Factors Influencing Consumers’ Choice of Retail Stores For Fresh Meat In Malaysia

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Agenda

- Introduction
- Retail Formats In Malaysia
- Problem Specification
- Procedures
- Results & Discussion
- Conclusion
Introduction

- Globalisation of the food retail system has impacted on the distribution and marketing of fresh food.
- Malaysia: In previous years, the only retail formats were the traditional markets and grocery stores (mini-markets).
- Since the 1990’s, the food retailing industry in Malaysia has experienced tremendous growth.
Increase in personal disposable income

Urbanisation

Food safety & food quality issues

Changes in diet
Retail Formats in Malaysia

1. Traditional Retail Formats

- Wet Market/ Fresh Market
  - Operates in its own building.
  - Fresh food and non food items are available.

- Night Market/ Street Market

- Farmer's Market
  - Organised by FAMA.

- Grocery Stores/ Mini Market
  - Family own stores selling limited variety of products
Modern Retail Formats

- In Malaysia, supermarkets began to emerge in the early 1990’s.
- Most supermarkets and hypermarkets are located in major urban centres.
- Foreign-owned retailers dominate the retail sector.
Problem Specification

Modern retail outlets have impacted on both the traditional food retail environment & consumer behaviour in Malaysia. This research project sought to identify:

- Which factors were most influential in the consumers’ choice of retail outlet when purchasing fresh meat.

- To explore why consumers continue to shop at traditional markets when they have the opportunity to purchase from modern retail outlets.
Procedures

• A total of 4 FGD were organised between Oct-Nov 2007 in KL.

• This method is considered to be a useful means of data collection as little is known about the phenomenon of interest.

• Participants were the primary food shopper for the household.

• Each FGD followed an interview guide which consisted of a check list of questions on several subtopics.

• Participants received a cash payment of RM75 (AUD25) and a souvenir bag for their participation.
## Results & Discussion

<table>
<thead>
<tr>
<th>Factors attracting consumers</th>
<th>Modern Retail Outlets</th>
<th>Traditional Markets</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Freshness</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>2. Halal guaranteed</td>
<td></td>
<td>✓</td>
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<tr>
<td>3. Good relationship with retailers</td>
<td></td>
<td>✓</td>
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<tr>
<td>4. Good quality</td>
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<td>✓</td>
</tr>
<tr>
<td>5. Competitive price</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>6. Convenience</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>7. Varieties</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>8. Good environment</td>
<td>✓</td>
<td></td>
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</tbody>
</table>

✓ : represent responses mentioned from FGD
1. Freshness

Modern retail outlets

- Have the advantage of offering fresh meat in refrigerated display units.
- Fresh meat is pre-cut and pre-packaged.

Traditional markets

- Fresh meat products were slaughtered early in the morning at slaughterhouses.
- Fresh meat is displayed on counters or hung on hooks.
2. Halal guaranteed

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<tr>
<td>- Beef &amp; chicken carries a halal logo from JAKIM.</td>
<td>- The issue of Halal and the relationship between butchers and customers is closely related.</td>
</tr>
<tr>
<td>- Imported beef from Australia carries ‘ Fresh Halal Aussie Beef’ logo.</td>
<td>- Buy fresh meat from the same butcher because they are confident on where the seller gets the beef from.</td>
</tr>
</tbody>
</table>
3. Good relationship with retailers

- Traditional markets is a place for meeting acquaintances.

- Traditional markets are perceived as a place to foster social relationship.

- Personal relationships built between retailers and consumers developed trust.

- Trust → customer loyalty.

- Customers are more loyal to a store which offers warm & friendly service.

- The social environment in traditional markets provides a leisurely experience.
4. Good quality

- Quality is an important criteria in selecting fresh meat.

- However, quality means many different things to different people.
5. Competitive price

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<td>Are capable of offering more competitive prices.</td>
<td>Participants who shop in the traditional markets are allowed to bargain.</td>
</tr>
</tbody>
</table>
6. Convenience

Modern retail outlets

- Convenience means anything that saves or simplifies work and brings comfort to consumers.

Traditional markets

- Participants who shopped in the traditional markets described convenience as those markets which were close to where they live.
## 7. Variety

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| ▪ Are capable of offering a wide variety of food and non-food items at the same time. | ▪ Variety means more choice.  
▪ Traditional markets = fresh food supermarkets. |
# 8. Good environment

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<td>- Clean &amp; comfortable.</td>
<td>- Crowded, hot &amp; stuffy.</td>
</tr>
<tr>
<td>- The store is air-conditioned, easier to buy goods with trolley provided &amp; a suitable place to shop &amp; bring the children.</td>
<td>- Dirty, slippery, smelly, unorganised &amp; noisy.</td>
</tr>
</tbody>
</table>
Conclusion

• Traditional markets is still the preferred place to purchase fresh meat in Malaysia.

• Older shoppers are more likely to continue to buy from the traditional markets.

• Younger shoppers value more the convenience factor that supermarkets & hypermarkets have to offer.

• There is a tendency for grocery shoppers to change their shopping habits & shift to modern retail outlets for meat products due to meat safety issues.