

Carrefour a french multinational retailer marketing essay



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Introduction

Carrefour, a French multinational retailer, was established by the Fournier and Defforey families as a supermarket in 1959. In 1963, new concept – hypermarket, was discovered and invested. Since then, Carrefour owned up to 5, 200 stores worldwide, reaching out to 26 countries and region (refer to appendix A). In particular, for Asia, Carrefour have invested in China, Taiwan, Malaysia, Indonesia, India as well as Singapore with approximately 361 hypermarkets, 17 supermarkets and 2 other formats of stores (refer to appendix B).

Opening its first store in 1997, Carrefour was the first to introduce hypermarket concept in Singapore, where everything can be purchased under one roof (aisaone business 2012; Krishnan 2012). Oxford dictionaries (online) defines hypermarket as ‘ a very large self-service store with a wide

range of goods and a large carpark typically situated outside a town’.

Carrefour had two stores in Singapore; Suntec City and Plaza Singapura.

Subsequently, in 2000, Giant, a major hypermarket retailer, joined the market, competing with Carrefour. As a result, Carrefour was not progressing well. Reported by numerous news (refer to appendix C), in a press release on 28 August 2011, Carrefour announced the decision to close its two stores in Singapore by the end of 2012. This decision was reached because Carrefour realized that there is no expansion and growth prospect in Singapore that brings them to a leadership position in the long term.

Marketing Problem

Segmentation/ Customer Research

For 15 years, Carrefour has been providing consumers with one-stop service but it did not turn out as expected. Concluded by Krishnan (2012), Carrefour came in with the mind-set that consumers in Singapore would avoid frequent shopping and hence, would buy as much as possible within a trip.

Unfortunately, this prediction was not accurate as this behaviour was not seen popular in Singapore.

In addition, both Carrefour’s outlet was located in central hub which in customer perspective brings significant inconvenience such as high travelling cost and traffic congestion. Moreover, Carrefour does not offer unique products that appeal to consumers, enticing them to choose Carrefour over other retailers and local grocery shops (Krishnan 2012).

As a result, Carrefour was observed to be targeting at the wrong country and customer segment, facing huge hurdle in attracting consumers with their one-stop shopping proposition, location and products offered.

Sales and Distribution Research

Being a hypermarket that offers a wide range of food items and non-food items such as appliances and clothing, Carrefour is in a direct competition position with grocery retailer, supermarket such as NTUC FairPrice (Ng 2012) as well as appliances chains such as Best Denki (Krishnan, 2012), which might eventually affect their sales.

On top of these competitors, Giant, a hypermarket open by Dairy Farm Group, is their major competitor. Reported by Krishnan (2012), Giant offers consumer lower price, compensating and outweighing travelling cost. Giant is also able to control consumer's behaviour as products sold seems to be more appealing to broader segment of market.

Hence, with these competitors at hand, Carrefour did not operate as well as expected. Looking at Carrefour's 2011 sales report, illustrated in the pie chart below, the highest contributor of 43.2% is France. Aisa, has the lowest contribution of merely 9% which is approximately €73 Million (with the closure of Malaysia and Thailand stores).

Source: <http://www.carrefour.com/cdc/finance/key-figures/our-key-figures-/key-figures-folder/breakdown-sales.html>

In addition, reported by TODAY news (2012), in 2009, Aisa has accounted for 7.9% of Carrefour's total sales of €85.9 billion, with Singapore contributing only €85 Million (TODAY/CNA 2012). Comparing it with 2011 annual report, sales revenue in Singapore have decreased. Therefore, the failed in Carrefour may be due to its strong competition in Singapore with its direct and indirect competitors.

Objectives

The main purpose of this research proposal is to investigate the perception of consumers towards Carrefour against their competitors in Singapore.

The objectives of the research proposal are as follows:

To evaluate Carrefour's performance in comparison to its competitors

To examine factors influencing consumers' behaviour in patronizing its preferred hypermarket/supermarket retailer

To ascertain what kind (demographic, geographic, psychographic, behavioural) of consumer frequent Carrefour

To investigate the degree of brand loyalty consumer have towards Carrefour

Research Design

Research Question

With the aim of achieving the objectives set, research questions have to be formulated. The following are some example pertaining to the research proposal.

Which of the supermarket respondent most frequent?

In selecting a supermarket, what are the factors that respondent consider most?

Rate the level of awareness respondent have towards Carrefour (1 being the most and 7 being the least)

How frequent do respondent shop at any of Carrefour's outlet?

What are the prominent difference between Carrefour and other supermarket?

Research Method

Aliaga and Gunderson (2000) quoted from Muijs (2011, p. 1) defines quantitative research as a method that explains the phenomena of collecting numerical data that are analysed using some mathematically based methods, in particular statistics.

The researcher will thus be adopting a quantitative approach, employing primary research - personal survey method, focusing on the phenomenon of consumers' decision for patronizing a supermarket; their intentions, behaviour and attitude (A study on factors considered by consumers for patronizing a retail outlet 2010) and gather information on consumer awareness towards Carrefour compared to its competitors.

Personal Survey

Malhotra and Birks (2007, p. 265) and Malhotra (2010, p. 211) defines survey as a method that gathers information based upon questioning respondents a variety of questions regarding their behaviour, intentions, attitudes, awareness, motivations and demographic and lifestyle characteristics.

Most researcher noticed that survey is simple to administer and hence is a popular quantitative measure amongst all. Although it is argued that survey can be uncontrollable as respondents may be unable or unwilling to provide accurate responds (especially to motives or sensitive questions), it is recognised that due to the limited alternatives available, data collected will be consistent across and variability of results will be reduced (Malhotra 2010; Malhotra and Birks 2007; insights from decision point 2012).

Rea and Parker (2012) further argues that commercial enterprises often use surveys to formulate market strategies for the potential widespread use, performance of new and existing products as well as finding out their market value. These aligns to the researcher's aim and objective, to gather information on factors that affects consumer patronage behaviour as well as perception of consumer towards Carrefour.

Furthermore, due to the survey's fixed-response alternative questions nature and consistent data gathered, coding, analysing and interpreting of survey results are relatively simpler for researchers compared to observation or experiment method.

Appendix D shows a diverse survey techniques, and compares them against numerous factors, shown on appendix E. Personal interviewing - street

survey, occurs when respondents are intercepted while shopping or walking
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on the street (Malhotra and Birks 2007). Personal survey technique is a method to collect 'relevant data from target group and evaluation becomes easier' (A study on factors considered by consumers for patronizing a retail outlet 2010), generalising the entire target population from a small amount of data gathered (Rea & Parker 2012). Additionally, personal survey allows the researcher control the environment, to source for potential surveyee personally, collecting data from the right target segment (Gibran 2010; Rea & Parker 2012). Moreover, response rate in personal survey can be significantly high as compared to other methods such as mail survey and speed of collecting data is also moderately high.

Due to the characteristics of personal survey in appendix E, personal survey will be conducted by the researcher on consumers who patronize any supermarket or hypermarket in Singapore to collect valuable data on their patronizing behaviour and their level of awareness towards Carrefour against their competitors.

Formulate a plan

Gibran (2010) suggested that, survey techniques includes selecting respondents randomly from the studied population in an unbiased manner and having a standardized questionnaire for all respondents. However, Rea and Parker (2012) claims that physical characteristics of surveyee such as attire, cleanliness, manners etcetera is important when selecting respondent.

On top of that, sample survey, where data will only be collected from a fraction of the studied population (Statistics Canada 2003, p. 2; Rea & Parker

2012), will be exploited by the researcher. It is noted that sample survey provides a economical and quicker way of obtaining sufficient information in the field. Hence, in this research, studied population refers to a representative number of consumers, particularly middle-aged women, who patronize any supermarket in any given time.

As mentioned, there are two different issues. To attain the objectives, the questionnaire will be targetting at these two issues seperately where specific questions will be asked sequentially. First part of the questionnaire will focus on the factors affecting consumer partonage behaviour while the second part on consumer's awareness towards Carrefour.

Structured questionnaire, the degree of having a standardisation on data collection (Malhotra and Birks 2007), will be executed by the researcher in a formal and prearranged order, thus having a direct collection process.

Although unstructured questions allows respondent to best express their attitudes and opinions towards the topic discussed (Malhotra 2010, p. 343), it will not be address as this is a quantitative research. Hence, the questionnaire will only contain structured questions.

Most questions in the questionnaire will be in a likert scale (nominal scale) and respondents will be required to rate them accordingly base on their attitudes and behaviour. Rea and Parker (2012) recommends that sample size must be selected in an appropriate microcosm of the working population. They further concludes that larger samples yield higher degree of accurancy than smaller samples and hence researcher have to weigh the degree of accurancy with time and cost available.

Analyze Data

Before collating the results through computer-assisted programme, coding will be employed to facilitate capturing of data. This means that researcher will be allocating numerical values to every possible result of each question, giving it meaning (Malhotra 2010; Malhotra & Birks 2007). Structured questions will be coded before the fieldwork is performed, while for unstructured questions, responses will be coded after the fieldwork (Statistics Canada 2003; Malhotra 2010, p. 455).

After which, coded values will be stored into the computer to analyse the questionnaires. As explained by Statistics Canada (2003, p. 3), computer-assisted programme enables researcher to directly enter questionnaires into the computer and data will be captured and transform into readable format. Another benefit to computer-assisted programme is that inconsistent and invalid data will be identified instantly for researcher, providing a user-friendly and convenient form of identifying invalid data.

The computer-assisted programme used will be SPSS, where data will be analysed into tabular or graphical form (Rea & Parker 2012), making comparisons and interpret results for statistical analysis that will be reflected in the research proposal.

As this research is about consumer's behaviour towards patronizing, the research requires multivariate statistical technique where there are two or more measurements of each element and the variables are analysed simultaneously (Malhotra 2010, p. 466).

As mentioned, this research involves understanding the patronage behaviour. Hence, responses of the factors that affect respondent's behaviour are dependent on each other. For example, respondent patronage behaviour will depend on the location, price, products offered etc. As such, referring to appendix F, a classification of multivariate techniques, the researcher is able to evaluate results with several methods such as cross-tabulation.

Conclusion

In summary, with the intention of discover the factors to consumer behaviour as well as establishing Carrefour's market position in Singapore, the researcher have decided to employ personal survey method. Survey results will be analysed through coding followed by SPSS thereafter by the researcher to interpret these surveys into readable tables and graphs.

Limitation

Survey may seem to be the best suitable method for this research but it is time-consuming. As mentioned, this research is base on sample survey, which implies that it will not be 100% accurate as not everyone in the studied population is surveyed.

Expected contribution

With the mentioned objectives, and the methods used to meet these objectives, the researcher believes that this research will be able to contribute to Carrefour in analysing the reasons to their failure in Singapore, thus making improvements in other countries. This research can also set

Carrefour's management to react fast to changes in other international market, expending their market and prospects.