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CLOSED STACKS

Factors Influencing Food Retailers
in their Choice of Suppliers

By

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ABSTRACT

The focus of this study is to identify the supplier selection criteria of food retailers and to assess the relative importance of each criterion. It is confined to traditional food retailers like general merchandising stores, supermarkets, minimarkets and convenience stores as well as the 3 mega-stores operating in the Klang Valley (MAKRO, CARREFOUR and Giant). The perceived threat of these mega-stores were also examined to see if it had any impact on the supplier selection criteria of traditional food retailers. Finally, the role of government with regard to the entry of mega-stores was discussed. Data were collected from 36 traditional food retailers and 3 mega-stores, all operating in the Klang Valley.

The study identified 'reputation for quality', 'markup', 'credit terms', 'wide range' and 'stock availability' as significant supplier selection criteria for food retailers. The mega-stores were perceived as a threat though varying in degrees from one mega-store to another. Traditional food retailers felt that the government was too liberal with regard to the entry of mega-stores and should monitor them closely plus adopt measures to protect small and medium sized traditional food retailers. The study also highlighted the factors that drew customers to mega-stores and the strategies that traditional food retailers could adopt in the face of competition from mega-stores.

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