Small Food Retail Formats: A Market for Low-income Consumers
Rachèd CHTIOUI¹, Haifa RZEM² and Mohsen DEBABI³

Abstract
The objective of this work is to examine, through an exploratory study of 20 consumers, the variables that influence the choice of small retail formats. Although some of them are partly to mostly mobilized in the works that have previously studied the subject, other factors that determine consumer orientation small retail formats rather than to other distribution formats were identified. Buying on credit is one of the main variables identified through this study, small businesses therefore an alternative for low-income consumers in a context where poverty invaded the world.

Key words: small retail formats, low-income consumers, attributes, lexical analysis.

INTRODUCTION
In a now unstable economy, subject to globalization shocks, rapid technological progress and its dissemination and to social transformations, most industries have initiated a process of continuous change. Retailing is no exception.
Retailing, once consisting of small businesses and mini-markets known by a very limited range, is constantly evolving and it is more and more moving towards a modern retailing outlook.
This development clearly represents a challenge for small businesses which, lacking the sales force of supermarkets, should find new arguments and should implement sound marketing strategies in order to exist.
However, if economically speaking, profits of supermarkets largely compensate for the decline of small retailers, we should admit that small businesses have a social function that new retail formats lack. Therefore, small businesses have long relied on their proximity to the consumer to meet the challenge of large retailing.
Many studies show that the consumer is attached to small businesses mainly for geographic proximity reasons, which is the advantage of this retail format (Debabi and Lajili, 2005, Goldman and al, 2002, 2004; Lessassy, 2007).
Furthermore, it should be noted that other factors determine consumers’ orientation towards small businesses rather than towards other retail formats. While poverty is invading the world, little research in marketing is interested in consumers with low purchasing power.
Thus, in this study, we try to answer the following question: Apart from its main asset, "proximity", are small businesses a solution for low-income consumers?
Therefore, two questions arise from our research problem:
Is proximity the primary variable behind opting for small businesses? Are small businesses the main market for low-income consumers?
The purpose of this exploratory research is to clarify the main determinants behind choosing this retail format to provide useful preliminary insights for small retailers, but also for future research.
The first part of this paper outlines the key attributes of small retail formats mentioned in the literature. The methodology and the main results are presented in the second part.

THE THEORY
The theoretical basis on which our research relied allowed us to identify the variables that are specific to visiting small businesses.

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Proximity
According to Bergadaa and Del Bucchia (2009), geographical proximity rests essentially on the physical distance between buyers and their preferred store. Several studies, like those of Debabi and Lajili, (2005) and Lessasy (2007) showed that the location of the point of sale is the main selection criterion of a small retail outlet. Indeed, the highly competitive environment of retailing imposes the adoption of strategies that help create a benefit for the customer (Dubois and Nicholson, 1992). These strategies not only aim at tangible items but also, increasingly, intangible ones. Most positioning strategies of outlets mainly focus on outlet location and specifically on business attraction phenomenon (Cliquet, 1992). The location of the store is the first variable used by researchers or by practitioners to explain the choice of an outlet by consumers (Cliquet, 1992).

Kalika (1984) shows that the item "near me" is a key determinant of visiting a point of sale. Goldman and al. (2002) measured the effect of distance on consumer behavior in choosing between a supermarket and a traditional store showed that geographical proximity is an advantage for small businesses.

Social contact
Zikmund (1977), Reynolds and Beatty (1999), Arnold and Reynolds (2003), Dawson, Bloch and Ridgway (1990), Badot (2005) indicated that attending a point of sale is motivated by looking for social contacts. The outlet is described thus, in this case, as a place where the individual picks a relationship with his/her environment different from his/her everyday world. Relationships with others can be established (Feinberg and Meoli, 1991), and strengthened, especially when meeting people belonging to the same age group. It is said that a genuine process of socialization takes place. These consumers remain, therefore, committed to values that are within the tradition and culture of the country. They are very sensitive to the friendliness that small businesses may introduce. This is very much appreciated and may explain why a particular group of consumers are faithful to a small business (Amine and Lazaarou 2007).

Sociodemographic variables
Taking into account sociodemographic variables is well justified on theoretical and empirical grounds (Goldman and Hino, 2004; Debabi and Lajili, 2005, Amine and Lezzaoui, 2007). According to Goldman and Hino (2004), age is an influential factor in visiting small businesses. The authors showed that older customers consider small businesses as their main retail outlet. In a similar vein, Trappey and Lai (1997) showed that most customers who visit traditional outlets belong to the age groups of 45-55 years and 55-64 years. As for income, the variable that most interests us in our study, Goldman (2002) empirically tested the relationship between income and attending traditional outlets and found a negative relationship. Differently put, the lower the income is, the more the small business tends to be the main outlet for the customer.

Debabi and Lajili (2005) proposed that most people who attend small shops belong to the low income category of customers. Similarly, the results of the study by Amine and Lezzaoui (2007) indicate that the lower class was left out of large supermarkets which they consider as fine stores and inappropriate for them. They visit mainly local nearby shops.

METHODOLOGY
Our sample consisted of 20 customers of small retail formats who have been selected through a screening questionnaire on their visit to point of sales. This questionnaire allowed us to ensure that the main selling point of these interviewed customers is small outlets. For our data collection, we used a semi-structured interview to interview respondents. The themes of our constructed interview instrument respect our research problem. These themes are threefold:
(1) Characteristics of the respondent;
(2) Analysis of purchasing behavior and visiting small retail formats;
(3) Consumer preferences of the attributes used to choose small retail formats.
The data collected in this qualitative study were subjected to a lexical analysis by the Sphinx software.
After a first purification step of unnecessary words and expressions, we proceeded to a parsing and a stemming analysis (the extraction of a reduced form of the text standardized by dictionaries). The analysis helped focus our attention on nouns, adjectives, and the most common verbs. The first reduction in the corpus transformed the content of the speech into a list of keywords used to summarize the content of the corpus. (Moscarola, 2001).

ANALYSIS AND DISCUSSION OF THE RESULTS
From the lexical analysis, we sought to identify the main themes emerging from the discourse of consumers who attended traditional retail formats, while referring to the variables identified in the literature.
We retained the attributes of small retail formats in verbatim form in terms of average reoccurrence. It is the ratio of the length of the text of the interviews calculated as the number of words and number of different words. In this study, the words that refer to traditional retail formats located in neighborhoods have an average reoccurrence of 3.58.

<table>
<thead>
<tr>
<th>Words</th>
<th>Number of occurrences</th>
<th>Average reoccurrence</th>
<th>Words</th>
<th>Number of occurrences</th>
<th>Average reoccurrence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proximity</td>
<td>79</td>
<td>4.04</td>
<td>Installments</td>
<td>22</td>
<td>4.12</td>
</tr>
<tr>
<td>credit</td>
<td>70</td>
<td>3.67</td>
<td>Manage</td>
<td>18</td>
<td>1.92</td>
</tr>
<tr>
<td>relationship</td>
<td>61</td>
<td>1.09</td>
<td>Neighborhood</td>
<td>09</td>
<td>1.96</td>
</tr>
<tr>
<td>Help</td>
<td>18</td>
<td>1.10</td>
<td>family</td>
<td>05</td>
<td>1.02</td>
</tr>
<tr>
<td>Near</td>
<td>49</td>
<td>1.87</td>
<td>Average</td>
<td>15</td>
<td>1.03</td>
</tr>
<tr>
<td>Poor</td>
<td>42</td>
<td>2.56</td>
<td>Salary</td>
<td>18</td>
<td>3.37</td>
</tr>
<tr>
<td>Solidarity</td>
<td>10</td>
<td>1.32</td>
<td>On foot</td>
<td>23</td>
<td>2.50</td>
</tr>
<tr>
<td>Authentic</td>
<td>13</td>
<td>3.56</td>
<td>convivial</td>
<td>12</td>
<td>4.02</td>
</tr>
<tr>
<td>Price</td>
<td>24</td>
<td>4.98</td>
<td>habit</td>
<td>14</td>
<td>4.62</td>
</tr>
<tr>
<td>contact</td>
<td>51</td>
<td>3.90</td>
<td>payment</td>
<td>28</td>
<td>3.84</td>
</tr>
<tr>
<td>nostalgia</td>
<td>35</td>
<td>2.73</td>
<td>Emergency</td>
<td>07</td>
<td>1.49</td>
</tr>
<tr>
<td>Meeting</td>
<td>40</td>
<td>1.24</td>
<td>friendly</td>
<td>11</td>
<td>3.99</td>
</tr>
<tr>
<td>social</td>
<td>33</td>
<td>4.03</td>
<td>Lack</td>
<td>19</td>
<td>2.38</td>
</tr>
<tr>
<td>Purchase</td>
<td>51</td>
<td>3.65</td>
<td>Links</td>
<td>10</td>
<td>1.59</td>
</tr>
<tr>
<td>exhaustion</td>
<td>13</td>
<td>4.81</td>
<td>Low</td>
<td>08</td>
<td>2.65</td>
</tr>
</tbody>
</table>

In the following table (Table 2), we present the list of variables that group in the same lexical field words having an above-the-average reoccurrence: buying on credit, proximity, social contact, off-the-hook purchase and nostalgia.
The frequency analysis allowed us to find the attributes of small retail formats that are mentioned in the literature, namely proximity and social contact. We found also variables that were considered but have not been developed in previous work, namely: buying on credit and the off-the-hook purchase. Apart from these selection criteria, the speech of the interviewees also revealed another variable; nostalgia.
Table 2: Frequency of attributes of small retail formats

<table>
<thead>
<tr>
<th>Attributes of small retail formats</th>
<th>Times cited</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buying on credit</td>
<td>18</td>
<td>90.0%</td>
</tr>
<tr>
<td>Off-the-hook purchase</td>
<td>5</td>
<td>25.0%</td>
</tr>
<tr>
<td>Social contact</td>
<td>18</td>
<td>90.0%</td>
</tr>
<tr>
<td>Nostalgia</td>
<td>6</td>
<td>30.0%</td>
</tr>
<tr>
<td>Proximity</td>
<td>20</td>
<td>100%</td>
</tr>
<tr>
<td>Total observed</td>
<td>20</td>
<td>100%</td>
</tr>
</tbody>
</table>

Based on this analysis, it appears that proximity is the first variable used by the main consumers of small businesses to explain their choice of that outlet as a main retail format. Small retail format is perceived by customers as these stores that have adapted their opening hours. Therefore, this variable is an asset for small businesses.

“I prefer to make my purchases from a small retailer as it is near my house. It only takes two minutes to go.”

Interviewee 1

Buying on credit has also a key role in explaining the behavior of visitors of small retail formats. The majority of respondents cited this criterion. For them, small retail formats adapt their purchasing act to their payment on credit and their standard of living. These individuals give much importance to buying on credit and believe that by buying from a small retail format, they will have the option to pay over time. Small retail format is a way for them to compensate for a possible exhaustion of wages and their low purchasing power plaguing the majority of respondents as their average income is less than 500D. Therefore, the small retail format is the primary market for low-income consumers.

“For me the small business is a source of supply on credit because all my purchases are paid on installments.”

Interviewee 17
"The small retailer of the neighborhood fits well my payment habits, I buy on credit and I have difficulties to pay in cash because of the level of wages that I ... it greatly facilitates the management of my budget, it is for me a way to meet an eventual depletion of salary ... buying on credit, it's part of my buying habits."

Interviewee 7

The relationship with the seller is also a much appreciated criterion by consumers. 90% of respondents cited it as a key factor behind choosing and attending traditional retail formats. Indeed, the consumer finds in this retail format the relational side that he/she expects. The seller knows the family and friends, making it easier for customers to obtain certain services.

These consumers remain, therefore, committed to values that are within the tradition and culture of the country. They are very sensitive to the friendliness that a small retail format may introduce. This aspect is very well appreciated and may be the reason why this group of customers is faithful to this retail format.

These people come from a culture in which social life is an important feature. They seek to weave interpersonal relationships especially when going to shops. They try to talk and interact with vendors, and other customers. Small retail format thus appears to them as a place of life and social interaction.

"I am quite loyal to the shopkeeper of the neighborhood because he offers me a warm and friendly service. I find it interesting to talk to him. I'm pretty sensitive to the friendly atmosphere I feel with him."

Interviewee 5

Moreover, small businesses are considered by some customers (from 5 to 6 quotes) as places full of identity, authenticity and are known by relationships. According to them, these are places where you can be known and recognized while meeting people. They are deeply humanized and have a strong appeal that evokes the past.

Nostalgia is manifested, for these individuals, by propensities to think about the past but also by dimensions attached to souvenirs. It appears as a possible factor behind the desire to seek in small businesses past and history. For these customers, predisposition to nostalgia is positively related to a motivation to purchase from small businesses. These retail formats are also known by conducting emergency purchases.

CONCLUSION

In this study, we examined new variables that may influence the choice of small retail formats. Although some of them have little or partially been examined by previous research on the topic, the variables "buy on credit" and "nostalgia" "off-the-hook purchase" were identified during an exploratory qualitative study which highlighted the explanatory power of these variables in the choice of this retail format.

Despite the development of modern retail networks in emerging countries, traditional trade format is persisting relatively well since it fulfills social as well as utilitarian functions. Customers remain dependent on their grocers who ensure they are served and do not necessarily look to expand their customers base. This retail format remains, in situations of crises and poverty, an emergency exit for customers.

The limitations of this study relate to the difficulty of determining all aspects of the informants discourse from the lexical analysis software. However, further research is needed to validate our findings in quantitative terms.

REFERENCES


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