

## EFFECTS OF RISK REDUCER, CHOICE ENHANCER AND SHOPPING EXPERIENCE ENHANCER ON STORE PATRONAGE IN GROCERY RETAILING

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### Abstract

The Malaysian retailing environment has undergone changes in the retail format notably in grocery retailing. Grocery retail formats from large-scale multinational and local retail stores dominate the Malaysian retail scene. Premium grocers have gained popularity in the urban areas to cater to upscale clientele such as BIG, Jaya Grocer, Jasons Food Hall, Village Grocer and SAM Groceria. Shoppers are faced with a myriad choice of grocery retail format. More changes to grocery stores are expected as the industry adapts to new competitive pressures and millennial shopping habits. Faced with technology and e-commerce, physical stores have to continue to focus on improving store attributes to increase store patronage and fight for shopper traffic. This paper examines the influence of risk reducers, choice enhancers and shopping experience enhancers on store patronage of grocers. There is a vast scope for study into grocery as the environment changes rapidly, leading to changed shopper expectations and realignment of choice set of stores. The methodology utilized a survey questionnaire approach on 200 shoppers together with store observation and personal interview with a grocery chain. Findings found risk reducer in terms of location proximity and quality of merchandise and shopping experience enhancers under store ambience and employee assistance as strong predictors of store patronage. However, choice enhancers were not significant. Findings had implications for retail management and strategies for premium grocers in the evolving and changing grocery retailing landscape.

**Keywords:** risk reducer, choice enhancer, shopping experience enhancer, store patronage, grocery retailing

### Introduction

The expansion of a mixture of retail and entertainment hubs are a major trend in the market. Malaysia is no exception. In Malaysia, the wholesale and retail segment is the most important provider to Gross National Income (GNI), and

contributed to RM156 billion in 2014 (Economic Transformation Program) and accounted for 54.2% of GDP (Department of Statistics Malaysia). The retail sector as a major driver of domestic consumption and contributor to the economic growth of an economy is one of the country's National Key Economic Area (NKEA). Grocery retailing is a dynamic and highly competitive industry and competition has always been intense. The revolution of the grocery retailing industry is more impressive than any other industry. Sometimes, it can be perceived as automatic development that is beyond control as evidenced by the high number of emergent retailers and the new retail formats that have rolled out requiring retail management more challenging in terms of understanding shoppers' desires and mindsets especially the emergent millennial shoppers. Also, marketing and merchandising expertise coupled with new threats of technology in retailing innovation, reducing costs and others. But taking centre stage is the ability to entice store patronage. With the economy seemingly emerging from the downturn, industry leaders are looking for a heightened understanding of shoppers' mind-sets.

In the Malaysian grocery retail environment, huge foreign grocery retail players such as Tesco, Giant and AEON together with local players such as Mydin, Eonsave and Speedmart have dominated the modern shopping premises and hypermarkets leaving behind small sundry stores mostly unable to compete. Alongside these traditional retail formats is the emerging premium grocery chains that are mushrooming in the urban and suburban cities catering to the younger generation, sophisticated and millennial shoppers. Among the top grocer chain is Jaya Grocer, which currently has 13 outlets and it is planning to open at least three more outlets by the end of this year. With that being said, they are dominating the premium grocery market with a strong presence. Other upcoming competitors include Village Grocer which has recently taken over Bens Independent Grocer (BIG), Jasons Food Hall and many other smaller players. The upscale grocers position itself as an affluent, though niche market focusing on shoppers' lifestyles market providing gourmet foods, quality and organic merchandising and fresh produce. These grocers are differentiated by adding other in-store attributes with social activities in the store such as culinary groceraunt, deli, bakery, wine shops providing a whole new level of shopping experience and ambience.

## Problem Statement

This structure of grocery retail setting has converted from the conventional to contemporary set-ups. Faced with increased pressure from alternative omnichannel, new retail concepts are tested to retain market share. Natural and organic upscale grocers have mushroomed in urban cities and emerged to trade at a premium alongside the hypermarkets and traditional retailers. Upscale grocers increasingly provide imported foods including chilled and frozen food due to greater market access. More refined and upscale merchandising are being offered with changing assortment providing more shelf space to prepared foods for taking away and home meal replacements, in-store bakeries, gourmet deli and enhancement of fresh food. Customers are starting to evaluate the choices available, and deciding where to purchase their monthly grocery products with the latest retail formats offering different shopping options and experience. There is a need to explore changing grocery shopping habits. This move has provided consumers with more places to consider for their grocery shopping. As a result, grocery shopping behaviour has also been affected.

The growing rivalry of grocery retail segment in Malaysia has forced several retail players, regardless of size, to identify competitive edges that can put them at the forefront apart from competitors. Also, stiff competition, evolving consumer preferences and a challenging organic growth environment are driving factors for grocers to consider store attributes to fight to maintain traffic. In the process of evaluating which stores to patronize, consumers consider a variety of factors, often referred to in the retailing literature as store choice evaluative criteria. Therefore, amidst many other competitors, how should grocers position themselves in the modern retailing market. For grocery retailers to respond to these forces successfully, they need to rethink their strategies. This means assessing their overall strategic value proposition and the key capabilities system that will distinguish them from other competitors. This is because, those in the industry who are not willing to foster the right capabilities might face the risk of losing market shares, declining profits, and perhaps even extinction. This study, therefore, attempts to determine the store attributes in terms of risk reducers, shop experience and choice enhancers influence store patronage.

Store choice and patronage have been widely studied across the world. There is still vast scope for research and analysis as the retailing environment changes rapidly, leading to changed shopper expectations and realignment of the choice set of stores. This phenomenon gains greater significance in the Malaysian market, with the introduction of upscale and more diverse retail formats by organised retailers. It is providing new experiences and options to shop for consumers. A variety of formats are being rolled out, with mixed success. Both retailers and shoppers are currently in an evaluation phase with no clear verdict as to what may drive the choice of stores in the longer term. The newly established stores can attract

shoppers into stores due to its ambience, but they are finding conversions into purchases to be lower than expected and hence lower profitability for retailers. Hence investigation into store attributes and store patronage is warranted in this grocery retail format.

The main challenge is fighting for customer patronage. The ultimate goal of any business is to establish a loyal and profitable customer base to ensure future profits and longevity of the business (Grace and O'Cass, 2005). Store patronage describes whether or not respondents visit, spend money at, or shop at their main store (Chetthamrongchai and Davies, 2000). It also includes patronage intentions such as a willingness to recommend or buy, and shopping methods (Baker et al., 2002). The central issue for retailers is, therefore choice. As the outcome of the choice can only be known in the future (after using the store), retailers need to understand how consumers make decisions in patronizing the stores of their choice.

Previous marketing research studies indicate that shoppers become more hard-pressed for time and their preferences would shift towards one-stop shopping experiences. Apart from availability of time, money and effort, see touch-feel and select factors also influence shopper buying behaviour towards a choice of retail formats in food and grocery retailing. It is also observed that some consumers may find needs satisfied by single retail store format, but the majority of consumers divide their patronage among multiple retail formats that, in combination, can satisfy their needs. The outcome is that the store shares customers or their customers "overlap". In recent times, overlapping often occurs in Malaysian organised grocery retailing where studies consistently show that the overwhelming majority of consumers shop in more than one retail format. Moreover, retail format choice is a dynamic decision and could be conceptualised as a problem of deciding when and where to shop. Thus, retailers need to delve into store attributes that will affect consumers shopping behaviour. These attributes can be explained in the basic premise that drives the store patronage which can be categorised into three broad groups – utilitarian dimensions also termed as "Risk Reducers", "Choice Enhancers" and "Shopping Experience Enhancers". This study attempts to determine the influence of risk reducer factors, choice enhancers and shop experience enhancers to the store patronage in grocery retail format. This study is grounded on the theoretical framework by Sinha and Banerjee (2004) and used in this study too tests variables in the Malaysian grocery retail setting.

There is little knowledge about how urban household and consumers determine their choice drivers when shopping grocery. Hence, the retailers must determine the most influencing factors that influence the store patronage of the new grocers among the three constructs that are important and how it will affect the consumer's behaviour in patronising the stores. Such store attributes have not been documented in the Malaysian grocery retail environment due to a lack of study in this area, therefore, this study attempts to recommend strategies for grocers to

improve their store patronage. This study has significance to Malaysia's wholesale and retail sector given its significant contributor to GNI and driver of growth in NKEA. There have been a significant amount of studies that examine the issues of consumer shopping behaviour and patronage and also retail marketing strategies to tackle the intense competition in the present retail channel in the grocery industry. However, most of the studies have been conducted in Western retail scenarios.

## Literature Review

### Store Patronage

Past studies were particularly interested in better understanding the factors that drive the dynamics of a consumer's shopping trip. For instance, how does a consumer's in-store behaviour evolve (i) as she spends more time in the store, (ii) as she buys certain types of products, and (iii) as she reacts to the presence of other shoppers around her? (Hui, Bradlow & Fader, 2009). Physical features of stores include décor, lights, sounds, weather, employee clothing, store layout and visible configuration of shelves and merchandise. Store layout can also affect the purchase of the brand and the overall shopping in the store. Grocery stores are arranged to maximize exposure to non-routine items purchased while getting normal grocery purchases (www.marketingteacher.com, 2014).

The increasing dominance of the foreign-owned hypermarkets is indeed changing the way Malaysians shop. Uusitalo (2001) finds that consumers look at store size as an important feature for store categorization. Similarly, in Malaysia, consumers patronize retail outlets that are differentiated based on their sizes. Consequently, their shopping behaviour appears to be influenced by the different store formats where purchase size is often larger and they may be more receptive to store brands when frequenting large grocery outlets (Rosmimah and Sofiah, 2004). However, there is still a need to develop an understanding of consumption that is embedded in a grounded approach where a combination of relevant dimensions can be included in assessing consumer preferences (Clarke, 2000) which includes store attributes such as risk-reducing factors as well as store enhancing factors in terms of choice and shopping experience enhancers.

### Risk reducer

These factors under store attributes encompass location proximity and merchandise quality. Proximity is a factor that attracts shoppers to the stores. The location proximity of a premium grocery is important to the type of customer that the retailers want to attract. Clarkson et al. (1996) and Wood & Browne (2007) focused on the conceptualization of techniques for determining the optimal location and sales of the stores. A good location proximity means ease of transportation that is coupled with a short travel time to the store. Kim & Jin (2001) found that location was the most

important attribute in choosing a store. Location suggests customers' accessibility to the store and includes factors such as distance, and time travelled to the store. It was found that consumers prefer to shop at stores that they have easy access to and are convenient for them (Fox et al, 2004; Moschis et al, 2004). Thus, time-sensitive shoppers are more willing to shop at accessible stores compared to other formats (Fox et al, 2004). Piyush and Arindam (2004) support that the grocery and fruit and vegetable stores are visited by shoppers based on proximity and patronization. The shopper would like to reduce travel time.

A chief attraction of retail store centres on its quality merchandise (Thang & Tan, 2002). A study on Danish grocery retailing industry by Hansen & Slogaard (2004) reports product quality identified as the single most influential variable affecting the choice of retail format across three formats which are discount stores, hypermarkets and conventional supermarkets. Good quality of merchandise mix provides consumers with a wider choice of products and services and enhances the ability of the stores to fulfil their needs and wants (Hanson, 1980). This reduces the possibility of their subsequent visits to other competing stores to satisfy an unfulfilled need (Beatty et al., 1996). Thus, stores that are perceived as having quality merchandise are likely to be preferred by consumers. According to Grewal et al., (1999) has identified product quality is one of the most important store attributes of retail patronage.

#### Choice enhancers

Choice enhancers in a grocery retail setting are attributed to storage facilities in terms of store convenience, availability and spread of merchandise assortment and arrangement. Stores endowed with good facilities are more likely to secure a favourable consumer perception due to its convenience. Facilities refer to the provision of infrastructures in the stores that enhance the comfort of shopping (Nevin and Houston, 1980). By reducing the fatigue and discomfort of mobility, these facilities could increase the consumer's pleasure of being in the store and indirectly prolong the duration of their visit as the store provide a sense of convenience to the shoppers. To a certain extent, consumer's visit to retail stores often takes the form of a recreational activity whose worthiness is reinforced by the level of service provision within the store (Bitner et al., 1994). Hence, the quality of in-store services is likely to have a strong impact on consumer's purchasing behaviour (Shycon, 1992). In-store service includes providing information on merchandise, responding to consumer query, guidance to merchandise location, attendance by salesperson, and so on (Lindquist, 1974). In-store service aims to strengthen the store-consumer relationship, increase consumer's pleasure of shopping in the store and encourage their repeat visits (Reynolds and Beatty, 1999).

Merchandise assortment issues offered in a store is one of the most important



attributes that will attract customers. Morganosky (1997), Seiders and Tigert (2000) and Carpenter (2008), found that consumer preferences are affected by the perception of variety within a selection and the store itself. Thus, more and more retailers are opening new stores with a large footprint to be able to offer a wide variety in their product range. This is because retailers are afraid that shoppers will be less likely to shop in the store if they feel that the store has less of a product range compared to others. Besides merchandising assortment, studies found that the arrangement of the products, the repetition of items, and the availability of consumer's favourite or alternative items will also affect consumer's perception of product assortments (Kahn and Lehmann, 1991; Broniarczyk, 1998; Hoch et al., 1999). Thus, large scale retailers in the form of hypermarkets, discount stores and supercentres have been very successful because consumers place importance on the ability to take care of as many shopping needs as possible when visiting the same store (Carpenter, 2008).

According to Booz & Co (2012), in this day and age, digital technology is increasingly prevalent in every aspect of consumers' lifestyles, and grocery shopping is no exception. While the traditional brick and mortar grocery shopping remain, technology and e-commerce are driving the way young generations shop today. Online services in grocery retailing have been increasingly prominent and retailers are forced to leverage on technology. Many consumers employ technology as part of their grocery shopping experience. However, online grocery shopping is still relatively a niche segment in Malaysia but premium grocers see the need to offer both online and offline shopping platforms. The online grocery mechanism has yet to yield strong profits in the Malaysian retail segment but is the new business model to complement the digital shoppers shortly.

#### Shopping experience enhancers

As store attributes, shopping experience enhancers entail store ambience elements such as interior ambience and exterior store façade. A store is chosen based on the self-confidence that the customer has regarding the store (Sinha and Banerjee, 2004). Kotler (1973) has proposed atmospherics as an important part of retail marketing strategy. The shopping experience, as created by the store environment, has been found to play an important role in building store patronage (Baker et al., 1992). Most of the previous retail research studies have focused on store image and importance of store attributes in understanding the concept of store choice and patronage behaviour (Woodside and Trappey, 1992; Medina and Ward, 1999; Outi, 2001; Sinha and Banerjee, 2004, Sinha et al., 2005; Sinha and Uniyal, 2005; Carpenter and Moore, 2006). Also, store environment and atmosphere appear to be influential in consumers' format decisions (Baker et al., 1994; Donovan et al., 1994). Early studies examined the effect of store environment on grocery store selection and produced evidence of a relationship between the two variables (Hansen and

Deutscher, 1977; Doyle and Fenwick, 1974). The effect of the atmosphere on consumers and employees is recognized by managers and mentioned extensively in the field of marketing, retailing and organizational behaviour (Kotler, 1973-1974; Bitner, 1992; Turley and Miliman, 2000). Many retailers use ambience as a marketing tool as it is found to be very influential in communicating the store and company image to the customers.

Research suggests that physical setting may influence the customer's ultimate satisfaction with the service (Kotler, 1973-1974; Doreen and Benjamin, 2002). Turley and Milliman (2000) have divided atmospheric stimuli into external variables (for example storefront, entrances, display windows, building architecture, parking facilities, and the surrounding areas) must be pleasing and induce approach behaviour for a retail store or service to be successful and general interior variables such as color, lighting, scents, and width of aisles, merchandise, cleanliness and temperature to increase time consumers spend in the store which will affect their behavior, and ultimately increase sales. Layout and design variables have a significant impact on customers' shopping behaviour in terms of space design and allocation, placement of merchandise, the grouping of merchandise and placement of equipment are some of the factors that retailers need to consider carefully to manipulate traffic flow to attract consumers to shop through the whole store. This will allow the merchandise to have a higher exposure possibility, which in turn will affect the customers' in-store expenditure (Davies and Rands, 1992). Similar point-of-purchase and decoration variables such as signs, product display, and price display (Turley and Milliman, 2000). According to Chevalier (1975), a significant percentage of total sales in a supermarket come from point of purchase displays. This is because customers tend to believe these are special bargains and often buy something from the display even if they had no intention of buying the item before they visited the store.

Employee Assistance is classified as the human variable. According to Turley and Milliman (2000) and Backstrom and Johansson (2006), the human variable of a retail store can be divided into two subcategories. First, is the influence the store personnel have on the customers' in-store experience, and the second category is the influence other customers may have on others. Customers influence on other customers is often apparent in crowding situations and their behaviour in the store. The store personnel's appearance is used to communicate a store's image and attributes to the customers. Customers' perception of the service level at a store will always depend on the employees, as they are the ones who are in contact the most with customers. Thus, the salesperson's mood, appearance and credibility are important for good service encounters to occur. Good service encounters are crucial to achieving customer satisfaction. Earlier studies have shown that customer services are an important factor in determining the choice of format in the department store context (Arnold, 1997; Sparks, 1995). Williams et al. (1978) found evidence of relationships between customer service policies and retail format



choice. Carpenter and Moore (2006) found that the pricing, product assortment and customer services are important factors in determining the choice of format in the US grocery retailing. Hutcheson and Mutinho (1998) found that shoppers used a combination of the quality of staff in choosing a store.

### Store Patronage

Issues in store patronage have been engaging academic minds ever since the dawn of marketing as a scientific discipline (Bhatnagar, 1998). Store patronage is defined and measured in behavioural terms. Khan & Damanhour (2017) examines store patronage in terms of whether a customer shops exclusively at a particular store, total spend, number of shopping trips, quantity/items shopped and any consecutive trips made at that particular store. Store patronage describes whether or not respondents visit, spend money at, or shop at their main store (Chetthamrongchai and Davies, 2000). It also includes patronage intentions such as a willingness to recommend or buy, and shopping methods (Baker et al., 2002). Pan and Zinkhan (2006) identified retail patronage through two dimensions: (1) store choice (i.e., a consumer's choice to patronize a particular store) and (2) frequency of visit (i.e., how often a shopper patronizes that store). Precursors to store patronage include quality and price; market relevance, such as store service; and personal factors, consisting of items such as demographic precursors of retail patronage. Most consumers are multiple-store shoppers though differences exist across store types. Grocery stores generally have fairly low loyalty in the sense of generally not satisfying customer's total needs. Grocery retail stores are no different and the degree to which customers are motivated to patronize or re-patronize a store can mean the difference between sustained prosperity and growth of the retail store or permanently closing the doors. Gone are the days when retail stores can survive purely based on the brands they merchandise. Given that increased competition has provided consumers with many shopping alternatives, what is important now is how retail stores add value to attract store traffic and encourage re-patronage (Grace and O'Cass, 2005).

### Methodology

The methodology utilized mixed methods with a qualitative and quantitative study to obtain generalized responses. A personal interview was conducted with a manager of an up and coming local upscale grocery chain about the current scenario of grocery retail trends. Information obtained during the interview helped established the issues of the study. Subsequently, a primary survey was conducted on shoppers at three urban cities namely Kuala Lumpur, Petaling Jaya and Penang which had the highest concentration of grocery chains. Shoppers were sampled using mall intercept method while they were doing their grocery shopping. Hence judgmental sampling was employed as the sampling technique since respondents were shoppers who have visited the grocery retailer and had engaged in the shopping experience. This would, to some extent, serve the objective of producing

subjects to represent the sample of the population. A total of 120 shoppers participated in the survey questionnaire distributed via the self-administered method. Another 80 questionnaires were tapped via an online survey to shoppers.

### Analysis and Findings

Table 1 presents the demographic profile of the shoppers who have encountered shopping experience of grocery retailers and participated in the survey. The profile comprises 70% of female who is typically the regular shoppers of groceries, mainly Malays (62.5%), aged between 21-30 years old with income range up to RM4000 (89%). The younger age group of shoppers is typical of the urban trend who are particular about where their food comes from. There is an increasing sense that premium grocery food is not just a luxury item, but more of a need.

Table 1: Demographic Profile

Demographic Factors	Frequency	Percentage (%)
<b>Gender</b>		
Male	61	29
Female	139	69.5
<b>Ethnic Group</b>		
Malay	125	62.5
Chinese	58	29
Indian	11	5.5
Others	6	3
<b>Age</b>		
Below than 21 years old	27	13.5
21-30 years old	131	65.5
31-40 years old	25	12.5
41-50 years old	6	3
51-60 years old	5	2.5
Above 60 years old	6	3
<b>Marital Status</b>		
Single	144	72
Married	56	28
Divorced/widow	0	0
<b>Level of Education</b>		
SPM	60	30
Diploma	60	30
Bachelor Degree	50	25
Post Graduate Degree (Master)	23	11.5
PhD	5	2.5

Others	2	1
<b>Occupation</b>		
Government	8	4
Private Sector	100	50
Retiree	1	0.5
Student	60	30
Unemployed	15	7.5
Self-employed	16	8.0
<b>Monthly Income</b>		
Below than RM 2000	115	57.5
RM 2000- RM 4000	63	31.5
RM 4001- RM 6000	12	6
RM 6001- RM 8000	8	4
Above than RM 8000	2	1
<b>Size of Household</b>		
1-2	33	16.5
3-4	93	46.5
5-6	52	26
7 and above	22	11

In the survey, the respondents as grocery shoppers were first examined on their store patronage behaviour when doing grocery shopping. It was found that on average shop groceries 3 times per month (69%), spending an hour for each trip (89%), and spent at least RM100 per trip (96%) and had a preference for hypermarkets as their main grocers (74%). When surveyed on the factors that they consider in their grocery shopping decision were price, location, and product choice, quality and promotion followed by brand, size and availability of online grocery shopping. Surprisingly, in the current era, respondents are still reluctant to try online grocery shopping. Online grocery shopping helps in eliminating the drudgery and inconvenience of constant physical shopping that tends to be time-consuming. However, respondents did not place any important part for the availability of online ordering.

Table 2 shows a factor analysis results. Factor analysis using Principal Component Analysis with Varimax rotation generated unidimensional dependent variable on store patronage. All the six items are loaded strongly at 62.86 per cent of variance explained and eigenvalue of 3.772 and reliability of 0.83 based on Cronbach's Alpha acceptable value of 0.6. Subsequent factor analysis on risk reducer factor generated 2 factors with quality of merchandise (5 items) and proximity (4 items) with one item deleted due to cross-loading. Choice enhancer generated 3-component factor with availability and spread convenience and online services. One item was deleted which is '*Physical grocery retail stores offer me better services than online stores*' because of cross-loading. For shopping experience enhancers,

two factors were generated namely store ambience and employee assistance. Cronbach alpha scores for all variables were considered good at above 0.8 level based on criteria as stipulated in Sekaran and Bougie (2010).

Further analysis is presented in Table 3. Using multiple regression analysis, results indicated the relative influence of risk reducer, choice enhancer and shop experience enhancer on store patronage. Only two variables were found significant which are the risk reducers and the shop experience enhancers. Shop experience enhancers were the strongest predictor to store patronage at grocery retail format with employee assistance and store ambience ( $\beta=0.266$ ,  $t=5.846$ ,  $p=.000$ ). Risk reducers influenced store patronage at ( $\beta=0.211$ ,  $t=2.979$ ,  $p=0.003$ ). From the results,  $R^2=0.70$  is the correlation of risk reducer enhancer, choice enhancer and shop experience enhancer with the store patronage. This means that 70 per cent of the total variation in customer patronage is explained by risk reducer, choice enhancer and shop experience. The balance of 30 per cent is explained by other factors.

Table 2: Factor Analysis Results

Items	Component	Component						
		1	2	3	4	5	6	7
<b>STORE PATRONAGE</b>								
I plan to maintain my shopping at a grocery retailer	.766							
I would like to shop longer in the grocery retailer	.839							
Shopping in grocery retailer will be my first choice or priority after this	.790							
I would like to tell family & friends about grocery retailer	.892							
I intend to shop at a grocery retailer again in the future	.804							
The possibility that I will purchase from the grocery retailer's groceries products on the internet in the future is high	.645							
<b>RISK REDUCER FACTOR</b>								
Quality of merchandise								
The quality of merchandise at grocery retailer is higher than another store		.862						
The quality of merchandise at the grocery retailer		.824						

consistently meet the expectation								
The grocery retailer offers fresh products		.799						
The grocery retailer offers a quality product from all around the globe		.784						
The quality of the merchandise is important than price		.626						
Location Proximity								
The grocery retailer is near to the places you visit often			.750					
The grocery retailer is located near to workplace/home			.668					
The grocery retailer has a very convenient location			.568					
The grocery retailer is offering delivery services			.562					
CHOICE ENHANCER FACTOR								
Availability and spread				.879				
Availability of a well- known branded product				.852				
Availability of wider selection				.828				
Availability of alternative item				.766				
The grocery retailer's product range meets the expectation								
Convenience								
Fast checkout line with prompt services					.788			
Convenient operating hour					.746			
Accepts most credit card					.729			
Convenient store layout					.598			
Online Services								
I like the idea of using the internet to shop for grocery product						.899		
The grocery retailer offers online shopping						.727		



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SHOP EXPERIENCE ENHANCER								
Employee assistance							.922	
The employee provides prompt service							.889	
The employee has the knowledge to answer customers' question							.885	
The employee able to handle customer complaint							.876	
I like the way I am being served							.773	
The employees are helpful								
Store Ambience								.864
The ambience of the grocery retailer makes me want to stay longer								.859
The grocery retailer has an impressive interior design								.784
The ambience of the grocery retailer makes me feel pleasant								.749
The ambience of the grocery retailer makes me want to buy a product from the store								.745
The grocery retailer has good air conditioning								.733
The grocery retailer is always in clean condition								
% of variance	62.86	38.9	18.5	32.9	20.71	13.65	37.7	37
Total of Eigenvalues	3.772	4.13	1.60	4.404	1.808	1.188	6.2	1.99
Cronbach Alpha	0.832	0.825	0.864	0.83	0.84	0.86	0.84	0.83

Table 3: Multiple Regression Results

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	F
	B	Std. Error	Beta			
(Constant)	-.545	1.496		-.365	.716	
Risk Reducer	.211	.071	.238	2.979	.003**	62.298
Choice Enhancer	.059	.069	.079	.856	.393	
Shop Experience Enhancer	.266	.045	.455	5.846	.000**	

Dependent Variable: Store Patronage

Adjusted R<sup>2</sup> = 0.482

R<sup>2</sup> = 0.70

Significant at p < 0.005

#### Discussion and Implication

The challenges and issues faced by grocery retailers in the evolving and changing grocery landscape are very critical. Idris (2002) mentioned that the growing rivalry of grocery retail segment in Malaysia has forced several retail players, regardless of size, to identify competitive edges that can put them at the forefront apart from competitors. The distinction of international-based retail players that are mainly in big volume made small and medium-sized retail players felt concerned. These new forces will undoubtedly cause more structural changes in the grocery retailing industry. Consequently, grocery retailers need to reassess their “way to play” that is their overall strategic value proposition – on two dimensions. The first emphasizes the importance of building a strategic fit with the evolving market of consumers, while the second dimension reflects the key capabilities that the grocer will need to strengthen to deliver this value proposition. Distinctive capabilities might include a deep shopper understanding; digital and mobile marketing; multichannel retailing; and innovation.

Findings found risk reducer namely location proximity and quality of merchandise and shop experience enhancer in terms of store ambience and employees' assistance significantly predicted grocery store patronage. Similar behaviour was observed in another past study by Sinha and Banerjee (2004); Eppli

and Shilling (1996) and Fox et al. (2004). This could be explained by the fact that grocery retailers in the urban cities are well located at very strategic location mainly in the malls which are accessible to large consumer community. Complemented by ample parking spaces provided by the shopping mall ensures convenience. The main factor of grocery stores being visited by the shoppers is hinged on its proximity. Findings are further corroborated by Lindquist (1974) and Moschis et al. (2004) who supported that convenient location and parking facilities increase the accessibility of a shop place. This is evident by the large expansion in the number of upscale grocery outlets in the urban areas by Jaya Grocer (5 new outlets to be opened in 2018), Village Grocers takeover of BIG with new outlets for both brands while Sam Groceria is consolidating its business plans due to location issues.

It can be seen in this study that the quality of merchandise in grocery retailing is one of the factors that directly influence customer patronage. Good quality of merchandise will enhance the retail stores to fulfil their customer needs and wants (Hanson, 1980). Findings are supported by Thang and Tan (2002) who stated that the quality of the merchandise is the main attraction for a retail store. Of importance for grocery retailer is the fresh produce that meets customer expectations. Quality of the produce is more important than the price they need to pay. Grocery retailers have evolved into a lifestyle fresh market enabling shoppers to get fresh produce in comfort. The new trends that are expected to shape grocery retailing in Malaysia are the expectation of not only local offerings but quality global food and organic foods.

Shop experience enhancer in terms of store ambience and employees' assistance was found to be important predictors of patronage to grocers in the modern retail environment in Malaysia. Again Sinha and Banerjee (2004) reveal ambience is important in determining store choice which includes the lighting, setting and comfort. The product displays, shelving space and point of purchase attractions where shoppers can see, touch and feel the products remain as major determining factors influencing physical store patronage in a grocery retailing format. Based on the report by Waitrose Food and Drink Report, a new format of grocery retailing must incorporate different functions to attract shopper traffic. The supermarket of the future appears just like an experiential retail-space immersive hub where shopping is just one of the activities. For physical ambience as shop experience, grocery retailers must offer new ambience features such as the provision of the gourmet deli,

alfresco dining, and in-store drinking and dining to meet sophisticated demands of the customers (Millington, 2017).

Employee assistance at grocery retailing entails customer service that includes store personnel assistance, information and checkout payment counters. However as e-commerce technology encroaches retailing it is expected that self-service and technology-aided will take centre in future grocery retailers, hence there is less of personalized customer touchpoints. Generally, Malaysian consumers still rely heavily on brick and mortar mall shopping as their main preference of buying daily groceries hence the outcome of this study still support the presence of employee assistance to encourage patronage and even patronage loyalty to the store. Previous studies such as Jantan and Kamaruddin (1999) are of the view that the politeness of employees, genuine help shows by the employees, and the overall good services influence the good store image and patronage.

Choice enhancer factors that pin on convenience and availability and spread of merchandise was not a significant predictor in store patronage in this study. One item on convenience which tap on online shopping indicated low online shopping awareness among the respondent shoppers. The Economic Intelligence Unit Limited (2009) stated that generally, the e-readiness in Malaysia is still low compared to other developed countries what more about online grocery shopping at a very infant stage. Spread and availability were not significant to patronage at grocery retailers. This factor has become increasingly less important in grocery retailing in urban cities as grocery shopping trends change such as owners start to offer more shopping options to satisfy everyone buying groceries. More grocers now offer many different ways of buying groceries such as order online or store pick-up, online order for curbside pickup and online order for home delivery (Karolefski, 2017). Similarly, consumers today also can easily assess product information before the actual store visit. In recent years, grocery shopping have evolve where new convenient factors that are taking shape for the millennial shoppers could be centred on technology-aided systems to add to the convenience and enjoyment in grocery shopping such as mobile payment at checkout, more access to product information using QR codes, more ready-to-eat foods and meal kits and in-store dining.

Findings from this study have specific managerial implications notably in the retail management of grocers. This is also specified in the new grocery retail formats that have shaped grocery shopping trends around the world and in Malaysia. The growing rivalry of grocery retail segment in Malaysia has enforced several retail players, regardless of size, to identify competitive edges that can put them at the forefront apart from competitors (Idris, 2002) The distinction of international-based retail grocers that are mainly involved in big volume trade has made not only small and medium-sized retail players concern but the need to move upscale as new technology threatens competition to increase store patronage and patronage loyalty. These new forces will undoubtedly cause structural changes in the grocery retailing industry. Consequently, grocery retailers need to reassess their “way to play” namely their overall strategic value proposition that emphasizes on the importance of building a strategic fit with the evolving market of sophisticated and well-informed consumers and at the same time must reflect their key capabilities that will enable grocers to deliver this value proposition. Distinctive capabilities might include a deep shopper understanding; digital and mobile marketing; multichannel retailing; and innovation in the retail environment.

Managing risk reducer factors will involve ensuring accessibility and quality of products to satisfy consumer demands. New grocery shopping trends point to the rise of green consumers that demand for fresh and organic merchandise. Two notable changes are the rise of green consumers and ethical consumerism in food shopping. Greengrocers have to be on the lookout for provision of green, clean and organic labels in food supplies. The implication is for grocers to source and manage not only just in products but also reliable and ethical supply chain providers.

The implication for managing location proximity of grocery retail outlet expansion may appear as an easy strategy based on the number of new outlets being planned to be opened however it must be emphasized here that physical offline stores are fighting back to entice shopper traffic with the onset online grocery retail format. Hence the strategy is for physical retailers to manage shop experience factors such as enhancing ambience and atmospherics of the store, expand quality, new and exciting merchandise range and add in-store social activities such as

dining, alfresco style and branded meal kits or ready to eat meals. To battle with the online grocers, strategies must aim at enhancing the whole shopping enjoyment.

As a whole, grocery retailing will have to embark on a new level playing field with new customer services such as home delivery innovation strategy, for example, introduce delivery options for grocery shopping with pickups and online shopping with in-store pickup, curbside pickup or home delivery. Hence location proximity may play a lesser influence on store patronage as consumers move to online store patronage.

### **Conclusion**

Malaysia has experienced dramatic changes in the grocery retailing industry in recent decades, with the emergence of new retail formats such as new retail premium supermarkets and grocery chains. As a result, it has affected the way consumers shop as they have more choices to choose from. Thus, grocery retailers need to have a deep understanding of the factors that influence store patronage. At the physical store level, the key is to get customers to be familiarized with the store so they will continue to shop and make it as their main priority for their grocery shopping. While the concept is simple – to be known for a single thing in the minds of the customer – the road to achieving it can be complex. A clear understanding of the market – demographics, segments, their pains, how well you and your competitors provide solutions, how each grocer truly provides value, and the strengths and weaknesses are necessary before making any decision. Similarly driven by technology and e-commerce, physical store grocers have to be innovative to adopt smart shopping tactics to sustain in the business. Innovative grocery retailers will need to be proactive when designing their marketing strategies to tackle the fierce competition in the present retail channels in the grocery industry.



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