Attitudes of Mini-Supermarket Shoppers in Hanoi, Vietnam: A Case Study in the Early Development of Modern Retailing

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〈Abstract〉

Vietnams urban middle class is strongly value oriented in its shopping behavior. They want fairly good quality and service, but they also factor price into their considerations. In terms of retail patronage, they demand convenience, good service, attractive display, and especially want extensive choice. Brands must be present in multiple types of outlet, or fragile brand loyalties can be broken. Mini supermarkets have become an important part of the retail scene in the past decade, and have successfully introduced the supermarket concept to Vietnam. Many consumers are integrating mini supermarkets into their regular shopping, and are willing to pay the higher prices to gain the benefits of such shopping. However, the mini supermarkets do not adequately meet some of the things they expect from supermarkets. Large supermarkets are just entering the market, and are likely to capture much of the current mini supermarket customer base.

I. Introduction

One convenient way to categorize retailing in Asia is based on looking at the relative weights of traditional vs. modern retailing. Kotler et al. (1999) distinguish traditional, transitional, sophisticated and mature retailing, with only Japan, Singapore, and Hong Kong qualifying for the latter two categories. The transitional category includes Taiwan, South Korea, Thailand, and Malaysia, where modern retailing is expanding rapidly. Most of the rest of Asia is considered to be in the traditional category. Of course, even in markets categorized as having traditional retailing, modern retailing may have made an appearance, and growth of the modern sector is characteristic of most traditional Asian economies now.

In countries transforming from communism to market socialism, the situation is

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slightly more complex, because private retailing was largely stamped out in the decades before economic reforms began. In China, for example, Wing (1996) characterizes reform as emphasizing competition but not privatization. The state, in partnership with foreigners, is supposed to lead the modernization of retailing. Nevertheless, in practice, loosening control under reform has fostered a proliferation of small, private retailers. Thus, the traditional retail sector of these small, private, family-owned stores has re-established itself very rapidly in China, even though it is not really traditional in the sense of having been around a long time (Guo, Macpherson & Ensor 1997; Goldman 2000). This pattern is also characteristic of several other transforming economies of Asia, notably, Vietnam (Venard 1996).

Still, the modern sector is making inroads. Supermarkets represent one of the most visible parts of this modern retail sector, and they are expanding rapidly throughout Asia, grabbing market share from traditional shops and wet markets (Global Supermarket, August 2002). Many observers have commented that growth of supermarkets seems to depend on several factors, including income levels (e.g., Lo, Lau & Lin 2001). One of the key factors in growth of modern retailing is usually expansion of the middle class. However, the reasons why middle class consumers shift to the modern retail sector are rarely examined in detail. Middle class consumers usually have characteristic shopping behaviors in particular, they become strongly value oriented, which means that they are concerned about quality price trade-offs, not simply price (e.g., Speece 1998b). They are willing to pay more to get better quality than the traditional retail sector can usually supply, because low price for poor quality is not considered good value. This is particularly true when quality is broadly defined, as most middle class consumers do, to include such things as more variety, less product risk, and better atmosphere.

Vietnam provides a good case study of views of the new middle class toward shopping in newly developing stores of the modern retail sector. Vietnams consumer market is small, but growing rapidly, and the two main cities are becoming strongly middle class. One estimate places average annual per capita incomes in HoChiMinh City at US$ 1365 in 2001, about three and a half times the national average (HKTDC 2001). Hanoi, though not quite as prosperous, is still very well off by the standards of the country overall, and follows retail trends of

HCMC fairly closely (Kreamer 2000). The rapidly growing middle class is mostly value oriented, with some quality orientation, but not strongly price oriented (Speece & Nair 2000). In terms of product choice, middle class Vietnamese consumers want better quality, and are willing to pay more to get good quality, within limits. In terms of store choice, they are beginning to shift their shopping to the modern retail sector, including the mini supermarkets.

Thus, Vietnam should serve as a good example to examine consumer attitudes toward the newly established modern retail sector in a traditional developing Asian retail environment. We first briefly review trends in growth of the modern retail sector in Asia, and demonstrate that Vietnam is characteristic of many other countries of the region. Then we summarize the evidence showing that middle class Vietnamese consumers are strongly value oriented. Price, while still an important factor, is not top importance. Middle class consumers look for better quality and service first, before factoring price in. This value orientation fosters the beginning shift toward the modern retail sector, represented by mini supermarkets. We discuss the realization of value orientation in retail shopping, examining shopping behavior at mini supermarkets in Hanoi in the late 1990s.

Many consumers are willing to pay the higher prices of the mini supermarkets because they perceive that the benefits they gain in shopping there are worth the higher price. This consumer sentiment, however, along with some details of dissatisfaction with mini supermarkets, suggests that in the long term, the modern sector will develop stronger differentiation, into both convenience stores and true supermarkets as found in more developed countries. In fact, retailing has evolved slightly beyond the situation illustrated by our data, and the beginnings of this differentiation beginning to become evident in HCMC only a few years after our data was collected. Nevertheless, the discussion is still quite relevant for most parts of the country, which are behind HCMC and Hanoi, and very relevant as a case study which can illustrate likely trends in other developing parts of Asia where modern retailing has yet to make much impact.

Ⅱ. Literature Review

1. Growth of the Modern Retail Sector

Expansion of the modern retail sector frequently begins with a smaller mini mart store format, because it is more feasible to start such stores with smaller capital investment, and because there is insufficient demand in the early stages to support larger stores. The more capital intensive supermarket follows, and the two store categories eventually differentiate into distinct types, both serving the growing middle class. In Taiwan, for example, which Kotler et al. (1999) categorize as having transitional retail structure, modern convenience stores began to gain strong market share in the early 1980s. By the early 1990s, supermarkets had also become strong, and the two store categories had differentiated into distinct types serving different shopping occasions (Trappey & Lai 1996). Both catered mainly to consumers who are middle class and up who "expect broader merchandise assortments, better-quality service and modern retail facilities..." (Trappey & Lai 1996, p. 33).

In Hong Kong, supermarkets quite consciously target various income segments. Most local chains, for example, purse strong value strategies to tap the mass market, which is middle class in Hong Kong. Some Japanese supermarkets also target the middle class, others target the high-end quality segments. Many supermarkets, both local and Japanese, have used Hong Kong as a springboard to expand into southern China as the middle class grows (Kawahara & Speece 1994). In China, supermarkets have mainly attracted middle class consumers (Goldman & Qin 1998). However, many of these middle class consumers patronize smaller modern stores, and usually buy only small amounts (Samuel, Li & McDonald 1996).

Lo, Lau and Lin (2001) show that most supermarkets initially established in China in the 1980s either failed or saw only sluggish growth. There were too few consumers willing to pay the generally higher prices, especially since some supermarket products, such as those requiring refrigeration, were often poor quality (in this case, because of frequent electricity outages). The sector began to grow rapidly only in the 1990s, when stronger consumer demand developed, infrastructure had become better, and management learned more about how to operate the format. By the early 1990s, retailers in China were getting better training, offering more retail services, doing better merchandising, and the differentiation between convenience stores and supermarkets has begun. Larger stores often began to compete on assortment and price, using their economies of scale, while smaller ones competed on convenience (Mueller, Wenthe, and Baron 1993). By 2002, expansion of the whole modern retail sector, including supermarkets, is huge (AWSJ Nov 7, 2002).

In Bangkok, the two store categories are well differentiated and both types are strong. Modern convenience stores began expanding rapidly in the late 1980s, once incomes of the middle class had reached sufficient levels. Supermarkets have also become common, and by the mid 1990s, about one-third of Bangkoks population shopped in them regularly (Feeny, Vongpatanasin & Soonsatham 1996). Current trends in Bangkok include strong growth of newer retail formats such as category killers and hypermarkets, as well as agglomerations (concentrations of stores) including huge shopping malls (Blois, Mandhachitara, & Smith 2001). Up country, where the middle class is not as well established, supermarkets are not quite as strong, but convenience stores are beginning to make an impact. Lower priced discount format supermarkets are beginning to give them some competition (Feeny, Vongpatanasin & Soonsatham 1996), because their customer base tends to be lower middle class and is much more extensive up country.

In less-developed Indonesia, the mini-market format is growing rapidly, but the supermarket category has been slower to take off. However, in either case, the main target markets are shifting from mainly affluent consumers to include the expanding middle class (Walker 1996). Indonesia, in the very early stages of growth of modern retailing, is just beginning to attract attention of foreign retailers (e.g., Kamath & Godin 2001).

Even though Vietnam is far behind any of the countries noted above in development of the modern retail sector, Vietnamese retailing is evolving rapidly to meet the demands of the new middle class, especially in the major cities. Early in the 1990s, about half of all retail purchases were from state owned and collective stores, and over 80 percent of purchases of household goods were made in traditional markets. By 1995, only about one-quarter of retail sales were from state / collective stores, and by the end of the 1990s, only half of household purchases were made in traditional markets. According to local market research, supermarkets (almost all mini supermarkets) accounted for nearly 20 percent of purchases of household products in major cities in 1999. Another fifteen percent of purchases were from family shops, and ten percent from specialty stores (Luc 1997; VET Nov 1999).

The modern mini market / supermarket provides a good example to illustrate how value oriented shoppers are shifting toward the modern retail sector. After the first one appeared in Vietnam in 1993, about 70 were quickly established in HCMC, and another 20 in Hanoi. About two-thirds of the original ones failed, but some others survived and have reaped the benefits of strong growth in the modern retail sector. Mini supermarket owners claim that they have a number of advantages over ordinary shops, including the ability to offer consumers better value through participation in promotions by major brands (VET Jan 1999). By 2000, one observer estimated that there were about 40 mini supermarkets in HCMC, and about 20 in Hanoi, which was about five years behind HCMC in retail development (Kreamer 2000). This source views the mini markets represent a middle stage in the transition from traditional retailing to true supermarkets. These mini supermarkets generally have floor space of 500 to 800 meters square (Canada AFTS 2000).

As late as 1995, observers could say that supermarkets as we know them do not yet exist in Vietnam (Macarthur Consulting 1995), but by 2000, a few true supermarkets had begun to appear with larger floor spaces of around 2000 square meters or more (Kreamer 2000; Canada AFTS 2000). HKTDC (2001) estimated that there were 18 supermarkets in HCMC by late 2001, but that they accounted for only about five percent of retail sales. According to this source, consumer demand is spurring supermarkets to offer a wider variety of merchandise. Supermarkets are able to cut prices somewhat due to volume buying, and they offer fixed prices without bargaining. Consumers view supermarkets as better guarantor of quality (not counterfeit) than traditional stores. However, supermarkets still need to learn shelf display and layout.

According to one mini supermarket owner, Hanoi consumers shop at the mini supermarkets for branded products. About 80 percent of products carried are foreign brands, though often manufactured in Vietnam by joint ventures. This supermarket competes on price against another supermarkets in the neighborhood, but its prices remain above those of the traditional retail sector. Consumers will pay the premium because they have more assurance than at street stands or traditional shops that products are genuine and within selling date. The supermarket makes heavy use of manufacturer promotions to attract customers. Sometimes it even implements its own promotions during special seasons, such as Tet (VBJ Feb 1998). Regarding false labeling and counterfeits, HKTDC (2000) regards the growth of the modern sector mini markets and supermarkets as aiding government efforts to control abuses.

The first mini-supermarket opened only in 1993. Substantial demand for such modern stores, however, had already developed, and this first one had to close because it had not set up its supply chain well enough to keep up with strong sales, despite its high prices (Venard 1996). This example demonstrates that urban, middle class Vietnamese consumers look for good stores when shopping for products, just as they look for good value in the products they buy. They certainly do not prefer to pay more, but just as certainly, they will pay more if it is necessary in order to get better quality, as we demonstrate in the next section. The better quality which middle class consumers want extends beyond only product to retail store issues such as convenience, accessibility, variety, good presentation and display, and store atmosphere.

2. Price, Quality, and Value Orientation

One way to segment markets is by the way consumers balance quality and price in their choices. People can look at quality / price trade-offs in one of three basic ways (Zeithaml 1988; Lichtenstein, Ridgway, & Netemeyer 1993). One segment is highly price oriented, mainly interested in low prices. Such consumers do not worry much about what kind of quality they get for those low prices. In identifying such consumers, we would look for those who say price is the only relevant issue in their product choice, or who at least rank price first, above any product attributes, in making choices. Focus exclusively on paying low prices is only one of seven different price / quality behaviors discussed in Lichtenstein, Ridgway, & Netemeyer (1993). Their other categories of behavior either focus on quality issues, or on some form of trade-off, between quality and price.

Much research shows that quality issues usually play a greater role in purchase decisions than price (e.g., Simonson & Tversky 1992; Carmon & Simonson 1998).

Quality oriented consumers, then, are a second segment. They want the best possible quality, and they are willing to pay to get top quality. In choosing products, these consumers consider product attributes completely, without factoring price into their decision, i.e., price would be near the bottom of the list of things they worry about. Lichtenstein, Ridgway, and Netemeyer (1993) discuss two behaviors which are very strongly quality oriented even to the extent that consumers sometimes prefer higher prices.

The value oriented segment makes more explicit tradeoffs, trying to balance quality against price. Value is the quality I get for the price I pay (Zeithaml 1988, p. 13). In making product choices, a buyer may set an acceptable quality level, then look for the best price within that level. Of course, consumers have some idea that, in general, higher quality costs more. They set their quality or price standards not at the very top (quality) or very cheapest (price), but between the extremes. Lichtenstein, Ridgway, and Netemeyer (1993) explicitly discuss this value segment, in which price plays a negative role, but is not the only or most important thing considered.

On the surface, it is sometimes difficult to distinguish value orientation from either pure quality or pure price orientations. When value consumers have a large budget, the weight of price seems to decline. People buy higher quality and more expensive products. With smaller budgets, price assumes a larger role. Nevertheless, value oriented consumers are still making the tradeoff, not simply choosing highest quality or lowest price. In addition, when consumers perceive several brands to be very similar, price may be the only criteria on which they can distinguish. They do not buy a lower priced brand among several equal brands because they are highly price conscious. They have found the brands to be of similar, acceptable quality, and do not want to pay more if they do not get more.

Many observers of retailing in Vietnam cite price as the most important marketing mix variable. Certainly, low price is critical if a brand is aimed at country-wide mass markets, because the middle class is not very extensive in the country as a whole. Also, the government often forces low prices even on many foreign consumer products through price controls, which aim at keeping products accessible to the mass market (Venard 1996). Nevertheless, low prices are not what attracts the growing urban middle class. Middle class Asian consumers tend to be strongly value oriented (Speece 1998b), balancing quality of product characteristics against price, and the urban middle class in Vietnam is no different.

Throughout developing Asia, growth of the value oriented middle class is critical for the modern retail sector to thrive, as these more affluent consumers look for the better value which modern retailing can offer. Certainly, foreign retailers become interested when middle class consumers begin to demand better retailing. The new retail formats which have been imported by foreign retailers have sought to meet the increasing consumer demand for service, value and extended product ranges, and a safe, clean, modern environment for shopping. (Alexander & Myers 1999, p. 97). Vietnam is no exception, and good retailing is becoming increasingly important to attract the middle class consumer. Value oriented consumers want convenience, accessibility, variety, and even good presentation and display. They are increasingly unwilling to buy brands which do not get retailing right.

3. Vietnams Value Oriented Urban Middle Class

Data from numerous surveys in Vietnam demonstrates this strong value orientation among the urban middle class in both HCMC and Hanoi (Speece 1998b; Speece & Nair 2000). For a wide range of products, on a variety of different measurement scales, consumers say that product characteristics are more important, but that price is factored in. Generally, for fast moving consumer goods (FMCG), people only evaluate a few characteristics, so that one or two product attributes come at the top of the list, followed by price in second or third position. For example, this pattern holds for instant coffee (Doan 1997), soft drinks (Bui 1996), film (Hoang 1996), and canteen meals (Speece, Shultz, & Nguyen 2000).

With higher involvement products, people evaluate products more carefully, so that the list of product attributes considered is slightly larger. Value oriented customers rank price farther down the list, but it is still factored in because people consider more attributes. For example, consumers think more carefully about lubricants for motorcycles than FMCG. (A good brand motorbike is an investment which can be sold after two years for about the same price as it cost originally; VET April 1996; VBJ Feb 1998). In a HCMC survey, price rated significantly below six other choice criteria for lubricants, but this product is important enough that people will think about it in more detail and include price in their evaluations (Hoang 1996).

Vietnams economic slowdown has not changed the basic value orientation, according to several small surveys in November 1998 in HoChiMinh City (Speece & Nair 2000). A self report on type of orientation showed strong value orientation in brand choice of orange juice. On ranking scales, price ranked third after two product attributes in choice of soy sauce and instant noodles brand (taste and smell for soy sauce, taste and nutrition for instant noodles were more important). On a checklist question in a survey about baby shampoo, about 60 percent checked price as one of several attributes they would consider. Equal numbers checked doctors advice and scent. Respondents could check as many attributes as they wished, but most checked only three, and no one checked more than four.

For products which are slightly higher involvement, consumers think somewhat more carefully about more product attributes, then factor in price. A survey on baby toilets showed that safety, design, attractiveness, color and convenience all ranked higher than price overall. Only about 35 percent of respondents included price among the top three most important attributes on this product. A survey on ready made clothes for office wear showed that women office workers rated price below several product attributes, but near the middle of the list of things that they consider. Style, size, and color were all more important. A separate question asked about several psychological concerns, and self confidence and looking younger were also considered to be of similar importance to price.

Another recent survey shows the strong value orientation when consumers buy LPG for home cooking (Nguyen 1999). The common characteristic across all these surveys is middle class willingness to pay more for better quality, but within limits. People worry about product issues first, but factor price into decisions. Price is not the most important thing to them, but neither do they disregard it. When buying low involvement FMCG, they do not think very deeply, and price is among the three or four things they might consider. When the product is more important, they think in a little more detail. Price is further down the list of what they consider important, but because they think about more attributes, it is still factored in.

Despite desire for better quality and good value, many consumers may not even choose the specific brand until they are in the store, relying upon the store to provide a choice of acceptable quality products. For example, about half decide, at least sometimes, on brand of LPG once they are actually in the store (Nguyen 1999). About three fourths decide, at least sometimes, on the brand of instant noodles after they are in the store (Speece 1998a). Even brands which are present, but less visible in the store, have little chance of being chosen, making the in-store merchandising a key element. For example, nearly one-fifth of respondents in the survey on film said that easier availability and better shelf display by another brand could get them to switch (Hoang 1996). In a survey of women office workers in HCMC, half of the respondents said that display and layout would usually have some impact on which clothing they purchased for office wear (Speece 1998a). These issues are important in our discussion, of course, because the modern retail sector is better able to provide the good in-store merchandising and display which consumers want and which brands need.

Ⅲ. Research Methods & Results

1. Store Choice Criteria at Modern Mini Supermarkets

Our survey on consumer attitudes toward mini supermarkets illustrates the trends in how middle class consumers view the modern retail sector, where they believe they can better satisfy their strong value or quality orientations. The survey was conducted in late 1996 and early 1997 in Hanoi (Luc 1997), still relatively early in the rapid development of the mini supermarkets. Convenience intercept sampling outside a number of Hanoi supermarkets ensured a sample of people who were at least familiar with them. A screening question eliminated consumers whose family did not own at least four out of a list of 14 consumer durables. Given extreme reluctance among Vietnamese respondents to give accurate information about income, this durables ownership level is a commonly used cutoff by marketing research firms operating in Vietnam to identify middle class respondents.

Total sample size was 176, spread fairly evenly across four age categories from 21 to 45 years, with about ten percent over 45 years old. Nearly half of the respondents had family size of four, and slightly over half were university educated. Mean number of durables owned was 7.75 (recall that those owning four or less were screened out). This profile fits Vietnams middle class well. Because of the location of the intercept (outside supermarkets), these respondents cannot be said to represent the views toward supermarkets of all consumers at the time, but they can certainly give a good indication of how middle class people who go to the supermarkets viewed shopping there.

Consumers who shop at the supermarkets are clearly value oriented. Similar to the choice criteria for products noted above, they choose store by looking first at the quality of products in the store <Table 1>. However, they also rate price high, which is consistent with the quality price trade-off behavior of strong value orientation. These consumers also want variety, which is rated at a level similar to price (i.e., the mean, while lower, is not significantly different at p=0.10). Parking (in this case, for motorcycles) is below these criteria, but more important than others. A set of store service and merchandising criteria are of mid-level importance, below these top four factors. Mid-level criteria include sales person service, shopping atmosphere, product display, return and adjustments policy, and cold storage.

〈Table 1〉 Importance Ratings of Various Store Choice Criteria

	mean	std dev	percent rating 5
quality of merchandise	4.74	0.58	80.1
price levels	4.42	0.89	63.6
variety of product lines	4.28	0.86	48.9
parking lot	4.03	1.08	43.2
services of sales person	3.77	1.19	35.2
shopping atmosphere	3.61	1.17	27.3
product display	3.56	1.15	22.7
return and adjustment policy	3.51	1.46	35.8
cold storage	3.37	1.21	19.9
store size	3.05	1.14	13.6
location	2.96	1.14	10.2
distance	2.92	1.23	10.2
check out	2.73	1.29	13.1
air conditioning	2.50	1.21	9.1

note: 1 to 5 scale; 1 = not important at all, 5 = very important;
most differences in mean of approximately 0.25 are significant (p = 0.05);
a space indicates that the mean is significantly different from the one above.

To compare choice criteria between different shopping frequencies, we defined sub-samples of respondents. Heavy users were those who said that they shopped at supermarkets at least once every week (50 respondents), while infrequent users had not visited supermarkets within the previous two weeks (other than the trip during which the interview took place; 44 respondents). Generally, the demographic profile of heavy shoppers was a little younger, with the majority falling into the 26 to 35 age categories. Nearly all heavy shoppers were women, and they were usually the main shoppers for the family. Reported family incomes were a little bit higher among heavy shoppers (to the extent that income figures can be trusted, as noted). The two sub-samples did not differ much on education, job, or family size.

There is little difference on most criteria between the heavy supermarket shoppers and the infrequent shoppers. Both groups consider most store choice criteria to be at similar levels of importance. However, while most respondents at any shopping frequency seem to be strongly value oriented, heavy shoppers reduce the weight of price in their considerations somewhat. They still trade off store factors and price, but price is significantly less important (at $p = 0.1$) to the heavy shoppers than to the infrequent shoppers (mean 4.04 vs. 4.50, respectively, where 5 = very important). Heavy shoppers are, then, even less likely than the average supermarket shopper to be put off by the generally higher prices of the supermarket. If they think the quality is worth it, they will pay.

Heavy shoppers also rate product display as more important (mean 3.84 vs. 3.32). Display remains at mid-level importance, but with considerably more weight than among infrequent shoppers. Heavy shoppers also value their comfort more, and rate air conditioning much higher than infrequent supermarket shoppers (mean 2.90 vs. 2.14). However, even though more important, air conditioning is still not very important compared to most other criteria.

2. Attitudes Toward the Mini Supermarkets

Generally, respondents believe that the supermarket concept revolves around self service and fixed prices, two things which strongly distinguish them from shops in the traditional retail sector. Nearly everyone said that stores should have the self service format to be properly called a supermarket, and most cited fixed prices <Table 2>. A majority also expects electronic scanners at checkout, which would be related to convenience. There was little difference between heavy and infrequent shoppers on these ideal perceptions. Shopping frequency does not seem to differ based on what people believe supermarkets should be, but rather on whether supermarkets fit the specific consumers needs.

〈Table 2〉 To Be Called "Supermarket", a Store Should Have

	overall	infrequent shoppers	heavy shoppers
self service	94.9	93.2	98.0
fixed prices	83.5	81.8	92.0
electronic scanner checkout	58.0	56.8	56.0
attractive & convenient shelf display	39.8	27.3	34.0
cold storage	34.1	29.5	36.0
air conditioning	27.3	11.4	28.0

note: checklist, reported numbers are percent who checked the attribute.

Overall perceptions of the supermarket phenomenon are quite positive. The supermarkets have developed a fairly high level of trust; people generally believe that products in them are the real brand, not counterfeit <Table 3>. Heavy shoppers are even more likely to trust the brands. Heavy shoppers are also more likely to believe that supermarkets provide good service, that supermarkets offer unique goods (imported brands), and that supermarkets are a good place to buy gifts. All respondents believe that supermarkets are in Vietnam to stay and are not just a passing fad, but heavy shoppers are even stronger in this view.

All respondents like the self service concept and fixed prices, even though they generally think that prices are higher than in other stores. Heavy shoppers, while similar in their regard for self service and fixed prices, do not believe prices are quite as high as do infrequent shoppers. Because heavy shoppers use supermarkets for everyday purchases, they may be comparing prices mainly with other supermarkets, not with traditional shops. At any rate, this is consistent with the observation above that the heavy shoppers are less concerned about price than the average supermarket shopper.

〈Table 3〉 General Perceptions about Supermarkets

	overall	infrequent shoppers	heavy shoppers
more trust that the brands are real	4.47	4.34	4.66*
self service is the biggest advantage	4.34	4.30	4.38
fixed price is a good way to retail	4.11	4.05	4.32
prices are higher than other retail outlets	3.97	4.32	3.64*
sales persons are knowledgeable & helpful	3.49	3.23	4.06*
very convenient for working people	3.41	3.21	3.52
many goods are unique	3.36	3.05	3.86*
most suitable place to buy gifts	2.93	2.84	3.24*
only for people who have a lot of time	2.58	2.57	2.53
prestige is main reason to go	1.96	2.18	2.00
they are only a short-term fad	1.49	1.73	1.37*

note: 1 to 5 scale; 1 = disagree strongly, 5 = agree strongly;
* = significant difference (p = 0.1) between heavy and infrequent shoppers.

On the other hand, people apparently think that supermarkets are doing a relatively good job only compared with traditional shops, not with ideal standards. For example, product choice at supermarkets does not rate up to what they want. The majority said that supermarkets need more product variety, and that they need to carry more common everyday items <Table 4>. This desire is very strong among heavy shoppers, who already do much of their routine shopping at the mini supermarkets. The majority thinks that the mini supermarkets are too small to call true supermarkets. The majority also thinks prices should be lower, though this is somewhat less likely to be a concern among heavy shoppers. But most critically, hardly anyone said that supermarkets are as good as they imagined they would be.

〈Table 4〉 General Perceptions about How Supermarkets Meet Expectati

	overall	infrequent shoppers	heavy shoppers
need more product variety	73.9	52.3	82.0
prices should not be so high	68.2	68.2	54.0
too small to call "supermarket"	66.5	68.2	60.0
need more common everyday items	64.2	56.8	72.0
should be more personal servic	34.1	27.3	34.0
as good as I imagined	7.4	4.5	8.0

note: checklist; numbers reported are percent who checked the element.

Supermarket performance is perceived to be fairly good on a number of the specific store choice attributes<Table 5>. On the top-most important criteria, people perceive that they do offer quality merchandise. They are rated as doing fairly well on some of the criteria which are mid-level in importance, such as product display, cold storage, and shopping atmosphere. They also do well on some attributes which customers do not care about very strongly, such as check out and air conditioning. However, the mini supermarkets scored fairly low on two of the most important attributes, price and variety of goods.

〈Table 5〉 Evaluation Ratings of Supermarket Performance

	mean	std dev	percent rating
quality of merchandise	4.36	0.83	55.7
product display	4.07	0.89	39.5
check out	3.99	0.90	33.0
cold storage	3.93	0.96	32.4
air conditioning	3.85	0.95	26.7
shopping atmosphere	3.77	0.96	25.6
parking lot	3.71	1.09	26.1
services of sales person	3.69	0.95	22.2
location	3.54	0.79	9.7
variety of product lines	3.51	0.93	14.2
store size	3.39	0.80	5.1
distance	3.14	0.85	8.0
price levels	2.39	1.03	6.3
return and adjustment policy	2.31	1.38	10.9

note: 1 to 5 scale; 1 = very bad, 5 = very good.

On most elements, heavy shoppers rated performance substantially better than did infrequent shoppers, i.e., one reason that they shop in the mini supermarkets more frequently is that they are happier with them. Only the parking and returns policy did not score differently than among infrequent users. Notably, price remained among the worse attributes of supermarket performance even among heavy users, even though heavy users did not think prices were as bad as infrequent shoppers. Nevertheless, heavy users continue to shop at supermarkets despite thinking that they are too expensive. They may not like to pay so much, but the alternative of paying less for lower quality products, less selection, worse service, or less pleasurable shopping experience is apparently not very attractive to them.

3. Overall Attitude Toward Mini Supermarkets

The literature sometimes measures the value concept by taking a ratio of quality / price importance (Grewal, Monroe & Krishnan, 1998 review some of this research). Here, we constructed a simple categorization of price, value, and quality orientation by dividing the importance rating of quality as a store choice factor (quality rated first overall) by the score on price importance. A ratio of 1 was considered value oriented, trading off quality and price relatively equally. A ratio of less than 1 indicated stronger weight toward price, i.e., price orientation. A ratio greater than 1 indicated stronger weight toward quality, or quality orientation. This simple categorization resulted in 57 percent of the sample categorized as value oriented, and about 30 percent as quality oriented. Thirteen percent were price oriented <Table 6>. These figures are quite consistent with several other ways of measuring price value quality orientation in Vietnam (Speece 1998b, Speece & Nair 2000).

〈Table 6〉 Overall Attitude toward Supermarkets

	frequency	percent	mean overall attitude	standard deviation
price ($q/p < 1$)	23	13.1	146.30	28.27
value ($q/p = 1$)	100	56.8	185.19	38.30
quality ($q/p > 1$)	53	30.1	177.62	42.65

note, overall attitude is Σ wi pi ; where
wi = the importance weight of store choice criteria i; and
pi = the performance rating of supermarkets on criteria i.

We also constructed a measure of overall attitudes toward the mini supermarkets by calculating the weighted sum

$\sum$wi pi ; where

wi = the importance weight of store choice criteria i (summarized in Table 1);

and
pi = the performance rating on criteria i (summarized in Table 5).

Looking at these weighted sum values across price value quality categories, it is clear that value and quality oriented people have more positive overall attitudes toward mini supermarkets than do the more price oriented people <Table 6>. Value people actually have the highest mean, but not significantly greater than quality people. This simply confirms the main point that the value oriented middle class provides the main clientele for this part of the modern retail sector.

4. Use of Mini Supermarkets

The generally favorable attitudes, especially among the value oriented people, has resulted in the beginnings of a shift toward regular purchase of daily needs at mini supermarkets for some consumers. The respondents were asked what categories of goods they had bought at supermarkets in the past two weeks. Overall, shoppers at supermarkets are most likely to buy general household products <Table 7>. About half of shoppers buy ready-to-eat or precooked foods, and personal care products. About one third buy confectionery and drinks, and cooking ingredients (the examples for this category included both minor ingredients and common things like rice, green vegetables). Far fewer buy things like footwear, clothing, or durables (such as rice cookers, not bigger things like washing machines).

〈Table 7〉 Commonly Purchased Products in Mini Supermarkets

	overall	infrequent shoppers	heavy shoppers
household amenities	82.6	80.5	86.0
ready-to-eat / precooked food	53.0	40.2	74.0
personal care products	48.5	40.2	62.0
confectionery and drinks	36.4	29.3	48.0
ingredients for cooking	34.1	18.3	60.0
footwear	25.8	23.2	30.0
clothing	18.2	17.1	20.0
consumer durables	16.7	15.9	18.0

note: checklist, reported numbers are percent who bought in the past two weeks.

However, there is a marked difference between the subset of consumers who are only occasional shoppers and those who are heavy shoppers. Infrequent shoppers are more likely to buy only one or two specific product categories in the supermarket. They seem to be using it as they might a traditional or modern specialty shop going there only for specific products. Heavy shoppers go there for a much broader range of products. Only shoes, clothing, and durables are less likely to be among the purchases of heavy users, probably at least partly because the mini supermarkets rarely have much selection at all for these products.

This is confirmed by reasons people cite for going into supermarkets. Most heavy shoppers say that they shop there to buy everyday necessities, but this is rarely cited as a reason among infrequent shoppers <Table 8>. Heavy shoppers also apparently like the atmosphere better than in traditional retail shops. Over half of them say they go to supermarkets because it is enjoyable and more relaxing to shop there. Again, few infrequent supermarket shoppers say this. Many shoppers go to find unique products, especially when they need to buy gifts, since supermarkets carry many imports. This is somewhat more frequent among heavy shoppers.

〈Table 8〉 Reasons to Go Into Supermarkets

	overall	infrequent shoppers	heavy shoppers
quick look at prices	65.3	65.9	62.0
buying everyday necessities	50.6	13.6	86.0
curiosity	48.9	75.0	14.0
seek something unique	46.0	34.1	48.0
enjoyable and relax	33.5	11.4	56.0
prestige image	5.7	0.0	8.0
fashionable	5.1	4.5	6.0

note: checklist, reported numbers are percent who checked the reason.

All shoppers drop in to check prices, but possibly for different reasons. Heavy shoppers buy most daily goods at supermarkets, but are likely to compare across supermarkets. Infrequent shoppers are probably comparing prices with traditional shops. Prestige and fashionability are apparently not good reasons for most of these consumers to shop at supermarkets, even though some mini supermarkets try to maintain a prestigious and fashionable image. The mini supermarkets will not have any trouble gaining trial as the industry grows; three-fourths of the infrequent shoppers said that curiosity was a key reason for shopping at the supermarkets. Of course, among heavy users, this is no longer an important reason.

Heavy shoppers have integrated supermarket shopping into their planned shopping activities, consistent with their use of supermarkets to buy a broader range of everyday items. The vast majority of heavy shoppers say that they usually plan trips <Table 9>. Infrequent shoppers, on the other hand, are much less likely to plan the trip. More likely, it is an impulse visit as they decide to go in when they happen to pass by, or sometimes they accompany friends who are going.

〈Table 9〉 Planned vs. Unplanned Supermarket Shopping

	Planned		Unplanned	
	mean	often always (1+2)	mean	often always (1+2)
plan before going	3.75	15.0	1.90	86.0
accompany friends	3.39	25.0	4.31	20.8
just happen to pass buy	2.64	45.2	3.45	18.4

note: scale is 1 to 5; 1 = always, 5 = never

The majority of respondents said that they were likely to go to supermarkets more often in the future under certain conditions. Most would go if there was more product variety, if prices were lower, and / or if there was one nearer to their home. About half also said they would go more often if they made higher incomes <Table 10>. All of these conditions are very likely to be met as the supermarket industry develops in Vietnam. As the industry expands, there will be more supermarkets scattered throughout the main cities. Some will be larger with more variety, and more ability to lower unit costs through larger volume. Certainly, Vietnams economy is developing so that consumer incomes will rise.

〈Table 10〉 Percent Who Would Go to Supermarkets More Often

	overall	infrequent shoppers	heavy shoppers
if there was more product variety	81.3	77.3	82.0
if prices were lower	75.6	70.5	66.0
if there was one nearer my house	56.8	56.8	68.0
if I had higher income	51.7	54.4	44.0

note: checklist, reported numbers are percent who checked the element.

Ⅳ. Conclusion

The mini supermarkets appear to have made strong headway in Vietnam. The high failure rate of initial start ups does not appear to come from lack of acceptance of the supermarket concept among urban middle class Vietnamese. Rather, the sector probably expanded too rapidly, outpacing the growth of the middle class so that sufficient demand had not yet developed for so many stores. Also, some initial mini supermarkets were not very well managed so that they may not have addressed consumer needs very well. Others could not get the logistics working right, as noted regarding the first one to open. But as long as middle class consumers accept them, they have a future in Vietnam. Our data indicates that many value oriented middle class consumers are quite happy with the supermarket concept, and very willing to shop in supermarkets, despite higher prices.

However, while liking the concept, consumers are not entirely happy with the implementation. They do think prices are too high. At present, many will pay the higher prices because some mini supermarkets meet their needs better than traditional shops. Other consumers, while accepting the concept, do not think mini supermarkets yet provide very good value. They do not yet perceive them as providing sufficient quality, variety, or other benefits to justify the higher prices. In other words, Vietnams value oriented middle class consumers are quite demanding in their store choice, and will not go to those mini supermarkets which cannot match the standards of their better managed competitors, or they will not go at all until the benefits more clearly exceed those available in the cheaper traditional stores.

Vietnams retail industry has not yet differentiated strongly between mini mart (convenience store) and true supermarket. As noted above, true large-scale supermarkets are just beginning to enter the market. Their size and volume will allow them to offer greater variety and operate at a lower per-unit cost, with the same type of branded products. The fact that mini supermarkets have not really satisfied consumers ideals about supermarkets means that the new, larger supermarkets will be able to attract many current mini supermarket shoppers. The few large ones which have opened are already putting strong pressure on mini supermarkets (VET Jan 1999).

All of this indicates that supermarkets will gain strongly in the future as Vietnam develops. However, mini supermarkets will probably have to rethink their strategies as true, larger scale supermarkets enter. Many current advantages will disappear, such as product variety and uniqueness, or guarantees that the brand is not counterfeit. Price is a key issue here. Prices are perceived to be much higher than among traditional shops, and most consumers reported that they think mini supermarket prices are too high. At present, many value oriented shoppers are willing to pay the higher prices if they have to. They like the quality and variety of goods, the assurance that the brands are not counterfeit, merchandising display, and the more pleasant shopping atmosphere. In addition, many of them probably find higher fixed prices preferable to haggling over price in traditional stores.

However, while willing to pay more if they have to, consumers will not have to pay so much to get the same advantages once larger supermarkets are established. Large supermarkets will be able to provide many of the same advantages as minis, and do some things better, especially on wider product choice. Larger volume will allow them to offer slightly lower prices. Consumers have been willing to pay a little more to shift to the modern retail sector, so large supermarkets do not need to match prices in traditional stores, they simply have to be a little lower than in mini supermarkets. Value oriented heavy shoppers will switch, and value oriented infrequent shoppers who think that mini supermarkets are a little too expensive to use regularly will start to use large supermarkets regularly.

Thus, mini supermarkets appear to have been quite successful at introducing the supermarket concept into Vietnam, as has been the case in other countries as the modern retail sector developed. However, consumers are beginning to demand true supermarket features. Trends are likely to be similar to those in other Asian countries, where mini-supermarkets entered first, followed by larger supermarkets, and then two separate store types differentiated. In Vietnam also, consumer attitudes are favorable for larger supermarkets to quickly capture much everyday shopping among the value oriented middle class once they become widespread.

Mini supermarkets must reposition themselves to remain competitive. Modern convenience stores are quite strong in other Asian countries, but they do not compete directly against large supermarkets. Vietnams mini supermarkets will probably have to evolve in the same way to remain competitive, and those which survive will probably become more like convenience stores. But they will remain an important part of the retail scene, and it will remain critical to gain placement in them and understand customer shopping in them.

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