Factors Affecting Customer Inclination to Shop from Supermarkets in Dhaka, Bangladesh

Israt Moriom Khan
Senior Lecturer,
Department of Business Administration,
Daffodil Institute of IT, Dhaka, Bangladesh

Abstract:

A self-service shop presenting an ample diversity of food items and household products is known as a supermarket. There are some influential reasons why people are interested in shopping from supermarkets in the capital, Dhaka city, Bangladesh. The objective of the study was to examine the factors that influence people to shop in supermarkets and the growing popularity of supermarkets in Dhaka city. Primary and secondary data both were used in this research paper. The conducting period of this research was March - August of 2021 surveying a questionnaire of 448 respondents at Dhaka city in Bangladesh. The SPSS version 20 was applied to attend to the outcome of collected data. The result of the research showed that all independent variables (reliability, comfort, technology, utility and promotion) had a positive relationship with dependent variable (inclination) and the most influential variable was utility (r = 0.707) and reliability (r =0.683). Supermarkets should enhance the level of services with the updated technology.

Keywords: Supermarket, factors, Inclination, Dhaka.

1. Introduction:

Supermarkets are not a new conception in Bangladesh. It is now a growing phenomenon in urban areas. A supermarket is a larger category of traditional grocery store. Its self-service shop offers a variety of food and household items. Daily necessities include fast moving consumer goods such as household items, groceries, stationeries, cosmetics, etc. These also include fresh meat, fruits, vegetables to frozen foods etc. "Agora", the first supermarket, was established in Bangladesh by Rahimafrooz (Bangladesh) Limited in 2001. But over the past decade the supermarket has attracted investors, developed positive perceptions among the public and created government attention. Now supermarkets are expanding dramatically in Bangladesh. At present, there are more than 50 supermarkets operating all over the country. The products that supermarkets sell are available in different departmental stores and kitchen markets but there are differences between supermarkets depending on the size of the outlets. It is much bigger in terms of size and product variety than traditional grocery stores. Consumers are becoming more aware of the benefits and their own lifestyle; in many cases they prefer to go to a supermarket for their everyday shopping rather than to small departmental stores around. The supermarkets are now operating their outlets in the major urban cities, especially capital city, Dhaka in Bangladesh with a very few outlets and creating employment as well as contributing significantly to the economy of the country. If they enlarge their functioning in the semi-urban and countryside areas of the country, they could have the prospect to generate more revenue.

2. Literature review:

A marketplace where a variety of products like groceries, electronic items, dry foods, household items and utensils, fish and meat, clothing and so on are being sold is known as a superstore or super shop or supermarket (Monthly Business

Review, 2017). The first ever superstore was established by Clarence Saunders in the name "Piggly Wiggly" in 1916(Monthly Business Review, 2017). Since then, the concept of supermarkets gradually expanded from developed countries to developing countries phase by phase (International Journal of Economics, Commerce and Management, United Kingdom Licensed under Creative Common Page 165).

The expansion of superstores in the developing countries happens in three waves, starting from the early 1990s (Bachmann, 2008). Countries such as Latin America, South Africa, and East Asia (except China) experienced the first wave of the expansion of superstores. In the second phase, the wave started from the mid-to-late 1990s and hit Mexico, Southeast Asia (except Vietnam), and Central America. Starting from the late 1990s to early 2000s, the third wave strikes countries like India, China, and Vietnam.

Almost 30 companies with more than 200 outlets have already entered into the industry and the annual sales growth is 15-20 per cent, the annual turnover of the supermarkets stands at around Taka 15.0 billion, according to Bangladesh Supermarket Owners Association (BSOA). Hassle-free shopping environment, hygienic commodities, fresh vegetables, meat and fish at the supermarkets are gaining appreciation from the buyers.

The popularity of modernized retail business is growing rapidly in the Bangladesh market. Even various studies and scholarly articles have noted that (Traill, 2006) in developing countries the number of modern retail stores are growing with GDP per capita, women employment, mass distribution and so on. The sector is also contributing to the improvement of people's lives through hygienic food items, quality products and recruitment of approximately ten thousand employees. (Sun, 2012)

The growth of supermarkets in developing countries has received a great attention in the development of economies over the past few years (Reardon et al. 2003). That literature indicates that (1) supermarkets are spreading rapidly in urban areas; (2) supermarket chains are modernizing their product purchasing systems, distinguishing them from the systems used by traditional retailers and wholesalers. In the late 90s and early 2000, a few supermarkets were established in Dhaka among them Agora, Meena Bazaar and Nandan are in a leading position.

In the beginning they can be called large departmental stores or mini supermarkets. However they also provide retail sales of fresh fruits, vegetables, meat and fishes. Such markets are located only in Dhanmondi and Gulshan areas in Dhaka. Generally, people in higher income are the customers of that (A M M Shawkat Ali, 2004). Now-a-days middle income people also become customers of the supermarkets. Now supermarkets are growing rapidly all over the country. Convenient shopping environment is one of the main reasons people show interest in shopping and going to supermarkets. Another reason is that all products are available in one place and it reduces searching time and labor of the customers.

The food retail industry is the seventh largest source of Foreign Direct Investment in Bangladesh. Other major sources of Foreign Direct Investment for Bangladesh are Telecommunication, Textiles and Apparel, Power, Banking, Gas and Petroleum, and Trading. In fact, FDI in the food retail sector was valued at $103.09 million net FDI in 2017 (Bangladesh Bank, 2017). Moreover, the food industry is making a significant contribution to the GDP of Bangladesh. In 2016 the food assiduity contributed $780.23 million to the GDP in Bangladesh (Bangladesh Bureau of Statistics, 2017). However, the food sector is a major attraction for FDI but the food retail industry faces several major challenges like there is a lack of experienced manpower to run the business (Hussain & Leishman, 2013; Kamruzzaman, Manos, Psychoudakis, & Martika, 2006).

3. Objectives of the study:

The study was running in Dhaka, the capital of Bangladesh, with the succeeding objectives:
   I. To examine the factors which influence customer inclination to shop from supermarkets in the context of Bangladesh.
   II. To explore the growing popularity of supermarket in Dhaka.

4. Methodology of the study:

Both primary and secondary information are scrutinized in this study. Due to the lack of adequate published studies about supermarkets, most of the studies have been based on preliminary data. A well-structured questionnaire was designed which contained some information about supermarkets, demographic profile of customers, and their experience regarding the factors of inclination of buying from supermarkets. Questionnaire link was sent to respondents using 'Google form' through email, whatsapp and facebook messenger. A total of 448 participants send complete information regarding this survey. SPSS version 20 has been used to examine and present the outcome of collected data.

The research conducting period of this study was from March - August 2021. Therefore, supported the enquiry discussed above, the researcher came to the hypothesis that:

     H1: Reliability has a positive relationship with inclination.

     H2: Comfort has a positive relationship with inclination.

     H3: Technology has a positive relationship with inclination.

     H4: Utility has a positive relationship with inclination.

     H5: Promotion has a positive relationship with inclination.

Here inclination is a dependent variable whereas reliability, comfort, technology, utility and promotion are independent variables.

5. Results and Discussions:

Table 1: Gender

Gender	Frequency	Percent
Male	224	50.0
Female	210	46.9
Prefer not to say	14	3.1
Total	**448**	**100.0**

The researcher has got only 448 respondents who are going to supermarkets for shopping among them 224 respondents are male which is 50.0%; 210 respondents are female which is 46.9% and 14 respondents do not want to reveal their gender which is 3.1%.

Table 2: Age

Age	Frequency	Percent
20-29	126	28.1
30-39	182	40.6
40-49	98	21.9
50-59	14	3.1
60 and above	28	6.3
Total	**448**	**100.0**

Table 2 showed that 40.6% respondents (182 respondents) are in the age range of 30-39 which indicates that most of the customers who are going to supermarkets for shopping are within the 30-39 age limit.

Table 3: Income

Level of Income	Frequency	Percent
Below Tk. 30000	140	31.3
Tk. 31000-40000	112	25.0
Tk. 41000-50000	28	6.3
Tk. 51000-60000	42	9.4
Tk. 61000-70000	28	6.3
Tk. 71000 and above	98	21.9
Total	**448**	**100.0**

From the above table it is found that the person whose monthly income is below tk. 30000 are mostly going to supermarkets which is 31.3% (140)

Table 4: Size of the Family

Family Members	Frequency	Percent
2-4 Members	336	75.0
5-7 Members	84	18.8
8-10 Members	28	6.3
Total	**448**	**100.0**

From table 4 it was observed that out of 448 respondents 336 (75.0%) respondents' family members are 2-4 members as most of the supermarkets are in urban areas and urban areas are full of nuclear families.

Table 5: Occupation

Occupation	Frequency	Percent
Service holder	224	50.0
Businessman	98	21.9
Homemaker	56	12.5
Student	56	12.5
Others	14	3.1
Total	**448**	**100.0**

From the above table it can be said that among the 448 respondents who are buying from the supermarkets 50.0% (224) are service holders.

Table 6: Frequency of Buying (In a Month)

Frequency of Buying (In a Month)	Frequency	Percent
2-4 Times	294	65.6
5-7 Times	126	28.1
8-10 Times	28	6.3
Total	448	100.0

From table 6 it is found that most of the consumers buy from supermarkets within a month 2-4 times which is 65.6% (294).

Table 7: Reliability Statistics

Cronbach's Alpha	N of Items
.862	6

There are one (1) dependent variable and five (5) independent variables on which a questionnaire was asked to 448 respondents. Cronbach's alpha is 0.862 (86.2%) which means it is acceptable.

Table 8: Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	Promotion, Technology, Reliability, Comfort, Utility[b]	.	Enter

a. Dependent Variable: Inclination
b. All requested variables entered.

Table 8 shows that there are six (6) variables in this study, among which five (5) are independent variables and one (1) is dependent variable. Here inclination is a dependent variable whereas reliability, comfort, technology, utility and promotion are five independent variables.

Table 9: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.830[a]	.688	.685	.31901

a. Predictors: (Constant), Promotion, Technology, Reliability, Comfort, Utility

From table 9, R shows that the variables are 83.0% predicting the inclination. The R square explains that there is 68.8% (0.688) variance in the dependent variable that is brought by the independent variables which means inclination can be explained 68.8% by the independent variable (reliability, comfort, utility, technology and promotion).

Table 10: ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	99.284	5	19.857	195.116	.000[b]
	Residual	44.982	442	.102		
	Total	144.266	447			

a. Dependent Variable: Inclination
b. Predictors: (Constant), Promotion, Technology, Reliability, Comfort, Utility

From table 10 it indicates that the regression model predicts the variable considerably well. It indicates the applied math significance of the regression model that was run. Here, $p < 0.0005$, which is a smaller quantity than 0.05, and it indicates that, overall, the regression model statistically considerably predicts the end result variable which suggests it is an honest acceptable information.

Table 11: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.001	.185		.006	.995
	Reliability	.453	.040	.396	11.473	.000
	Comfort	.002	.047	.002	.043	.965
	Technology	.098	.049	.083	2.008	.045
	Utility	.307	.033	.388	9.346	.000
	Promotion	.180	.042	.164	4.242	.000

a. Dependent Variable: Inclination

From Table 11 above, the largest standard coefficient beta sig.000 with 0.396, which contributes to the reliability, follows the utility, which has a beta coefficient of 0.388 with sig.000. Promotion has a beta value of 0.164 with sig .000 whereas technology has a beta value is .083 with sig .045. Comfort has a beta value of 0.002 with sig 0.965. This indicates that reliability is the most influencing factor in explaining the dependent variables of inclination.

Table 12: Correlations (N=448)

		Reliability	Comfort	Technology	Utility	Promotion	Inclination
Reliability	Pearson Correlation	1	.526**	.382**	.433**	.527**	.683**
	Sig. (2-tailed)		.000	.000	.000	.000	.000
	N	448	448	448	448	448	448
Comfort	Pearson Correlation	.526**	1	.631**	.452**	.386**	.501**
	Sig. (2-tailed)	.000		.000	.000	.000	.000
	N	448	448	448	448	448	448
Technology	Pearson Correlation	.382**	.631**	1	.589**	.198**	.496**
	Sig. (2-tailed)	.000	.000		.000	.000	.000
	N	448	448	448	448	448	448
Utility	Pearson Correlation	.433**	.452**	.589**	1	.596**	.707**
	Sig. (2-tailed)	.000	.000	.000		.000	.000
	N	448	448	448	448	448	448
Promotion	Pearson Correlation	.527**	.386**	.198**	.596**	1	.621**
	Sig. (2-tailed)	.000	.000	.000	.000		.000
	N	448	448	448	448	448	448
Inclination	Pearson Correlation	.683**	.501**	.496**	.707**	.621**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	448	448	448	448	448	448

**. Correlation is significant at the 0.01 level (2-tailed).

Based on the correlation output, the researchers found a positive relationship between reliability and inclination ($r = 0.683$**, $p<0.01$). So, H1 is supported. Meanwhile, the relationship between comfort and inclination shows a positive correlation ($r = 0.501$**, $p<0.01$). Thus, H2 is supported. There is a positive relationship between technology and inclination with a positive correlation ($r = 0.496$**, $p<0.01$). So, H3 is supported. There is a large strong relationship between utility and inclination with a positive correlation ($r= 0.707$**, $p<0.01$). Thus, H4 is supported. There is a positive relationship between promotion and inclination with a positive correlation ($r = 0.621$**, $p<0.01$). H5 is supported. From table 12 above, the results of our interrelationship analysis show that there is a significant positive relationship with inclination of reliability, comfort, technology, utility and promotion.

6. Conclusions:

Along with the socio-economic changes, the retailing industry is moving towards change and the supermarket sector in Bangladesh has prospered since 2000. From that time, this sector has made a remarkable endowment to the economic development of Bangladesh. Different dimensions of the supermarkets such as availability of all the necessary items in a single place, convenient shopping environment, etc. are stimulating the consumers to move to the supermarket for shopping. Basically, the major buyers of the supermarket are highly educated, so the supermarket takes initiatives for attracting less educated people to go there. Most of the supermarkets in Bangladesh are located in city areas and the customers have to pay high costs, waste time in the payment queue, and even be tempted to buy unnecessary stuff while shopping from the supermarket. If the supermarket authorities take initiatives with proper store management, arrange as much as possible check out points, turn on self-checkout and payment counter to expedite payment, maintain adequate space for customers to move around, ensure adequate ventilation, proper guideline to find the desired products without delay, effective and efficient employees, talk to the government for repeal of additional tax then all the problems will be solved and this sector can make more contribution to the development of the country. The policymakers also need to formulate a proper framework for not only urban people but also for the rural and countryside people who are not getting the advantages of the supermarket and can reduce the discrimination of quality of lives, initiate energy usage policy to reduce the use of national asset and hence can move towards achieving sustainable development goals.

References:

1. Agora fined for selling formalin contaminated mangoes. (2014, July 1). *The daily Sun*.http://www.daily-sun.com/old_versionAgora-fined-for-selling-formalin-contaminated-mangoes. Dhaka, Bangladesh

2. Alam, J. (2021). Customers' problems in buying from supermarkets in Bangladesh. *CBR - Consumer Behavior Review*, 5(2), 215.https://doi.org/10.51359/2526-7884.2021.248812

3. Bachmann, D. (2008, December 26). Supermarkets on the rise. *The Daily Star. Retrieved from https://www.thedailystar.net/news-detail-68728*.

4. Bangladesh Bureau of Statistics. (2012 / 2017). *Statistical yearbook of Bangladesh*. Statistics & Information Division (SID), Ministry of planning.

5. Chain shops to turn into major sector in a decade. Dhaka, Bangladesh. (2012, January 25). *The Daily Sun*, p. 15.

6. *Foreign Direct Investment (FDI) in Bangladesh (online)*. (2017). https://www.bb.org.bd/

7. *Hussain, S., & Leishman, D. (2013). The food retail sector in Bangladesh. New Delhi, India: USDA Foreign Agricultural Service: Global Agricultural Information Network.*

8. Kashem, M. A. (2012). The Bangladeshi Consumer Behavior and Attitude Toward Superstores. *European Journal of Business and Management*, 4(8), 85-94.

9. *Linear regression analysis in SPSS statistics - Procedure, assumptions and reporting the output*. (n.d.). SPSS Statistics Tutorials and Statistical Guides | Laerd Statistics. https://statistics.laerd.com/spss-tutorials/linear-regression-using-spss-statistics.php

10. M Shawkat Ali, A. M. (2004). Will Supermarkets in Bangladesh be Super for Small Farmers? *The Daily Star*, p. 4(322).

11. Monthly Business Review. (2017). Supermarkets: new trend in urban shopping - reshaping modern retail trade, 13 (10), 1-40

12. Pugazhenthi, P. (2010). *Factors Influencing Customer Loyalty and Choice of Retailer While Buying Fast Moving Consumer Goods* [Master's thesis].

13. Reardon, T., Timmer, C. P., Barrett, C. B., & Berdegué, J. (2003). The rise of supermarkets in Africa, Asia, and Latin America. *American Journal of Agricultural Economics*, 85(5), 1140-1146. https://doi.org/10.1111/j.0092-5853.2003.00520.x

14. Salim, Z. R., & Ahmad, J. (2018). Analysis On Contemporary Super Store Business Scenario Of Bangladesh. *International Journal of Business and Management Invention*, 7(7), 72-80.

15. Shamsher, R. (2014). Growth of super stores in Bangladesh: A theoretical framework. *International Journal of Agriculture and Rural Economic Research*, 2(5), 5-13.

16. Sohel Rana, S. M. (2014). CUSTOMER SATISFACTION OF RETAIL CHAIN STORES: EVIDENCE FROM BANGLADESH. *Journal of Asian Scientific Research*, 4(10), 574-584.

17. The Annual Report. (2011). Bangladesh Supermarket Owners Association (BSOA).

18. Traill, W. B. (2006). The Rapid Rise of Supermarkets. Development Policy Review , 163-174.

Appendix

1. **Gender**
   - ☐ Male
   - ☐ Female
   - ☐ Prefer not to say

2. **Age**
   - ☐ 20-29
   - ☐ 30-39
   - ☐ 40-49
   - ☐ 50-59
   - ☐ 60 and above

3. **Income**
   - ☐ Below Tk. 30000
   - ☐ Tk. 31000-40000
   - ☐ Tk. 41000-50000
   - ☐ Tk. 51000-60000
   - ☐ Tk. 61000-70000
   - ☐ Tk. 71000 and above

4. **Size of the Family**
   - ☐ 2-4 members
   - ☐ 5-7 members
   - ☐ 8-10 members

5. **Occupation**
   - ☐ Service holder
   - ☐ Businessman
   - ☐ Homemaker
   - ☐ Student
   - ☐ Others

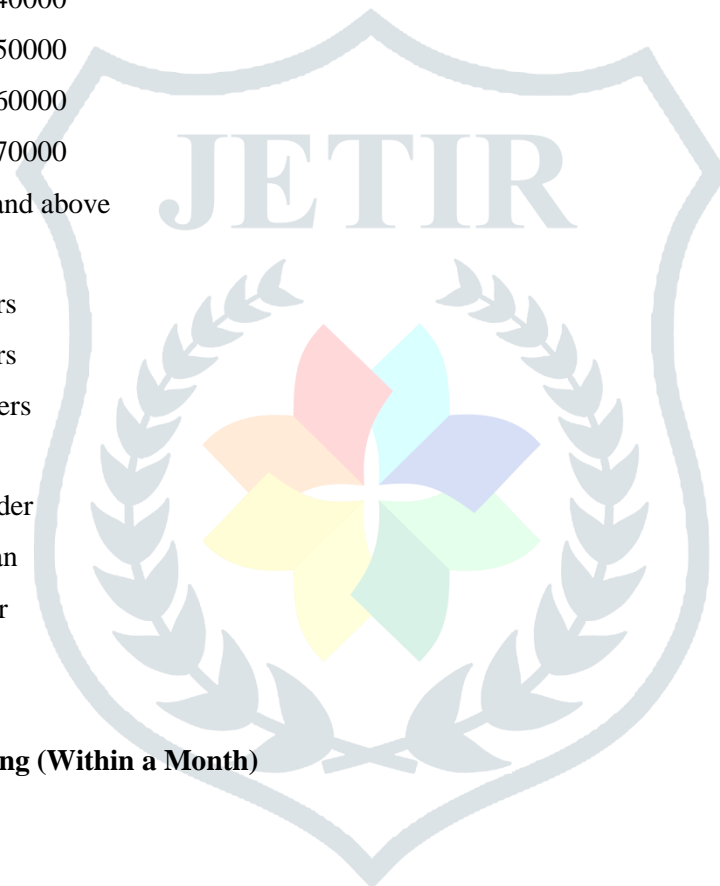6. **Frequency of Buying (Within a Month)**
   - ☐ 2-4 times
   - ☐ 5-7 times
   - ☐ 8-10 times

7. **Supermarkets give you authentic products.**
   - ☐ Strongly agree
   - ☐ Agree
   - ☐ Neutral
   - ☐ Disagree
   - ☐ Strongly disagree

8. **I feel safe to buy from the supermarket over other places.**
   - ☐ Strongly agree
   - ☐ Agree
   - ☐ Neutral
   - ☐ Disagree

☐ Strongly disagree

9. **The environment of the supermarket is hygienic.**

   ☐ Strongly agree

   ☐ Agree

   ☐ Neutral

   ☐ Disagree

   ☐ Strongly disagree

10. **It is very easy to find my desirable product in a supermarket.**

    ☐ Strongly agree

    ☐ Agree

    ☐ Neutral

    ☐ Disagree

    ☐ Strongly disagree

11. **Supermarkets give you the opportunity of online shopping.**

    ☐ Strongly agree

    ☐ Agree

    ☐ Neutral

    ☐ Disagree

    ☐ Strongly disagree

12. **Supermarkets give you the membership facility.**

    ☐ Strongly agree

    ☐ Agree

    ☐ Neutral

    ☐ Disagree

    ☐ Strongly disagree

13. **Supermarkets give you a parking facility.**
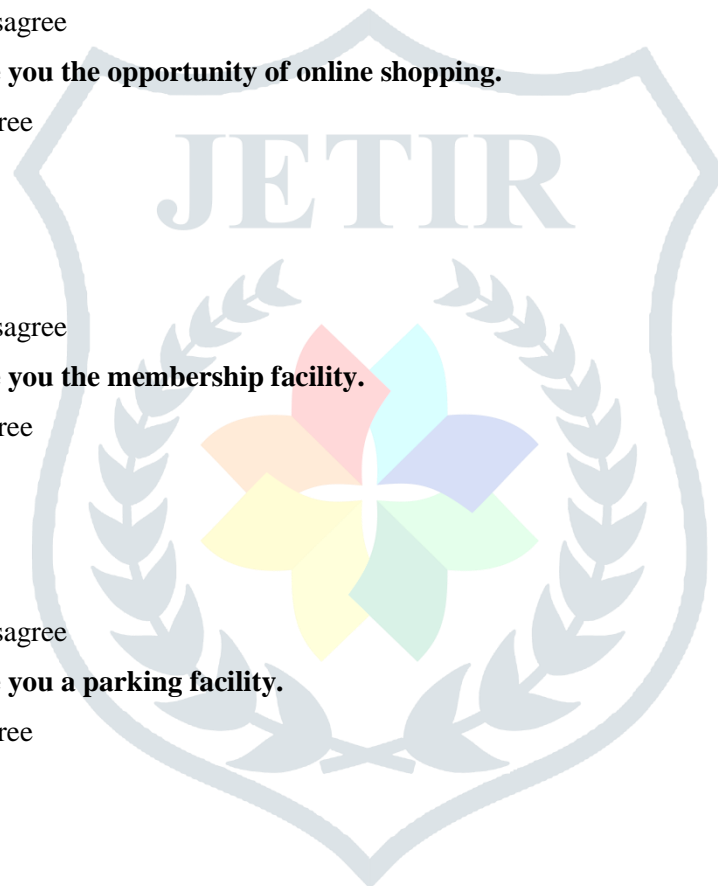
    ☐ Strongly agree

    ☐ Agree

    ☐ Neutral

    ☐ Disagree

    ☐ Strongly disagree

14. **I get all the products under one roof from the supermarket.**

    ☐ Strongly agree

    ☐ Agree

    ☐ Neutral

    ☐ Disagree

    ☐ Strongly disagree

15. **Supermarkets give you individual attention.**

    ☐ Strongly agree

    ☐ Agree

    ☐ Neutral

    ☐ Disagree

☐   Strongly disagree

16. Supermarkets give you different offers for their promotion.

☐   Strongly agree

☐   Agree

☐   Neutral

☐   Disagree

☐   Strongly disagree

17. I prefer supermarkets over others for shopping.

☐   Strongly agree

☐   Agree

☐   Neutral

☐   Disagree

☐   Strongly disagree

18. **I prefer supermarkets over others because of their location.**

☐   Strongly agree

☐   Agree

☐   Neutral

☐   Disagree

☐   Strongly disagree