RESEARCH REPORT

TITLE : Consumer Choice Factors On Shopping Outlets.

SECTION A: INTRODUCTION

1.0 Background

1.1 Prior to the introduction of Shopping Malls business to the Malaysian, consumers were only exposed to supermarkets and department stores. The country's first supermarket was known as the Weld Supermarket and was established in 1963. Subsequently Emporium and Supermarkets Holdings Sdn Bhd (ESHD) introduced the one-stop-shop concept when it opened Emporium Selangor along Jalan Tuanku Abdul Rahman K.L. in 1967.

1.2 The next phase of development came in the seventies when large shopping complexes were set up. First was Ampang Park in 1973 with 340,000 of lettable retail space. Later in 1977 the famous and still very popular Sungei Wang Plaza was opened for the Malaysian Public.

1.3 In the early eighties (1983/1984) the country's first "Superstores" – Kimisawa (with 140,000 sq ft) and Pretemps were opened. These stores set the standards for décor, quality and technology for all other superstores in the country. They also herald the advent of established foreign retailers into the local retain industry.

1.4 In the early 1990's the hypermarket (also known as wholesale warehouse store or discount stores) made their appearance on the local retailing scene. This new phenomena was led by Makro which opened its first wholesale ware house in Shah Alam in December 1993. Makro is a JV between Makro of Holland and PKNS and PKNS-Inchcape.

2.0 <u>The Current Scenario</u>

2.1 In the last 5 years, Malaysians have experienced the sprouting of sprawling mega malls in the Malaysian retail scene. The latest giant being Berjaya Times Square with 2.1million sq.feet of retail space, which opened its doors to Malaysian Shoppers on 29th September 2003. Presently the top 6 shopping malls include Berjaya Times Square, Mid-Valley Mega Mall, KLCC , 1-Utama and Sunway Pyramid.

3.0 Types Of Retail Set-Ups

There are several types of retail set up which have evolved over time and have kept changing in order to be relevant to the current environment and to meet consumer preference. The main types include the following :-

3.1 Hypermarkets

Presently the three main players are Giant, Carrefour and Tesco. The players have an edge over the smaller retail outlets as they have economies of scale and advantage of bulk purchase, hence could sell more cheaply. Within the hypermarket it is a trend to include smaller shoplots and food courts to complement the main store. Competition in this type of set-up is is considered quite intense. Several of the big players presently operate on a free standing basis or operate as an anchor tenant in Mega Malls.

3.2 Mega Malls.

These are the big shopping centres like Mid Valley Megamall, Berjaya Times Square, Sunway pyramin, Suria KLCC and 1 Utama. This set-ups are currently enjoying the lion's share of the retail business and are, infact expanding their existing capacity. New offering and concepts are also included like the indoor "tropical forest" complete with water features and flea market as the case of
One-Utama. Their ideal is for the family to spend an entire day with their "***everything under one-roof concept***"

To be more attractive, these mega malls rope in the hypermarkets as their anchor tenants. In some instances, several hypermarkets can be found in one mega mall. A typical example is the Mid-Valley Mega Mall who has several hypermarkets operating under one roof.

3.3 Smaller Shopping Malls

These are the second or third liners shopping malls. Examples within the Klang Valley include Ampang Plaza, Plaza Unchang Emas 3, Plaza Imbi , Ampang Park Shopping Complex etc.

Some of this second and third liner shopping malls are considered the dropouts. However, with the reintroduction of new concepts and infrastructure development these shopping centers managed to be relevant and serve a large and loyal clientele. Examples of successful dropouts include Imbi Plaza, which managed to transform into a IT hub not only within the Klang Valley but reportedly for the whole nation. Another classic example is Ampang Park, due to the Light Rail Transit station and upgrading the façade and refurbishment it remains a successful small shopping mall.

3.4 Mini Markets

These are very small business usually owned by a Sole-Proprietor or Partnership. Mini markets merely serve a housing estate and not so much for the urban market. However, the introduction of LRT, some changes are seen whereby mini markets are opening up near the urban crowd located within the LRT Stations.

4.0 Purpose Of Study / Objectives

The robust developments and growth in Shopping Malls and hypermarkets resulted in increased competitive environment. Meanwhile, on the consumer side, spending power has increased over the past few years and consumers have become more and more choosy and have sophisticated wants and needs. Hence shopping centres, mall and hypermarket operators have to understand consumer's choice factors and preferences on shopping outlets. In short these operators have to evolve with time or perish.

Hence it is critical to evaluate and find out what are the consumer choice factors in selecting a particular shopping outlet over another. A shopping outlet's success or failure largely depends on this understanding and meeting these choice factors or consumer preferences.

After perusing various article and reviews, the following were identified as the objectives of this research:-

i. **To identify the importance of Tenant–Mix and the present of crowd puller retail operator in a shopping outlets.**
ii. **To assess the impact of shopping outlet location and image as a determining choice factors.**
iii. **To identify what type of facilities offered influences consumer to patronize a particular mall.**