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Consumer and retailer perceptions of hypermarkets and traditional retail stores in Portugal

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Abstract

Since its appearance in the mid 1980s, the hypermarket is a symbol of the modernisation of Portugal. It has dramatically changed not only the retailing structure in this country but also Portuguese buying behaviour. To better understand these changes, personal interviews were conducted with 500 Braga consumers. In addition, a mailed survey was administered in the same market to 204 traditional retailers. The results show that, for consumers, the hypermarket is the preferred type of retail store for frequently purchased packaged goods, due to its low prices and convenient one-stop shopping. The perception of traditional retailers is that the hypermarkets affected them negatively. The comparative analysis suggests that, although consumers do not have a negative opinion about traditional retail, they do not share the same favourable opinion that traditional retailers have about themselves.

Keywords: Hypermarkets; Traditional retail; Buying behaviour; Store image

1. Introduction

During the last decade, Portugal has gone through profound political, economical and social changes, which have had a great impact on consumption. Joining the European Economic Community (EEC) in 1986 created the necessary conditions for the installation in the country of large selling outlets. With a professional and innovative management, they quickly gained a large market share, changing the old-fashioned and traditional businesses, inherited from the past. In spite of the impact caused by hypermarkets, which resulted in their market leadership after a short period of six years together with a strong crisis in the traditional retail sector, academics have almost totally neglected this issue.

The present research was developed to overcome this gap. In the first part of the article a historical analysis of the Portuguese retailing structure is presented. Then literature on store image is briefly reviewed and results of empirical studies in Portugal are discussed. Finally this empirical study will be considered. This study was conducted in the north of Portugal, more precisely in Braga, known for being commercially active, a region with the youngest population in Europe, and the third most populated in the country. The main objectives of this research are:

- To study historically how hypermarkets affected the different types of stores in Portugal. We also look empirically at the impact of hypermarkets on traditional stores, in a regional context.
- To identify the consumer perceptions towards hypermarkets and traditional retail and their choice of retail outlets.
- To find out how retailers responded to the challenges brought about by hypermarkets, and to compare their perceptions with the perceptions of consumers.

This study contributes to the conclusion that in most cases consumers and retailers have different perceptions in relation to store image and shopping habits. It justifies the need for marketing research that is important to help retailers implementing a real marketing orientation.

2. Evolution of hypermarkets in Portugal

The history of hypermarkets in Portugal can be divided in three distinct stages: introduction, in the

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Table 1
Sales volume of different types of food stores in percentage and value (1988–1997)[a]

	1988 (%)	1989 (%)	1990 (%)	1991 (%)	1992 (%)	1993 (%)	1994 (%)	1995 (%)	1996 (%)	1997 (%)
Hypemarkets	11.7	16.8	21.1	25.0	30.9	36.2	40.4	42.4	39.9	37.2
Supermarkets	18.8	19.5	19.1	20.7	21.5	22.5	25.2	28.7	34.4	40.2
Self services	19.6	17.8	15.6	12.8	11.4	10.1	8.7	7.9	7.3	6.2
Groceries	40.6	38.8	38.6	37.0	31.9	26.9	22.5	18.4	16.0	14.4
Pure food stores	9.3	7.1	5.6	4.5	4.3	4.3	3.2	2.6	2.4	2.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total sales volume (Unit: 10^9 PTE)	528	635	770	883	998	1109	1160	1231	1335	1437

[a]Source: Dionísio (1991); Nielsen (1995, 1998); * Forecast; 1PTE = 200,482 EURO.

mid-1980s; growth, during the first half of the 1990s; and a decrease in the late 1990s. Each stage will be discussed shortly.

2.1. Eighties — the introduction of hypermarkets in Portugal

It is not possible to separate the appearance of hypermarkets from Portuguese integration into the European Economic Community (EEC) in 1986. This was favourable to foreign investment and overall improvement of the economic situation. The French concept of store was firstly installed in the periphery of the two main Portuguese cities, Lisbon and Oporto, and rapidly expanded.

The new retail outlets experienced success due to a number of contributing factors. The positioning strategy was one main reason. Low prices and large assortments, supported by large spaces, free parking and a small shopping centre, won over the consumer. Another issue was more of a sociological nature. In the hypermarket, the consumers felt they were being equally treated, without any social differentiation, while experiencing a certain sense of freedom to choose and to touch the products that, in some cases, they had never had before.

At the same time, the strong growth and renewal of cars not to mention the improvement of public transportation ensured consumers in central areas the necessary mobility to reach the hypermarket. Due to their bargaining power, dynamism and positioning, these store formats became important development agents, capable of influencing the organisation of urban areas, by attracting more residents, with higher economic capabilities, and new life styles.

2.2. The growth stage

The great attraction of consumers towards the hypermarket is reflected in the high annual growth rate in terms of sales volume, which achieved 72.7%[1] in 1989, and 52.3%, in 1990, clearly surpassing its competitors, namely supermarkets and groceries, as can be observed in Table 1 (Dionísio, 1991; Nielsen, 1995).

In this period, supermarkets went through a stage of some stagnation, with a large portion of their customers transferring their primary shopping to hypermarkets. Nevertheless, this period witnessed the growth and modernisation of a number of supermarkets, which offered a good shopping alternative.

The smaller and more traditional store formats, which were not competitive, suffered most from the hypermarket entry. This resulted in a massive closing down of stores and considerable loss of their market weight. The reports from Nielsen shows that between 1981 and 1990, around 3300 small groceries had closed down (around 9270, between 1976 and 1990), and the market share had decreased from 37.3 to 24.2% (39.9 to 24.2%, between 1976 and 1990) (Dionísio, 1987, 1991). A more dramatic decrease of this nature occurred in other European countries as well. For example, between 1982 and 1989, 22,954 stores in Italy, 10,148 in Spain and 10,407 in France went out of business (Martins, 1991).

2.3. Early 1990s — new generation of hypermarkets and their strong growth

The unequal growth rhythms led hypermarkets, naturally, to the market leadership, which occurred in 1991, as can be observed in Table 1 (considering groceries in an aggregate level — large groceries and small groceries). The true "golden period" was experienced between 1988 and 1992, during which hypermarkets enjoyed a nominal growth rate of 396.8%, compared to

[1] The percentages are obtained through the following procedure: [(values of 1989-values of 1988)/values of 1988] < = > [((16.8% × 635) − (11.7% × 528))/(11.7% × 528)] × 100 = 72.7%.

89.0% for the food industry. In annual terms, for the same period, hypermarkets grew at a rhythm of 49.3%, while supermarkets grew 21.4%, groceries 22.0%, self-services 2.1% and pure-food products − 3.2.[2]

This growth was sustained by innovations, not only based on marketing strategies, but also on stone image and facilities. While the price and assortment still remained very important, other elements such as shopping enjoyment were emphasised. Thus, the hypermarket became a special retail outlet in large shopping centres, with diversified stores and with prestigious brands as anchor stores. Food and leisure areas were also developed, encompassing cinemas, play centres, gymnasiums and shared food areas.

The response of the consumer is reflected in the studies conducted at that time. In 1992, 23% of the supermarket customers questioned by Food Marketing International (FMI) considered the hypermarket to be their primary store (Distribuição, 1992). This percentage was the second highest, after supermarkets, which is much higher than the European average of 9% and very close to the 26% achieved in Sweden (FMI, 1995). Another national study undertaken in 1993 and directed to consumers in general, showed a more expansive rate, around 48% (Consulmark, 1993).

2.4. Middle 1990s — softening of hypermarket growth

The growth and consolidation of hypermarkets continued through the 1990s, achieving their maximum value in 1995, with 42.4% of market share, according to Nielsen (1995) (see Table 1). A study on consumer buying behaviour conducted by the FMI on a national level, revealed an evolution from 1992, with 35% of the supermarket customers using the hypermarket as their primary store. This figure is considerably superior to the European average of 11%, surpassing the proportion of French consumers (23%), traditionally more used to this kind of outlet (FMI, 1995).

However, the annual growth rate started to slow down after 1994, this fact resulting from a set of factors. The orientation of political and legal forces became more protectionist towards small commerce, raising barriers either to the approval of new units, mainly the larger ones, or to their functioning capability. The metric boundaries of large surfaces were changed,[3] the licensing of new hypermarkets was reduced,[4] and new restrictive laws concerning the opening hours of large store formats on Sundays and on holidays were created.[5]

At the same time, the competition of supermarkets in general, and discount stores in particular, became stronger, in response to hypermarket restrictions and to a change in consumer-buying behaviour, now more receptive to modern nearby commerce. After the initial suspicion was overcome, discount stores became more and more an option, especially as a complementary store. This situation is shown in a study undertaken by Nielsen, in 1996, in which one out of two hypermarket customers showed their intention to use discount stores, if the same appeared in their area. In 1992 this intention was only 28% (Nova Publicidade, 1997).

The situation became more critical to hypermarkets in 1996 (see Table 1), with a growth of only 2.1%, against 30.0% of supermarkets, achieving its best performance in the whole decade. According to a Nielsen forecast, the tendency would be maintained in 1997, with hypermarkets remaining stationary (0.2%) and supermarkets growing 25.9%.[6]

However, another study on consumer buying behaviour, conducted in 1996 in the region of Braga, reveals great interest by consumers in hypermarkets, where 72.3% of the respondents used it as a major shopping outlet, while the supermarket was referred by only 27.4% (Farhangmehr et al., 1996).

Since the hypermarkets present significant differences compared to the traditional retail stores, store image literature helps us to better understand the significant changes observed in consumer shopping habits concerning the store patronage behaviour.

3. Literature review

3.1. Store image

The concept of store image, considered as the way consumers see the store in their minds, based on tangible and intangible attributes, attracted a great deal of academic and empirical attention, during the past four decades. The importance of studying image is based on the assumption that the store possessing the most congruent attributes with the image desired by consumer will have a better chance of being selected and patronised (Martineau, 1958; Doyle and Fenwick, 1974–1975; Amirani and Gates, 1993; França and Figueiredo, 1993). Therefore, the store image can be used as a "*marketing tool*" (Engel et al., 1995), or as a "*competition tool*" (Reardon et al., 1995), providing useful indications to managers about

[2] The same procedure, as note 1.

[3] The ceiling of 3000 m^2 of area defined by Dec.Lei 258/92 of the November 20th lowers to 2000 m^2 of area, in councils with 30,000 or more inhabitants, and to 1000 m^2 for smaller councils, according to Dec. Lei 83/95 of 26th April.

[4] Until the end of the millennium, only 12 more new hypermarkets are approved.

[5] According to Portaria no. 153/96 of the 15th May, published in Diário da República, I Série, no. 113.

[6] The same procedure, as note 1.

the most and the least appealing attributes to consumers, and therefore, insights about the most appropriate marketing mix.

In spite of the importance and the long history of academic research about store image, the relation between image/attitude/attributes and store patronage/choice/preference is complex and polemic. In fact, even though executives relate attitude and patronage, there are few studies that support this relationship (e.g. Monroe and Guiltinan, 1975). The concept of relative attitude reinforces the complexity of that relationship (Dick and Basu, 1994). These authors conceptualise consumer loyalty as the relationship between the relative attitude towards an entity (brand/service/store/vendor) and patronage behaviour. Two dimensions, the degree of attitudinal strength (weak or strong) and the degree of attitudinal differentiation (existent or not) seem to underlie an individual relative attitude towards an entity. Therefore, a weak but positively differentiated attitude may be more likely to lead to loyalty than a very positive but undifferentiated one; however it is also important to consider the influence of normative and situational factors.

Besides being relative, store patronage behaviour is also dynamic, and is more explicit in buying situations of involvement, risk, evaluation of alternatives and information search (e.g. Monroe and Guiltinan, 1975; Spiggle and Sewall, 1987; Darden and Dorsch, 1990). This dynamism is crucial in order to understand changes in consumer behaviour.

3.2. Store choice attributes

The literature refers to a great diversity of methodologies, to varying temporal and spatial contexts, and to different store types, which make both generalisations and typology construction difficult.

Contradicting Martineau's (1958) emotional and affective perspective of store patronage, empirical evidence shows a number of functional and objective attributes as the most important, such as: price (Doyle and Fenwick, 1974–1975; Bearden, 1977; Arnold et al., 1983; Hortman et al., 1990; Finn and Louviere, 1996); product quality (Doyle and Fenwick, 1974-1975; Bearden, 1977; Hortman et al., 1990; França and Figueiredo 1993); assortment (Stephenson, 1969; Doyle and Fenwick, 1974–1975; Schiffman et al., 1977; Bearden, 1977; Finn and Louviere, 1996) and location (Stephenson, 1969; Schiffman et al., 1977; Arnold et al., 1983; Hortman et al., 1990; França and Figueiredo, 1993). Concerning intangible and emotional attributes, the most mentioned ones are store atmosphere (Martineau, 1958; Stephenson, 1969; França and Figueiredo, 1993); sales personnel (Martineau, 1958; Stephenson, 1969; Schiffman et al., 1977) and advertising (Martineau, 1958; Stephenson, 1969).

3.3. Store image and consumer shopping habits in the Portuguese context

In Portugal, some empirical studies provide important information about consumer behaviour and its responses to the development of hypermarkets. Economical and social changes are major contributors for a growing fragmentation of consumers into multiple segments with different values and buying priorities. Consumers become more pragmatic, educated and demanding, learning how to manage money and time more efficiently. The focus on low prices was gradually replaced by a value for money perspective. The study developed by Food Marketing Institute (FMI) in Portugal confirms these tendencies (Distribuição Hoje, 1992). Concerning food, the most important attribute mentioned was quality, followed by price. It is precisely in the importance attached to price that the Portuguese differ, considerably, from other European consumers. The latter indicate the store cleanness, followed by the quality of fresh products and their assortment as the most important attributes (FMI, 1995).

The Portuguese consumer has different reasons for preferring different store formats, either modern or traditional. The study of Proteste (1997) confirms the differences; in the case of hypermarkets, the main motives for preference, in decreasing order are: low prices, the possibility of buying everything in the same place and the general appearance of the store. Several investigations emphasise the possible coexistence of different store formats (e.g. Cardoso and Pereira, 1988) and others point out the relationship between the type of store and the type of products (Proteste, 1997; Farhangmehr and Silva, 1996; FMI, 1995). These studies show that, while specialised and traditional stores are preferred for fresh products, hypermarkets are preferred for shopping in general, and also for frozen food, groceries and beverages. The purchase of perishables in hypermarkets is reduced.

3.4. Traditional Portuguese retailer perceptions about hypermarkets

As already mentioned, hypermarkets have deeply changed the Portuguese commercial structure. However, they are not exclusively responsible, as other changes (economical, social and cultural ones) have occurred simultaneously. Concerning the more direct effects of hypermarkets on different types of commerce, it is possible to verify that the major impact is felt on traditional retail and, in particular, on the food sector. The impact of hypermarkets is also significant on other types of retail, namely toys, stationery goods and household appliances; moreover, it is probable that competition gets more intense in other sectors, such as clothing and furniture (Pereira and Teixeira, 1990). A study on the impact of the first Lisbon hypermarket on the food sector shows that all types of stores, with the exception of supermarkets, had negative financial results, particularly butchers, fish shops, groceries and sausage shops. In the non-food sector, gardening goods, footwear, household appliances and furniture were the most affected (Santos and Cruzeiro, 1990).

A French study shows that the impact of hypermarkets is especially great on non specialised stores; stores that use normalised sales methods; generalist stores; very small stores operating on their survival limits; stores located near hypermarkets and with no alternative goods (Pereira and Teixeira, 1990). In Portugal, a study (Santos and Cruzeiro, 1990) verified that, in the food industry, the most affected stores are precisely the smaller ones (small areas, few employees and low sales volume) and the isolated stores (stores that do not develop partnerships with other retailers). The impact on the non-food industry was not studied.

Concerning retailer's perceptions about problems in commerce, studies developed in Portugal (e.g. Santos and Cruzeiro, 1990; Novais and Costa, 1996) show that the most mentioned motives for crisis are, in the first place, related to political decisions. Retailers also agree that their own competitive attitude and behaviour are among the causes for problems associated with commerce. However, in their opinion, these are not the major causes. In terms of the most important competitive advantages of hypermarkets, traditional retailers mention lower prices, longer opening hours, greater product assortment and better adaptation to consumer shopping habits. Concerning the way they analyse themselves, they identify the personal service and the close relation with customers as their main advantages; in terms of their main weakness, they mention their small dimension.

4. Empirical study

Before explaining the methodology, two issues need to be discussed: the commercial structure of Braga and the concepts of traditional retail and hypermarket, avoiding possible ambiguities in terms of terminology.

The Commercial structure of Braga has suffered deep changes over the last few years, which is greatly related to the development of hypermarkets. In 1997 there were 17 retail stores per 1000 inhabitants in the county of Braga (DGCC, 1997), considerably higher than the national value of 14 (DGCC, 1997). Simultaneously, Braga is the fifth largest district in terms of number of grocery stores, a typical format of traditional food retailing (DGCC, 1997). At the time this study was produced, the county of Braga had two large hypermarkets.

The concept of traditional retail is used as encompassing small-sized business establishments, i.e., groceries, minimarkets, pure food stores, specialised food and non-food stores and bazaars. Regarding specialised stores, clothing stores are considered as specialised ones. As for the concept of hypermarket, there is some confusion. According to the Portuguese law, stores with over 2000 m^2 in counties with 30000 or more inhabitants, and 1000 m^2 in other counties are considered as being of a large format. A.C. Nielsen, gives a different definition, considering the hypermarket as a commercial retailing establishment with a sales surface superior to 2500 m^2, engaged in a free-service system and offering a great variety of products. As data provided by Nielsen is widely used in Portugal as well as in other European countries, it was decided to adopt them. In Braga, the size of hypermarkets is considerably greater, ranging from 8000 to 12000 m^2, with the largest store (Carrefour) being one of the biggest hypermarkets in the country.

4.1. Research design

At the exploratory stage, a number of interviews and four focus groups (two with consumers and two with retailers) were conducted. Based on the information gathered, two questionnaires were developed, which after several pre-tests were applied to consumers and retailers.

4.2. Consumer survey

The method used for the data collection was a face-to-face interview, using a structured questionnaire, with closed-ended questions, conducted at the residence of the respondent and directed to the person responsible for shopping in the household. The sample was non-probabilistic, respecting two main quotas: geographic and demographic. In the first case, selection was based on the recommendation of colleagues in the sociology department, who had studied the area, and also upon the advice of staff from local administration departments.

To draw the sample, the greater area of Braga was considered, which allowed the inclusion of not only the residents of areas inside Braga, but also those living in the rural areas who do their shopping in the city. The sample was drawn from seven areas distributed throughout three geographic levels (centre, intermediate and peripheral) of the county. These were the areas which best represented consumers with different economical, social and geographical characteristics. Concerning the demographic quota, the last General Census of the Population, produced in 1991, was used (INE, 1991). The number of questionnaires to be implemented in each area was proportional to the number of households residing in each area. For the selection of the households a systematic method was used. A map was drawn with all the streets chosen for the study, and the interviewers had precise indications as to the route to be followed in each period of time. They would select a sample unit in each five houses or five bells (in the case of apartments). A total of 500 questionnaires were completed and validated.

4.3. Retailer survey

The commercial establishments of the county of Braga, which were members of the Commercial Association of Braga, composed the sampling frame. After the exclusion of non-relevant stores, a universe of 1011 establishments was obtained. The questionnaire was self-administrated and it was directed to the establishments' owners/managers. The sample was non-probabilistic, respecting two main quotas: geographic and demographic. The contribution from experts of the local trade association was crucial either to the geographic or to the demographic decisions. The sample encompassed the central and intermediate areas of the county, as almost all the stores are located in these areas. In order to compute the number of questionnaires that should be implemented in each area by commercial sector, the criteria of representativeness was used. For the stores selection, the systematic method was used, by sectors, with a constant interval. A total of 204 retailers responded to the questionnaire.

The decision to use two different procedures for data collection was based on our experience and the previous results obtained during the pre-tests of both questionnaires. The consumer respondents revealed some difficulties and low levels of motivation, and as such, a face to face administration was adopted. On the contrary, retailers were much more involved, considering it useful for themselves, which justified the self-administration procedure.

5. Analysis of results

5.1. Consumer sample characterisation

In most households (85.6%), women are mainly responsible for the shopping. The majority of respondents (58.6%) have a considerably low educational level (mainly with only four years of schooling — 42.2%), and are over 35 yr old. Most respondents are married (82.0%), belonging to households of more than four members (53.3%), with a family economy in which several members contribute to the household income.

Due to the fact that it was not possible to obtain directly any income data, the possession of certain goods by the consumers was analysed. It was verified that the majority of respondents do not own yet a personal computer, a second car, a second house, a cable/satellite TV or a video camera, which, compared to the national data of 1990, leads to the conclusion that, in economic terms, important improvements had not occurred. The majority of the respondents (75.7%) take less than 10 min by car from their home to the nearest hypermarket, and there is a relationship between the distance from home and the frequency (once to twice per week) with which they go to hypermarkets. It can be, therefore, concluded that the localisation factor or, more precisely, the distance measured in terms of time, influences considerably the periodicity of the act of going to the store. As to the amount spent monthly in hypermarkets, it ranges from PTE 11,000 to PTE 49,000,[7] which is similar to the results obtained by the FMI study in Portugal (FMI, 1995). We consider this a relevant issue, as the consumer, by spending a given amount in one store, probably limits, in a way, the amount spent in another one.

5.2. Consumer shopping habits

Most respondents (72.3%) purchase in hypermarkets, although we can also find a high percentage of consumers who buy in specialised food stores (58.3%), supermarkets (27.4%) and groceries/minimarkets (33.1%). These results emphasise the tendency found in other studies (e.g. Cardoso and Pereira, 1988; Farhangmehr and Silva, 1996) as to the coexistence of several retailing formats. However, the fact that hypermarkets stand out when compared to other type of stores does not match the results of other studies (Distribuição, 1992; FMI, 1995), according to which the supermarket was identified by consumers as being the primary store.

Hypermarkets are, in the same way, the kind of commercial space in which, clearly, most people enjoy shopping (70%), which leads to the conclusion that buying in this type of store has, in a way, an element of pleasure in it.

Shopping in the hypermarket is generally done on a regular basis (around 52% buy once or twice per week), which goes against the decreasing tendency of visiting hypermarkets reported by Nova Publicidade (1997). This might be related to the fact that hypermarkets in Braga are located near large resident areas.

In terms of the period of the day, the preferred ones are the morning and the afternoon, that is, the hours chosen by the consumers to buy in hypermarkets match the schedules practised by the majority of traditional retail stores. This result may be justified by the fact that a considerable part of the sample is composed of housewives and retired people.

Regarding goods bought in the different kinds of stores, the results show (Table 2) that detergents and household cleaning products, personal cleaning products, groceries, beverages and dairy products are, clearly, goods that consumers buy in hypermarkets (66, 66, 61, 63 and 61%, respectively) to the detriment of traditional retail stores (19, 21, 23, 21 and 22%, respectively). Apart from these goods, fruit, frozen foods, toys, plants/gardening and tools/bricolage, are also purchased with greater regularity in hypermarkets than in traditional retailers, even though with small differences (see Table 2).

[7] 1 PTE = 200,482 EURO.

Table 2
Shopping specific goods in different store types[a]

	Hyper market (%)	Super market (%)	Traditional retail (specialized stores, groceries and minimarkers) (%)	Market/fair (%)	Others/Don't Know (%)	Total (%)	n
Dairy products	**61**	15	22	—	2	100	590
Bread	15	7	**75**	—	3	100	584
Beverages	**63**	14	21	—	2	100	578
Frozen foods	**58**	14	26	—	2	100	534
Fruit	**41**	14	37	7	1	100	633
Meat	28	10	**60**	—	2	100	605
Fish	26	6	**58**	2	8	100	558
Vegetables	35	15	**41**	7	2	100	609
Clothing	11	1	**82**	4	2	100	537
Footwear	11	1	**84**	3	1	100	527
Sport goods	31	—	**66**	—	3	100	307
Toys	**59**	1	37	1	2	100	352
Stationery goods	36	1	**61**	—	2	100	394
Groceries	**61**	14	23	—	2	100	621
Household appliances	21		**78**	—	1	100	475
Kitchen utilities	47	5	43	3	2	100	468
Furniture/decoration	4	1	**93**	—	2	100	413
Detergents and household cleaning	**66**	13	19	—	5	100	575
Personal cleaning	**66**	11	21	—	2	100	556
Plants/gardening	**49**	1	38	5	7	100	331
Tools/*bricolage*	**56**	1	40	—	3	100	349
Books	12	1	**84**	—	3	100	332
Goods related with music	27	2	69	1	1	100	337
Goldsmith/jewellery	2	—	**95**	—	3	100	369
Beauty care/perfumes	**53**	8	36	—	3	100	490

[a]Note: The question was about the primary store, but if there were respondents that buy with the same frequency specific products in two store types, they could mention both.

On the other hand, most of the respondents prefer to buy goldsmith/jewellery (95%), books (84%), footwear (84%), clothing (82%), furniture/decoration (93%) and household appliances (78%) in traditional retail stores. Some perishable goods as meat, fish and vegetables are also purchased more at the traditional retailers (60, 58 and 41%, respectively) than in the hypermarkets (28, 26 and 35%, respectively). Nevertheless, the differences in some product categories, such as vegetables, are small.

The fact that the perishable goods are, generally speaking, bought in traditional retailers more frequently than in hypermarkets is consistent with the results of other studies (e.g. FMI, 1995; Proteste, 1997; Farhangmehr and Silva, 1996). However, our study shows that the purchase of some perishable goods (vegetables and mostly fruits) in hypermarkets is becoming considerable. This result was not identified in the above-mentioned studies.

Another interesting result is that the consumers suggest they almost exclusively prefer traditional retail shops when buying high involvement goods (e.g. household appliances). On the contrary, the most purchased goods in hypermarkets are essentially convenience products and, consequently, of low involvement. As it is widely advocated in literature, involvement and risk have strong implications for buying behaviour, so it is important for retailers to understand these variables.

Concerning the motivations that lead people not to buy goods in traditional retail or only in traditional retail, the two main motives are: firstly, it is more practical to buy all the goods at the same time in hypermarkets/supermarkets and, secondly, the price in traditional retail shops is higher. That means that convenience and price are factors that determine why consumers do not buy in traditional retail; and prefer one kind of store to the other. These results suggest a consumer that is more pragmatic in his choices, and more concerned with the management of his money and time. Even though the answers refer to motivations why people do not buy some given products in traditional retail, the results correspond to other studies, namely Proteste (1997), which highlights low prices and the possibility of buying everything in the same place as main reasons for consumers to buy in hypermarkets.

5.3. Retailer sample characterisation

Most of the establishments in the sample were in business for a long time (31.6% for more than 20 yr);

Table 3
Impact of hypermarkets on specific dimensions of retailers personal businesses

	It has increased (%)	It has not changed (%)	It has decreased (%)	Total (%)	*n*
Number of customers	2.6	16.9	**80.5**	100.0	198
Sales volume	3.8	11.5	**84.6**	100.0	183
Profit margin	—	17.3	**82.7**	100.0	153
Profit	0.7	11.6	**87.7**	100.0	146

80.4% have a small number of employees (between one and two); are small in size (65.3% have a total area less than 100 m^2), and have low sales volumes. Sample characteristics, generally speaking, match the characteristics of the Portuguese traditional retail, and, according to the FMI study (1995), these same characteristics explain why Portuguese retailing is behind other countries in the European Union. In the majority of cases, the respondent is the owner/manager. The most represented kind of store in the sample, is the specialist retailer, namely decoration goods, footwear stores, household appliances and ironware stores. Groceries and minimarkets are also well represented.

5.4. Impact of hypermarkets on the different store formats

Most of the retailers (75.7%) have seen their own business affected by hypermarkets. Minimarkets and groceries were the most affected kind of stores (93.3 and 100%, respectively), confirming the results of other studies (Santos and Cruzeiro, 1990). When asked about the impact of hypermarkets, retailers responded that their business was negatively in what concerns each of the following dimensions: number of customers, sales volume, profit margin and profit (see Table 3). These results reflect, in a way, the concerns of most of the Portuguese retailers.

Retailers were also asked about the impact of the large stores on traditional retail in general. While 75.7% of retailers found their own business affected, 85.1% of retailers considered that traditional retail in general was negatively affected. According to the respondent's opinion (more than one answer could be given), the most affected sectors were groceries (92.6%), household appliances (76.5%), toys and gifts (54.4%) and stationery goods (46.6%). These results match other studies (Pereira and Teixeira, 1990).

5.5. How retailers responded to the hypermarkets competition

Using Chi-square tests (namely Cramer's V coefficient) we verified that the initiatives developed by retailers to face the competition of hypermarkets differ according to the kind of store. A certain non-response behaviour can be identified among groceries and minimarkets, especially when it comes to the investment in professional training (46.2% of minimarkets and 93.8% of groceries neither invested nor plan to invest in training) and the search for new suppliers (46.2% of minimarkets and 60.0% of groceries neither did nor plan on doing it).

Does their lack of response contribute to such a tremendous negative impact? The reality is that their behaviour is somewhat inconsistent with the fact that these retailers were the ones most affected by hypermarkets. At the same time, it is interesting to note a very different attitude shown by specialised stores in terms of the increase in goods assortment (58.0%) and the search for new suppliers (52.8%).

Concerning the development of partnerships with other retailers for the purchase of goods and development of promotional campaigns, the great majority (about 75.0%) neither developed nor plan to develop, any kind of initiative. This situation was true for all kinds of stores. This shows a very insulated attitude on the part of retailers, which is inconsistent with the threat that large format retail stores represent. Overall, two different situations can be identified. On the one hand, it is undeniable that specialised stores express a dynamic attitude towards competition. On the other hand, there is still a large number of retailers that neither have done nor intend to do anything to change their disadvantageous situation.

5.6. Comparative analysis

The retailers and consumers attitudes match in terms of considering that hypermarkets offer more advantages than traditional retail regarding prices, promotions, assortment, novelties and schedules. They also share the opinion that traditional retail offers more advantages than hypermarkets in relation to time spent on shopping. Nonetheless, there is also a great difference between retailers and consumers, especially, at the level of perception of the quality of products, service, how easily the consumer can present complaints and how they will be attended, and payment terms, in both kinds of commerce. Concerning these specific aspects, traditional retailers have a much more positive opinion about themselves than consumers have about them. These differences suggest a certain lack of realism by traditional retailers, which can be detrimental for their future viability, and, as such, needs to be corrected.

However, the divergence in the perceptions does not imply that the consumers' opinion about traditional retail is negative. The essential matter is that the opinion towards hypermarkets is much more favourable, which may result in preferring hypermarkets to the detriment of traditional retail. As the literature suggests, in order to understand store choice behaviour, it is essential to understand relative attitude (Dick and Basu, 1994).

6. Conclusions, implications and future studies

The hypermarket is the preferred kind of store by consumers, even though they buy in several outlets and not exclusively in the hypermarket, which indicates that there is no loyalty to a single retail format. While in hypermarkets, consumers buy essentially convenience goods with low level of risk; in traditional retail, they buy essentially higher involvement products, which requires a more complex buying behaviour. The results also show that consumers evoke price and convenience for not buying certain goods in traditional retail, which reveals an attempt to optimise their time and money.

Concerning retailers, almost all of them feel they are negatively affected by hypermarkets. However, most of them have done nothing in order to change that reality, with the most affected being precisely the most passive ones. At the same time, traditional retailers have a very positive view of themselves, which reveals that they are, to some extent, far from reality.

The results indicate that a modernisation of commerce is inevitable. In order to do so, retailers will have to make first a realistic and critical examination of their potentialities, as well as of their vulnerabilities. Another implication has to do with the need and importance of ways of strategic co-operation of small retailers in the competitive game that opposes hypermarkets to traditional retail.

In terms of the development of competitive advantage, it is necessary to create differentiation regarding those aspects in which consumers have a favourable view (not necessarily differentiated) towards traditional retailers, such as quality, service and complaints management. These aspects are essential for establishing personalised and confident relationships with consumers, which is particularly important in complex and high involvement buying situations. In order to enhance those attributes, it is required to invest in professional training.

A new approach towards segmentation strategy is necessary. Results suggest that traditional segmentation, which assumes that certain types of products are exclusively bought in certain outlets, is no longer true for product categories such as food. However, there are few products that are exclusively bought by consumers in one kind of retail store.

Concerning future investigation, we suggest that separate studies for both food and non-food industry should be undertaken. It would be important to compare hypermarkets and traditional retail with discount stores. Finally, it would be interesting to study thoroughly and separately, both the retailers that were negatively affected by hypermarkets and the retailers who have not suffered from that impact.

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