Place Marketing of Georgian Hypermarket Retailers: Carrefour and Goodwill and Their Market Share Prediction by Drive Time Analyzes and the Expectancy Value Model

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Abstract

Marketing plays a great role in retailing business. There are some marketing approaches and methods according which the proper place for a hypermarket retailer can be found in Tbilisi, capital of Georgia. There are retailer marketing approaches, place marketing strategies and methods on the one side, and the knowledge of attitude building process and expectancy value models on the other side. The task of this article was to show how these different models work in the example of Georgia, where two hypermarket retailers compete with each other for one interesting place, in a single road from Tbilisi to the West Georgia, crowded by cars of family moms and housewives, by citizens, many tour operators, tourist buses, and single travelers.

This research shows the opinion of customers and their point of views about the retailers in such a strategic area. These opinions work in comprehensive ways rationally and emotionally which are related to price, primary characteristics, secondary features, product reliability of the rational side and quality, credibility and feelings about the emotional way in the Georgian market of hypermarket retailing.

This research was conducted to study the market share prediction of retailers by retailing place marketing and expectancy value models. Quantitative and qualitative survey was used as the research method to gather primary data by designing questionnaires for 196 sample members. Microsoft excel was used to analyze the data gathered from this study.

The aim of this research is to further help hypermarket retailers to improve their marketing strategy to increase their market share and also to utilize the consumer expectations, attitudes and behaviors as well.

Keywords: consumer attitudes, expectancy value, hypermarket retailer brands, market share, retailing marketing
JEL: M39

Introduction

There are retailer marketing approaches, place marketing strategies and methods to choose a proper place for hypermarket, and attitude building process and expectancy value models. The task of this article was to show how these different models work in the example of Georgia, where two hypermarket retailers compete with each other for one interesting place, for a single big road from Tbilisi to the West Georgia, crowded with the cars of travelers. The research aim was to make the market share prediction of the main retailers in the place by expectancy value model and also consumer attitudes towards those brands. The ability to understand how the customer evaluates alternative offerings and judges the value of competing retailers is crucial to the modern marketing manager. Quantitative and qualitative surveys were used as a research method to gather primary data. Books, e-journals and articles were used to gather secondary data. In addition, during the research some differences between trusts of different retailers were found.

According to the findings of the survey, the main reasons for Georgian respondents for choosing a retailer among other brands were approximately low prices and capacity more than quality and style, the selection and the trendiness of shop design. It was shown that people were attracted by retailers, having also some additional offerings to the customers.

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Retailers and Their Customers

As Fred Schneider of "Arthur Andersen" wrote, we are moving from a world of consumer choice to consumer control.' Customers will be, already are, doing their own 'reverse marketing'. Let us call it 'specifying' when that skill replaces 'marketing' in management and academic discussion. Infinite choice, in all aspects of the product and service supply chain, will be something required by consumers, not offered by distributors (Hines & Bruce, 2007).

"Any organization selling to final consumers – whether it is a manufacturer, wholesaler or retailer – is doing retailing. It does not matter how the goods or services are sold (by person, mail, telephone, vending machine, or internet) or where they are sold (in a store, on the street, or in the consumer's home)" (Hazarika, 2007).

Zhang, Cavusgil, and Roath think that through well organized distribution; trust based relationships take big advantage over other marketing tools (Zhang, Cavusgil, & Roath, 2003). "Hypermarkets are very large and not typically found in urban areas. They offer a wide variety of products and services. More importantly, hypermarkets use their bargaining power with manufacturers to set the best price possible, ensuring that their product prices are lower than those of supermarkets. Supermarkets offer a large variety of food and drink but, in contrast to hypermarkets, they tend to be situated close to where people live and work in urban, suburban and rural areas, such as Walgreens " (International Markets Bureau, 2013). Hypermarkets usually are located in high traffic areas and offer unlimited selections of manufactured food.

Branding of Retailers

The Brandchannel (2013) defines that the brand state is "a mixture of attributes, tangible and intangible, symbolized, in a trademark, which, if managed properly, creates value and influence" (Brandchannel, 2013).

Kotler and Keller define brand as "a name term, sign, symbol or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors". Thereby, they note that a brand is a product or service that differentiates from other similar products or services. The importance of the differentiation can refer to functional, rational, or tangible features of the product's performance, or to symbolic, emotional, or intangible, when it comes to the brand and what it represents (Kotler & Keller, 2012, p. 263).

According to Keller, customer-based brand equity can be studied in the form of a pyramid that can be viewed from two different points of views or routes: a rational and an emotional one (Keller, 2008, p.137).

Some brands are the most successful retailers. For example "Amazingly, Apple's stores average over $7,000 per square foot which is more than twice the former gold-standard Tiffany & Company. It is estimated that Apple's Fifth Avenue store generates over $35,000 per square foot making it the highest grossing retailer in New York – ever" (Chazin, 2014). Apple entered the retail business for one defensive move, to have more influence over the customers. But it had no retailing experience from the beginning, but was the fastest in the USA reaching annual sales more than one billion dollar. "Apple does one thing better than anyone else: it makes complex things simple" (Chazin, 2014), it started to retail in this way and was successful. Some brands like Apple, do not sell any products, they sell membership. This experience of Apple should be well studied and adopted by all businesses, especially by hypermarkets.

Apple's retail secrets, which can also be interesting for hypermarkets, are: 1. Apple teaches its customers to think differently, which means that all retailers should be proactive to think what works and what does not work and optimize retail experience accordingly. 2. Apple does not sell a product, it sells membership. 3. Apple allows visitors to touch, try, stay as people want, investing also into self-service of customers. 4. Tries to make people happier. Enrich their lives. 5. Apple tries to make customers feel special and surprised. "After just a little more than ten years of retailing, on March 14, 2012, Apple's market capitalization became larger than the rest of the entire US retail sector - combined" (Chazin, 2014).

Today food retailers play the greatest role in food consumption. "Although consumer food markets are changing rapidly, traditional full-service supermarkets continue to dominate retail food sales.Two thirds of grocery shoppers are women, and they are most likely to shop on Fridays and weekends. The recession of the past few years has increased consumers' cost-saving efforts; price increasingly drives the choice of stores and products, and the use of coupons and bargain shopping is on the rise" (Glanz, Bader, & Iyer, 2012).

Plenty of people coming to food retailers, hypermarkets and supermarkets, evaluate them like anything what people touch and improve, or increase comprehensiveness of their attitudes.

The Function of Attitudes

When psychologist Katz (1960) developed the Functional Theory of Attitudes, he tried to explain how attitudes facilitate social behavior. Attitudes are usually determined by a person's motive. Katz identified following functions of attitudes:

a) Utilitarian function, close to the basic principles of rewards and punishment, meaning that people establish some attitudes towards products and services according pleasure or pain that they feel from them.

b) Value-expressive function, meaning that the person tries to buy the product or service not for simple benefit but because of what the product says about him as a person. For example - What sort of man plays chess? Or what sort of woman likes J'adore?

c) Ego-defensive function combines attitudes forming to protect a person, either from external threats or internal feelings, and performs them in ego-defensive function.

d) Knowledge function: some attitudes are built as a result to know something well, and to use this knowledge in an urgent situation.

Most researchers agree that attitudes have following components: they affect behavior and cognition. The consumer is affected when they get a feeling about the object or subject for the first time. In the behavior component, consumer makes some action with regard to an attitude object.

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Cognition refers to the beliefs a consumer develops about an attitude object.

Consumer Buying Behavior Affected by Attitude Functions

According to the classical model of consumer choice by Elliott and Percy (2007, p. 8-9), there is a five-stage buying process:

- Needs or opportunity recognition, which refers to identifying a need created when the consumer's ideal or desired state worsens, e.g. as for opportunity recognition, the consumer's ideal or desire.

- The second stage is called "Information search". At this stage, the consumer is looking for information about the object of their need. The consumer might use two different types of searches: internal, which includes searching knowledge from memory; and external.

- The third stage is "Evaluation of alternatives". This is the stage when the consumer evaluates and compares any alternatives he or she has. The product attributes, functional, symbolic, and emotional form the evaluative criteria that will guide the consumer's buying decision.

- The fourth stage is called Purchase, and its two main important aspects are the preplanning of the purchase and the place of purchase. A number of factors can interfere with the intention of purchasing and the actual purchase, and thereby the major factor in the purchase stage is time.

- The fifth and final stage is Outcomes of the purchase. This post-consumption evaluation can be measured by simply asking the consumer if he or she is satisfied or dissatisfied with the product.

Matrix of Hypermarket Retailer Place's Attractiveness (MRPA) and the Drive Time Analysis

When the concept for the next retailer story should be prepared, marketers follow the usual rule about segmenting, targeting, differentiation and positioning, but the number of population in the area, and its demography, with accessibility and visibility, emphasizing surrounding area has great advantages. Taking into consideration attitude concept and assessment criteria of customers to the retailing organization, the special matrix was created. A matrix of retailer's place attractiveness MRPA has the following form and structure.

In qualitative marketing research session, 67 people were invited to ten focus group sessions. Interviewers asked special questions to chosen people from relatively active group of customers. According to their answers, the Matrix of Retailer place's Attractiveness RPA for competing hypermarkets, Carrefour and Goodwill, was established. The place attractiveness, because of high accessibility, high visibility, well developed surrounding areas, low competition and high penetration rate, was assessed by number "one". Their opposite indicators were assessed by number "zero". The same measurement was used to attitude attributes in the vertical access. High utilitarian function, high value expressiveness, high ego defensiveness or high knowledge are measured by number "one", but their opposite indicators are measured by "zero".

Table1. *Matrix of retailer's place attractiveness MRPA in the example of Carrefour, on the Agmashenebeli road from Tbilisi to the West Georgia*

Carrefour	Accessibility High, low	Visibility High, low	Surrounding area developed, non developed	Competition from other retailers High and low	Penetration rate High and low	Total
Population's utilitarian function	For Agmashenebeli road: low high	High + high	High+low	High+high	High + high	
Value expressive function	High high	High+high	High+low	High+high	High+low	
Ego-defensive function	Low + high	Low+high	Low+low	Low+high	High+high	
Knowledge function	High high	High+high	High+low	High+high	High+low	
Total	6	7	3	7	7	30

Source: authors original

Table 2. *Matrix of retailer's place attractiveness MRPA in the example of GOOWILL, in King Parnavaz Avenue, near to the road from Tbilisi to the West Georgia*

GOODWILL Didi Digomi King Parnavaz Street	Accessibility High, low	Visibility High, low	Surrounding area developed, non developed	Competition from other retailers High and low	Penetration rate High and low	Total
Populationís utilitarian function High low	high+high	High + high	High+low	High+high	High + high	
Value expressive function High low	High+high	High+high	High+low	High+high	High+low	
Ego-defensive function High low	high + high	high+high	Low+low	Low+high	High+high	
Knowledge function High low	High+high	High+high	High+low	High+high	High+low	
Total	8	8	8	8	8	32

Source: authors original

According to such approach, the place of Goodwill has 32 degrees in comparison to Carrefour, which has 30 degrees. Now let us do another analysis, using drive time indicator.

Drive Time Analysis and Trade Area

In the concept building stage the trade area should be divided into two stages: primary and secondary trade areas. According to the American experience of trade zones, "the primary trade area has been delineated to include the geographic area within a five mile radius. We also examined a ten minute driving time from the intersection of routs…The secondary trade area has been delineated to include the geographic area beyond five miles and extended out to seven miles. The secondary trade area delineated to encompass about a ten minute driving time and extending out to fifteen minute driving time" (Melaniphy & Associates, inc., 2013). According to the trade experience in the USA, from 10 to 20 percent of the consumers will be generated from the secondary trade area. Some big stories generate customers within the secondary trade area such as Wall-Mart, Best Buy and others. But what is necessary, it is the idea that the place chosen for retail store must be an underserved retail market and demand for such service should grow significantly.

The total trade area means "geographic area within a seven mile radius or within approximately a 15 minute drive from some relevant route. 85 percent of customers are generated from total trade area, but some 15 percent customers come from outside delineated trade areas. For example "Apple placed their stores in high-traffic locations, as Steve Jobs told Fortune in 2008, they could "reduce that risk from a 20-minute drive to 20 footsteps. Realizing that non-Apple customers may be tentative at approaching retail staff for fear of seeming uneducated, Apple introduced free classes and Personal Setup areas in their stores and created self-service scheduling systems so users can arrange appointments with Geniuses online or within the store itself" (Chazin, 2014). It is important therefore to note that the retail sector is constantly changing that those who do not innovate with time will ultimately lose substantially (Obaga, Omido, Garashi, Odera, & Ogutu, 2013).

The next main issue is the problem of the market penetration of the trade area. The market penetration represents the market share that some place retailers will capture of the potential trade area expenditure in each category, to understand the total retailing of the trade area. For example Wake-Saburtalo district's total penetration from Tbilisi trade is 23 percent and this relevant indicator should be well known during some retailer planning in this trade area.

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Driving Time Analysis from Some Districts of Tbilisi to Carrefour and Goodwill (Didi Digomi) Retailers

The research was conducted by Georgian-European Marketing association during peak hour traffic in following locations, in August and September: from 16.00 to 18.00.

Table3. *Drive – Time Analysis*

	5 minutes interval	10 minutes interval	15 minutes interval	More than 20 minutes interval
Carrefour	from Digomi or, Didi Digomi districts (more than 200.000) population	Temqa and Sanzona districts (more than 300.000) population	Vake Saburtalo district (more than 300.000) population	From, Dzveli Tbilisi and Avlabari Districts More than 300 000 population
Goodwill Digomi	From Digomi, Didi Digomi districts (more than 200.000 population)	Temqa and Sanzona districts (more than 300.000) population	Vake Saburtalo district (more than 300 000)	From Dzveli Tbilisi and Avlabari districts, more than 300 000 population

Source: research done by Georgian-European Marketing Association

Drive time analysis shows that the both hypermarkets: Goodwill and Carrefour are at the same distance for drivers from any districts of Tbilisi. For those who do not want to turn right or left from the main road, Carrefour is more attractive than Goodwill.

Expectancy - Value Model (of Brand Evaluation)

"Value" refers to three different perspectives – one from marketing or consumer point of view, other from business perspective and the third one from legal perspective. The marketing and consumer perspective refers to the promise experience, whereas the business perspective is focused on the security of future earnings. The third one, the legal perspective, refers to brand being "a separable piece of intellectual property" (Brand channel, 2013).

A model used in the study of consumer decision processes to evaluate alternative brands. In this model, brand attributes are weighed; a consumer's beliefs about each brand's attributes are multiplied by the respective weights to produce a preference ranking of the alternatives (Marketing information centre, 2014).

The Expectancy-Value model is classified as a compensatory model because features of a product that are particularly well valued can compensate for those product features that are disliked or poorly valued. Most grading systems for students in marketing courses are based on a compensatory model of gaining points. If a student does poorly on the first exam, then a very high showing on subsequent exams can still provide the student with a good overall grade. The good grades compensate for the poor grades in the student's overall evaluation.

Methods

There are many benefits associated with structured question-naires. The reason structured questionnaires with closed ended questions were chosen in the current study is the fact that the current study has 196 respondents for the questionnaire. With a limited time frame for data gathering and analysis, the first purpose of the current study is to identify consumer atti-tude towards Carrefour and Goodwill retailing brands, second the market share prediction for those markets. It is analyzed by expectancy value model. In this study, primary data will be collected in order to investigate the research questions.

A snowball sampling approach was utilized to attract tar-get respondents, being experienced in both brands, Carrefour and Goodwill, for this research. All respondents: 67 percent females and only 33 percent males were people living and working in Tbilisi, the capital of Georgia and frequently visiting hypermarkets.

Well-trained interviewers have been asking the target group of population the questions: a) about arranging main attributes of retailers, giving them some degrees in the form of percentage, b) estimating these four main attributes for each retailer brand, giving them degree from one to five.

Results

In the final part, interviewers multiplied attributes assessed in degrees, interviewed people gave to each attribute in the case of real company.

Conclusion

From the study which was done by marketing researchers, different type of marketing analysis was performed.

Because of above mentioned factors, especially drive time analysis which does not show any differences between two big, famous hypermarket retailers, Carrefour and Good-will, the case was studied by expectancy value analysis to understand what drives customers of these organizations to buy more or less there.

According to the findings of the survey, Carrefour and Goodwill (in Digomi District) will have market share each 58,22% and 41,77% respectively in the target area. Even the little advantage of the place of Goodwill identified by the Matrix of Retail Place Attractiveness MRPA, is nothing in comparison to the advantage of Carrefour, identified by Expectancy Value Model.

It could be argued that the two reasons for market share predictions are prices and emotional contact. Low price and the biggest choice of Carrefour products are the reasons why consumers buy there more and why consumers emo-tionally contact this organization. All of these are the rea-sons for this brand to have more market share in the future.

What can be done by Goodwill in the future in competi-tion with Carrefour to survive on King Parnavazi Street? The research shows that this organization should lower its costs and reduce shelf prices, or increase benefits for the custom-ers and change its profile, moving from usual hypermarket business to a big agricultural healthy food retailing. How-ever, these steps need additional investments.

Table 4. *Results*

Part 1 Assessment of attributes	Ranking attributes in Percentage	Carrefour	Attribute ranking* Score	Goodwill	Attribute ranking* Score
Style	20%	3	0,6	4	0,8
Power	30%	5	1,5	3	0,9
Capacity/ low prices	40%	5	2	3	1,2
Comfort	10%	5	0,5	4	0,4
Overall score	100%		4,6		3,3
Part 2					
Total Score	7,9				
Part 3					
Share prediction=Overall score*100/Total Scores		Predicted Share 58,2278481%		Predicted Share 41,7721519%	

Source: authors original

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