

**THE EFFECT OF THE HYPERMARKET TOWARDS  
CUSTOMERS' SATISFACTION IN MALAYSIA  
(A Case Study At Giant Hypermarket, Shah Alam)**

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## REPORT STATUS VERIFICATION

The report entitled "The Effect Of The Hypermarket Towards Customer Satisfaction In Malaysia : A Case Study At Giant Hypermarket, Shah Alam, Selangor" has been submitted, reviewed and verified as having fulfilled the requirements for a project paper as has been stipulated.


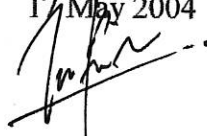


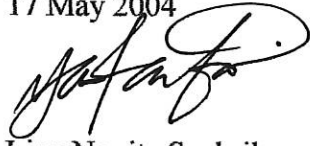
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## ABSTRACT

The hypermarket concept in Malaysia is a trend which gets good response. As consumers enter the Giant Hypermarket, it gives a good impression that majority of Malaysians prefer to shop at hypermarkets. At Giant Shah Alam, competition between other hypermarkets, such as Makro is a chance for Giant Hypermarket Shah Alam to fulfill customers' satisfaction in terms of products, services, price and promotion.

Actually, Giant Hypermarket is responsible to give its full commitment to ensure that satisfaction of their customers is at its best. However, without feedback from customers, Giant Hypermarket Shah Alam will not be able to identify its weaknesses.

As such, this research entitled "The Effect Of The Hypermarket Towards Customer Satisfaction In Malaysia : A Case Study At Giant Hypermarket, Shah Alam, Selangor" will look into the customers' satisfaction in relation to products, services, price and promotions at Giant Hypermarket Shah Alam.

In the course of the survey, one set of questionnaire has been distributed to 100 Giant Hypermarket Shah Alam customers in order to obtain a clear view of customer satisfaction towards this hypermarket.

## ABSTRAK

Konsep hypermarket merupakan satu tren yang semakin mendapat sambutan di Malaysia. Sebagai pengguna, kemasukan Giant Hypermarket telah disambut baik, dimana kebanyakan penduduk di Malaysia lebih gemar berbelanja di hypermarket.

Di Giant Hypermarket Shah Alam, persaingan diantara hypermarket yang lain seperti Makro, merupakan satu peluang bagi Giant Hypermarket Shah Alam untuk memenuhi kepuasan penggunanya. Dalam kajian yang dijalankan ini, Giant Hypermarket dapat mencari kelemahan-kelemahannya dalam memastikan kepuasan pengguna dipenuhi.

Walaupun, tanpa kajian kepada pengguna, pihak Giant tidak dapat mengenalpasti kelemahan-kelemahannya.

Daripada penyelidikan yang bertajuk "The Effect Of The Hypermarket Towards Customer Satisfaction In Malaysia : A Case Study At Giant Hypermarket, Shah Alam, Selangor" akan melihat kepada tahap kepuasan pengguna terhadap produk, harga, perkhidmatan dan juga promosi yang dijalankan di Giant Hypermarket Shah Alam.

Daripada kajian ini, satu set soalselidik telah diedarkan kepada 100 responden yang terdiri daripada pelanggan Giant dimana ianya dapat memberikan gambaran yang jelas tentang kepuasan pengguna di Giant Hypermarket Shah Alam.

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Appendix A	Guidelines For Opening Hypermarket
Appendix B	Questionnaire
Appendix C	Pamphlet

## **1.0 BACKGROUND OF STUDY**

### **1.1 The Global Development of Hypermarket**

The concept of retail business in America experience a major change in the early 20<sup>th</sup> Century with the emergence of many shopping complexes in cities like Chicago, Michigan and Detroit. After the Second World War, the city structure experience drastic changes and shopping complexes have moved from the city centre to the outskirts. The same trend also occurs in Europe especially in France, Holland, Britain, Germany and Sweden.

The concentration of the shopping complexes to the outskirts enables retail sellers to individually develop their business premises to a bigger size. In the early stages this development involves superstores. Later, it develop to the concept of 'one-stop shopping' that offered consumers convenient shopping. This concept enables consumers to shop for all their needs from one outlet.

The hypermarket concept was said to start of in France. This concept originated from a large outlet which operate on a free-standing basis at the edge of the town with an area of 250,000 square feet. These hypermarkets variety stores and supermarkets and applying the cash and carry concept that has been practiced by organization that carry out go down sales activities. This concept is widely accepted by European countries in the 1960's and 1970's.

Nonetheless, the first hypermarket to make its presence in Malaysia is the Giant Hypermarket which to date has seven outlets in Malaysia; four in the Klang Valley, two in Johor Bahru and one in Negeri Sembilan. Giant USJ which began operation in February 1995 is the first local hypermarket fully owned by a Malaysian. This is later followed by other hypermarkets and big supermarkets, such as Cosmart, Pacific, Fajar, X-Tra and Tops which apply the same business approach.

The largest Giant Hypermarket thus far is its newest outlet in Shah Alam measuring 350,000 square feet. Within this single story building there are food outlets as well as individual stalls and shop lots; but the majority of space is still occupied by the hypermarket itself.

Giant operates a total of 22 hypermarkets / supermarkets as at 30<sup>th</sup> June 2003, ranging in sizes from the 350,000 sq. ft hypermarket in Shah Alam to the 11,000 sq. ft supermarket in Bangsar, Kuala Lumpur. Giant is a leading food retailer in Malaysia with a strong brand recognition, offering the lowest price with the widest product range and excellent customer service. The acquisition of 34 Tops supermarkets furthers the successful expansion of the Giant business and extends its coverage into East Malaysia.

Giant offers a wide range of local merchandise and a wet market environment. Fresh local fruits, vegetables and seafood are offered daily to customers. We started off in Sentul as a little store in 1944 and in 1972, we opened our first ever supermarket, TMC. Thus, decades of success followed with the opening of hypermarkets and supermarkets around the country.



In 1999, Dairy Farm International took a huge interest in our company, and subsequently placed us on the world map as the leading food and drug-store retailer in the Asia-Pacific region. It employs some 78,000 people in 2,100 outlets.

Guidelines for opening a hypermarket that is under the Ministry of Domestic Trade and Consumer Affairs.

1. The minimum paid-up capital should not be less than RM50 million.
2. The operation of hypermarket are not allowed within a radius of 3.5 km from housing estates and city centre.
3. Hypermarket are allowed to operate as free standing on the outskirts of town with standardized facilities like parking lots, rest area, restaurant and other public amenities such as toilet, phone, TM machine and landscape.
4. Only one hypermarket is allowed to operate for each 350,000 residents.
5. The business floor space must not be less than 8,000 square metre.
6. Providing a 50-unit parking lot for every 1,000 square metre.
7. Providing business space with reasonable rent for supplementary businesses
8. The application to open a hypermarket, their branches or relocating have to be referred to Trade Distribution Committee chaired by Chief Secretary for the Ministry of Domestic Trade and Consumer Affairs



## **1.2 Problem Statement**

To identify whether the price offered by Giant Hypermarket is the same as other sundry shop. The quality and the diversity of products offered are satisfactory or otherwise. To know whether the promotion that Giant Hypermarket has done is misleading or not to the items on displays. To find out whether the services and products offered by Giant Hypermarket can fulfill the customers' satisfaction or not.

## **1.3 Objectives**

The objectives of this study are to realize whether the price offered by Giant Hypermarket is of the same range with other hypermarkets. To survey the customers' satisfaction of the range and availability of products offered. To identify the effectiveness of the promotion by Giant Hypermarket in attracting customers. To ascertain whether the services and products offered can satisfy the customers.

**1.4 Scope and Limitation.**

Quality of services in order to fulfill customers' satisfaction and to survey consumers' acceptance of the price offered and also to analyse consumer satisfaction of the services provided.

**Limitations.**

It is difficult to obtain information from the respondents and also from Giant management due to the procedures involved and the unwillingness of the respondents to cooperate.

## **1.5 Definition of Terms**

### **1. Hypermarkets —**

- store floor space of at least 8,000 s.q.m, selling a wide variety of consumer goods (food and non-products) in bulk. These are normally situated in the outskirts of the city.

### **2. Supermarkets / Minimarkets —**

- self-service outlets selling a variety of food items, including groceries and meat and non-food items. Supermarkets are larger than minimarkets and usually operate from a separate structure of its own, having floorspace of more than 2,800 s.q.m. Similar smaller are termed minimarkets.

### **3. Wholesale Trade**

- the re-sale (sale without transformation) of new and used goods to retailers; to industrial, commercial, institutional or professional users; or to other wholesalers; or acting as agents in buying merchandise for, or selling merchandise to, such persons or company.

### **4. Retail Trade**

- the resale (sale without transformation) of new and used goods to the general public, for personal or household/consumption or utilization, by shops, department stores, mail order houses, retail motor vehicle dealers, consumer co-operatives, auction houses, etc.

## 2.0 LITERATURE REVIEW

From the [www.angkasa.coop/pelancaq](http://www.angkasa.coop/pelancaq), we know that Giant Hypermarket has built one of the most successful hypermarket in Malaysia, maintaining phenomenal growth for over nine years. Giant is now the biggest and the best-known hypermarket retailer and powerful brands in the market. Giant has setting their performance standard for customer satisfaction and also increasing their market share and probability through successful fulfilling Giant convenience, value and also execution strategies.

Among users of Intenia Movex here is Malaysia Milk, owners of the Vitagen brand. According to Kuan Wing Hong, Director of Sales Operations for Intenia Malaysia, the local trend is shifting from mom-and-pop shops to bigger retailers. Kuan says, *"An average salesperson needs to replenish 25 mom-and-pop outlets today to cover a single supermarket's sales."* As the bigger retailers take over the supply chain, a key difference is that they—unlike the smaller retailers—seek information from their suppliers. *"It's happening here today. My customers in distribution are finding that the retailers keep asking them for information. They find it difficult to cope and we are providing systems to give them the capability to communicate the required information to the retailers,"* Kuan says.

As retailers move towards a more information-centric management style, the food manufacturers are feeling the impact. The pressure is on the production houses to carry more stock as retailers move towards VMI and wholesalers play a diminished