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CUSTOMER RATINGS OF WAREHOUSE FOOD STORES PERFORMANCE

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A survey of supermarket customers in one metropolitan area indicates that warehouse food stores are rated below average in total store performance. Warehouse food store operations strongest image was in availability of advertised specials, low priced weekly specials, prices, accurate, quick checkout, and meat quality. Warehouse food stores weakest image was in ease of shopping in the store, availability of coupons, fresh fruits and vegetables, and cleanliness.

Overall store ratings have, over the past decade, forecast survival of a retail operation very consistently. With 4.00 as a perfect rating, stores which have received a rating of less than 2.60 have not long survived. Independents with this level of rating have closed their doors in less than 2 years, chains in less than 5 years.

Table 1 indicates ratings of selected retailers during the summer of 1977. The market share of the national chain is about 24 percent, the local chain has 21 percent of the market, the regional chain about 7 percent, the warehouse stores about 2.2 percent and the selected independent about 1.5 percent. The rating of the independent is the highest rating achieved by any store in a decade of many customers surveys.

The warehouse stores are all located in converted standard supermarket facilities. Two of the three warehouse stores are located within the same building as a discount store, but with separate

checkouts. All three warehouse stores operate under one management.

Warehouse food store overall ratings are below traditional supermarket averages of about 3.00. In addition, written comments about warehouse food store operation were very negative; especially in areas such as price marking, bagging own groceries, store atmosphere, cleanliness, employee courtesy and lack of services. The results indicate that warehouse food stores in this market area, operated as they are now, have a limited potential for growth.

The warehouse food stores in this area have operated for about 2 1/2 years. The stores first charged a membership fee, did not use coupons, the customer priced individual items, bagged their own groceries and provided their own bags. The grocery items were displayed in cartons with reserve stock in pallets on overhead pipe racks. Over time, the membership feature was discontinued, coupons have been used sporadically, and items have been priced by the store.

When warehouse stores are successful, many seem to evolve over time to operate more and more like a conventional supermarket as they compete for additional business.

Table 1. Customer Ratings of Selected Stores in One Metropolitan Area

	29 Store National Chain	5 Store Regional Chain	25 Store Local Chain	3 Store Warehouse Stores	1 Store Selected Independent
Meat Quality	3.00	2.51	3.26	3.10	3.61
Fresh Fruits & Vegetables	3.19	2.83	3.48	2.75	3.12
In-Store Bakery/ Delicatessen	3.19	2.91	2.78		3.16
Selection of Merchandise	3.27	3.06	3.46	2.88	3.69
Prices	3.05	3.18	2.54	3.17	2.81
Low Priced Weekly Specials	3.18	3.28	2.79	3.37	2.93
Convenience of Store Location	3.55	2.67	3.53	2.97	3.72
Courtesy & Friendliness	3.16	2.59	3.43	2.97	3.87
Ease of Shopping in the Store	3.23	2.45	3.44	2.25	3.78
Accurate, Quick Checkout Service	2.79	2.08	3.22	3.12	3.84
Parking Facilities	3.36	2.83	3.46	3.08	3.56
Availability of Ad- vertised Specials	3.12	2.73	3.40	3.48	3.63
Availability of Coupons	3.45	3.15	3.42	2.37	3.60
The best possible rating is 4.00. The overall rating is not an arithmetic average of line ratings, but an overall rating assigned by respondents.					
Overall Rating of Store	3.18	2.67	3.37	2.74	3.86
