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Traditional Grocery Stores and Business Management in Bangkok

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***Abstract*—**This paper was aimed to survey the level of awareness of traditional grocery stores in Bangkok in these categories: location, service quality, risk, shopping, worthwhile, shopping satisfaction, and future shopping intention. The paper was also aimed to survey factors influencing the decision to shop at traditional grocery stores in Bangkok in the future. The findings revealed that consumers had a high level of awareness of traditional grocery stores in Bangkok. Consumers were aware that the price was higher and it was riskier to buy goods and services at traditional grocery stores but they still had a high level of preference to patronage traditional grocery stores. This was due to the reasons that there was a high level of satisfaction from the factors of the friendliness of the owner, the ability to negotiate the price, the ability to buy on credit, free delivery, and the enjoyment to meet with other customers in the same neighborhood.

***Keywords*—**Business Management, Thai Economy, Traditional Grocery Store.

I. Introduction

TRADITIONAL grocery stores are so essential to the Thai business society. They are the old symbol of local business, local jobs, local source of revenues, and local way of life. Until the development of modern retail business came to Thailand, the traditional grocery stores were an important part of Thai economy. Table I and II revealed that modern retail business has replaced many of traditional grocery stores in every corner of Thailand. According to The Committee of Economic, Commerce, and Industry [1], the traditional grocery stores used to have about 70 percent of market share in 1999, after the coming of modern retail business, the market share for traditional grocery stores had been reduced to only 30 percent in 2008. Moreover[2], from Table II, and III, in 1999 there were only 1,429 modern retail stores, but it had expanded into 7,075 stores in 2008. In terms of the population, Thailand had only 48 million people in 1982 and by 2011, the population in Thailand was 65 million [3]. In 2012, Thai household [4] has an average debt of 136,562 baht per household. This is due to the modern lifestyle of shopping and the available of lines of credit. From the information above, there are many conjectures about the end of traditional Thai grocery stores. Savpaithoon [5] stated that traditional grocery stores still have a chance to survive if they adapt their strategies and reduce their weakness in competing with modern retail stores.

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TABLE I
THE TOTAL MARKET SHARE UNIT: PERCENTAGE

Type of Market	1999	2000	2001	2002	2007	2008
Traditional Grocery Stores	70	60	46	36	35	30
Modern Retails	30	40	54	64	65	70

Source: The Committee of Economic, Commerce, and Industry, 2008

TABLE II
THE EXPANSION OF MODERN RETAILS SINCE 1999 – 2003

Type of Modern Retails	1999	2000	2001	2002	2003
1 Hypermarket / Supercenter					
1.1 Tesco Lotus	17	24	35	49	65
Hypermarket	17	24	33	41	48
Market	-	-	-	-	1
Express	-	-	2	8	11
Value	-	-	-	-	5
Community	-	-	-	-	-
1.2 Big C	22	23	29	37	40
Hypermarket	22	23	29	33	36
Small Super	-	-	-	4	4
1.3 Carrefour	9	11	15	17	19
2 Cash and Carry					
Makro	17	19	20	21	23
3 Convenience Store					
3.1 7-Eleven	1324	1521	1722	2042	2397
3.2 Family Mart	-	-	-	-	-
4 Supermarket					
Tops	-	-	-	-	-
5 Department Store					
5.1 Central	13	13	13	14	14
5.2 Robinson	20	19	18	18	18
5.3 The Mall	7	7	7	6	6
6 Other					
Watsons, Power Buy etc.	-	-	-	-	-
Total Retails	1429	1637	1859	2204	2582

Source: Ministry of Commerce, 2009

TABLE III
THE EXPANSION OF MODERN RETAILS SINCE 2004 – 2008

Type of Modern Retails	2004	2005	2006	2007	2008
1 Hypermarket / Supercenter					
1.1 Tesco Lotus	108	184	292	404	503
Hypermarket	49	54	57	59	79
Market	2	5	19	27	53
Express	46	112	200	298	338
Value	11	13	16	20	30
Community	-	-	-	-	3
1.2 Big C	44	50	54	59	76
Hypermarket	40	45	49	54	66
Small Super	4	5	5	5	10
1.3 Carrefour	20	23	23	26	30

2 Cash and Carry					
Makro	29	29	29	40	41
3 Convenience Store					
3.1 7-Eleven	2861	3311	3622	4279	4766
3.2 Family Mart	-	-	542	542	564
4 Supermarket					
Tops	66	81	92	101	102
5 Department Store					
5.1 Central	14	15	15	15	13
5.2 Robinson	18	19	19	22	20
5.3 The Mall	6	6	6	6	6
6 Other					
Watsons, Power Buy etc.	-	-	384	700	954
Total Retails	3166	3718	5078	6194	7075

Source: Ministry of Commerce, 2009

II. Literature Review

The basic premise for successful marketing is to understand and satisfy consumer needs. More importantly is to know how to provide consumer satisfactions high enough so that they will keep coming back. There are many factors that can influence consumers to purchase goods and services today and in the future. MacDougall & Levesque[6] stated the relationship between satisfaction today and intention of purchasing more tomorrow. East, Gendall, Hammond, and Lomax [7] pointed out that only when consumers are highly satisfied with products and services they will likely come back to the same stores to show their loyalty. Ring, Newton, Borden, and Farris [8] explained some of the external factors such as location, quality of service and satisfaction are important to consumers to choose any grocery stores.

A good location is often associated with success of a retail business [9]. The management of modern retail must give serious consideration to the location. First, consider if the location is convenient for consumers, the location itself will strengthen the chance of success as well as enhance consumers' satisfaction. Second, the location has an effect on long term profit. More often than not, a good location can offset any mediocrity in management [10]. The selection of proper location is vital to the business in that it can establish the comparative business edge and serve as a basis for long term planning.

The quality of service can be a result of a comparison between an expected quality from traditional grocery stores and a real experience perceived from consumers who actually purchases goods and services [11]. Quality is a value added entity which is a reflection of attention, speed, enthuses, and knowledgeable of the employees. The aim of high quality of service is to enhance consumers' satisfaction.

Risk can be defined as an uncertainty that can make consumers unable to meet their objectives of purchasing. Risk is often reflected in a loss of opportunity, a waste of time and money for consumers [12]. Risk is also an important factor in consumers' purchasing decision. The high value of the item purchased, the higher the risk associated with that purchase.

Walters & Hanrahan [13] had studied many retail strategies and they found that besides a good location, a nice atmosphere and a good surrounding of the retail store operation is important. Nice atmosphere and the good surrounding can accelerate the pleasure of shopping.

Generally, consumers often search for the sellers who possess the high quality products with low price. In addition, consumers often pay attention to sales, discounts, or any products that offer a lower price. Consumers who are satisfied with their purchase often have an intention to patronage the same retail repeatedly. Consumers can signal their loyalty in terms of purchasing the same products or services again, providing a compliment to employees or the retail owner by not purchasing from competitors [14].

III. Methodology

This paper utilized both quantitative and qualitative method. The research model was adapted from Ring, Newton, Borden, and Farris [8]. A questionnaire was developed based on the idea of market measurement of Bruner, James, and Hensel [15] and Bearden and Netemeyer [16]. The chosen items were with an alpha Cronbach higher than 0.06 [17]. A total convenience sample of 400 consumers who were patronage the traditional grocery stores were asked to participate in the questionnaire survey. The data were collected by a survey questionnaire. Information was analyzed by using the Partial Least Squares [18]. An in-depth interview was also utilized with 10 owners of tradition grocery stores in Bangkok who had a long experience in tradition grocery stores and knew their customers very well. This paper was aimed to test these six Hypotheses:

H1. Location significantly influences the shopping satisfaction.

H2. Service quality significantly influences the shopping satisfaction.

H3. Risk significantly influences the shopping satisfaction.

H4. Shopping enjoyment significantly influences the shopping satisfaction.

H5. Value for money significantly influences the shopping satisfaction.

H6. Shopping satisfaction influences the future shopping intention.

IV. Findings

From Table IV, the overall awareness of all factors was medium with mean = 3.381 and S.D. = 0.277. The highest mean score was the risk factor and the lowest mean score was the value for money.

TABLE IV
LEVEL OF AWARENESS OF EACH FACTOR

Factors	Mean	S.D.	Level
1. Risk	3.913	0.203	High
2. Future Shopping Intention	3.760	0.412	High
3. Location	3.746	0.080	High
4. Shopping Satisfaction	3.236	0.258	Medium
5. Shopping Enjoyment	3.099	0.403	Medium
6. Service Quality	3.000	0.216	Medium
7. Value for Money	2.914	0.370	Medium
Total	3.381	0.277	Medium

TABLE V
LEVEL OF FUTURE SHOPPING INTENTION FACTOR

Factors	Mean	S.D.	Level
1. Intend to purchase goods at the traditional grocery store again.	3.748	0.552	High
2. Aim to be a customer of the traditional grocery store in the long run.	3.773	0.604	High
Total	3.760	0.412	High

TABLE VI
LEVEL OF LOCATION FACTOR

Factors	Mean	S.D.	Level
1. The traditional grocery stores are near the house.	4.715	0.410	Highest
2. The traditional grocery stores are near the workplace.	3.830	0.739	High
3. The traditional grocery stores are near the bus stop	3.113	0.644	Medium
4. The traditional grocery stores are near other retails.	3.368	0.620	Medium
5. The traditional grocery stores are near a convenient parking lot.	3.705	0.670	High
Total	3.746	0.080	High

From the findings, it can be concluded that risk factor exhibited the highest level of awareness more than any other factors. The risk awareness implied the acceptability that traditional grocery store's price is often higher than other retails. The intention from consumers to purchase goods at the traditional grocery stores again was high as well as the aim to be their customer in the long run. The location factor of having the traditional grocery store near the house received the highest mean score. Therefore, the factor of location could be used as a strategic marketing plan to enhance market share to compete with modern retail.

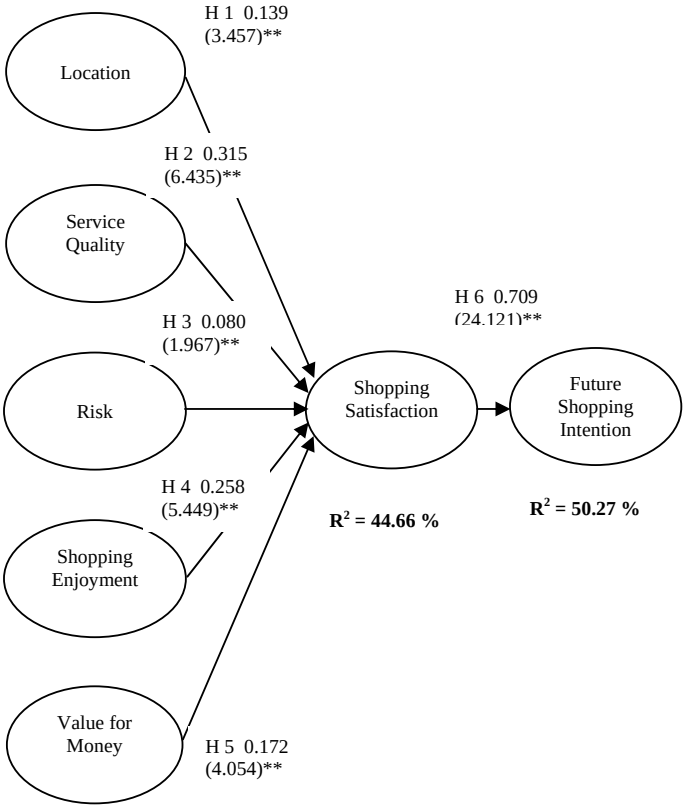

Fig. 1 The results of analytic hypotheses

From Fig. 1 reveals the model of the factors influencing shopping satisfaction and affecting the future shopping intention.

TABLE VII
THE RESULTS OF HYPOTHESES TESTING

	Hypothesis	Coef.	t-test	Summary
H1	Location significantly influences the shopping satisfaction.	0.139	3.457	Support
H2	Service quality significantly influences the shopping satisfaction.	0.315	6.435	Support
H3	Risk significantly influences the shopping satisfaction.	0.080	1.967	Support
H4	Shopping enjoyment significantly influences the shopping satisfaction.	0.258	5.449	Support
H5	Value for money significantly influences the shopping satisfaction.	0.172	4.054	Support
H6	Shopping satisfaction influences the future shopping intention.	0.709	24.121	Support

From Table VII, the findings revealed that shopping satisfaction had the highest influence on the future shopping intention. The shopping satisfaction factor received the highest influence from service quality, shopping enjoyment, value for money, location, and risk in decreasing importance. All hypotheses had p value less than 0.01 which means all factors supported every hypotheses.

One of the most important findings from this paper was that satisfaction in shopping had the highest influence on intention to buy in the future or loyalty. From the in-depth interviews, it was found that level of satisfaction came from the fact that the friendliness of the owner toward local consumers. The buyers and sellers often had a chance to chat. Moreover, the owner of the traditional grocery often encouraged consumers to taste their food and fruit. Consumers were allowed to buy on credit and get a free delivery. Consumers also preferred the location of traditional grocery stores which was closed to their home. Some products that were less in demand such as torch, charcoal, and indigo were also available only in traditional grocery store. The high level of satisfaction might have come from the Thai local community gathering around traditional grocery stores whenever they had local activities, festival activities, and social gatherings.

While there were many factors contributing to the high level of satisfaction in patronizing traditional grocery stores, there were also many factors that negatively affected the consumers. The price was often higher than at modern retail stores. The risk of getting an expired product was common when consumers choose to buy from local tradition grocery stores. The layout and the products were not organized very well on the shelf, therefore, not attractive or enticing consumers to buy. Consumers often planned to buy exactly what so they wanted and there was less impulse buying.

V. Conclusion and Suggestions

The traditional grocery stores used to have the highest market in the past. Nowadays they are in the stage of decline. From the study, risk was the most important factor from the perspective of consumers which means consumers viewed that shopping at a traditional grocery may have a risk of low quality or obsolete products. On the other hand, the strong point of traditional grocery stores included high service quality, social gathering place, and good location. Therefore, good suggestions for traditional grocery stores are to focus on the niche market and focus on the participation of local community activities. In addition, traditional grocery stores need to improve their layout and product display to be modern and reduce consumers risk in terms of poor quality products or expiratory products.

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