being mostly practical buyers, they chose to shop in stores that offered the 'best value for money', leaving stores that offered 'wide selection' as the second choice. This attitude, which was very prominent in this study, must have contribute heavily to the recent dismal performance of local universal providers. This is because, as noted in Chapters One and Four, Asian department stores boast the highest prices and the widest selection.

Table 10.4 Shopping Behaviour of Malaysian Department Store Shoppers

Store Choice Criteria

1. An overwhelming choice was 'selling good quality merchandise at the most reasonable price'.
2. The next choice was 'wide selection' but its significance was low compared to the first criterion

Cross-shopping Activities

1. Fashion enthusiasts engaged in heavy cross shopping.
2. The sophisticates' cross-shopping activities were at the minimal.
3. Career women engaged in intense cross shopping.

Store Patronage Pattern

1. Visited department stores for office wear
2. Visited department stores, neighbourhood superstores and other apparel super stores in leisure wear.
3. Visited department stores, neighbourhood superstores, other apparel superstores and speciality stores in dresses for special occasion.

The Most Shopped Department Stores

1. Isetan; 2. Metrojaya; 3. Sogo; 4. Parkson; 5. Tangs; 6. Yaohan

Shopping Priority

1. Clothes take a back seat whenever the shoppers want to conserve spending

Another significant shopping behaviour discovered in this section was the target markets' attitudes towards clothing stores across each merchandise category. The shoppers mainly visited department stores for office wear purchases. On the other hand, for other dresses types, many of them shopped across a wide spectrum of retail formats and most often than not at lower image stores. This attitude, suggests that local department store shoppers evaluated office wear on different criteria than the other two merchandise categories. That is, in buying the former, higher quality at the expense of higher prices were tolerated. However, in purchasing leisure-wear and dresses for special occasions, quality and prices were jointly measured. Perhaps due to this practice, as underlined in Table 10.4, it appeared that the fully-integrated department stores were more at a losing end than the focused department stores.

Between the three groups of department store shoppers, fashion enthusiasts and career women engaged in heavy cross-shopping activities. The pattern of the former, as postulated in Chapter Nine, was due to many stores catered for them. The attitude of the latter, however, was posited to be a result of very few stores catered for them. This observation was made because, career women, once frustrated of not finding what they wanted, would never bothered to look around for the same article. On the other hand, the opposite was true for fashion enthusiasts. This finding suggests that those stores that can cater to the needs and wants of career women perfectly would be handsomely rewarded in the future.

In comparing these outcomes to previous works (page 186), it was clear that findings in this section differ quite significantly than the ones undertaken by Kopp *et al.* (1989) and Gutman and Mills (1982). Their fashion leaders and followers, for instance, did not visit lower-image retailers when looking for dresses. On the other hand, the opposite was true for the Malaysian counterparts. Once more, this goes to show that local department store shoppers were thrifty buyers. And, with economic downturn facing Malaysia at the moment, this behaviour is expected to continue. Finally, because, past researchers did not integrate merchandise mix in their study of shoppers' behaviour, the priority of merchandise types could not be contrasted. Once more, the approach of this study contributes to the body of literature as it enhances the interpretability of data to the decision-maker.

10.1.4.4 What are the Attitudes and Perceptions of These Shoppers towards Department Stores and Other Competitors?

To satisfy the above question, four competing criteria and eight competing stores, as noted in positioning literature, were picked. When responses were analysed along the traditional 'fashion/quality vs. price criteria, department stores were consistently rated higher than the neighbourhood superstores. Among the two types of local department stores, as categorised in Chapter Three and Four, the focused version was given the highest rating with Isetan heading the list. Figure 10.3 illustrates. Looking back to the end of Chapter Three, clearly this result resembled the one depicted in that chapter. Therefore, this finding goes to show that consumer's perception of department stores endures over time and is almost universal. However, when consumers were asked to respond to value dimension, the positioning of these eight stores was rather fuzzy. Table 10.5 illustrates.

Hence, in answering the above research question, the following observations were made. One, on the typical department store mapping attributes (high quality and fashionability vs price), the shoppers 'positioned' department stores on the top. Between the two types of department stores, the focused version created a better impression on the shoppers than the fully integrated version. Two, on the value dimensions, fully integrated department stores and neighbourhood superstores were generally clear winners. Three, because of the image of department stores was such, they were the first choice for office wear purchases. Likewise, because of this image, many customers would not want to shop at department stores for other type of dresses.

Figure 10.3 Perceptual Mapping - Fashion/Price

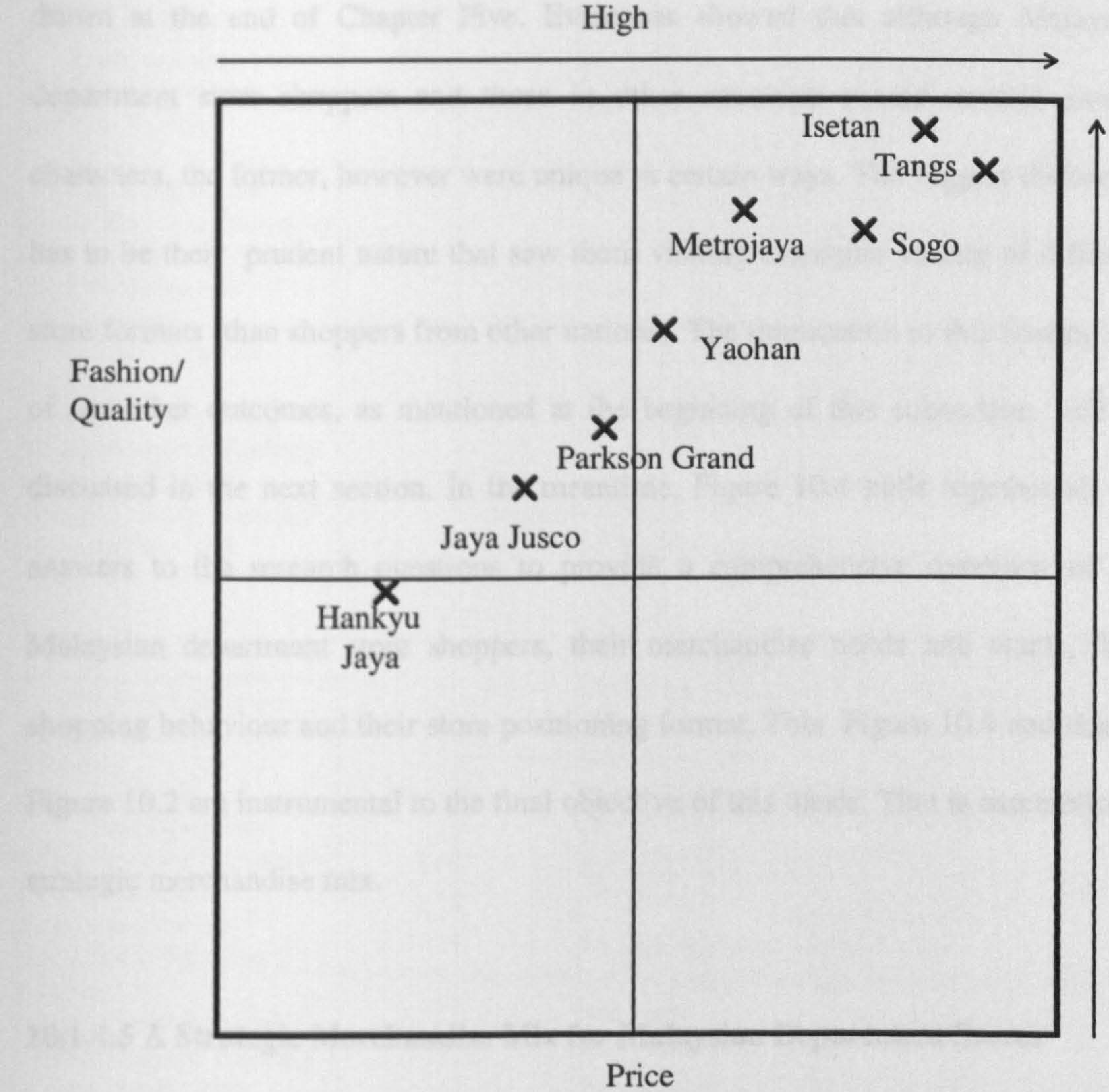


Table 10.5 The Merchandise Offerings Ranking - The Value Dimension

	1st	2nd	3rd	4th	5th	6th.	7th.	8th.
The sophisticates	Metro jaya	Parks on	Jaya Jusco	Sogo	Iseatn	Yaoha n	Tang s	Hankyu Jaya
Fashion Enthu-siasts	Metro jaya	Sogo	Parkso n	Isetan	Jaya Jusco	Yaoha n	Tang s	Hankyu Jaya
Career Women	Jaya Jusco	Metro jaya	Hanky u Jaya	Parkso n	Yaoh an	Sogo	Iseta n	Tangs

Notes ▒ Share the same ranking

In conclusion, this subsection provides answers to the first four research questions drawn at the end of Chapter Five. Evidences showed that although Malaysian department store shoppers and those in other countries shared several similar characters, the former, however were unique in certain ways. The biggest difference has to be their prudent nature that saw them visiting a broader variety of different store formats (than shoppers from other nations). The implication to this finding and of the other outcomes, as mentioned at the beginning of this subsection, will be discussed in the next section. In the meantime, Figure 10.4 pulls together all the answers to the research questions to provide a comprehensive overview of the Malaysian department store shoppers, their merchandise needs and wants, their shopping behaviour and their store positioning format. This Figure 10.4 and that of Figure 10.2 are instrumental to the final objective of this thesis. That is assembling a strategic merchandise mix.

10.1.4.5 A Strategic Merchandise Mix for Malaysian Department Stores

Having gone through the stages in 10.1.1 to 10.1.4, the author then sets to deliver the last objective of this thesis. In doing so, Isetan was chosen as the department store. After prioritising the target market, allocating the merchandise variety to each of the segment, and adjusting the ratio of each the merchandise mix in accordance to the trends and central themes identified in literature review and primary data collection, the suggested merchandise mix resembled that of Figure 10.5. Naturally, given the earlier research outcomes, this is not the only way to plan a set of merchandise. Nevertheless, it serves to illustrate how a strategic merchandise mix is assembled.

Figure 10.4 The Merchandise Mix Framework

The Sophisticates

Fashion Lifestyles:
Quality, fashion conscious, practical buying.

Demographics
Make up 13% of the market
Highest education
Highest occupation
Many Chinese
Spent RM125/mth on clothes
Shopped once a month
Shopped once in 2 months at department stores
Shopped mostly in general merchandise stores

Merchandise Needs and Expectations
Most important office wear, biggest gap leisure wear
Looked for low price, comfort, suit age, quality, pattern, value, fabric, well fit
Brands not important, new products quite welcome.
Most tolerant to stock-outs

Buying Behaviour
Motives- towards self esteem/self-actualisation
Look for stores with quality, price, wide selection
Shopped at the least number of apparel stores
Bought office wear at department stores. Bought leisure wear and special wear at other stores

Perceptual Maps
Quality/fashion vs. Price - Department stores
Value dimension - Blur distinction

Fashion Enthusiasts

Fashion Lifestyles:
Fashion conscious, fashion follower

Demographics
Make up 31% of the market
Lowest education
Lowest occupation
Spent RM200/mth. on clothes
Shopped twice a month.
Shopped once in 2 months at department stores
Shopped mostly in department stores

Merchandise Needs and Expectations
Most important casual wear, not noticeable gap across merchandise category
Looked for quality, low price, value, suit age, colour, trendy, comfort, brands
Brands rather important-emphasis on international brands, eager for new products .

Buying Behaviour
Motives-social security/self esteem
Look for stores with quality, price, wide selection, new items
Shopped at most apparel stores
Bought all merchandise needs at department stores.

Perceptual Maps
Quality/fashion vs. Price - Department stores
Value dimension - Department stores

Career Women

Fashion Lifestyles:
Fashion conscious, practical buying

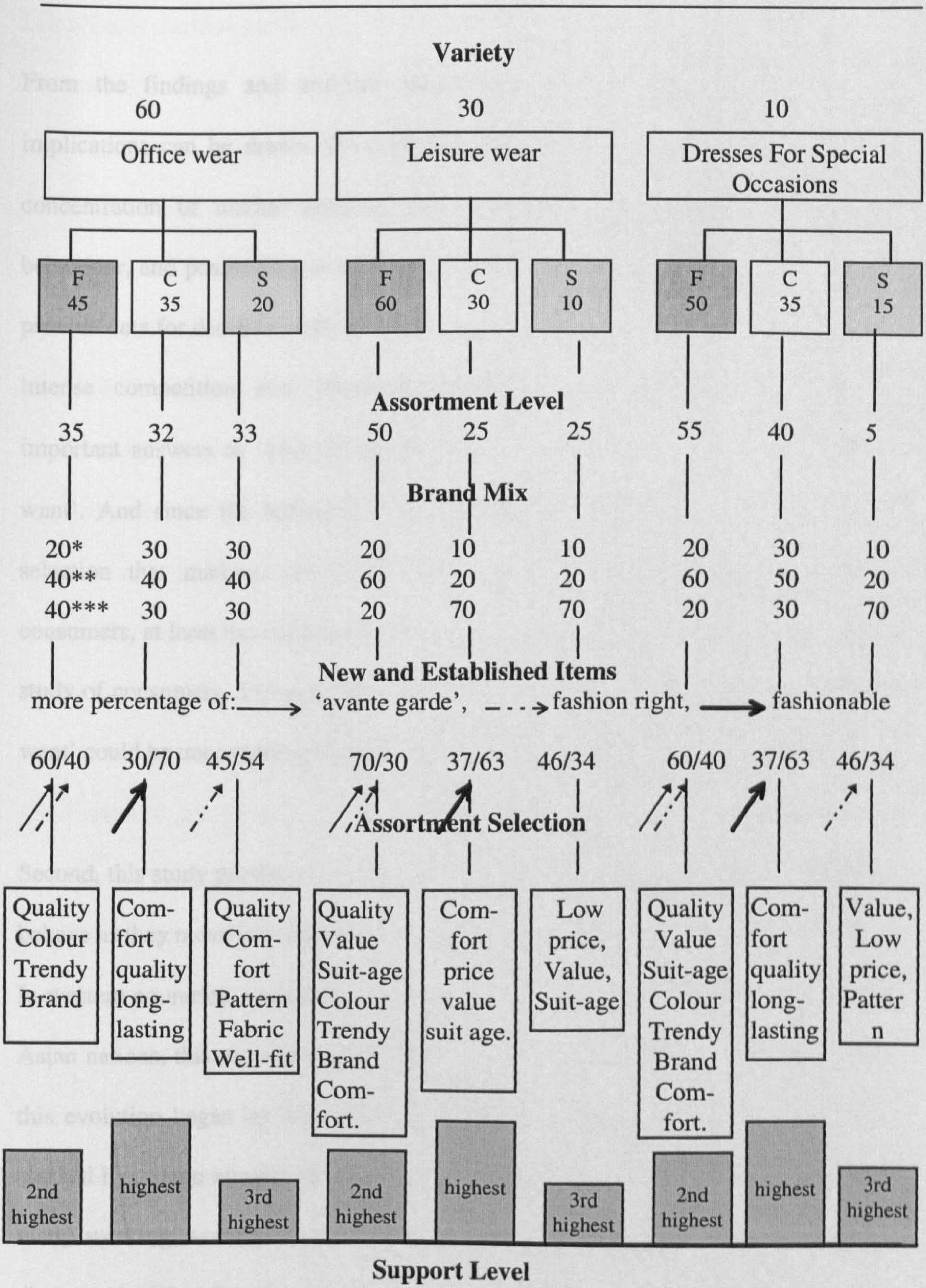
Demographics
Make up 56% of the market
Average education
Average occupation
Many Malays
Spent RM 180/month on clothes
Shopped once a month
Shopped once in 3 months at department stores

Merchandise Needs and Expectations
Most important office wear, biggest gap office wear
Looked for comfort, quality, low price, suit age, value, long lasting
Brands not important, new products quite welcome .
Least tolerant to stock-outs

Buying Behaviour
Motives- physiological, self esteem/self-actualisation
Look for stores with quality, price, wide selection
Shopped at most apparel stores
Bought office wear and special wear at department stores. Bought leisure wear at other stores

Perceptual Maps
Quality/fashion vs. Price - Department stores
Value dimension - Other Store

Figure 10.5 A Strategic Merchandise Mix (%)



Note: * international, ** local, ***own brands
F–Fashion Enthusiasts; C–Career Women; S–Sophisticated Shoppers

10.2 Managerial and Academic Implications

From the findings and analysis earlier in this chapter, a number of major implications can be drawn. On a general term, first, this study illustrates that a concentration of market profiling using fashion lifestyle statements, shopping behaviour, and positioning as adopted by past researchers, is not sufficient to fully provide data for decision making. This is especially so in an environment marked by intense competition and fragmented consumers. Existing literature provides important answers to 'who are the consumers' but not to 'what these consumers want'. And since the hallmark of a successful retail program is a merchandise selection that matches the tastes, preferences, and expectations of its target consumers, at least the integration of this merchandise variable must be made in the study of consumers. Through this technique, the answers to 'what these consumers want' could be uncovered and therefore enhances the interpretability of data.

Second, this study provides an empirical support of the manner in which consumers behave as they move into a modern setting and on how best to study their behaviour. In western countries, modernisation started after World War II. For several modern Asian nations, this movement started in late 1970s. In Malaysia, on the other hand, this evolution began by late 1980s. On each occasion, the consumer market was marked by a large number of middle income households, a high level of education, many working women, a very high rate of urbanisation, and most importantly diversity in lifestyles. So significant was the impact of this last trend that past studies as well as this one showed that modern consumers could be easily identified through their lifestyle expressions not demographic variables. Hence, this study once more validates the usage of lifestyle inventories as the main segment base. Likewise, it clarifies the fact that Malaysian consumers were fast becoming modern consumers.

Third, while this study supports previous works on general trends in consumer behaviour, it also established that Malaysians are unique in several ways. For instance, although this thesis produced almost similar clusters as earlier studies, local consumers (compared to other countries) seek different avenues in achieving their desired lifestyles. Fashion leaders in Malaysia visited both high and low image stores for their merchandise needs. This activity was not evident in other studies. Likewise compared to earlier works, Malaysians were more fashion conscious but less quality conscious. Arguably, due to the combination of this attitude, they were thrifty buyers as well.

On a specific level, this study provides insights on how to approach Malaysian consumers. The fashion lifestyle segmentation, profiling scheme, perceptual maps, and merchandise mix requirements presented in this thesis have many immediate and specific applications for both international and local retailers. First, the importance of offering the 'right size' and the unimportant of 'wide variety' in comparison to 'good quality at the most reasonable price' are the two phenomena that should be tackled at once. This is more so in Malaysia, as department store shoppers were found to be quite thrifty than those in other nations. Furthermore, in a highly competitive retail environment where cross-shopping is of vital concerns to retailers and consumers loyalties are split among many competitive offerings, immediate corrective measures must be taken to ensure that a consumer's shopping experience in one's store is as satisfying as possible.

Second, this study justifies the recommendation made by AMA in 1980 and ARCE in 1996, as noted in Chapter Five, on the direction of department stores. That is department stores today need to study the lifestyles of their target markets and re-merchandise their outlooks. In the west, department stores were advised to focus on high margin items. In the east, on the other hand, universal providers were urged to scale down their very expensive merchandise offerings. In Malaysia, the main opportunity lies in stocking high quality office wears at very competitive prices. As illustrated, the approach of this study provides a clearer insight of what department stores should do.

Third, this study reveals the precarious position of the fully-integrated department stores. Hence, they must carefully position themselves between the focused department stores and the upgrading neighbourhood superstores. To do this, they need to understand and prioritise the target markets and also their merchandise categories. Therefore, the illustration on how a strategic merchandise mix was to be assembled in 10.1.4.5 should provide sufficient guidelines on how this can be done.

Finally, as a long-term measure, the approach of this study has potential applications in many aspects of retailing. For instance, this technique can be adopted to compare the customer mixes of another market/store branch. Indexing consumers through the technique used in this thesis would improve these comparisons and would also allow retailers to measure with greater accuracy the ability of different store branches to attract the desired types of customers in the desired proportions. Further, this approach is valuable in evaluating one store's image versus that of its competitors, especially when these competitors are located in different areas. Likewise, the approach of this study provides useful directions on the kind of promotional activities, services and store ambiance that would best suit the local department store shoppers.

10.3 Contribution of this Thesis

Having summarised the research approach, findings, and implications as such, the main contributions of this thesis lie in identifying the major components of a strategic merchandise mix, establishing an actionable framework for succesful merchandise mix decisions and illustrating how this appropriate merchandise mix can be achieved. Prior works towards this area, as discussed earlier, were not well very developed and disjointed. This research, therefore, takes a step further by consolidating and expanding these past studies. Thus, having this framework as a more definitive guideline, it is expected that the task of assembling a strategic merchandise mix, although continues to be daunting, is more defined and easily executed.

While filling in the framework for succesful merchandise mix decisions, this study contributes to the wide body of literature by illustrating an alternative way for understanding the consumers shopping behaviour and analysing the image of competing stores. The author has shown how the 'consumer buying process model' could be used to understand the former. Likewise, she has demonstrated how useful 'value for money' is, as an image measurement. With consumers all over the world becoming more educated and engaging in more diverse activities, they would be increasingly unwilling to pay more than necessary. Hence, this study provides a starting point for other image researchers to measure the consumers perception of value retailers over time. By doing so, perhaps, the debate as to whether value is evolutionary or static, as noted in literature review, could be resolved.

To the Malaysian retailers, this research contributes much more. By updating the current market trends and presenting primary data on profiles of the shoppers, their shopping behaviour, store positioning and merchandise mix requirements, local retailers generally and department stores specifically could asses their current business orientation and align it to meet the needs and wants of their customers better.

Likewise, the review on the evolution of department stores should provide local operators with ideas of what improvements to make and what directions to take. This knowledge if combined with the earlier ones (methods of establishing a strategic merchandise mix and the multifaceted behaviour of Malaysian shoppers), would provide comprehensive directions as to what they must do to survive in the current economic situation.

Besides and in the long run, local retailers can use the technique and data in this thesis to track purchase behaviour, store positioning, and merchandise mix needs and expectations over time. Hence, potential changes in attitudes and needs and expectations could be studied and translated into better strategies.

Naturally data on Malaysian consumers, their profiles, shopping behaviour, store positioning and merchandise mix expectations are not only beneficial to local strategists. Other retailers and retail academicians, for example, are forever in constant search for this knowledge in their bids to understand and predict shopping attitudes and shopping patterns of consumers all over the world. With the coming of the next millennium and the world fast becoming one market place, this direction is very necessary. Outcomes from this research definitely provide them with another set of data to work with and referred to.

10.4 Limitation of the Thesis

Despite its many contributions, this study has its limitation. The major disadvantage has to be the breadth of this study, which was too wide. As such, deeper concentrations on each dimension were not possible. In the area of marketing considerations, for instance, market segmentation was usually taken as a subject by itself. Likewise, market positioning was studied in isolation to give a deeper view of consumers' perceptions and opinions. In this thesis, for example, only a handful of questions were directed towards examining each of these aspecta. Once more, this approach was unavoidable, as there were so many other variables to measure. Similar observation holds true for studies in consumer buying behaviour, where many queries pertaining to this area could not be included, so as to make way for questions on merchandise mix preferences.

In addition, the needs to include all the major components of merchandise mix further broadened the width, and thus reduced the depth of the research topic. Like those of marketing considerations there are so many issues to discuss. The area on branding, for instance, was so comprehensive that at least one journal is written just for this subject. The topics of assortment and assortment buildings, support levels, merchandise variety, and new products had also been treated in isolation by past researchers. This approach (by other writers) was definitely not without its merit in advanced countries, where these studies mostly took place. The need for greater insights on a specific area has turned researchers in modern nations from 'Jack of all trades' to 'the master of one'. Nevertheless, in Malaysia, with the state of retail illiteracy as voiced by Dato' Ismail Mohamad, the approach taken by the author, is perhaps still the best option.

10.5 Directions for Future Research

As is often the case, a research study gives many new answers as well as questions. In this study, one of the recurring questions was '*what is the perfect dress size for local shoppers*?' This size factor has been identified as the main hindrance in buying clothes and it being the least substitutable, there is an urgent need to explore this dimension. Besides size, the growing attitude towards 'value buys' provides another direction for future research. Studies in this area could underline whether the equation of value is static (Fortune, 1993), or flexible (Biederman, 1991), or evolutionary (Cassil *et al*, 1997; and Lewison, 1997).

One a broader term, the more studies and field works conducted in the area of strategic merchandise mix decisions, the better we will be able to understand and formulate merchandising responses in the face of an ever increasing complex environment. Opportunities for undertaking research in this context are numerous. To begin with, future researchers could take the present (strategic merchandise decisions) framework and apply it in another market. Another direction is to pursue studies in this area, challenge this framework and provide a better model. Besides, one could study each component of strategic merchandise mix and identify which is of utmost important to a particular retail type. This avenue is most beneficial when retail strategists are faced with acute time or/and resources constraints. Still, the other approach is to challenge the techniques used in this thesis and find answers for 'are there other better segmentation approaches? Are there better ways to undertake field survey? Could the methods in data processing applied here be improved? Clearly then, this thesis is merely a beginning towards these improved understanding.

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APPENDIX

I

THE

CONSUMER

SURVEY

SECTION A:

Instruction: Please indicate your reactions to the following items by using the scale below:

1	2	3	4	5	6
Totally Agree	**Agree**	**Somewhat Agree**	**Somewhat Disagree**	**Disagree**	**Totally Disagree**

1. _____ I love to shop for clothes

2. _____ I enjoy looking through fashion magazines

3. _____ I consider myself to be fashion conscious

4. _____ An important part of my life is dressing smartly

5. _____ I buy more clothing on sale than I do at regular prices

6. _____ I am very cost conscious when it comes to clothes

7. _____ For the amount of money, I will generally buy one good item rather than several of lower price and quality

8. _____ The quality of merchandise I buy is more important to me than the price I have to pay

9. _____ I prefer classic look to trendy looks in clothes

10. _____ I wait until new fashion looks have become well accepted before I buy them myself

11. _____ More and more, I find that no matter at which store I shop, the fashions are all the same

12. _____ I am finding it increasingly difficult to buy fashions that look good on me

13. _____My apparel selections are strongly influenced by clothing worn by people I admire

14. _____When shopping for expensive clothes, I rely heavily on the advice of the salespeople

15. _____ I make clothing purchases only when there is a need, not on impulse

16. _____ Because I have a very active lifestyle, I need clothes for many different kinds of occasions

SECTION B

Instruction: Please fill in the blank or tick (/) the answer that suit you best. You may tick more than one answer.

17. I buy new clothes because

- [1] I am tired of my old ones
- [2] My old ones are too worn out
- [3] To keep up with fashion
- [4] To keep up with my friends
- [5] I like changes
- [6] I can't fit into the old ones
- [7] I buy on impulse
- [8] ______________________ (Others, please specify)

18. When shopping for my clothes, I would like to see more ________ in the store

- [1] office wear/formal wear (formal wear refers to work-like clothes worn by non working individual)
- [2] leisure wear (clothes for visiting friends, going shopping, weekends outings, dining out, going to a movie, and an informal party)
- [3] dresses for special occasions (clothes for anniversary celebrations, company's annual dinner or formal party)

19. I need ________ the most

- [1] office wear/formal wear
- [2] leisure wear
- [3] dresses for special occasions

20. I have ________ the most

- [1] office wear/formal wear
- [2] leisure wear
- [3] dresses for special occasions

21. I have the most problem in getting ________ that suits me.

- [1] office wear/formal wear
- [2] leisure wear
- [3] dresses for special occasions
- [4] I have no problem at all

22. I expect to see the most frequent changes (in styles, designs, colours, etc.) in ________

- [1] office wear/formal wear
- [2] leisure wear
- [3] dresses for special occasions

23. Well-known brands are most important to ________

1 office wear/formal wear
2 leisure wear
3 dresses for special occasions

24. Widest variety is most important to ______________

1 office wear/formal wear
2 leisure wear
3 dresses for special occasions

25. ________ should not run out of stock the most

1 office wear/formal wear
2 leisure wear
3 dresses for special occasions

26. For my clothes, I most likely buy

1 the latest fashion
2 the usual everyday clothing
3 ________________________ (others, please specify)

27. For my clothes, I most likely buy

1 International brands
2 Local brands
3 Brand is not important to me
4 ________________________ (others, please specify)

28. For my clothes, I most likely buy __________ design

1 simple (basic cutting with minimal details/decorations)
2 moderate (basic cutting with several details/decorations)
3 elaborate (basic cutting with many details/decorations)

29. Generally, I most likely buy ___________

1 loosely fit clothes
2 well-fit clothes
3 tight fitting clothes

SECTION C

Instruction: Please tick (/) the answer that suit you best.

30. For my clothes, I shop

- 1 at least twice a month
- 2 once a month
- 3 once in two months
- 4 once in two to three months
- 5 once in four to five months
- 6 once in six months or longer

31. Every time I shop for my clothes, I spend

- 1 less than RM50.00
- 2 RM51.00 - RM100.00
- 3 RM 101.00 - RM 200.00
- 4 RM 201.00 - RM 300.00
- 5 RM 301.00 - RM 400.00
- 6 RM 401.00 and above

32. When I need to save money, **the first three things** I would do is ______
(write **1** to the first step, **2** to the second step and **3** to the third step).

- [ ] cut the spending on food
- [ ] cut the spending on clothes
- [ ] cut the spending on leisure activities
- [ ] cut the spending on home improvements
- [ ] cut the spending on personal care (cosmetics, facial cleansers, hair care)

33. When buying my clothes, the **first three** important things to me are __________
(write **1** is the most important factor, **2** is the second most and **3** is the third most).

- [ ] low price
- [ ] high quality
- [ ] colour
- [ ] patterns
- [ ] brand
- [ ] suit my age
- [ ] long lasting
- [ ] fabric
- [ ] trendy
- [ ] well fit
- [ ] comfort
- [ ] crease free
- [ ] value for money
- [ ] ______________ (others, please specify)

34. Whenever I go to buy my clothes, I choose

- 1 A store that constantly sells new styles of clothes
- 2 A store that offers many selection
- 3 A store that sells many well-known brand names
- 4 A store that sells good quality clothes at a very reasonable price
- 5 ____ (others, please specify)

35. When buying my clothes, I will ________________________

- 1 shop at only one store that I know would sell the clothes I like
- 2 shop around in at least two stores
- 3 shop around in more than three stores
- 4 shop around in almost all clothing stores available.

36. If I become interested in a dress/apparel, I would be most disappointed if

- [1] I am told the size that I want is out of stock
- [2] I am told the colour that I want is out of the stock
- [3] after trying it on, the material doesn't feel good
- [4] after trying it on, the blouse doesn't fit well

37. In the above situation (which I hate the most), I will

- [1] settle for the next suitable choice at the same store
- [2] go to another store to look for the same dress/apparel
- [3] visit the same store again the next time to look for the same dress/apparel
- [4] never bother to look for the same dress/apparel again
- [5] ______________________________ (others, please specify)

Instruction: For questions 38 –42, please fill in the blanks.

38. I usually buy my office/formal wear at ____________________ because
(name of the store)

____

39. I usually buy my leisure wear at ____________________ because
(name of the store)

____

40. I usually buy my dresses for special occasions at ____________________ because
(name of the store)

____

41. The main problem I faced when buying my clothes is

____

42. To me branded clothes are

____

SECTION D

Indicate (circle) how often you shop at these stores **this year**:

	1	2	3	4	5
43. Metrojaya :	**Twice a month**	**Once a month**	**Once in two months**	**Once in three to five months**	**Never/ Hardly**
44. Yaohan :	**Twice a month**	**Once a month**	**Once in two months**	**Once in three to five months**	**Never/ Hardly**
45. Parkson Grand :	**Twice a month**	**Once a month**	**Once in two months**	**Once in three to five months**	**Never/ Hardly**
46. Isetan :	**Twice a month**	**Once a month**	**Once in two months**	**Once in three to five months**	**Never/ Hardly**
47. Sogo :	**Twice a month**	**Once a month**	**Once in two months**	**Once in three to five months**	**Never/ Hardly**
48. Tangs :	**Twice a month**	**Once a month**	**Once in two months**	**Once in three to five months**	**Never/ Hardly**

Please **rank** according to your opinion/experience the attributes below against the stores, **on the scale of 1-8, where 1 is the highest/widest/most, while 8 is the least.**

49. Quality clothes	**50.** Expensive clothes	**51.** Fashionable clothes	**52.** Best value for money
☐ Metrojaya	☐ Metrojaya	☐ Metrojaya	☐ Metrojaya
☐ Yaohan	☐ Yaohan	☐ Yaohan	☐ Yaohan
☐ Parkson Grand	☐ Parkson Grand	☐ Parkson Grand	☐ Parkson G
☐ Sogo	☐ Sogo	☐ Sogo	☐ Sogo
☐ Isetan	☐ Isetan	☐ Isetan	☐ Isetan
☐ Tangs	☐ Tangs	☐ Tangs	☐ Tangs
☐ Jaya Jusco	☐ Jaya Jusco	☐ Jaya Jusco	☐ Jaya Jusco
☐ Hankyu Jaya	☐ Hankyu Jaya	☐ Hankyu Jaya	☐ Hankyu Jaya

SECTION E

Instruction : Please tell us about yourself

53. You are

1 married with no children
2 married with one or two children
3 married with more than two children
4 single

54. Your highest education level

1 secondary school
2 diploma
3 bachelor degree
4 masters degree and above

55. You work in a

1 private sector as an office worker
2 private sector as a manager
3 government office as office worker
4 government office as manager
5 I work on my own
6 I am not working

56. Your monthly income (for singles); your combined incomes (for married); your husband's/provider's income (for non working individuals)

1 below RM2000.00
2 RM2,001.00 – RM3,500.00
3 RM3,501.00 – RM5,000.00
4 RM5,001.00 – RM6,500.00
5 RM6,501.00 – RM8,000.00
6 RM8,001.00 – RM9,500.00
7 RM9,501.00 - RM11,000.00
8 RM11,001.00 and above

57. Your dress size

1 small
2 medium
3 large
4 extra large

58. You are

1 Malay
2 Chinese
3 Indian
4 Others

59. You are

1 20-25 years old
2 26-30 years old
3 31-35 years old
4 36-40 years old
5 41-45 years old
6 46-55 years old

THANK YOU FOR YOUR COOPERATION

APPENDIX

II

THE

RETAILER

SURVEY

RETAILER SURVEY
Introduction and ice-breaking - 5 minutes

1. Could you describe your present female shoppers?

____

____

____

____

2. Given the above scenario, what is your fastest selling merchandise? Working clothes/leisure wear/clothes for special occasions?

____

- Why is that so? ______________________________

  ____

  ____

  ____

  - Probe to get the:

    sales ratio of working clothes _____; leisure wear; _______ s/o; _______

    margin of working clothes ______; leisure wear; _______ s/o; _________

    space ratio of work clothes ______; leisure wear; _______ s/o; _________

    turnover of work clothes ______; leisure wear; _______ s/o; __________

  - Generally, what is your current policy on the mix of these three apparel categories?

    ____

    ____

- Probe to find out any changes in this apparel mix policy in the near future?

  Why?

  ____

  ____

  ____

  ____

3. From your experience, are designers' labels and manufacturers brands very important for department store business in Malaysia?

   ____

   - Probe to find out:
     why it is important or not important ?

   ____

   ____

   ____

   ____

   what is their sales contribution? ____________ what is sales turnover? __________

   what is the profit margin___________ and sales per square foot; ______________

4. Given the acceptance of designer's labels and manufacturer's brands as mentioned, how do you foresee the involvement of 'shops within the shops' in the future?

   ____

   ____

   ____

- Probe to find out:
  revenue from concessionaires: ____________ space ratio: ________________

  sales turnover? __________ profit margin___________

5. Given the acceptance of designers labels and manufacturers brands as mentioned, and your present practice of shops within shops, how does your own brands fit in? (what do you intend to project/capitalise from your own brands?)

____

____

____

____

____

■ Probe to find out:

what is the sales ratio; __________ what is the profit margin; __________

what is the space ratio; __________ what is the turnover; __________

6. Generally, what is your current policy on the brand mix?

____

____

- Probe to find out any changes in the brand mix policy in the near future? Why?

____

____

____

____

7. What would you say the ideal percentage of new fashion apparels for women, your store should carry?

____

____

- And why is that so? (probe)

____

____

____

8. At the moment, what would you say your existing merchandise mix in term of the latest design, the popular styles, the classic style, and those going into the declining cycle?

Latest design ______________ Popular style______________

Classic style ______________ Declining ______________

- Probe to ask if this is how they divided their fashion merchandise.

____

- Probe to find out any changes in this fashion mix policy in the near future? Why?

____

____

____

____

- Probe to find out between new and present merchandise:

what is the sales ratio; ____________ what is the profit margin; ____________

what is the space ratio; ____________ what is the turnover; ____________

9. From your experience, what do consumers look for in fashion products?

____

____

____

10. Naturally, consumers today are more educated, as such, would you say that your customers are very value conscious? What is value to you?

____

____

____

____

11. Looking at customers today, who do think are your major competitors?

____

____

____

12. With this situation, what is the merchandising challenges ahead?

____

____

____

____

____

13 Taking all those consumer demands as discussed, what are your financial requirements in order to grow/survive in term of :

Average gross margin for fashion apparels ____________________

Average turnover for fashion apparels ____________________

Average sales per square foot ____________________

- Is there any other important financial indicator used by your store to evaluate merchandise performance? ____________________

14. I would suppose, many retailers are now concern on how consumers will react to the current economic condition. What's your prediction?

____

____

____

____

15. Given the current economic environment and with so many players in the market, do you think Malaysian department stores still have rooms to grow?

____

____

____

____

16. Any last word

____

____

____

____

THANK YOU

APPENDIX

III

RESULTS

ON

DATA

ANALYSIS

Figure 7.4 Dendrogram on Samples of First 100

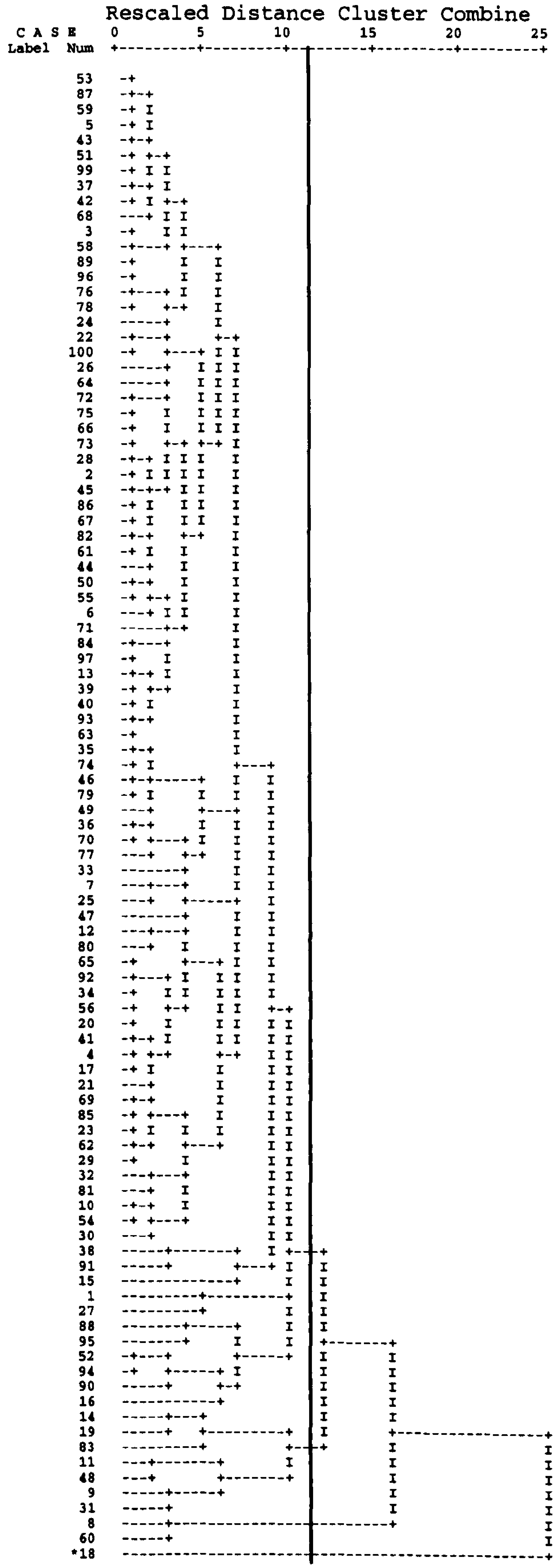

Figure 7.5 Dendrogram on Samples of the Second 100

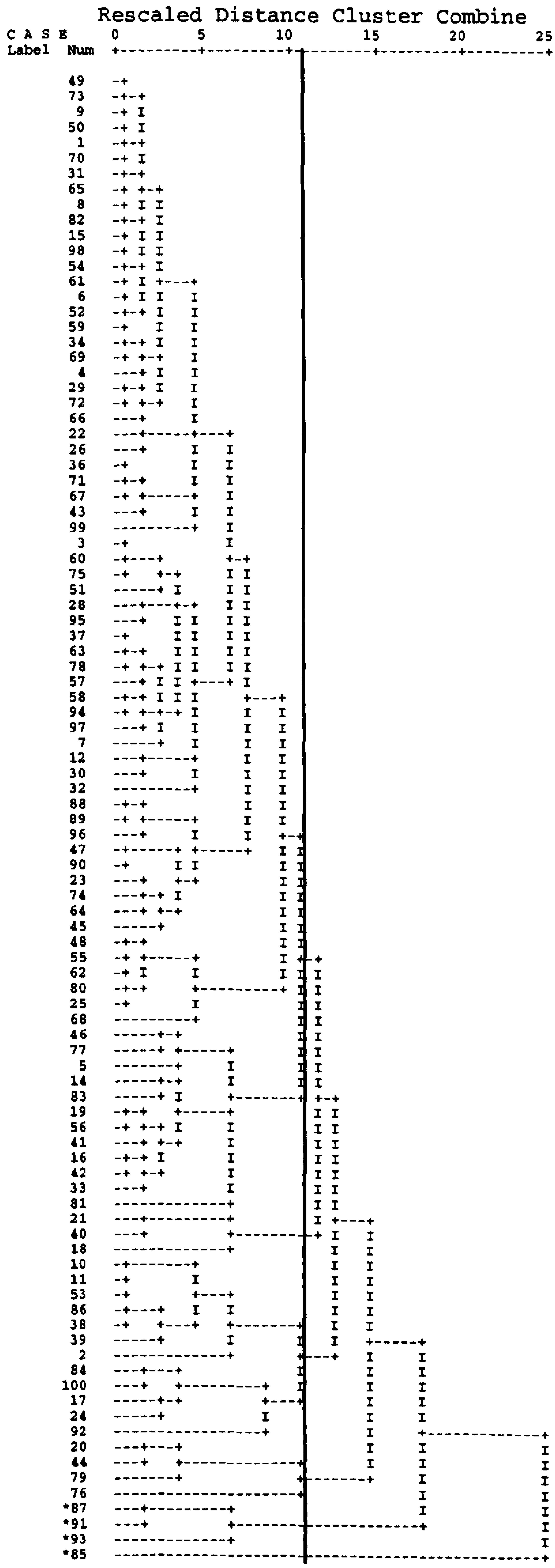

Figure 7.6 Dendrogram on Samples of the Third 100's

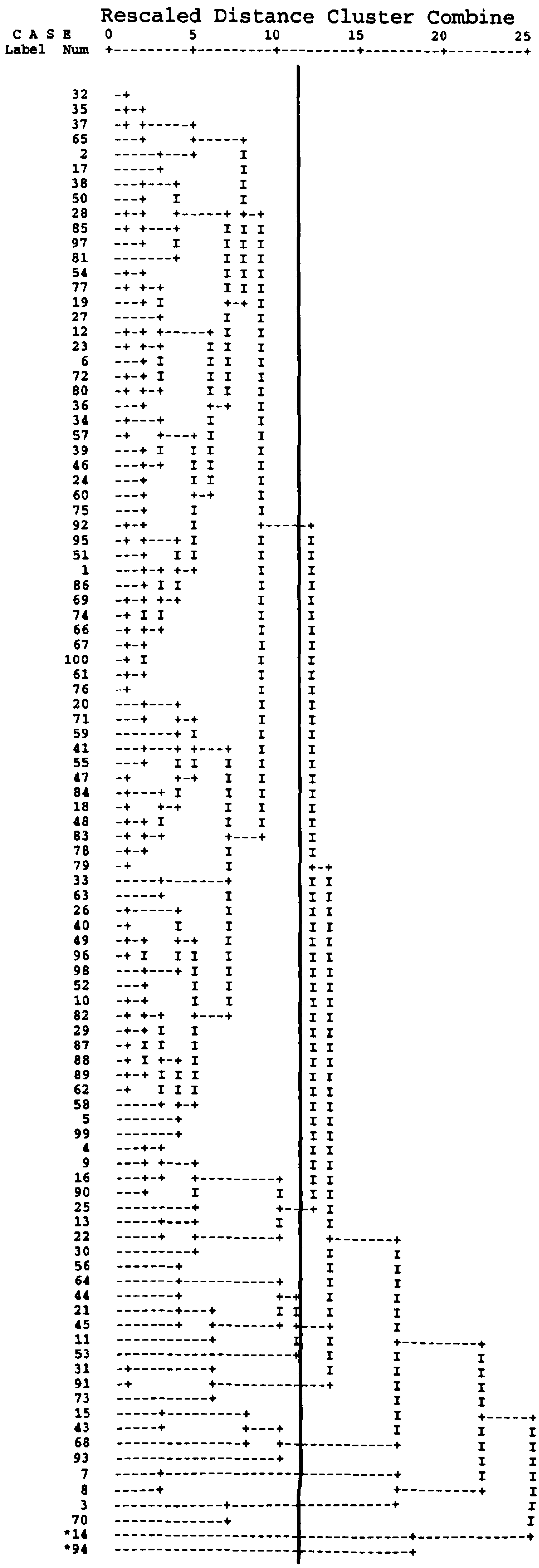

Figure 7.7 Dendrogram on Samples of Fourth 100's

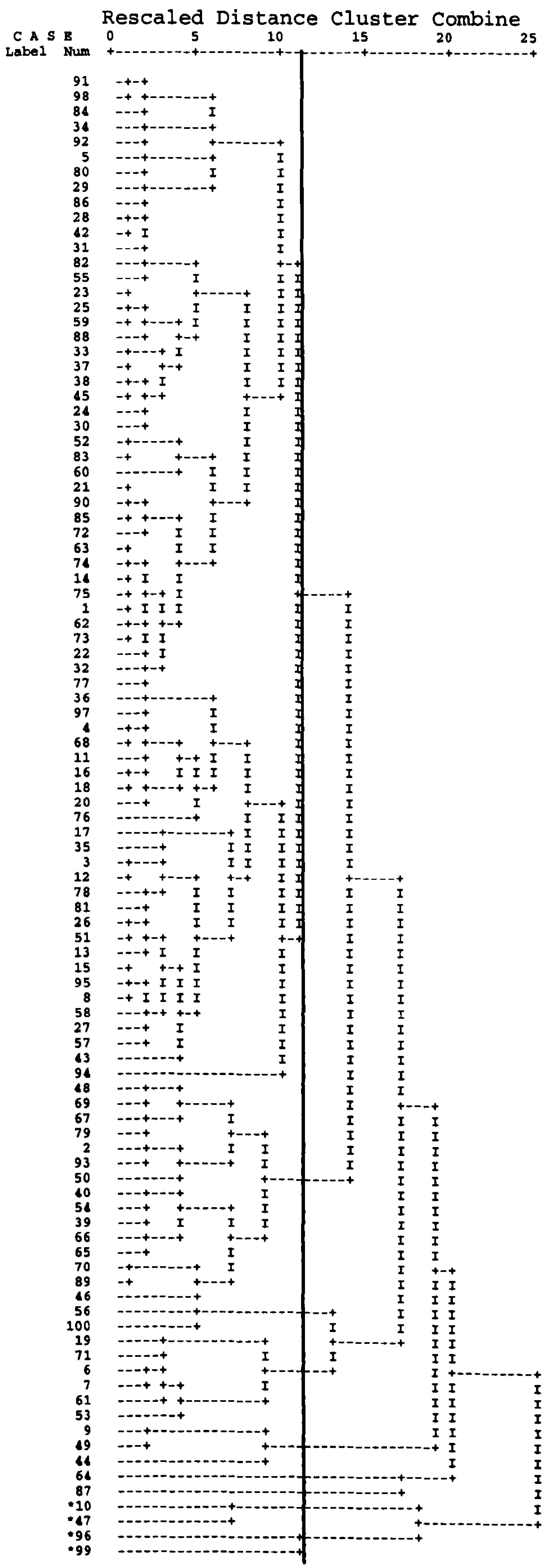

Figure 7.8 Dendrogram on Samples of Last 100's

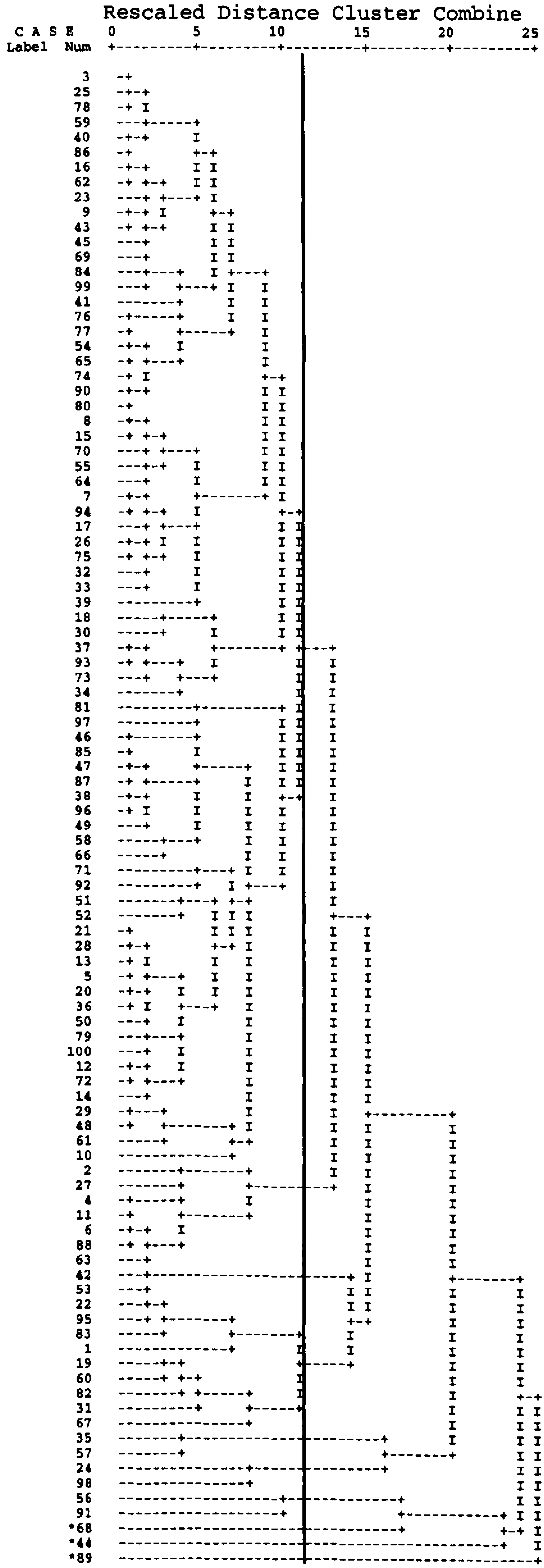

Table 7.7

Final Cluster Centers

	Cluster					
	1	2	3	4	5	6
fashion conscious	-.49522	-.36345	1.24431	.28792	-1.00574	.77169
fashion follower	.38847	-.69010	-.51666	.45177	.98177	.71079
price conscious	-.02352	-.28074	.36980	.19609	1.56683	-.30380
quality conscious	1.37695	-.23417	1.20373	-.46786	-.49695	-.41918
practical	.40769	-.17719	-.37557	1.07754	-.72772	-.87499

Table 7.8

Final Cluster Centers

	Cluster						
	1	2	3	4	5	6	7
fashion conscious	-.58577	.26866	1.22485	-.47814	.47931	-1.04856	-1.25442
fashion follower	.24726	.36835	-1.11477	-1.06616	.19229	.71700	1.37962
price conscious	.16521	.31060	.35994	-.32509	-.08874	2.14174	-.57377
quality conscious	1.55912	-.46809	1.52143	-.32357	-.06524	-.73474	-.22585
practical	.51093	1.49336	-.24991	.08901	-.50975	-.65344	-.13050

Table 7.9

Final Cluster Centers

	Cluster							
	1	2	3	4	5	6	7	8
fashion conscious	-.79512	-.52384	.90763	-.02890	-.68846	.64543	-.95070	.73747
fashion follower	.13434	-1.08128	.04457	-.79408	1.04222	.01514	.39604	.50703
price conscious	.64670	-.51620	-.01000	.48233	-.99692	.30164	1.43420	-.45540
quality conscious	1.57590	-.23048	.91940	-.31072	-.17103	-.41341	-.75770	-.60693
practical	-.15041	.11067	-.14473	-.89543	.19719	1.35287	.07748	-.77285

Table 7.10

Distances between Final Cluster Centers

Cluster	1	2	3	4	5	6
1		2.046	2.155	2.125	2.818	2.580
2	2.046		2.268	1.893	2.644	1.942
3	2.155	2.268		2.605	3.429	2.251
4	2.125	1.893	2.605		2.663	2.089
5	2.818	2.644	3.429	2.663		2.600
6	2.580	1.942	2.251	2.089	2.600	

Table 7.11

Distances between Final Cluster Centers

Cluster	1	2	3	4	5	6	7
1		2.417	2.398	2.387	2.210	3.310	2.423
2	2.417		3.180	2.239	2.100	3.145	2.612
3	2.398	3.180		2.625	2.247	4.117	4.038
4	2.387	2.239	2.625		1.727	3.211	2.589
5	2.210	2.100	2.247	1.727		2.838	2.196
6	3.310	3.145	4.117	3.211	2.838		2.896
7	2.423	2.612	4.038	2.589	2.196	2.896	

Table 7.12

Distances between Final Cluster Centers

Cluster	1	2	3	4	5	6	7	8
1		2.497	1.942	2.364	2.590	2.903	2.492	2.976
2	2.497		2.227	1.531	2.186	2.194	2.539	2.245
3	1.942	2.227		1.975	2.413	2.046	2.920	1.779
4	2.364	1.531	1.975		2.685	2.492	2.078	1.806
5	2.590	2.186	2.413	2.685		2.432	2.599	1.935
6	2.903	2.194	2.046	2.492	2.432		2.392	2.319
7	2.492	2.539	2.920	2.078	2.599	2.392		2.679
8	2.976	2.245	1.779	1.806	1.935	2.319	2.679	

Table 7.13

Number of Cases in each Cluster

Cluster	1	49.000
	2	57.000
	3	10.000
	4	114.000
	5	206.000
	6	12.000
	7	31.000
Valid		479.000
Missing		7.000

APPENDIX

IV

RESULTS

ON

DATA

ANALYSIS

Crosstab

			Cluster Number of Case							Total
			1	2	3	4	5	6	7	
Race	1.00	Count	21	18	9	63	133	2	17	263
		% within Race	8.0%	6.8%	3.4%	24.0%	50.6%	.8%	6.5%	100.0%
		% within Cluster Number of Case	42.9%	31.6%	90.0%	55.3%	64.6%	16.7%	54.8%	54.9%
	2.00	Count	20	25	1	36	49	7	8	146
		% within Race	13.7%	17.1%	.7%	24.7%	33.6%	4.8%	5.5%	100.0%
		% within Cluster Number of Case	40.8%	43.9%	10.0%	31.6%	23.8%	58.3%	25.8%	30.5%
	3.00	Count	2	7		8	13	1	4	35
		% within Race	5.7%	20.0%		22.9%	37.1%	2.9%	11.4%	100.0%
		% within Cluster Number of Case	4.1%	12.3%		7.0%	6.3%	8.3%	12.9%	7.3%
	4.00	Count	6	6		7	11	2	2	34
		% within Race	17.6%	17.6%		20.6%	32.4%	5.9%	5.9%	100.0%
		% within Cluster Number of Case	12.2%	10.5%		6.1%	5.3%	16.7%	6.5%	7.1%
	5.00	Count		1						1
		% within Race		100.0%						100.0%
		% within Cluster Number of Case		1.8%						.2%
Total		Count	49	57	10	114	206	12	31	479
		% within Race	10.2%	11.9%	2.1%	23.8%	43.0%	2.5%	6.5%	100.0%
		% within Cluster Number of Case	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Crosstab

			Cluster Number of Case							Total
			1	2	3	4	5	6	7	
Dress Size	1.00	Count	12	14	2	26	31	3	5	93
		% within Dress Size	12.9%	15.1%	2.2%	28.0%	33.3%	3.2%	5.4%	100.0%
		% within Cluster Number of Case	24.5%	24.6%	20.0%	22.8%	15.0%	25.0%	16.1%	19.4%
	2.00	Count	24	26	5	50	113	7	15	240
		% within Dress Size	10.0%	10.8%	2.1%	20.8%	47.1%	2.9%	6.3%	100.0%
		% within Cluster Number of Case	49.0%	45.6%	50.0%	43.9%	54.9%	58.3%	48.4%	50.1%
	3.00	Count	12	12	2	31	40	2	8	107
		% within Dress Size	11.2%	11.2%	1.9%	29.0%	37.4%	1.9%	7.5%	100.0%
		% within Cluster Number of Case	24.5%	21.1%	20.0%	27.2%	19.4%	16.7%	25.8%	22.3%
	4.00	Count	1	5	1	7	22		3	39
		% within Dress Size	2.6%	12.8%	2.6%	17.9%	56.4%		7.7%	100.0%
		% within Cluster Number of Case	2.0%	8.8%	10.0%	6.1%	10.7%		9.7%	8.1%
Total		Count	49	57	10	114	206	12	31	479
		% within Dress Size	10.2%	11.9%	2.1%	23.8%	43.0%	2.5%	6.5%	100.0%
		% within Cluster Number of Case	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Crosstab

			Cluster Number of Case							Total
			1	2	3	4	5	6	7	
Amount Spend	1.00	Count	1	6	2	6	15		2	32
		% within Amount Spend	3.1%	18.8%	6.3%	18.8%	46.9%		6.3%	100.0%
		% within Cluster Number of Case	2.0%	10.5%	20.0%	5.3%	7.3%		6.5%	6.7%
	2.00	Count	19	13	6	36	69	3	7	153
		% within Amount Spend	12.4%	8.5%	3.9%	23.5%	45.1%	2.0%	4.6%	100.0%
		% within Cluster Number of Case	38.8%	22.8%	60.0%	31.6%	33.5%	25.0%	22.6%	31.9%
	3.00	Count	21	15	1	40	72	2	14	165
		% within Amount Spend	12.7%	9.1%	.6%	24.2%	43.6%	1.2%	8.5%	100.0%
		% within Cluster Number of Case	42.9%	26.3%	10.0%	35.1%	35.0%	16.7%	45.2%	34.4%
	4.00	Count	3	10	1	23	36	4	5	82
		% within Amount Spend	3.7%	12.2%	1.2%	28.0%	43.9%	4.9%	6.1%	100.0%
		% within Cluster Number of Case	6.1%	17.5%	10.0%	20.2%	17.5%	33.3%	16.1%	17.1%
	5.00	Count	3	12		7	11	2		35
		% within Amount Spend	8.6%	34.3%		20.0%	31.4%	5.7%		100.0%
		% within Cluster Number of Case	6.1%	21.1%		6.1%	5.3%	16.7%		7.3%
	6.00	Count	2	1		2	3	1	3	12
		% within Amount Spend	16.7%	8.3%		16.7%	25.0%	8.3%	25.0%	100.0%
		% within Cluster Number of Case	4.1%	1.8%		1.8%	1.5%	8.3%	9.7%	2.5%
Total		Count	49	57	10	114	206	12	31	479
		% within Amount Spend	10.2%	11.9%	2.1%	23.8%	43.0%	2.5%	6.5%	100.0%
		% within Cluster Number of Case	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Crosstab

			Cluster Number of Case							Total
			1	2	3	4	5	6	7	
Marital Status	1.00	Count	7	7	1	13	29	2	2	61
		% within Marital Status	11.5%	11.5%	1.6%	21.3%	47.5%	3.3%	3.3%	100.0%
		% within Cluster Number of Case	14.3%	12.3%	10.0%	11.4%	14.1%	16.7%	6.5%	12.7%
	2.00	Count	11	12	1	10	31	2	8	75
		% within Marital Status	14.7%	16.0%	1.3%	13.3%	41.3%	2.7%	10.7%	100.0%
		% within Cluster Number of Case	22.4%	21.1%	10.0%	8.8%	15.0%	16.7%	25.8%	15.7%
	3.00	Count	4	6	3	6	16	2	8	45
		% within Marital Status	8.9%	13.3%	6.7%	13.3%	35.6%	4.4%	17.8%	100.0%
		% within Cluster Number of Case	8.2%	10.5%	30.0%	5.3%	7.8%	16.7%	25.8%	9.4%
	4.00	Count	27	32	5	85	130	6	13	298
		% within Marital Status	9.1%	10.7%	1.7%	28.5%	43.6%	2.0%	4.4%	100.0%
		% within Cluster Number of Case	55.1%	56.1%	50.0%	74.6%	63.1%	50.0%	41.9%	62.2%
Total		Count	49	57	10	114	206	12	31	479
		% within Marital Status	10.2%	11.9%	2.1%	23.8%	43.0%	2.5%	6.5%	100.0%
		% within Cluster Number of Case	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Crosstab

			Cluster Number of Case							Total
			1	2	3	4	5	6	7	
Frequency of Shopping	1.00	Count	6	8	2	33	25	5	12	91
		% within Frequency of Shopping	6.6%	8.8%	2.2%	36.3%	27.5%	5.5%	13.2%	100.0%
		% within Cluster Number of Case	12.2%	14.0%	20.0%	28.9%	12.1%	41.7%	38.7%	19.0%
	2.00	Count	18	11	1	34	70	2	8	144
		% within Frequency of Shopping	12.5%	7.6%	.7%	23.6%	48.6%	1.4%	5.6%	100.0%
		% within Cluster Number of Case	36.7%	19.3%	10.0%	29.8%	34.0%	16.7%	25.8%	30.1%
	3.00	Count	11	13	1	11	36	3	5	80
		% within Frequency of Shopping	13.8%	16.3%	1.3%	13.8%	45.0%	3.8%	6.3%	100.0%
		% within Cluster Number of Case	22.4%	22.8%	10.0%	9.6%	17.5%	25.0%	16.1%	16.7%
	4.00	Count	10	15	1	22	41	2	3	94
		% within Frequency of Shopping	10.6%	16.0%	1.1%	23.4%	43.6%	2.1%	3.2%	100.0%
		% within Cluster Number of Case	20.4%	26.3%	10.0%	19.3%	19.9%	16.7%	9.7%	19.6%
	5.00	Count	4	5	3	8	17		1	38
		% within Frequency of Shopping	10.5%	13.2%	7.9%	21.1%	44.7%		2.6%	100.0%
		% within Cluster Number of Case	8.2%	8.8%	30.0%	7.0%	8.3%		3.2%	7.9%
	6.00	Count		5	2	6	17		2	32
		% within Frequency of Shopping		15.6%	6.3%	18.8%	53.1%		6.3%	100.0%
		% within Cluster Number of Case		8.8%	20.0%	5.3%	8.3%		6.5%	6.7%
Total		Count	49	57	10	114	206	12	31	479
		% within Frequency of Shopping	10.2%	11.9%	2.1%	23.8%	43.0%	2.5%	6.5%	100.0%
		% within Cluster Number of Case	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Crosstab

			Cluster Number of Case							Total
			1	2	3	4	5	6	7	
Income	1.00	Count	24	26	7	68	120	5	13	263
		% within Income	9.1%	9.9%	2.7%	25.9%	45.6%	1.9%	4.9%	100.0%
		% within Cluster Number of Case	51.1%	45.6%	70.0%	61.3%	58.3%	41.7%	41.9%	55.5%
	2.00	Count	11	13	1	23	46	2	3	99
		% within Income	11.1%	13.1%	1.0%	23.2%	46.5%	2.0%	3.0%	100.0%
		% within Cluster Number of Case	23.4%	22.8%	10.0%	20.7%	22.3%	16.7%	9.7%	20.9%
	3.00	Count	4	5		8	21	2	7	47
		% within Income	8.5%	10.6%		17.0%	44.7%	4.3%	14.9%	100.0%
		% within Cluster Number of Case	8.5%	8.8%		7.2%	10.2%	16.7%	22.6%	9.9%
	4.00	Count	2	4		5	5	1	4	21
		% within Income	9.5%	19.0%		23.8%	23.8%	4.8%	19.0%	100.0%
		% within Cluster Number of Case	4.3%	7.0%		4.5%	2.4%	8.3%	12.9%	4.4%
	5.00	Count	2	4	1	1	6	1		15
		% within Income	13.3%	26.7%	6.7%	6.7%	40.0%	6.7%		100.0%
		% within Cluster Number of Case	4.3%	7.0%	10.0%	.9%	2.9%	8.3%		3.2%
	6.00	Count	1	4	1	2	5			13
		% within Income	7.7%	30.8%	7.7%	15.4%	38.5%			100.0%
		% within Cluster Number of Case	2.1%	7.0%	10.0%	1.8%	2.4%			2.7%
	7.00	Count	2			2	1		1	6
		% within Income	33.3%			33.3%	16.7%		16.7%	100.0%
		% within Cluster Number of Case	4.3%			1.8%	.5%		3.2%	1.3%
	8.00	Count	1	1		2	2	1	3	10
		% within Income	10.0%	10.0%		20.0%	20.0%	10.0%	30.0%	100.0%
		% within Cluster Number of Case	2.1%	1.8%		1.8%	1.0%	8.3%	9.7%	2.1%
Total		Count	47	57	10	111	206	12	31	474
		% within Income	9.9%	12.0%	2.1%	23.4%	43.5%	2.5%	6.5%	100.0%
		% within Cluster Number of Case	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Crosstab

			Cluster Number of Case							Total
			1	2	3	4	5	6	7	
Job	1.00	Count	25	29	4	54	123	5	10	250
		% within Job	10.0%	11.6%	1.6%	21.6%	49.2%	2.0%	4.0%	100.0%
		% within Cluster Number of Case	51.0%	50.9%	40.0%	47.4%	59.7%	41.7%	32.3%	52.2%
	2.00	Count	4	7	1	16	17		6	51
		% within Job	7.8%	13.7%	2.0%	31.4%	33.3%		11.8%	100.0%
		% within Cluster Number of Case	8.2%	12.3%	10.0%	14.0%	8.3%		19.4%	10.6%
	3.00	Count	5	9	1	6	17		4	42
		% within Job	11.9%	21.4%	2.4%	14.3%	40.5%		9.5%	100.0%
		% within Cluster Number of Case	10.2%	15.8%	10.0%	5.3%	8.3%		12.9%	8.8%
	4.00	Count	1	2		3	3	1	2	12
		% within Job	8.3%	16.7%		25.0%	25.0%	8.3%	16.7%	100.0%
		% within Cluster Number of Case	2.0%	3.5%		2.6%	1.5%	8.3%	6.5%	2.5%
	5.00	Count	9	5		11	14	4	4	47
		% within Job	19.1%	10.6%		23.4%	29.8%	8.5%	8.5%	100.0%
		% within Cluster Number of Case	18.4%	8.8%		9.6%	6.8%	33.3%	12.9%	9.8%
	6.00	Count	5	5	4	24	32	2	5	77
		% within Job	6.5%	6.5%	5.2%	31.2%	41.6%	2.6%	6.5%	100.0%
		% within Cluster Number of Case	10.2%	8.8%	40.0%	21.1%	15.5%	16.7%	16.1%	16.1%
Total		Count	49	57	10	114	206	12	31	479
		% within Job	10.2%	11.9%	2.1%	23.8%	43.0%	2.5%	6.5%	100.0%
		% within Cluster Number of Case	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Crosstab

			Cluster Number of Case							
			1	2	3	4	5	6	7	Total
Education	1.00	Count	11	17	6	28	58	4	8	132
		% within Education	8.3%	12.9%	4.5%	21.2%	43.9%	3.0%	6.1%	100.0%
		% within Cluster Number of Case	22.4%	29.8%	60.0%	24.6%	28.2%	33.3%	25.8%	27.6%
	2.00	Count	20	20	1	57	85	3	13	199
		% within Education	10.1%	10.1%	.5%	28.6%	42.7%	1.5%	6.5%	100.0%
		% within Cluster Number of Case	40.8%	35.1%	10.0%	50.0%	41.3%	25.0%	41.9%	41.5%
	3.00	Count	15	15	2	21	56	4	5	118
		% within Education	12.7%	12.7%	1.7%	17.8%	47.5%	3.4%	4.2%	100.0%
		% within Cluster Number of Case	30.6%	26.3%	20.0%	18.4%	27.2%	33.3%	16.1%	24.6%
	4.00	Count	3	5	1	8	7	1	5	30
		% within Education	10.0%	16.7%	3.3%	26.7%	23.3%	3.3%	16.7%	100.0%
		% within Cluster Number of Case	6.1%	8.8%	10.0%	7.0%	3.4%	8.3%	16.1%	6.3%
Total		Count	49	57	10	114	206	12	31	479
		% within Education	10.2%	11.9%	2.1%	23.8%	43.0%	2.5%	6.5%	100.0%
		% within Cluster Number of Case	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Crosstab

			Cluster Number of Case							Total
			1	2	3	4	5	6	7	
Age	1.00	Count	22	26	6	72	116	5	14	261
		% within Age	8.4%	10.0%	2.3%	27.6%	44.4%	1.9%	5.4%	100.0%
		% within Cluster Number of Case	44.9%	45.6%	60.0%	63.2%	56.3%	41.7%	45.2%	54.5%
	2.00	Count	15	14	1	25	48	3	6	112
		% within Age	13.4%	12.5%	.9%	22.3%	42.9%	2.7%	5.4%	100.0%
		% within Cluster Number of Case	30.6%	24.6%	10.0%	21.9%	23.3%	25.0%	19.4%	23.4%
	3.00	Count	9	5	1	6	19	2	4	46
		% within Age	19.6%	10.9%	2.2%	13.0%	41.3%	4.3%	8.7%	100.0%
		% within Cluster Number of Case	18.4%	8.8%	10.0%	5.3%	9.2%	16.7%	12.9%	9.6%
	4.00	Count	1	7	1	6	7		4	26
		% within Age	3.8%	26.9%	3.8%	23.1%	26.9%		15.4%	100.0%
		% within Cluster Number of Case	2.0%	12.3%	10.0%	5.3%	3.4%		12.9%	5.4%
	5.00	Count	1	3	1	5	12		3	25
		% within Age	4.0%	12.0%	4.0%	20.0%	48.0%		12.0%	100.0%
		% within Cluster Number of Case	2.0%	5.3%	10.0%	4.4%	5.8%		9.7%	5.2%
	6.00	Count	1	2			4	2		9
		% within Age	11.1%	22.2%			44.4%	22.2%		100.0%
		% within Cluster Number of Case	2.0%	3.5%			1.9%	16.7%		1.9%
Total		Count	49	57	10	114	206	12	31	479
		% within Age	10.2%	11.9%	2.1%	23.8%	43.0%	2.5%	6.5%	100.0%
		% within Cluster Number of Case	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

visit department stores * Cluster Number of Case Crosstabulation

			Cluster Number of Case							Total
			1	2	3	4	5	6	7	
visit department stores	1.00	Count		2		1	1		2	6
		% within visit department stores		33.3%		16.7%	16.7%		33.3%	100.0%
		% within Cluster Number of Case		3.6%		.9%	.5%		6.5%	1.3%
	2.00	Count	7	8		26	32	6	6	85
		% within visit department stores	8.2%	9.4%		30.6%	37.6%	7.1%	7.1%	100.0%
		% within Cluster Number of Case	14.3%	14.3%		22.8%	15.5%	50.0%	19.4%	17.8%
	3.00	Count	19	17	3	47	66	1	17	170
		% within visit department stores	11.2%	10.0%	1.8%	27.6%	38.8%	.6%	10.0%	100.0%
		% within Cluster Number of Case	38.8%	30.4%	30.0%	41.2%	32.0%	8.3%	54.8%	35.6%
	4.00	Count	16	19	2	31	78	5	3	154
		% within visit department stores	10.4%	12.3%	1.3%	20.1%	50.6%	3.2%	1.9%	100.0%
		% within Cluster Number of Case	32.7%	33.9%	20.0%	27.2%	37.9%	41.7%	9.7%	32.2%
	5.00	Count	7	10	5	9	29		3	63
		% within visit department stores	11.1%	15.9%	7.9%	14.3%	46.0%		4.8%	100.0%
		% within Cluster Number of Case	14.3%	17.9%	50.0%	7.9%	14.1%		9.7%	13.2%
Total		Count	49	56	10	114	206	12	31	478
		% within visit department stores	10.3%	11.7%	2.1%	23.8%	43.1%	2.5%	6.5%	100.0%
		% within Cluster Number of Case	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%