Consumer Buying Behavior towards Organized Retailing: An Exploratory Analysis of Saudi Arabian Supermarkets

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Abstract: Retail sector in Saudi Arabia is growing very fast. It started making its presence felt nearly a decade after the first lot of retail hypermarket introduced in KSA. Developments in the food retailing industry have led to growth of shopping malls, particularly in the large cities of Saudi Arabia. As a consumer play an important role in any business. Therefore understanding consumer buying behaviors are important to success of super or hyper market business. For the purpose an exploratory study with structured questionnaire was developed and online survey with 244 Saudi customers were conducted to identify and explore their satisfaction regarding super/hyper market services provided by these sectors in the region. After analysis it was found that there were significant differences in their opinion towards organized retailing among the super market shoppers in the region.


Keywords: Super Market, Hyper Market, Consumer Behavior, Retail Sector, Consumer Satisfaction, Saudi Arabia.

Introduction:

Kingdom of Saudi Arabia (KSA) has a population of more than 27 million people, a growth rate of 1.49 percent and an average age of 26.4 years (CIA World Factbook, 2014). The customer base includes KSA locals who are more eager consumers in the world, and the Emigrants (more than 30 percent of the population) who have a wish to spend for convenience and shopping products (AT Kearney, 2013; CIA World Factbook, 2014). The largest size of the population, a high percentage of young population and high disposable incomes offers an eye-catching chance and it has focused growth in the retail sector.

Retail and food industries, which consist of hypermarkets, supermarkets and corner shops (Bagalas), are gradually growing in Saudi Arabia as a result of the state of the economy driving assist to support it. According to a report Shabat, et al. (2012) in the Saudi retail area placed the 14th place in 2011. In addition, supermarkets and super stores Arabia Market will play an increasingly important role as a major basis for shoppers to shop in the future. Al Kathery (2011) claims that the Saudi shopper behavior is different now than it was, and it is expected that 60% of consumers buy from hypermarkets and supermarkets, and the purchase of 6% compared to the corner shop, often defined as Bagalas that defined also small shop, which sells mainly to the corner of the street, and the common foodstuffs and other stuffs that are in the House use. In addition to the extraordinary swift development of online shopping or e-mail shopping at the present time many of the traders try to use online sales trading for retail products or services, which is an important channel to increase their markets locally and globally aware, (Alam & Elaasi, 2016).

The supermarkets in Saudi Arabia are currently engaged in the major cities such as Riyadh, Jeddah, Mecca, Medina, Damman, but getting higher in other parts of the province and growing populace, with a variety of needs and faiths makes it a very competitive to the sector.

Saudis and foreign residents regularly visit supermarkets that are significant not only for shopping, but also perceive this as a chance to meet people and entertainments. The people who visit supermarkets come often for social upbringing and window shopping as a substitute of the actual shopping too. Thus the significance of shopper behavior research in the field of retail cannot be ruled out.

Customer satisfaction is a utility of the difference between customer expectations prior to purchase and their insight of agreement they received from the goods and services they received it (Oliver, 1977, 1980; Anderson & Sullivan, 1993).

An enduring affiliation is probable if they can assess the retail customer purchasing behavior and insights with the excellence of services and their understanding to the business. Commercial Companies need to create a better image of the service quality in
order to satisfy existing customer loyalty and attract new one (Dabholkar et al. 1996).

Review of Literature:

Supermarket industry had a significant impact on overall economy in most of the countries. McCarthy (1981) recognized supermarket as a large business specializing in the provision of food self-service, retail market mainly sells foodstuff and everyday goods. The first supermarket in the Kingdom of Saudi Arabia had worked in the eastern region in Dharan. Established in 1974, it was under British administration, and was part of AL-Souk Company limited. Rossides (1994) observed that the corner shop was the prime form in the Saudi retail market. There were very few modern shops, self-service or supermarkets which offer a wide range of goods to customers. Alawi (1986) pointed out that the appearance of supermarkets in Saudi Arabia was motivated by several aspects, the utmost significant was that the government stimulated to start dealing with this new concept, the way of state, and escalation in income of customers make them relax. In Saudi Arabia classification of retail business are such as hypermarkets, supermarkets and department stores and traditional markets. They offer more than 55,000 items, including food, clothing, tools, toys and electronics.

The retail sector in Saudi Arabia is one of the freshest and fastest growing sectors of the demand for consumer goods revealed by (Zawya, 2006). Consumers now prefer the supermarkets for different reasons for shopping. First, young people and put the country in general and Western-style shopping from the supermarket shopping stores. Second, older people prefer supermarkets, because it is convenient. Thirdly, it is considered a place for the whole family engagement because of the old-school nature of Saudi society as parents will be engaged to buy, while children will be entertained (Al Rajhi Capital, 2010). In addition, it was noted in the report that the main source of entertainment and culturally acceptable in the form of shops and restaurants in shopping malls. Hypermarkets/ supermarkets with access to the facilities for relaxation were the ideal sites for the families of Saudi Arabia as reported in Al Rajhi Capital (2013). On the other hand, the corner shops in the number of Saudi approximately 200,000 companies. Corner stores are also called (Baqalah) in Arabic (Al-Eqitisadiah Newspaper, 2011) especially for low-income service people (Leonidou 1995). According to Al-Rajhi and the Euro Research observer to the annual growth of Bagalas, hypermarkets and supermarkets in 2010 was 3.2%, 4.4% 7.2% respectively (Al Rajhi Capital, 2010).

Customer satisfaction is a utility of the difference between customer expectations prior to purchase and their insight of agreement they received from the goods and services they received it (Oliver, 1977, 1980; Anderson & Sullivan, 1993), and it will be important for them if the perception at the highest level compare to the expectation placed. Customer satisfaction is and the quality of service-based client, has one of the tools for customers to increase the value (Sivadas & Baker-Prewitt, 2000), highest value means customers having more satisfaction, which will benefit the retail organization in the long term (Zeithaml, Berry, & Parasuraman, 1996; Cronin, Brady, & Hult, 2000), and it will generate higher returns (Aaker & Jacobson, 1994). The main challenges of service industry are the quality of service and customer to be satisfied (Anderson & Sullivan, 1993; Hung et al. 2003). Consumer satisfactions and intangible assets are as powerful as the quality of service that will lead to meet the hopes of consumers (Oliver, 1980; Boulding, 1993; Bahia, 2000; Homburg, 2006; Jayasankaraprasad & Kumar, 2012). Researchers had emphasized the significance of relationship between service quality and customer satisfaction (Cronin & Taylor, 1992).

As investigated by Nisha Rathore (2012), that the main drivers of the revolution of retailers announced in increased the motivation of customers to dispose their income, infrastructure development and changing customer choice of middle-class. Bernadette (2010), stated that, consumers are quite influenced by the visibility, advertising and attractive bumper offers on the product. Veerapong and Wuttisak (2002) suggested that supermarket retailer’s management strategies should be different, depending on the nature of the supermarkets. Moreover, it was analysed that customers generally prefer shops that offer a reasonable price of the product and sales promotions to them. Researchers also had other dimensions of value, such as shopping fun (Downs, 1961 and O’Guinn and Faber, 1989), Quality of Services (Zeithaml, 1988), and shopping convenience (Mazursky and Jacoby, 1986).

A number of previous studies had determined the core values shopping in mall that was the enjoyment from shopping (Shim and Eastlick, 1998, Winyard, 1998, Thompson and Chen, 1998, Erdem et al., 1999 and Stoel et al., 2004). However, few have studied systematically how these values Mall shopping behavior affect the consumer choice stated by (Cai and Shannon, 2012). The quality of service and customer satisfaction are different constructs, but the relevant (Brady et al., 2002; Ranaweera and Neely, 2003). Moreover service quality and customer satisfaction to be the consequence of customer experience during service encounter as well as the quality of service to consumers oriented knowledge, as well as a series of emotional consumers to be a prelude to customer
satisfaction. (Brady & Robertson, 2001; Jayasankaraprasad & Kumar, 2012). The investigation also identified customer satisfaction as a function of perceived quality and the extent of disconfirmation that perceived quality expectations prepurchase (Olsen, 2002; Gustafsson, 2005; Rigopoulou, 2008; Cerri, 2012; Kitapci et al., 2013), it is also a debatable matter said by researcher (Bahia et al., 2000) and Intentions of buying were affected more to shop than quality of products or services itself (Anderson & Sullivan, 1993).

Research Gap:
In several studies, customer satisfaction was found an important factor to achieve the goals of business. The supermarkets are striving to develop new effective strategies for satisfying the needs and wants of their consumers these days. Despite the implementation of many researches in the area inside as well as around the world towards the consumer shopping behavior of supermarkets there is still a need to identify and measure the purchasing power of the consumer and its success factors, which manages to be the leading company in the market, and it will be the largest values of the organization retail traders. In fact, there are consumer research gap from Saudi Arabia and their preferences for shopping hyper / supermarket in the literature and it does not covered yet for deep study. Therefore, the present study is an attempt in this direction. In addition the paper will focus on customer behavior towards super / hypermarket and marketing practices.

Scope of the Study:
The area of this study covers all industries and marketers within the KSA. However, the study is particularly focused on retailers and organized retail, supermarket, etc., dealing its products and services, or the intent to sell them in the future with this platform.

Significance of the research:
- This study will be useful in a number of business groups in Saudi Arabia.
- Another set of interests that will benefit from the results of this research is government groups, and marketers in general, especially retailers, which aims for retail organization in the Kingdom of Saudi Arabia.
- This study will be useful to researchers who want to do further research in this area.

Objective of the study:
The objectives of the investigation were to investigate the customer behavior on super/ hyper markets shopping experience in Saudi Arabia in general and in particular the present study focuses to recognize the Saudi consumers’ buying perceptions and preferences for super/ hyper market shopping in the region are as follows:

- To investigate the customers experience with the products quality, when buying from super/ hyper markets.
- To identify the most preferable attributes they look for when buying products.
- To find out the respondents attitudes regarding the elements they need to confirm before the selection of the products.
- To recognize the attitude about repeat shopping behaviour.
- To understand the behaviour of respondents about the action taken by them when they cannot find the required product in the store.
- To study the behaviour about the awareness of checking the damaged product during the shop.
- To analyse the feelings of respondents in regards to changing the supermarket and availability of alternative product.
- To distinguish the respondents perception regarding the availability of supermarkets nearby their locality.
- To know the important reasons for they visit the supermarket to shop.
- To investigate respondents preferences for supermarket those having the space for family and childcare facilities.

Research Methodology:
The main purpose behind this research was to know the respondents' thoughts, behavior: preferences and perception of Saudi customers' towards super, hyper market (mall) shopping. For the purpose a two stages survey was carried out to investigate and examine the importance of service quality provided by supermarkets in KSA. In the first phase a pilot study was conceded among the Saudi families. For the purpose 26 respondents comprised both male and female shoppers were contacted to take their feedback to reduce the error for further (main) study. The modifications were made in the questionnaire as per the feedback of respondents’ and the previous version of questionnaire was improved. In second phase (final version) convenience sample survey has been conducted electronically through e-messages among the 244 respondents of Saudi Arabia, out of which 227 respondents completed the survey and its took about a period of 2 month to complete. The close ended questionnaire was used and the software had been used to ensure that only one survey response could be submitted from a single PC. This was to avoid duplication in the results. And special care has been taken to reduce the non-response rate and the error arising out of it. After collecting the data it was manually edited, coded and then recorded on excel sheet. For analysis descriptive statistics (frequency distribution) were used and result findings were
interpreted to achieve the above objectives and to know the consumers shopping trends and their behavior regarding the organized retailing sectors in general and particularly for the Saudi Arabian super/hypermarkets.

**Result findings and Discussion:**

The respondents were classified here on the basis of demographic factors such as gender, education and monthly income. And as well as their geographical area where they belong. Majority of respondents were male 164 (72.25%) and 63 (27.75%) female representing the sample. The Figure 1 shows the educational level of respondents that were master degree holders 97 (43%) at highest representation followed by 67 (30%) holding a bachelor’s degree, 17% (39) of respondents having PhD degree, very few had high school / or diploma degree qualification and other educational background.

![Figure 1: Educational level of respondents](image)

![Figure 2: Important factors consideration when buying the products](image)

**Table 1: Monthly income of respondents**

<table>
<thead>
<tr>
<th>Monthly income in SR</th>
<th>N</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 5000</td>
<td>35</td>
<td>15.42</td>
</tr>
<tr>
<td>6000-8000</td>
<td>58</td>
<td>25.55</td>
</tr>
<tr>
<td>9000-11000</td>
<td>48</td>
<td>21.15</td>
</tr>
<tr>
<td>12000-14000</td>
<td>38</td>
<td>16.74</td>
</tr>
<tr>
<td>15000-17000</td>
<td>21</td>
<td>9.25</td>
</tr>
<tr>
<td>18000-20000</td>
<td>14</td>
<td>6.17</td>
</tr>
<tr>
<td>More than 20000</td>
<td>13</td>
<td>5.73</td>
</tr>
<tr>
<td>Total</td>
<td>227</td>
<td>100</td>
</tr>
</tbody>
</table>

The table 1 shows the income level of the respondents. In the sample more than 60% of the respondents representing their monthly income within the group of less than 10,000/- SR. and less than 40% of the respondents belong to the monthly income of more than 10,000 SR per month. It means that majority of the population belongs to middle income group.

**Table 2: Location of Respondents**

<table>
<thead>
<tr>
<th>City</th>
<th>N</th>
<th>City</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Riyadh</td>
<td>85</td>
<td>Dahran</td>
<td>6</td>
</tr>
<tr>
<td>Jeddah</td>
<td>58</td>
<td>Najran</td>
<td>1</td>
</tr>
<tr>
<td>Madinah</td>
<td>4</td>
<td>Jubail</td>
<td>5</td>
</tr>
<tr>
<td>Makkah</td>
<td>11</td>
<td>Alhasa</td>
<td>3</td>
</tr>
<tr>
<td>Haflouf</td>
<td>5</td>
<td>Safwa</td>
<td>1</td>
</tr>
<tr>
<td>Tabouk</td>
<td>2</td>
<td>Hafr Albaten</td>
<td>1</td>
</tr>
<tr>
<td>Abha</td>
<td>4</td>
<td>Zulfi</td>
<td>1</td>
</tr>
<tr>
<td>Alkhobar</td>
<td>9</td>
<td>Kharg</td>
<td>5</td>
</tr>
<tr>
<td>Dammam</td>
<td>10</td>
<td>Kateef</td>
<td>5</td>
</tr>
<tr>
<td>Qasim</td>
<td>10</td>
<td>Hail</td>
<td>1</td>
</tr>
<tr>
<td>Jazan</td>
<td>1</td>
<td>Dawadmy</td>
<td>1</td>
</tr>
</tbody>
</table>
Table 2 provides the full detail of respondents’ location they belongs. It can be seen in the table that the largest number of respondents belongs to the capital city Riyadh (85) followed by Jeddah (58). The other 101 participants came from the remaining 22 cities. The both cities are having the good representation for business as compare to the other cities in the region.

The Figure 2 reveals the most important factors they consider when buying the products from super/hyper markets, 64% of respondents agreed that the quality of the products are their primary concern followed the cost of the product at 45%, packaging and product offers/special deals and product reputation were at 44%, 36% and 34% respectively.

From the figure 3 it was found that only 6% strongly agree that supermarkets attempt to satisfy consumer needs. Most respondents either agree (37%) or are neutral (38%) only 11% of respondents disagree- that supermarkets are not interested in satisfying the product quality needs of its customer. From the result it can be concluded that majority around 80% of respondents were agreed and happy that they are having positive level of satisfaction with the services they received from Saudi supermarkets.

When looking for the checking process itself in general, the respondents from the lower educational level do more check regarding the quality of the product, expiry of the product and the price checking. According to the researcher, the reason behind this checking is the income level is much lower than the PhD holders (See table 3). Furthermore, some regions such as the Central one has the big cities such as the capital of the country, and the Eastern region has Two big cities Dammam and Al-Khobar, the Western region has Makkah and Jeddah. All of the previous cities are the largest in the Kingdom of Saudi Arabia. The Northern and Southern regions has the smallest population and the cities are small. This could give us another indicator is that the crowded city the people want to finish quickly from the shopping to do something else therefore they do not have the same ratio of checking comparing the South and North.

Moreover, when coming to the different regions in the country, the choices are different in the Eastern, Western, North, South and the central region. 72% of the respondents from Eastern region always check any sign of damage to the product, whilst less than 1% of the respondents said they never check any sign of the products. The Southern region, 80% of them always check any sign of damage and 100% of the respondents check the price. Furthermore, regarding the quality issues, 80% of the respondents from Central region check the quality of the products, 66% from the respondents from the Northern region always check the quality, on the other hand, 20% of the respondents from the Western region check the quality that is the lowest among others. Regarding expiry date
checking, the respondents from Central region 71% check the expiry date, the response from the Western region was not far from the Central, it was higher by 5%. In comparison with those two regions, 100% of the Northern region respondents check the expiry date.

Figure 4 showed the respondent attitudes in respect of their willingness to repeatedly visit the same branch of their chosen supermarket. We can see that 22% will buy from the same supermarket again, 49% might buy from the same branch again. Almost 30% will never visit this branch in the future.

The study also indicates that majority more than 80% of the sample population visiting the repeatedly if they do not find the required product first in first visit followed by the less than 20% never visit the supermarket to get the such product (see the Figure 5).

We can analyse this behaviour further by investigating whether consumers on not finding a product switch to an alternative supermarket. Moreover, from Figure 6 we can observe that a majority of respondents check for signs of damage to the product always. Just over a quarter of respondents will occasionally check. Less than 3% never check for signs of damage. The figure also indicates that majority are more concern regarding to check the quality of product and packaging etc.
From figure 7 it was indicated that the majority answered either “sometimes” (37%) or occasionally (21%), 32% rarely changed supermarket (7%) or never changed supermarket (4%) were in above order.

Figure 8 showed that 26% of respondents are always able to find alternative products or visit another supermarket to satisfy their need and wants. Nearly 70% respondents find that they can obtain an alternative product or visit another supermarket sometimes. And only 10% of respondents agreed that the fail (or refuse) to get alternative product and visit another supermarket. Therefore, from the result it can be concluded that if customers are unable to find the products what they needed and when choice is limited they will often go to an alternative product as well as another supermarket to fulfil it.

To look at the availability of supermarket near by the respondents’ location (which also allows us to investigate concentration and competition) it was seen that the number of supermarkets located within a 2 KM$^2$ range of the respondents residence. Figure 9 indicated the detail. 13% of the respondents had only one supermarket available nearby their location. At the other end of the scale 70% of the respondents had 3 or more supermarkets available nearby their location. From this, it can be concluded can that there is a high level of competition among supermarkets in the region.

In the next question participants were asked why they chose a particular supermarket. They were asked to assess a number of factors using a simple ranking system. A rank of 1 indicated the factor was the most important factor in the eyes of the respondents. A rank of 5 indicated the factor was least important. The results presented in Figure 10 showed that the most respondents chose a supermarket on its proximity and ability to supply all the needs of the respondents. The Least interest and perhaps most surprising were price competitiveness and selection of goods on offer.
From the data provided in Figure 11 we revealed that 44% of respondents prefer a luxurious supermarket. It means that most respondents would be willing to change the supermarket they usually shop at. 17.1% of the participants answered always they prefer the luxurious places, and 10.1% and 7% they rarely and never prefer the luxurious places respectively.

![Figure: 11. Preferences and choice of luxurious locations and facilities inside the supermarket](image)

From figure: 12, it was investigated that whether family and child care facilities influence choice of supermarket. 22% of respondents chose a supermarket on this basis. Not surprisingly, 34% of respondents said that these facilities sometimes influenced their choice. Only 9% argued that these factors had no influence on their choice.

![Figure: 12. Respondents preferences regarding the selection of supermarket that having family and children facilities](image)

**Discussion and Conclusion:**
Retail sector in Saudi Arabia is growing very fast. Developments in the food retailing industry have led to growth of shopping malls, particularly in the large cities of Saudi Arabia. As a consumer play an important role in any business. Therefore understanding consumer buying behaviors are important to success of super or hyper market business. The results indicates that the quality of the product are their primary and most important concern when they consider to buying the products from super/ hyper market followed the cost of the product packaging and product offers/special deals and product reputation. Most respondents either agree (37%) or are neutral (38%) on that supermarkets attempt to satisfy consumer needs. The works proposes a agreement on the association of better service quality toward higher customer satisfaction. The results are stable with studies which found the significance of better service quality to rise of customer satisfaction (Dabholkar et al., 1996; Gomez, 2004; Jayasankaraprasad & Kumar, 2012).

From the result it can be concluded that highest number of respondents are agreed and happy and having positive level of satisfaction with the services they received from Saudi supermarkets. This is the very positive sign for organised retailers. When looking for the checking process itself in general, the respondents from the lower educational level taking care of the quality of the product, expiry of the product and the price checking. This is the indication that the consumer are now more health concern as compare to past so the marketer should always be concerned of it. Regarding willingness to visit frequently to the same branch it is clear from the result that highest number of respondents visits reputedly if they do not find the
required product in first visit. Moreover, it is observed that a majority of respondents check for signs of damage to the product always. And they are more concern about to check the quality of product and packaging too.

Highest figure of respondents report that they usually change the super market for shop if they do not get desired product, they go through with an alternative product or visit another supermarket sometimes to find it. It is advised to the marketer that they should make sure that the entire product should be available and logistic problems should fix to satisfy the customer in this regards. Highest number of the respondents indicate that more than 3 supermarkets available nearby their location. From this result, it can be concluded can that there is a high level of competition among supermarkets in the region and it should be the concern of marketer to take comparative advantage.

Distance of supermarket and ability to supply all the needed items to the respondents has given more attention to visit for shop as compare to the price competitiveness and selection of goods are secondary factor to them. Majority of them prefer a spacious supermarket and furthermore family and child care facilities influence the consumer to visit supermarket. Thus it can be suggested that marketer should give the attention to provide more space and family and kids’ entertainment facility should be provided so they can get an added advantage on competitors and consumer will be highly loyal to them.

Limitation of the Research:

Although good effort has been made to put up for the study however the following factors have been unavoidable absent as a result of their critical limiting factors for this study:

- Scarcity of time and cost.
- The sample size was limited due to time and cost concerned.

References:


