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PREMIUM FRESH PRODUCE MARKETING SUCCESS FACTORS THROUGH PRODUCT QUALITY DIMENSIONS AS CUSTOMER DRIVING FORCES: A CASE STUDY OF FRUIT SPECIALTY STORE PRODUCT DISPLAY OPTIMIZATION IN BANDUNG

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Abstract

This study try to give a new insight of how fresh fruit specialty store utilize product quality as their business success strategy and drive the customer to give concern on premium product that offers at store.

The study apply qualitative method with case study research design. Since the study propose to elaborate and determine the existing phenomena, the application of descriptive research design used to describe comprehensive insight of fresh fruit product quality dimensions provision in specialty store and its distribution mapping along with marketing product strategy of premium apple fruit. Data obtained through direct interview to key informants from specialty store managements who have role to the provision and marketing of premium fresh apple in the store with judgmental sampling technique along with observation that used as primary data of the study.

The study found that product supply on premium fresh apple that imported from China to Indonesia and sold at fruit specialty store based on distribution and supply chain description can be seen as structured market format with horizontal supply chain type of short food supply chains (SFSCs).

Keywords: *premium fresh produce marketing, business success strategy, fruit specialty store product display optimization in Bandung*

JEL Classification: *M31*



INTRODUCTION

Fresh produce market retailing has shown dramatically change this recent years including in developing country such as Indonesia. The development of modern market retail show rapid growth that even beyond many retail industry insiders prediction since 1990s. New fresh produce distribution channel begin to gain pressure as demand on fresh items sales is higher than before. The increasing of consumer purchasing power and the awareness on health have brought the emerging of fruit specialty store numbers especially in big cities. Specialty food stores are different with traditional grocery stores due to the special products which are uncommon items offer by store and consumer possibly could not acquire in other stores (Wixson et al, 2011). Consumer might have different perspective on this new concept of grocery store and become a new marketing channel opportunity for fresh produce marketer to offer premium product.

Globalization has change shopping consumer behavior to have more practical shopping place and modern store become prominent choice for consumer. More consumer put interest to the existence of specialty food stores influence by external market environment development change such as economic, social and politic (Deller et al, 2009). Business sustainability and number of modern store growth that exist today can be achieve based on precise product choice provision (Kanjaya and Susilo, 2010). Specialty food stores could be generated to identify as successful marketing strategy and proposed understanding to retailers of whom represent their potential customer base searching to buy specific fresh produce (Wixson et al, 2011). This led to higher competition among modern grocery store and give more pressure for modern retail such as fresh fruit specialty stores to provide a better product quality offer for customer.

Food quality concept put as an important research topic and shows appreciation of a good overview in many distinct method to approach the concept. Although there is still a debatable issue to clarify food quality measurement that cover the concept (Acebron & Dopico, 2000; Bremner, 2000), the final of food quality that based on end consumer point of view show many proposed definition in the field and led to the development of user-oriented quality (Cardello, 1995; Brunsó et al, 2002).



In terms of fresh produce commodity, it is commonly prominent among consumers based on great flavors, nutrition content quality and product freshness (Lamikanra, 2002). Fresh produce quality used as consumer sensory properties consists of appearance, texture, aroma and taste (Abbott, 1999), while an obvious point of view of product quality suggest in more general term encompasses performance, features, reliability, conformance, durability, serviceability, aesthetic and perceived quality (Garvin, 1984). However, each fresh produce commodity has different characteristics, though it comes from distinct place or country of origin. Each fruit and vegetable are distinguished greatly from one to another in average of quality (Abbott, 1999). All mentioned fresh produce quality attributes, together with convenience additional attributes then become sales driver for each diverse fresh produce commodities (Lamikanra, 2002).

Apple as one of Indonesian consumer favorite fruit with shortage local production has caused the increasing of imported apple to fulfil consumer demand in Indonesia market. Most of imported apple sold at modern market such as grocery store and fruit specialty store with specific standard whereas provide premium product for business differentiation. Business competition facing by fresh produce businesses is the competition to provide better ability to give competitive price and product supply compare to local grown fresh produce price (Abdi et al, 2016). Moreover, different characteristics obtain by premium imported fresh such as apple fruit will need specific store marketing strategy to attract customer. Specialty food store that present the ability to identify their consumer target as their potential buyer can be utilized to construct an accurate success marketing strategy (Wixson et al, 2011). Meanwhile, fresh produce commodity has short display lifetime offer in store, then marketing strategy that employ product quality to optimize product shelf lifetime in urgently need.

This study try to give a new insight of how fresh fruit specialty store utilize product quality as their business success strategy and drive the customer to give concern on premium product that offers at store. The study include distribution structure elaboration to track product distribution and supply chain along marketing channel to describe how fruit quality treated along distribution. Product quality dimension interpret for customer on product display optimization as product physical prove directly sees by customer. In order to give clearer point of view, eight attributes proposed as general product quality attributes (Gravin,



1984) is adapt with specific fresh produce product quality characteristics of fresh fruit suggested by (Barrett et al, 2010) for a premium imported Sekai-Ichi apple fruit that supply for fresh fruit specialty store in Bandung City as vibrant metropolitan city in West Java Province of Indonesia with modern lifestyle running by its customer. A broader insight can be added to the limited studies on marketing product strategy of premium fresh fruit sold in specialty store in big city of a developing country.

LITERATURE REVIEW

Food Specialty Stores

The important driver of food market changes in developing country is drive by the development of modern retail (Minten & Reardon, 2008). However, the literature related to role of specialty store that sold food found to be limited available (Wixson et al, 2011). Though, several analysts stated that this type of store will vastly develop in order to benefit bigger opportunities while doing market segmentation, market target and product specialization (Sopiah & Syihabudhin, 2008). This based on specialty store is focus on specialty merchandisers and carefully choosing their market segment and providing product items with special requirements for targeted customer.

Specialty store can be classified as single-line store, which offer one specify product lines with numbers of product choice. Specialty store has product item with narrow product line and offer a lot of choices in the product line (Sopiah & Syihabudhin, 2008). Fruit specialty store that start to growth on early of year 2000 in Indonesia is able to provide unique products which are not available at supermarket. This type of store existence as modern fruit retail store is supported by qualified store employee who mastered fresh produce knowledge and used as company strength to increase customer convenience and satisfaction by giving better service and information related to fresh produce (Kanjaya & Susilo, 2010). Moreover, this type of store offer additional value based on convenient store location and enable customer to simply locate the place more comfortable.



Customer Driving Forces

Customer demand these days become more sensible than before, thus fulfilling customer requirements by ensuring their needs and wants with company capacity should be well adjusted (Hines, 2004). Rely business key success on market orientation become an essential question in the industry (Elg et al, 2012). Value driver that become key strategic at the store level is building the accurate combination of store format and other factors surrounding the retail environment (Grewal et al, 2010). Specialty store that focus on specific product for specific target market should adjust customer requirements and serve customer with the best product to sense customer change on demand. Driving forces for customer is relevant to sales force-driven to increase customer value toward product in business-to-business market (Balboni & Terho, 2016). Fresh produce that supply from foreign country through export-import trading activity involve various business actor across distribution chain, and each business actor and/or marketer is customer for the previous actor in the network chain.

Customer naturally do shop and purchase their needs in number of stores in many specialty stores. Thus, customer have the choice to buy the same product in different stores and it is customer privilege to be loyal to any store with no permanent means (Applebaum, 1951). Specialty grocery chain also driven by intends competition and fastidious customer that compete to offer product beyond quality and variety (Grewal et al, 2010). By offering different product to attract consumer curiosity is another opportunity to adapt consumer behavior changes and offer better product quality as retail business driving factor.

Fresh produce Product Quality

Quality is a modest with robust justification object and continue to identify by continues learning through events, thus it cannot be justified clearly (Parasuraman et al, 1985). Other define quality as attractiveness that simply realized subsequently any character of an object thrive to be exposed (Gravin, 1984) and perceived by customer as indicator of satisfaction relative of choices availability (Monroe & Krishnan, 1991). These indicate quality as total evaluation of product quality as prevalent references of product excellence



level and conformity that used as confirmation for standard preparation establishment (Monirul & Han, 2012).

It is important for each of distributor's and producer's to study what product items and how much of the items purchases by customer based on product brand, quality, weight, price, type of packaging and by season (Applebaum, 1951). This show that quality has become concern to all parties of product distributor and/or marketer in business network. The cues that could be used by consumers to conclude the expected and/or experience can define as product quality attributes and it is also called as product quality criteria (Grunert et al, 1996). Quality is the interpretation of all dimensions of the offered product that produce benefits for customer that include performance, durability, conformance to specifications, features, reliability, aesthetics, perceived quality and serviceability (Tjiptono, 2008).

Food quality defined as the compound characteristics that distinct single units of product with other, which determine significantly the acceptance degree for user of that particular unit (Kramer, 1965). The attributes of fresh produce quality such as fruit and vegetable may presented in four different attributes, there are color and appearance, flavor that include taste and aroma, texture, and nutritional value (Barrett, 2010).

RESEARCH METHOD

The study apply qualitative method with case study research design. Since the study propose to elaborate and determine the existing phenomena, the application of descriptive research design used to describe comprehensive insight of fresh fruit product quality dimensions provision in specialty store and its distribution mapping along with marketing product strategy of premium apple fruit. Data obtained through direct interview to key informants from specialty store managements who have role to the provision and marketing of premium fresh apple in the store with judgmental sampling technique along with observation that used as primary data of the study.

Mapping on product supply chain was employed to describe product movement and treatment along the way from the production origin place to end consumer. Product marketing strategy through product quality dimension analysis apply with Mean-end Analysis as a problem solving technique for product display optimization in store. The chosen fruit



specialty store has 21 outlets that spread in several main cities in Indonesia such as Jakarta, Bogor, Tangerang, Bekasi, Bandung and Surabaya. Store outlet that located in Bandung is one of the oldest branch of the company and well-known across consumer in Bandung City area. This type of fruit specialty store in Bandung City also found to be limited number, which mean facing less competition among the business. Thus the store outlet choose as representative case study to describe premium fresh fruit commodity is selling in big city such as Bandung.

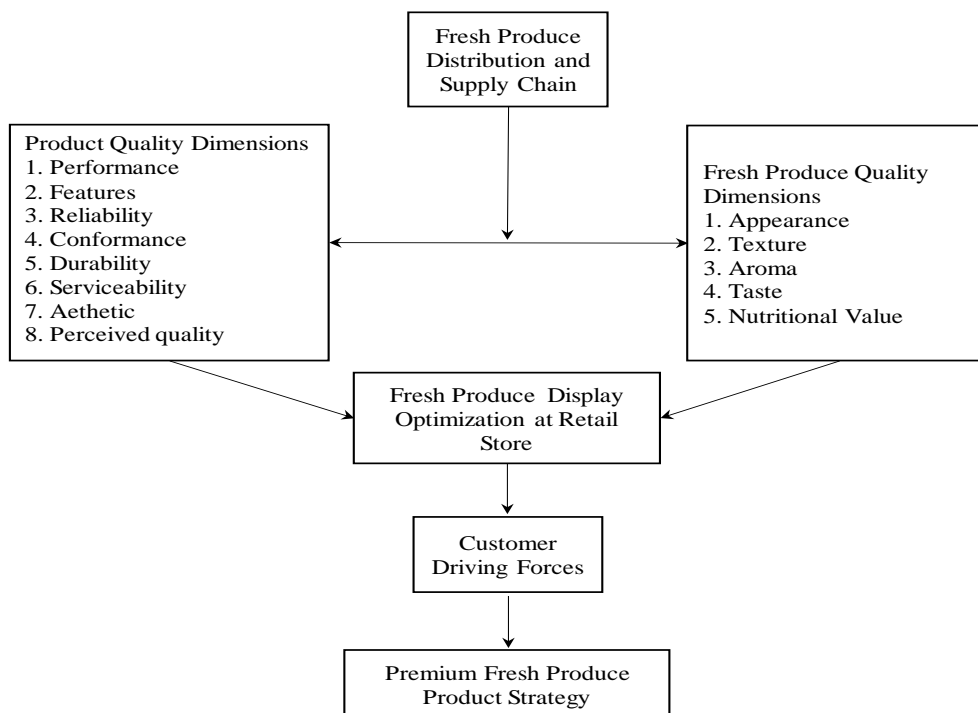


Figure 1. Research Framework

RESULT AND ANALYSIS

Sekai-Ichi Apple Fruit Distribution and Supply Chain

Distribution and mapping the product supply chain is strategic key to understand business actor activity and what is share among them also the product movement and characteristics. Supply chain map will help to assist opportunities identification each element of material, financial and information flow from one to another. In this map, it can be seen that the imported Sekai-Ichi apple product flow started from Qingdao Shijie Industria as



producer in China that offer their product within six months before harvest time. Buyer should approve the agreement via legal contact to proceed the product preparation to be exported abroad. The apple fruit is package in big Styrofoam box that consist of nine pieces of fresh Sekai-Ichi apple. Each box weighted for five kilograms of fresh apple, and the product sent in not yet ripe condition to manage and measure distribution time and length that require extensive term and condition from China to Indonesia. Distribute fresh cut commodity to numerous distribution area contain risks and retailers as the final marketing channel need to reduce the uncertainly environment and risks as business driver (Hogarth-Scoot, 1999).

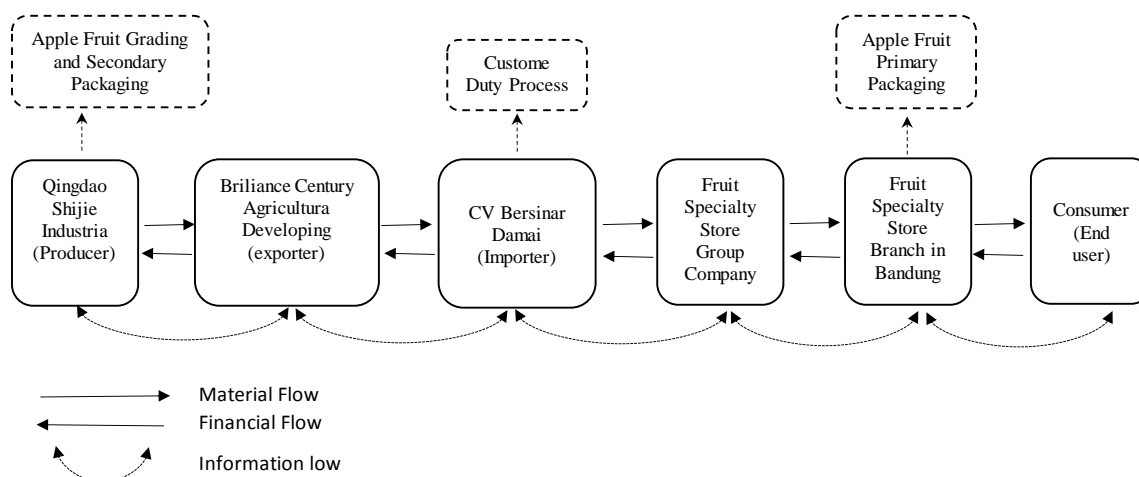


Figure 2. Sekai-Ichi Apple Product Distribution and Supply Chain

Sekai-Ichi apple producer distributed the product through Export Company and use trading harbor such as Tanjung Priok in Jakarta or Tanjung Perak in Surabaya as the first point of product distribution in Indonesia. Distribution track will depends on government regulation. Imported fresh product will pass the duty process and distributed to import company. Custom duty process will impact on time delay for product to be sent to local distributor company and once influence fresh apple condition and quality. Food specialty store as retailer rely business driver relating to risks and environment uncertainly is employ to improve the integrity of supply chain, to serve greater consistency, to improve quality of fresh cut commodity and to lower cost by achieving economics of scale (Hingley et al, 2005). Local Distributor Company sold the product to local buyer such as fruit specialty Store



Company and then distributed to each store branch in several area. Store branch receive fluctuate product quantity each time, ranging from three to five boxes. In order to maintain product freshness, primary packaging with individual packing made from small Styrofoam plate size and coated by transparent plastic. This product attribute strategy use to exposure product uniqueness of Sekai-Ichi apple that weighted unusual with bigger size compare to other fresh apple offer in the store. This made the product special and unique called as premium commodity.

Financial flow proceed different flow with material, which started from end consumer to producer. It involve payment from each actor of the business network and legal prove showed by end consumer receipt, buyer invoice along with term of payment. Meanwhile, information flow goes for both side of each business actor vice-versa. Information sharing consists of product capacity, delivery status and order information. Foreign marketing that involve export and import companies usually adapt more structured selling system with proper legal contract. This will ensure product quantity, quality and continuity in the market. Fair information sharing among marketer and supplier along the network chain is essential in today's business. Supplier supportive action along the supply chain is part of supportive action on market driving strategy ((Elg et al, 2012).

Sekai-Ichi Apple Product Quality Dimensions

Fresh fruit quality attributes show different characteristic compare to process or manufacturing product. The result show that basic product quality dimensions of imported fresh apple has generally fitted the quality standard that adjusted for premium fresh produce commodity. Special treatment interpreted through individual packaging and investing on cold storage facility directly impact on product quality related to freshness, texture and appearance. Freshness related to keeping the apple in a proper temperature, while texture related to the nature of fruit skin surface and appearance subjected to fruit maturity and ripeness. Fruit maturity is the most essential and significant factor to determine fresh produce storage life and final decision of fruit quality based on accurate harvest time (Lamikanra, 2002; Qi et al, 1999). However, the nature of Sekai-ichi apple has no specific aroma is identify reliability dimension become less reliable and can be replace with providing higher



product grade showed by its size and, color and texture. Meeting market requirements is urgently need to be succeed, by fulfilling product quality standards, providing cooling storage facilities, delivering a well-packed product and supplying minimum volume quantity (Burt et al, 2008). Meanwhile, feature dimensions represent fresh apple quality by applying individual packaging as product attractiveness and exclusive to present higher value through higher product benefit although with higher price to enjoy the premium fruit. It is common that most buyer prefer to receive fresh produce such as fruit with a particular type of packaging, due to its image to present superior-quality product (Burt et al, 2008). A better treatment on fresh fruit display in cold storage and the use of packaging will benefited to longer storage life of the product and leave less unsold items to be dissolved as product loss.

Table 1. Sekai-Ichi Apple Product Quality Dimensions

Product Quality Dimensions	Indicator(s)	Fresh Produce Quality Dimensions	Quality Dimensions Achievement
Performance	Basic operation characteristic of a product	nutritional value	Source of vitamin A and C with additional nutrition that able to prevent heart disease, cancer, help digestion system, body cleaner from chemicals and metal, and absorb fat
Durability	Product time length and endure before being replace or dissolve	freshness	3 to 7 days in cool storage store display after one month journey from its origin production
Conformance	Confirm to specific requirement characteristics	texture	Clean, smooth fruit skin surface without defect
Features	Product additional design for	packaging	Individual packaging using Styrofoam and transparent

	completeness		plastic to prevent physical contact with store employee and customer
Reliability	Probability of product satisfy for consumer	aroma, taste, grade	No specific aroma, sweet taste and sorting for grade picking
Aesthetic	Product appearance	appearance	Similar color with red domination and size of 400 to 600 grams per piece
Perceived quality	Indirect consumer measurement on product use	labeling	Less information of product knowledge on product label
Service ability	Additional service to serve customer	cold chain facility, waste product (unsold product) system	Cool storage provision with specific temperature, but less special individual treatment that leave unsold product dissolve as waste

Sekai-Ichi Apple Product Strategy at Fruit Specialty Store

The proposed product strategy for premium fresh apple fruit in Fig. 3 showed the most critical factors that identified as the problems need to be solved to optimize product display. As shown on the framework, Fruit specialty store goals are to provide the best fresh produce quality to fulfil customer needs and wants. Company weakness providing imported fresh apple is the product quantity fluctuation that effect supply continuity, which influence consumer satisfaction and loyalty toward shopping at fruit specialty store. The emerging of supermarket, grocery store, and other modern retail to provide consumer demand on fresh produce need to be addressed to maintain business profit and sustainability in the business.

Current situation of providing imported fresh fruit at specialty store that rely the business only on specific product line is threated by nature characteristics of fresh produce that has short storage lifetime and possibly produce low product quality in shelf display. Fresh apple that keep longer in the shelf will less attract customer as product physical



appearance has change to be wrinkled and poor. Thus, proposed product strategy for premium fresh apple based on product quality dimensions as market driven is creating product rolling system in storage shelf along with everyday product sorting. Company should give product knowledge training for store employees to improve employee knowledge toward producing high fresh apple quality especially regarding to higher product durability, increase product conformance and increase customer perceived quality. Customized fresh apple provision with current store management system can lowering cost and customize apple product provision and periodic order adjustment to lower transaction cost arising in supplier and cost hidden in customer's sphere. A lower cost perceived by customer assume to increase customer perceived value. A market driven approach can be succeed if there is an adaptations on modification functionally which away from supplier business model intervention (Elg et al, 2012).

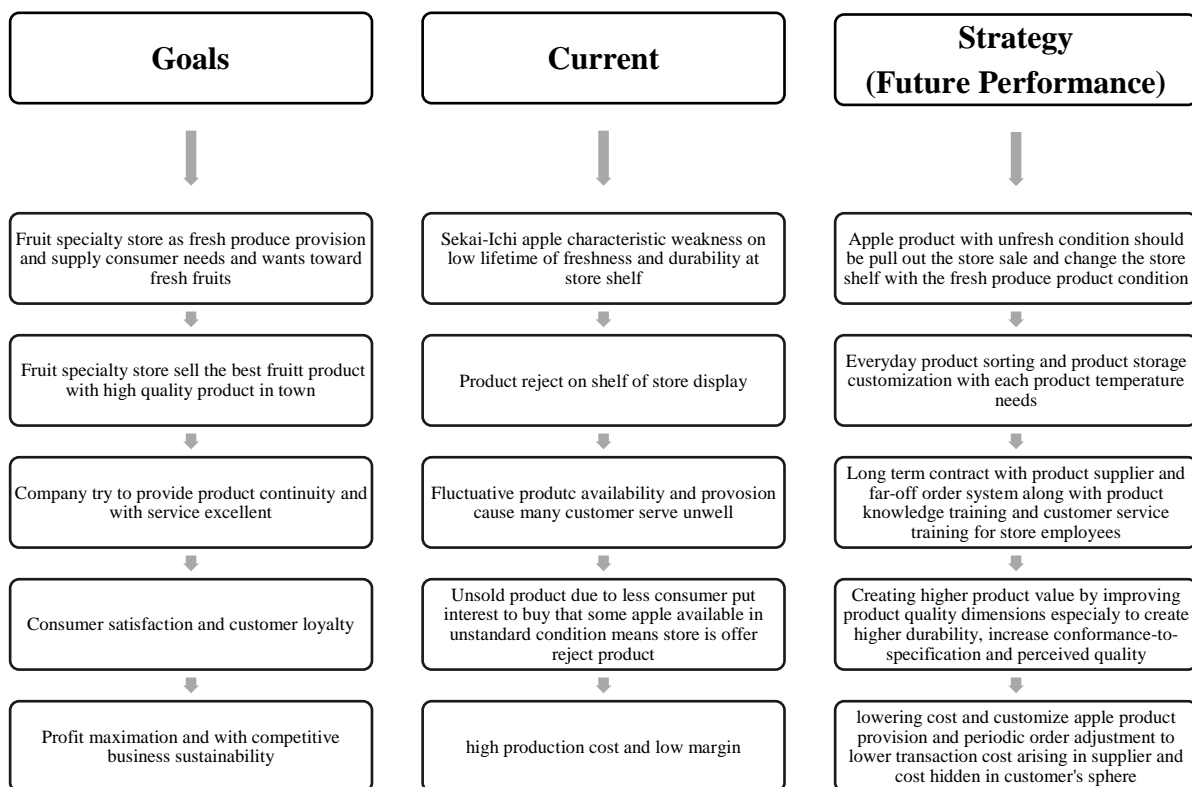


Figure 3. Mean-End Analysis of Product Marketing Strategy for Premium Fresh Apple Provision in Specialty Store

DISCUSSION AND CONCLUSION

The study found that product supply on premium fresh apple that imported from China to Indonesia and sold at fruit specialty store based on distribution and supply chain description can be seen as structured market format with horizontal supply chain type of short food supply chains (SFSCs). This is an alternative strategy to concentrate product distribution and supply based on inter-relations among supply chain actors start from producer on up-stream system to specialty store retail on down-stream system in order to gain lower cost and efficiency.

The conclusion suggested from Mean-end analysis result as problem solving toward premium fresh apple product quality dimensions proposed improvement on future performance through product value co-creation on product quality benefit on higher durability, increase conformance-to-specification and customer perceived quality and adjust cost with lowering cost arising in supplier and customer. This problem solving adjust between company objectives and company current condition related to premium fresh apple product quality that sold at specialty store as customer value driven and meeting customer behavioural changes on fresh fruit. Premium fresh produce should present superior-quality product to gain consumer attractiveness and compete with other fresh produce with various quality standard.

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