THE IMPACTS OF SUPERMARKETS AND HYPERMARKETS FROM THE PERSPECTIVES OF FRESH FRUIT AND VEGETABLE (FFV) WHOLESALERS AND RETAILERS

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ABSTRACT

The importance of the retail sector to economic growth has been very significant. The rapid growth of the sector is partly contributed by the emergence of supermarkets and hypermarkets that are mostly foreign-owned. This has raised some concerns by the local conventional retailers including fresh fruit and vegetable (FFV) retailers. The government has reacted to the concerns by introducing new guidelines to developing new hypermarkets in this country. This study investigates the impacts of these two types of retailers on local FFV wholesalers and retailers. Data from personal interviews with FFV retailers and wholesalers were analysed. Results of the analyses showed that supermarkets and hypermarkets did impose competition on conventional wholesalers and retailers. However, they have also brought some changes to FFV retail business, such as promoting quality products, and a better and a systematic marketing approach.

Keywords: Fresh fruit, vegetable, supermarkets, hypermarkets, wholesalers, retailers

INTRODUCTION

Malaysia's food retail industry has progressed rapidly in parallel to the changes in the developed economy that is, the growth of hypermarkets and retailers as the major retail centres for consumers to buy foods and consumer goods. This development is brought about by the globalisation process, in particular the free flow of capital between countries and enhanced by the Foreign Direct Investment policy of the country. This development, however, poses a challenge to the traditional distribution network. The new network demand's fast and efficient delivery of high and consistent quality of farm produce and consumer-oriented marketing strategies.

Prior to the emergence of hypermarkets, the marketing of fruits and vegetables was traditional and conventional in nature in terms of its organizational, structural and distributional networks. The marketing channel was characterised by a number of market

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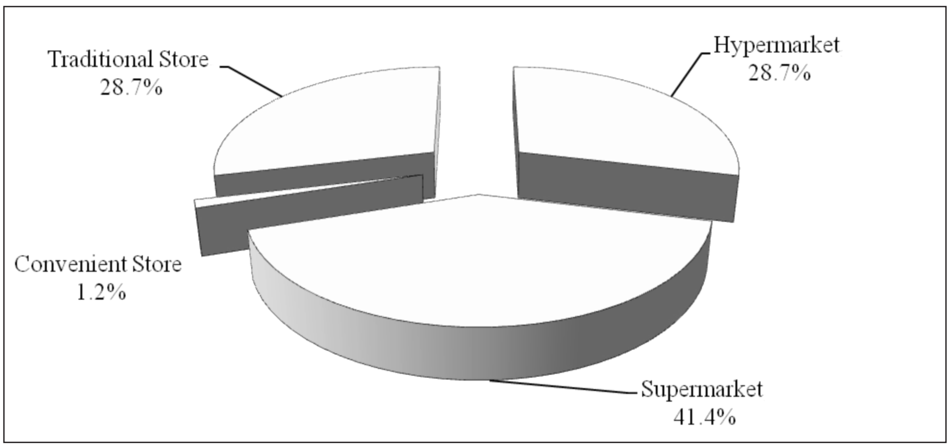
intermediaries that resulted in high marketing and transactional costs. The producers were "isolated" from the "market centres" in the informational sense; therefore, market signals were not trickled down to farm levels. Hence, producers lagged market responsiveness. Consequently, farm produce suffered from problems of low quality and inconsistent supply.

The development of supermarkets and hypermarkets has undoubtedly benefited consumers at large due to their better offerings, such as more product choices and services. As such, the numbers of consumers who are patronizing hypermarkets is at an increasing trend. Despite the rapid growth of these types of outlets, there are still consumers purchasing their fresh food products from the traditional stores. As shown in Figure 1, 28.8 percent of fresh food products are purchased from the traditional stores. This indicates that traditional retail outlets are still important in FFV marketing channel in Malaysia. Nevertheless, it is very unlikely that conventional stores will be able to bridge the pricing advantage and provide convenient and comfortable shopping environment as offered by these outlets.



Source: Norsida et al. (2008)
Figure 1: Consumers' Purchase of Fresh Food Products at Various Retail Outlets (%)

The gradual shifting of shopping venues from shop lots to supermarkets and hypermarkets by customers warrants new concerns among small or conventional retailers, especially in the urban areas. Losing customers means losing business and the survival of conventional retailers is at stake. In view of these developments and numerous complaints received from small retailers, as well as to provide some level of protection for the small retailers, the government has recently introduced new guidelines on the opening of new hypermarkets in an attempt to slow down their rapid growth. In 2009 and 2010, the government had capped the number of foreign hypermarket licenses at 107, but only 78 were in operation. However, the cap was lifted in 2011 when the government once again issued new licenses to foreign players (Ministry of Domestic Trade, Cooperatives and Consumerism, 2011). Therefore, the objective of this research is to present the development of both supermarkets and hypermarkets and their perceived competitive impact on FFV wholesalers and retailers in Malaysia.

LITERATURE REVIEW

Like many countries in this region, Malaysia's food retail environment has also undergone rapid changes since mid-1990s. Reardon , Timmer and Berdegue (2004) and Reardon et al. (2005) conceptualised that the diffusion of supermarkets in emerging markets was influenced by the demand for supermarket services by consumers and supply of supermarket services through investment by supermarket entrepreneurs. Demand forces include urbanisation, food prices, and increase in per capita income of consumers. Supply factors include Foreign Direct Investment (FDI) incentives, saturation, intense competition in home markets, and higher profits by investing in developing markets. These factors are parallel to the Malaysian environment, especially with regards to per capita income and FDI policy adopted by the government.

Studies on the impact of large retailers to local markets were pioneered by Stone in 1997. He studied the impact of Wal-Mart stores on rural communities in Iowa. He found that there was resistance from the local merchants who feared the competition. Stone (1998) undertook a study on the effects of Wal-Mart on business in host towns in Iowa and found strong evidence on the effects of Wal-Mart on competing businesses. However, he also discovered that the per capita sale in towns with Wal-Mart had increased dramatically. David and Lundsten (2000) surveyed consumers in the Minneapolis-St. Paul metropolitan area to elicit reasons for their shopping in discount stores. Low prices, large variety, and unique items they could not find elsewhere were among the reasons. Reardon and Julio (2002) iterated that the procurement practices of supermarkets and large processors that emphasised on quality and safety standards, packing and packaging, cost, volumes, consistency, and payment practices have a big impact on, and are significant challenges for farmers and supply chains in Latin America. Suryadarma, Poesoro, Budiyati, Akhmadi and Rosfadhila (2007) measured the impact of supermarkets on traditional markets in Indonesia using econometric and qualitative analysis. The supermarkets had significant impact on the number of employees in traditional markets. Kaliappan, Alavi, Abdullah, and Zakaullah (2008) who studied the impact of foreign hypermarkets on local retailers in the Klang Valley, Malaysia, revealed that some businesses, especially complementary type of retail business had benefited while grocery stores were negatively affected by foreign hypermarkets. Uusitalo (2004) explored the competitive reactions of local, highly concentrated grocery markets towards the entrance of a foreign grocery retailer. The study used secondary data and information from newspaper, trade journals, internet sources, and official documents obtained on pre-entry actions of competitors and their operations during the first year of trading by the entrant. The study found that the most visible competitive consequences of the foreign grocery into Finland were the changes in the marketing mix variables, especially prices and product range.

METHODOLOGY

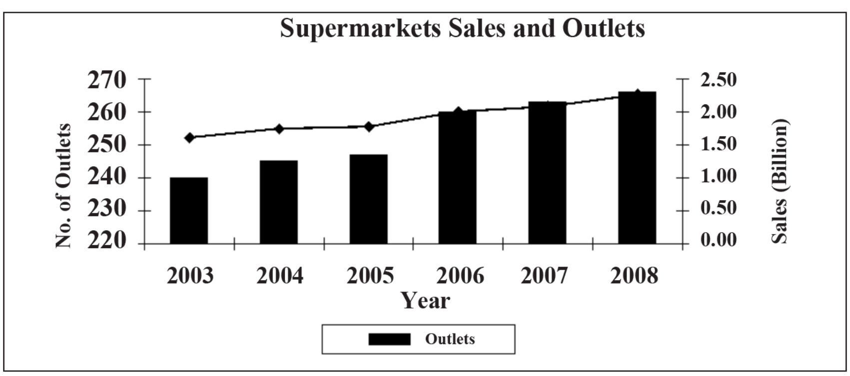
To achieve insights on the development of supermarkets and hypermarkets, secondary data mostly obtained from Euromonitor International were used and presented in terms of charts to show growth and trends of the development. The impact of the supermarkets and hypermarkets perceived by FFV wholesalers and retailers was elucidated from surveys via personal interviews. Field surveys in six states in Peninsular Malaysia were carried out to gather all required information. Two layers of supply chain players were surveyed using different sets of standard questionnaires. A total of 117 wholesalers and 134 retailers were interviewed. Retail outlets involved in the interview were stalls in the wet markets, convenience stores, night markets and farmers' markets, and roadside stalls.

Data gathered from the survey were analysed by various descriptive analyses to describe the respondents' characteristics and their perceptions towards the development of supermarkets and hypermarkets. Results of the analyses are presented in terms of frequency and percentage. Chi-square tests were carried out to test the relationships between competitiveness impact and the retailers' and wholesalers' perceptions toward the changes brought about by the supermarkets and hypermarkets.

RESULTS

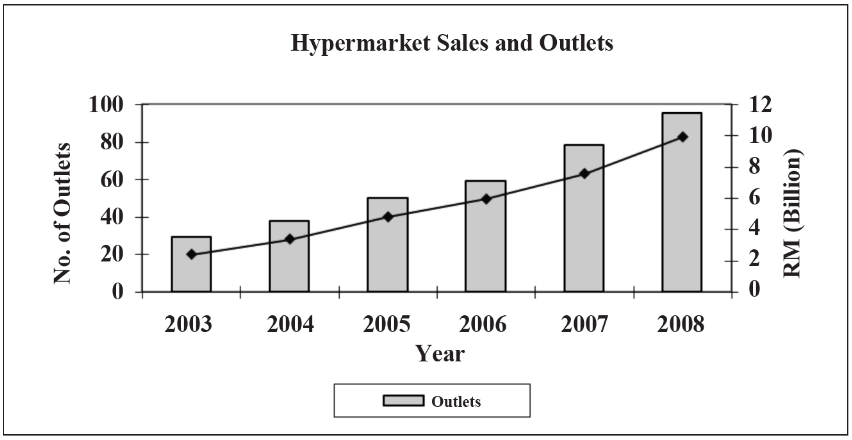
Development of Supermarkets and Hypermarkets

The rapid development in terms of number of outlets and sales in supermarkets and hypermarkets in Malaysia is shown in Figure 2 and Figure 3. The average growths in terms of number of outlets and sales for supermarkets from 2003 to 2008 are 2.1 percent and 7.1 percent, respectively. However, higher growths are seen among the hypermarkets. The average growths are 26.8 percent and 32.8 percent for number of outlets and sales, respectively, within the same period. The emergence of super retailers is perceived to have affected small retailers especially in big cities.



Source: Euromonitor International (2010)

Figure 2: Supermarket Sales and Number of Outlets (2003-2008)

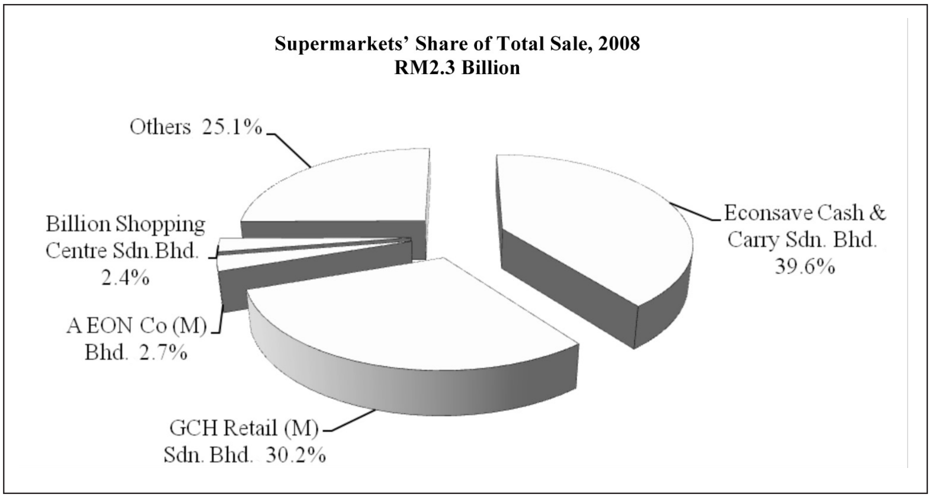


Source: Euromonitor International (2010)

Figure 3: Hypermarket Sales and Number of Outlets (2003-2008)

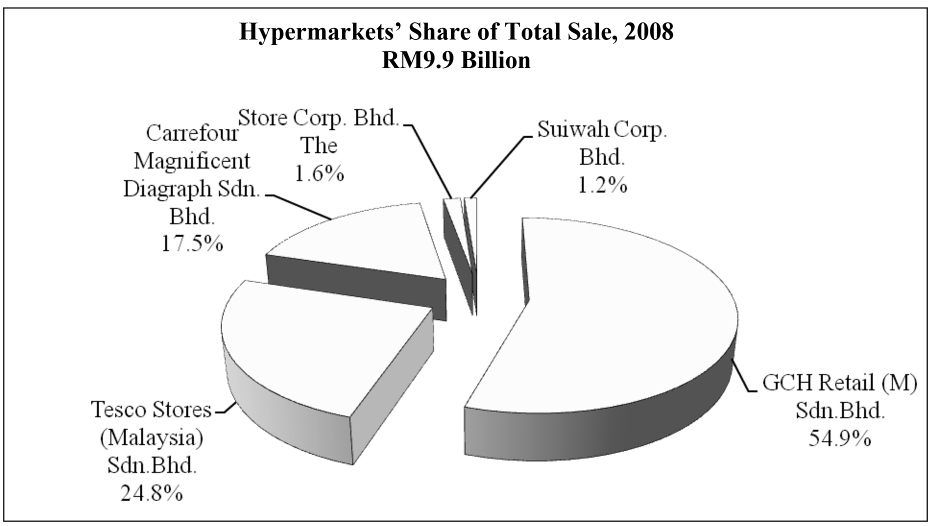
The importance of the retail sector to the Malaysian economy is considerable with sales value of RM88.1b in 2008. Out of this RM23.3b come from grocery retailers. As shown in Figure 4, Econsave Cash and Carry, holds 39 percent market share and CGH Retail (Cold Storage and Giant Supermarket) holds 30 percent market share. They are the two market leaders in supermarkets category. The total sales from supermarkets in 2008 were RM2.3b. It is interesting to note that Econsave is expanding towards hypermarket but targeting on mass market with low pricing strategy. In contrast, Cold Storage maintains its market niche, targeting on high-end consumers.

The three main hyper retailers are CGH (Giant Hypermarket), Tesco, and Carrefour. Their market shares are 55 percent, 25 percent, and 17.5 percent, respectively. These hyper retailers are mainly foreign owned. While 70 percent of Carrefour's share is owned by Carrefour SA and 30 percent by Antah Perkasa, Giant hypermarket is totally owned by Hong Kong-based Dairy Farm International Holding Ltd. Tesco is a 70:30 joint venture between Tesco Plc. of the UK and the Sime Darby of Malaysia. The total sales value from hypermarkets category in 2008 was RM9.9 billion (Figure 5). The rapid development of supermarkets and hypermarkets in Malaysia has brought new dimensions to the agri-food supply chain management. These include more efficient logistics and better centralised collection and distribution centres, together with the emphasis on better quality products. The positive side resulting from this phenomenon is that consumers are supplied with good quality and graded products. In turn, farmers or producers are educated to be market-oriented in producing their products and hence, market information becomes imperative to them. Conventional retailers need to react accordingly in response to the changes in the supply chain and consumer preferences if they want to sustain their business in time to come.



Source: Euromonitor International (2010)

Figure 4: Supermarket Market Share, 2008



Source: Euromonitor International (2010)

Figure 5: Hypermarket Market Share, 2008

Wholesalers' and Retailers' Profile

The wholesalers' profile is shown in Table 1. Family or sole proprietorship represents the majority or almost 65 percent of respondents' business types and this was followed by the private limited company, 21 percent. Business locations where the survey was carried out were generally located near production areas, especially the Cameron Highlands. This is rational as these wholesalers, at the same time, act as collectors/assemblers and transporters. It was noted that Cameron Highlands is in Pahang, but categorised separately to indicate it is an important vegetable production area. The Pahang category comprises Jerantut and Raub. The majority of the wholesalers have been in business for not more than 20 years but they are considered well-knowledgeable in their business. As shown in Table 2, approximately 36 percent concentrated on wholesaling but the other 64 percent rendered other services besides wholesaling. The most common service provided is transportation service. This has been widely practiced by the wholesalers in Cameron Highlands. From the 22 wholesalers in the Cameron Highlands who were surveyed, 20 provided transport services. Other services, including packing, storing, and exporting are also provided by some wholesalers on a small scale.

Table 1: Profile of Wholesalers

Variables	Frequency (N=117)	%
Type of Business Ownership		
Family/Sole Proprietorship	76	64.96
Partnership	8	6.84
Limited Company	7	5.98
Private Ltd. Company	25	21.37
Others	1	0.85
Business Location		
Cameron Highlands	22	18.80
Johor	21	17.95
Kedah	11	9.40
Kelantan	14	11.97
Pahang	11	9.40
Perak	13	11.11
Selangor	21	17.95
Terengganu	4	3.42
Years of Experience in Business		
<10	43	36.75
0 -20	45	38.46
21-30	17	14.53
31-40	10	8.55
>41	2	1.71

Table 2: Distribution of Wholesalers by Types of Core Business

Core Business	Frequency	%
Wholesaling	42	35.90
Wholesaling and Transportation	33	28.21
Wholesaling, Transportation, and Packaging	3	2.56
Wholesaling, Transportation, Cold Storage Services, Packaging, Import, and Export	2	1.71
Wholesaling, Transportation, and Import	5	4.27
Wholesaling, Transportation, and Cold Storage Services	2	1.71
Wholesaling and Packaging	2	1.71
Wholesaling, Transportation, Packaging, and Export	2	1.71
Wholesaling and Import	3	2.56
Wholesaling, Transportation, and Export	4	3.42
Wholesaling, Cold Storage Services, Packaging, and Import	2	1.71
Wholesaling, Transportation, Cold Storage Services, and Import	2	1.71
Wholesaling, Transportation, Cold Storage Services, Import, and Export	2	1.71
Other combinations	13	11.11
Total	**117**	**100**

The retail outlets studied include wet markets, convenience stores, night markets/farmers' markets, and fruit stalls. Table 3 shows that wet markets and night markets represent 46 percent and 19 percent of the retail outlets, respectively. The respondents from the wet markets are fruit and vegetable sellers who operate in the respective markets. Fruit stalls, including roadside fruit stalls, comprise 31 percent of the total retail outlets. The distribution of FFV retailers by state shows that Johor is represented by almost 28 percent, followed by Selangor and Pahang with 21 percent and 20 percent, respectively. Nearly 48 percent of the retail outlets have been in business for more than 20 years and another 52 percent for 20 years or less.

Table 3: Profile of Retail Outlets

	Frequency	Percent
Types of Retail Outlets		
Stalls in Wet Market	61	45.52
Convenience Store	6	4.48
Night Market	26	19.40
Fruit Stall	41	30.60
Total	134	100.00
Locations (State)		
Kedah	14	10.45
Pahang	27	20.15
Kelantan	12	8.96

Table 3 (Continued)

	Frequency	Percent
Terengganu	2	1.49
Perak	9	6.72
Selangor	28	20.90
Johor	37	27.61
Federal Territory	5	3.73
Total	134	100.00
Years in business		
1-10 years	45	33.58
11-20 years	37	27.61
21-30 years	19	14.18
31-40 years	18	13.43
41-50 years	15	11.19
Total	134	100.00

Impact of the Supermarkets and Hypermarkets

To elicit the impact of supermarkets and hypermarkets on their business, FFV wholesalers and retailers were asked to state opinions through a standard set of questionnaires. The impact parameters used were the perceived level of competitiveness imposed by the supermarkets and hypermarkets, changes they influenced, and FFV price changes due to their existence.

Wholesalers' Perspective

The wholesalers were also asked about the impact of hypermarkets on their businesses to see if there was any market adjustment. Table 4 shows that most of the wholesalers indicated that the existence of supermarkets and hypermarkets in the Malaysian fresh produce industry, in general, did not have much impact on the prices of fruits and vegetables, promotion or advertising undertaken, brands, and price competition. This was indicated by 67 percent to 84 percent of the wholesalers as shown in the "no change column". However, some of the wholesalers thought that there was some level of competition from the hypermarkets, especially with regard to the prices of vegetables as vegetables are well-known for their short shelf life. This was indicated by almost 26 percent of the wholesalers. In term of price competition, about 20 percent of the wholesalers indicated that there was competition from the hypermarkets. Since most wholesalers did not undertake branding and promotion in their business strategy, the impact from these two factors is insignificant.

Table 4: Impact of Hypermarket Growth on Market Competition Perceived by Wholesalers (%)

Items	Very competitive	Competitive	No Change	Less competitive	Least competitive
Prices of vegetables	11.97	13.68	67.52	5.98	0.85
Prices of fruits	7.69	5.98	83.76	2.56	
Promotion/ Advertising	9.40	10.26	74.36	5.13	0.85
Brands	3.42	11.97	79.49	4.27	0.85
Price competition	11.11	10.26	71.79	5.98	0.85

Pertaining to the changes brought about from the emergence of hypermarkets in the fresh agricultural produce market in Malaysia, 84.6 percent of the wholesalers agreed that hypermarkets improved the logistics, particularly in their supply chain management. Almost 84 percent of the wholesalers agreed that hypermarkets had increased product variety in FFV markets. Other important changes perceived by the wholesalers were improvement in quality of fresh products, cheaper imported fresh products, cleaner shopping environment, and more product choice for consumers. Only 12 percent of the wholesalers thought that hypermarkets promoted fair pricing (Table 5).

Table 5: Perceived Changes Brought about by Hypermarkets in the FFV Market

Changes	Percentage
Improvement in quality	82.91
Increase in variety	83.76
Cheaper imported agricultural produce	82.91
Increase in contract farming practice	43.59
Shorter marketing chain	76.92
Efficient logistics	84.62
Prices are stabilised	13.68
Transparent pricing	10.26
Fair pricing	11.97
Reduction in price level	40.17
Systematic marketing	63.25
Cleaner shopping environment	79.49
Efficient use of technology	64.96
Consumers have more choices	79.49
Better packaging	48.72

Retailers' Perspective

The impact of the development of hypermarkets and supermarkets onto retailers were analysed in terms of the level of competition and challenges perceived by the retailers, mean scores of perceived changes/effects of the emergence of hypermarkets and supermarkets, and relationships between competition from the hypermarkets and supermarkets and perceived impact.

Prior to analysis, it was expected that hypermarkets would impose stiffer competition on retailers. Previous studies by Stone (1998) and Kaliapan et al. (2008) found that supermarkets and hypermarkets did have some level of competition on small retailers. Observations on the consumer purchasing trends showed an increasing number of consumers patronising hypermarkets that are influenced by several factors such as product variety and promotion. Table 6 shows the levels of competition imposed by hypermarkets and supermarkets as perceived by retailers. The majority of respondents (62 percent) indicated that they experienced some level of competition from supermarkets and hypermarkets, while the remaining 38 percent were unsure and did not experience any competition from the outlets .

Table 6: Distribution of Retailers by Level of Perceived Competition Imposed by Hypermarkets and Supermarkets

	Frequency	Percentage (%)
Very Competitive	41	30.6
Competitive	41	30.6
Unsure	15	11.2
Less Competitive	11	8.2
Uncompetitive	26	19.4
Total	**134**	**100.0**

The respondents were also asked to state their levels of agreement to 17 statements concerning various aspects of hypermarkets. The scores of the Likert scale which were 1 for "strongly agree", 5 for "strongly disagree" and 3 for "no opinion" and the mean scores and standard deviations are shown in Table 7. The mean scores for all of the statements are arranged in ascending order to rank their perceived importance. "Cleaner shopping environment", "efficient use of technology", "consumers have better choice", "efficient logistics", "improvement in quality", and "better packaging" were the most important benefits and changes brought about by supermarkets and hypermarkets. Cleaner shopping environment becomes a pull factor or an attraction for current customers. Technologies such as chilled storage and shelves for FFV provide convenience and quality of the produce displayed. Technology related to packing (consumer pack) preserves food quality. This provides convenience to customers to carry and store foods at home.

Table 7: Perception of Retailers towards the Emergence of Hypermarkets and Supermarkets

Item	N	Mean	Std. Deviation
Cleaner shopping environment	134	1.77	0.83
Efficient use of technology	134	1.84	0.83
Systematic marketing	134	1.92	0.80
Consumers have better choices	134	1.96	0.92
Efficient logistics	134	2.01	0.84
Improvement in quality	134	2.03	0.83
Better packaging	134	2.08	0.91
Increment in variety	134	2.16	0.87
Stable price	134	2.26	0.86
Shorter marketing chain	134	2.27	0.88
Cheaper imported agricultural produce	134	2.32	0.94
Fair pricing	134	2.34	0.87
Reduce in price level	134	2.34	0.87
Transparent pricing	134	2.35	0.92
Lesser business prospect for small retailers	134	2.37	0.87
Increment in contract farming practice	134	2.60	0.93
Merging of local supermarket to counter hypermarket	134	2.60	0.80

The relationships between perceived competition and changes brought about by hypermarkets and supermarkets were tested using chi-square statistics and the results are shown in Table 8. Two factors were found to be significantly related with competition. First, there was relationship between competition level and improvement in quality. This item was significant at 5 percent significance level. Second, there was relationship between competition level and systematic marketing and it was significant at 10 percent significance level. Retailers, in order to gain competitive edge, will improve the quality of FFV they offered and adopted a more systematic marketing such as effective and efficient supply chain management. FAMA, as an agricultural marketing agency, needs to play greater roles in providing marketing facilities and information to FFV producers and retailers. So far, FAMA has spearheaded the supply chain management in FFV through farmers' markets and "mega farmers' market", which is a permanent site for farmers' markets.

Other items such as cleaner shopping environment, technology used by supermarkets and hypermarkets, logistics, prices, and better packaging were found to be insignificant, indicating that there were no relationships between the items with competition from the supermarkets and hypermarkets. Improvement in quality of products and systematic marketing, cleaner shopping environment, and better choices that consumers have were expected to have relationships with the competition imposed by supermarkets and hypermarkets. Cleaner shopping environment was postulated to be significant as this factor was theoretically correct to attract customers to shop. The retailers might have failed to see this as an important factor. Consumers would have better or more choices in supermarkets and hypermarkets and this factor was expected to have relationship with competition as they offered both food and non-food products. Hence, it is more convenient for customers to shop in "one-stop centres" where they can buy foods and baby diapers at one place, for instance.

Table 8: Relationships between Competition from Hypermarkets and Supermarkets and Retailers' Perceptions towards the Changes Brought by Hypermarkets and Supermarkets

Item	Chi-square	
Cleaner shopping environment	11.257	Fail to reject Ho
Efficient use of technology	7.168	Fail to reject Ho
Consumers have better choices	15.409	Fail to reject Ho
Efficient logistics	12.480	Fail to reject Ho
Improvement in quality	29.196	Reject Ho*
Better packaging	12.974	Fail to reject Ho
Stable price	18.144	Fail to reject Ho
Shorter marketing chain	7.942	Fail to reject Ho
Fair pricing	7.723	Fail to reject Ho
Reduction in prices	18.172	Fail to reject Ho
Transparent pricing	8.841	Fail to reject Ho
Lesser business prospect for small retailers	19.641	Fail to reject Ho
Increment in contract farming practice	13.521	Fail to reject Ho
Systematic Marketing	20.734	Reject Ho**

* 5% significance level
** 10% significance level

Table 9 shows a cross tabulation of the retailers' location and the competitive level. A hypothesis of no relationship between the retailers' location and the competition from hypermarkets was rejected (chi-square value in Table 10). This means that there is a significant relationship between the retailers' location and competitive level. The implication is that the retailers in urban areas where they are located relatively close to hypermarkets and supermarkets are affected as compared to retailers in the rural areas. Retailers in the rural areas, which are distant from the supermarkets and hypermarkets, were not badly affected such as Jerantut, Pahang and Pasir Putih, Kelantan.

Table 9: Distribution of Retailers by Location and Competition from Hypermarkets and Supermarkets

Location		Competition from Hypermarkets and Supermarkets			Total
		Competitive	Not Sure	Least Competitive	
Alor Setar, Kedah	Count	4	2	1	7
	Expected Count	4.3	0.8	1.9	7.0
Sik, Kedah	Count	7	0	0	7
	Expected Count	4.3	0.8	1.9	7.0
Jerantut, Pahang	Count	4	2	8	14
	Expected Count	8.6	1.6	3.9	14.0
Cameron Highlands, Pahang	Count	5	1	4	10
	Expected Count	6.1	1.1	2.8	10.0
Raub, Pahang	Count	2	0	1	3
	Expected Count	1.8	0.3	.8	3.0
Pasir Putih, Kelantan	Count	2	0	3	5
	Expected Count	3.1	0.6	1.4	5.0
Kota Bharu, Kelantan	Count	2	1	4	7
	Expected Count	4.3	0.8	1.9	7.0
Besut, Terengganu	Count	0	1	1	2
	Expected Count	1.2	0.2	.6	2.0
Ipoh, Perak	Count	1	0	2	3
	Expected Count	1.8	0.3	.8	3.0
Chui Chak, Perak	Count	2	1	3	6
	Expected Count	3.7	0.7	1.7	6.0
Morib, Selangor	Count	7	2	1	10
	Expected Count	6.1	1.1	2.8	10.0
Ulu Yam, Selangor	Count	2	1	4	7
	Expected Count	4.3	0.8	1.9	7.0
Rawang, Selangor	Count	4	0	0	4
	Expected Count	2.4	0.4	1.1	4.0
Pasar Selayang, Kuala Lumpur	Count	0	2	0	2
	Expected Count	1.2	0.2	.6	2.0

Table 9 (Continued)

Location		Competition from Hypermarkets and Supermarkets			Total
		Competitive	Not Sure	Least Competitive	
Muar, Johor	Count	8	0	2	10
	Expected Count	6.1	1.1	2.8	10.0
Batu Pahat, Johor	Count	7	0	1	8
	Expected Count	4.9	0.9	2.2	8.0
Johor Bahru, Johor	Count	17	1	1	19
	Expected Count	11.6	2.1	5.2	19.0
Pasar Kajang, Selangor	Count	5	0	0	5
	Expected Count	3.1	0.6	1.4	5.0
TTDI, Kuala Lumpur	Count	3	1	1	5
	Expected Count	3.1	0.6	1.4	5.0
Total	Count	82	15	37	134
	Expected Count	82.0	15.0	37.0	134.0

Table 10: Chi-square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-square	68.251(a)	36	.001
Likelihood Ratio	69.291	36	.001
Linear-by-Linear Association	10.040	1	.002
N of Valid Cases	134		

(a) 51 cells (89.5percent) have expected count less than 5. The minimum expected count is .22.

CONCLUSIONS

The globalisation process and enhancement by the government's FDI policy have brought significant changes in the Malaysian market as well as economic growth. The distributive trade has not only gained considerable benefits but has evolved from traditional and conventional nature to modern and technology-literate as well as consumer-driven. The consumers have been positively impacted by getting better prices and quality, more product variety, and choices. In contrast, the emergence of supermarkets and hypermarkets has created some level of competition on small and conventional FFV retailers. Retailers in the urban areas are more affected as more consumers are shifting their shopping venue from conventional retailers to supermarkets and hypermarkets for reasons mentioned in the findings of this study. This study also discovered that FFV retailers are affected more than FFV wholesalers by the existence of supermarkets and hypermarkets.

The growth of the retail sector in the country has undoubtedly been influenced by supermarkets and hypermarkets. The hypermarkets are mostly foreign-owned companies while small retailers are owned by the locals. This situation shall be capitalised synergistically to revolutionise the FFV retail sector, particularly to enhance the competitiveness of the small or conventional FFV retailers and wholesalers. Thus, consumers are supplied with good quality and safe fresh produce at reasonable prices. Nevertheless, traditional retailers need to keep pace with the consumers' changing trends in order to be competitive in the retail sector. They should be more exposed to and accessible to market information and use the information in their marketing or retailing strategy. They need to be more informative, improve communication and be technologically literate. These could enhance them towards market and consumer orientated retail operation. Information is readily available in most trade and marketing departments and agencies. They should acquire more retailing knowledge and skills by attending marketing and retailing courses provided by both public and private training providers. With assistance from the relevant government agencies, market information could enhance the marketing skills of traditional retailers and subsequently, the traditional retail sector should be rebranded to modern ones, like those in developed countries. By the same token, the relevant government agencies are to be more proactive in facilitating the process of modernisation of conventional FFV retailers and food retail sector.

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