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Consumer Proneness towards In-Store Promotion in Foreign-Based Hypermarket Vs Local-Based Hypermarket

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Abstract. Many hypermarkets use in-store promotions as their best retail proposition and marketing strategies to attract more consumers. The study aims to review consumer proneness towards in-store promotions at foreign-based and local-based hypermarkets. In-store promotion is known as marketing or sales promotions at retailer's location. In Malaysia, the popular foreign-based hypermarkets are Tesco, AEON and Giant while local-based hypermarkets are Eonsave and Mydin. The factors including price consciousness, brand loyalty, quality consciousness, impulsiveness, and store loyalty are discussed and their impacts on consumer proneness (price proneness, premium proneness, and contest proneness) towards in-store promotion at foreign-based and local-based hypermarkets are investigated through extensive literature review. The measurement items of selected factors are refined using reliability test. The proposed research framework is significant for further empirical testing as the expected results could help hypermarkets and marketers in in-store promotions.

INTRODUCTION

In this modern world, retail industry is a fast-growing economy sector and it also serves as a central attraction for consumers. As many retailers step into online world, physical stores have difficult time to reach their target sales, especially hypermarkets. Besides that, the retail industry becomes more competitive. According to Bahar [1], 27% of retail industry contributed to economic growth in Malaysia where the number of hypermarkets increases to 121 outlets throughout the whole nation in 2013. During the economy recovers, 84% of bargain hunters plans to shop for the best deals which mostly directs into in-store promotion. Therefore, hypermarkets use in-store promotions as their best retail proposition and marketing strategies to attract more consumers. Among the five major ASEAN markets, Malaysians are the second richest consumers after Singaporeans [2]. Shamsudin and Selamat [3] stated that Malaysians prefer to shop in hypermarkets because it provides them with one-stop convenience shopping. Both foreign-based hypermarkets as international chain stores and local-based hypermarkets as domestic stores have their own in-store promotion strategies to increase their competitive advantage. However, most of the times, in-store promotions lack a good strategy. Besides that, today's economy is at a deflation state which increases living cost. Customers significantly change their purchasing behaviour and become more demanding than ever before [4]. There are many hypermarkets these days that have poor knowledge on how to conduct in-store promotion effectively and efficiently and less understanding about the consumers' proneness. By altering or changing the in-store promotion strategies, the hypermarkets hold their position in the industry by striking equal balance between the promotional prices they offer and the

promotions that customers prefer. Thus, understandings of consumers' proneness towards in-store promotions tend to solve all the arising problems.

LITERATURE REVIEW

Foreign-based and local-based hypermarkets

Generally, hypermarkets defined as modern retailers as a combination of grocery stores, department stores and discount stores. Hypermarkets as a one-stop shop, have all the merchandise products that needed by an individual on a daily basis such as grocery, clothes, foods, personal care products, hardware, appliances and more. Hypermarkets can be differentiating as foreign-based and local-based hypermarkets. Malaysia has focused on both foreign and local hypermarkets. In Malaysia overview, Tesco, AEON, and Giant are known as foreign-based hypermarkets while Mydin and Eonsave known as local-based hypermarkets. Nowadays, there are many foreign-based as well as local-based hypermarkets retailers in Malaysia. The Malaysian government pays equal importance to foreign-based hypermarkets and local-based hypermarkets. Based on International Markets Bureau [2], Malaysia declared as the country with highest ratio of sales in the modern retail format which was 88% which also includes hypermarkets. According to Mariam [5], foreign-based hypermarket contributes for economic development while local-based hypermarkets maintain the socio-economic balance of the nation.

Consumer proneness towards in store promotion

In-store promotion can be defined as “marketing activities usually specific to a time period, place or customer group, which encourage a direct response from consumer or marketing intermediaries, through the offer of additional benefits [6]”. Reid et al. [7] stated that nowadays retailers are becoming more engaged with in-store promotions where more shopping decisions of customers are being made in the store. Therefore, it is important to understand the effects of promotions towards customers purchase behaviour. Research on in store promotions has concentrated on three types which are price proneness as price deals and discounts, premium proneness as free gifts and contest proneness [7]. According to Weng and de Run [8], Malaysian consumers like in-store promotion because it could save their money, increases the quality, provide convenience, exploration and more. Therefore, Malaysia retailers mostly using coupon, price discount, free samples and bonus packs as their favoured sales promotion techniques as shown in Figure 1(a) and (b). The embarrassed feeling to enjoy monetary saving promotional offers are less likely shown by Malaysian consumers because they see it as a sign of opportunity to buy more and it is worth to buy. Generally, Malaysians easily attracted to in-store promotions.



FIGURE 1 (a). Eonsave hypermarket hypermarket



FIGURE 1 (b). Tesco

Price Consciousness

Shukla and Banerjee [9] defined price consciousness as a consumer's exclusive focus on purchasing low prices or unwillingness to pay a higher price. Previous research that have studied about price consciousness describing that almost in all the purchases consumers are price conscious by compare the lowest and highest prices between similar types of products. Most of the price conscious consumers will purchase only on promotions because they considering that promotion is the only way for them to save their money. Price-based promotions provide value through lower prices, premiums add value through the free gift, and contests and sweepstakes provide value through the entertainment benefit of engaging with the promotion at no additional cost. Consumers can have direct impact on hypermarket promotions when prices are lower in hypermarkets than in small groceries [10]. Prices of similar products may differ based on the ownership of hypermarkets. For an

example, Tesco as a foreign based hypermarket will have higher prices compared to Eonsave which is a local-based hypermarket. Generally, hypermarkets in Malaysia such as Tesco, Giant, Eonsave and Mydin have more promotions compared to other countries because Malaysians are more price sensitive [2]. In brief, it is assumed that price conscious consumers are to be promotion prone because they have direct economic benefit.

H1a: There is a significant and positive relationship between price consciousness and consumer proneness towards in-store promotion in foreign-based hypermarkets.

H1b: There is a significant and positive relationship between price consciousness and consumer proneness towards in-store promotion in local-based hypermarkets.

Brand Loyalty

Brand loyalty is defined as a positive attitude towards a brand and commitment to buy the same product or service regularly for always from the same brand, nevertheless of a competitor's actions or changes in the environment. Brand loyalty can also have explained as the 'psychological priority towards famous brand-name'. Consumers who are purchasing best-selling advertised and well-known brands are known as brand consciousness consumer [11] whereas consumers who regularly purchasing same product rather than competing product are known as brand loyalty consumers. "Based on Ailawadi et al. [12], brand loyal consumers consider a cost of switching from their usual brand to a promoted brand. Furthermore, brand loyal consumers are consumers who plan the brands of products to purchase on their shopping. However, when there is price promotion on quality products which basically declared as branded products, could attract the brand loyalty consumers with offering less prices on their preferred and loyal brand while highly attracted to those brand's free gifts and contests. Basically, consumers loyal to high brand image products and they have different perceptions where they believe that foreign-based hypermarkets sell high quality with popular brands. Besides that, nowadays even hypermarkets have their own products such as tissue paper, hand wash, canned foods, and more. There is also some people loyal to hypermarkets own products where most of the time those products are on promotions such as with attachment gifts, discounts and also hypermarket's contest.

H2a: There is a significant and positive relationship between brand loyalty and consumer proneness towards in-store promotion in foreign-based hypermarkets.

H2b: There is a significant and positive relationship between brand loyalty and consumer proneness towards in-store promotion in local-based hypermarkets.

Quality Consciousness

Quality consciousness means concerns about the quality of a product or service and seeks to improve it to meet a certain set goal. Whereas, quality conscious person is defined as a consumer who put efforts to seek the best characterized product by doing some careful shopping, comparing and making systematic decision process [13]. Furthermore, quality conscious consumers think that higher price means better quality [14]. Most of the consumers believes that product on promotions are not good quality products because usually good quality products will have higher price compared to basic quality products. Consumers, who concern about quality, will try to get the very best quality product among the promotion products. However, sometimes promotions provide utilitarian benefits to quality consciousness consumers by giving access to higher quality products at lower price than usual higher price [7]. Based on International Market Bureau [2], quality and freshness of a product is more important for most consumers in Malaysia. Therefore, foreign-based and local-based hypermarkets that having promotions on quality products so that the consumers can access quality products and gain some incentives together.

H3a: There is a significant and positive relationship between quality consciousness and consumer proneness towards in-store promotion in foreign-based hypermarkets.

H3b: There is a significant and positive relationship between quality consciousness and consumer proneness towards in-store promotion in local-based hypermarkets.

Impulsiveness

Impulsiveness is defined as decisions that a consumer takes when he desires to buy something immediately [9]. Impulsive consumer's buying behaviour is relying on their availability of credit and unreflective in the way of thinking. Usually, consumers purchase directly without any plan in case of limited offer advertisements, price

promotion and based on attractive product. Reid et al. [7] finds that impulsiveness relates with all forms of promotion proneness. The pleasure-seeking feeling and benefits of the promotional product drives consumer's impulsiveness [15]. It is a main idea for marketing activities and universal standpoint of consumer's behaviour. Unreflective actions and thrill-seeking is known as trait of impulsive consumers which affects them to act positively towards promotions. Therefore, hypermarkets are displaying their promotional items at the entrance itself. In the beginning, foreign-based hypermarkets such as Tesco, AEON and Giant have used this technique while later local-based hypermarkets adapt this strategy. Hypermarkets are force the proneness of consumers to be impulsive through the one shelf devices that signal on-pack promotions, attractive premium and gifts and design of contest. Nowadays, hypermarkets often use dynamic pricing where the pricing of products will be changed frequently. Thus, consumers may have a hard time of choosing the most favourable price for their preferred products. This is the time where promotion affects consumers' impulsiveness whereby they tend to focus more on promotional items rather than analysing the complex purchase information.

H4a: There is a significant and positive relationship between impulsiveness and consumer proneness towards in-store promotion in foreign-based hypermarkets.

H4b: There is a significant and positive relationship between impulsiveness and consumer proneness towards in-store promotion in local-based hypermarkets.

Store Loyalty

Store loyalty is defined as tendency to repeat purchase and repeat visiting the similar store [16]. Store loyalty is derived from consumer's satisfaction which encourages them to re-purchase, visits regularly and creates loyalty towards the store. Therefore, consumers will not search for another store as an alternative. A consumer becomes loyal to the store based on the clear and considerable decision making as well as evaluative processes. In-store promotion creates trust among consumers and it attracts the existing consumers who known as loyal consumers to sustain in the market. Moreover, store loyal consumers aware about the brands that are always in-store promotions and the prices which leads them to re-purchase as well as they know the placement of the product in the store. Usually loyalty customers of a store will be gratitude by offering loyalty cards which benefits them by some promotions such as discounts, rewards for certain amount of points, a special customer treatment, coupons and most importantly having membership day in-store promotion exclusively for them. Besides satisfaction, brand image and product quality also lead to customers' loyalty. Therefore, hypermarkets promote more quality products on their promotion period. In short, loyalty consumers towards the specific hypermarkets can be positively associated towards in-store promotion.

H5a: There is a significant and positive relationship between store loyalty and consumer proneness towards in-store promotion in foreign-based hypermarkets.

H5b: There is a significant and positive relationship between store loyalty and consumer proneness towards in-store promotion in local-based hypermarkets.

RESEARCH FRAMEWORK

As shown in Figure 2, the research framework of the study includes the relationship between the independent variable (price consciousness, brand loyalty, quality consciousness, impulsiveness, and store loyalty) on consumer proneness (price proneness, premium proneness, and contest proneness) towards in-store promotion at foreign-based and local-based hypermarkets.

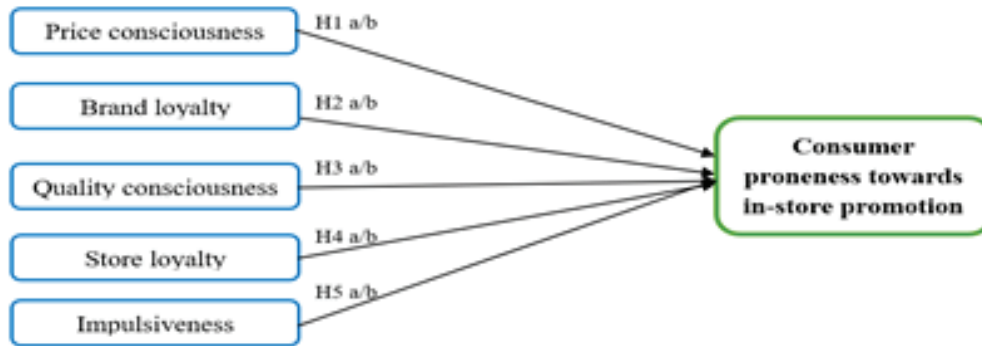


FIGURE 2. Research Framework

RELIABILITY ANALYSIS

In reliability analysis, composite reliability is used to assess the inter item consistency of measurement items. Table 9 shows the value of composite reliability of foreign-based hypermarket (Tesco) which range from 0.916 to 0.938 and for local-based hypermarket (Econsave) which range from 0.908 to 0.937. For an internal consistency reliability, the acceptable values are 0.7 and above Hair et al. [17]. Therefore, all measurements are reliable.

TABLE 1. Reliability Analysis

Construct	Measurement Items	Composite Reliability (CR)		Initial and Final Items
		Tesco	Econsave	
PRICE CONSCIOUSNESS Adopted from: [7], [11] [18]	1) I give importance to the best price when purchasing at TESCO/ECONSAVE 2) I will check prices even for small items whenever I'm shopping at TESCO/ECONSAVE 3) I am influenced by low prices when purchasing at TESCO/ECONSAVE 4) I will always choose the lowest price products at TESCO/ECONSAVE	0.922	0.908	4
BRAND LOYALTY Adopted from: [7] [11]	1) I have my purchase limit when purchasing my favourite brands at TESCO/ECONSAVE 2) I have certain brands which would be my definite preference when shopping at TESCO/ECONSAVE 3) I will stick to my favourite product or brand when buying at TESCO/ECONSAVE 4) I have favourite brands that I buy over and over when purchasing at TESCO/ECONSAVE	0.918	0.929	4

TABLE 1. Reliability Analysis (Continued)

Construct	Measurement Items	Composite Reliability (CR)		Initial and Final Items
		Tesco	Eonsave	
QUALITY CONSCIOUSNESS Adopted from: [7] [11]	1) I will not give up high quality for a lower price when purchasing at TESCO/ECONSAVE 2) I try to get the perfect choice of product when purchasing at TESCO/ECONSAVE 3) I put some effort when purchasing at TESCO/ECONSAVE to choose the best quality product 4) I give importance to get very good quality products at TESCO/ECONSAVE	0.938	0.933	4
IMPULSIVENESS Adopted from: [9] [19]	1) I often make unplanned purchase when shopping at TESCO/ECONSAVE 2) I mostly buy products at TESCO/ECONSAVE that are not intended to purchase 3) I often do purchases at TESCO/ECONSAVE according to my emotions 4)“I see it, I buy it” describes me when purchasing at TESCO/ECONSAVE	0.903	0.929	4
STORE LOYALTY Adopted from: [11] [20] [21]	1) I always will go TESCO/ECONSAVE to do my shopping 2) I prefer to shop at TESCO/ECONSAVE 3) I will still continue to shop at TESCO/ECONSAVE even though other supermarkets have discounts 4) I will tell positive things about TESCO/ECONSAVE to others	0.928	0.937	4
CONSUMER PRONENESS TOWARDS IN STORE PROMOTION Adopted from: [7]	I will search for special price deals inside TESCO/ECONSAVE before making purchases I prefer to buy other products that have price discount even though I have my favourite product I do not mind the price of a product if it comes with a free gift when purchasing at TESCO/ECONSAVE When purchasing at TESCO/ECONSAVE, I prefer to purchase the products with free gifts even though I have my favourite products I enjoy to participate in TESCO/ECONSAVE’s contests or sweepstakes, even though I know that I will never win I prefer to purchase products connected with contest or sweepstake even though I have my favourite product	0.916	0.927	6

CONCLUSION

The study aims to review the consumer proneness towards in-store promotions at foreign-based and local-based hypermarkets. In-store promotion is known as marketing or sales promotions at retailer's location. In Malaysia, the popular foreign-based hypermarkets are Tesco, AEON, Giant while local-based hypermarkets are Econsave and Mydin. The measurement items of price consciousness, brand loyalty, quality consciousness, impulsiveness, store loyalty and consumer proneness towards in-store promotion are refined using reliability test. The proposed research framework is significant for further empirical testing. The expected results could help hypermarkets and marketers in in-store promotions. In-store promotion is one of the best marketing tools in the promotion mix that can implement by marketers to attract more consumers. Even though hypermarkets adopt different pricing strategies, all hypermarkets use in-store promotions as one of their major marketing strategy. This indicates that, in-store promotions drive to higher number of sales and easily reach their targeted profits.

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