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# Marketing Objectives Among Rural Food Retailers

Forrest E. Stegelin

Food retailers representing four retailer types (family operated grocery stores, produce markets, meat/egg/dairy markets, and convenience stores) in rural Georgia communities were surveyed as to their marketing objectives. Qualitative marketing objectives were ranked by the marketers as to marketing intentions, and by customers as to marketing expectations. More definitive and quantitative marketing objectives were also ranked by the food retailers as to the priority of implementation in their own retail establishment. Differences in the rank order of marketing objectives were observed within and among the four food retailer categories. Without exception, subtle differences in the rankings occurred.

The elements of a marketing plan include a few clear, concise statements that identify the market situation or environment, and give direction to the marketing management of the firm. Besides the identification of the firm's purpose (what consumer need the firm will fill) and its potential market (who the customers are, what they need, and when they need it), the marketing plan includes marketing objectives (how the consumer need is to be met within the firm's business and economic goals) that specify both strategic and tactical processes.

The marketing objectives are based on the firm's financial objectives, but must be converted into marketing terms (Beierlein and Woolverton, 1991). For example, to achieve the minimum profit levels set in the financial objectives, the firm must convert these to sales goals in terms of units sold and prices in dollars and cents. These goals should then be given some ranking so that the manager will know, for example, whether it is more important to meet the unit sales or the dollar sales objective.

Consequently, five primary questions were of concern in this marketing study. What are the marketing objectives of food retailers in rural Georgia communities? Do the customers' expectations of marketing objectives match the marketers' intentions? Are there differences among food retailer categories as to marketing objectives? Is the price development process of marketers con-

sistent with their marketing objectives? What price forecasting factors are more important in the price development process?

## Methodology

Food retailers in rural Georgia communities were personally surveyed as to their marketing objectives. The businesses selected were in Georgia communities of less than 10,000 population, and not within 10 miles of a community larger than 10,000 population. The individual who had primary responsibility for marketing decisions was the surveyed respondent. A judgment selection process was utilized to draw the sample from the food retailer population, as only 25 firms in each of four food retailer categories were surveyed. Those four retailer types were: (1) locally-owned, family-operated grocery stores, (2) produce markets carrying fruits and vegetables, primarily, (3) butcher shops selling meat, eggs and dairy products, and (4) convenience stores marketing food staples and general merchandise, and occasionally including fuel and lottery ticket sales. For each of the 100 food retail establishments surveyed, the next five customers who entered the store, after the survey of the marketer was completed, were also asked to rank their customer expectations on marketing objectives, as a cross-check against the marketer's considerations or intentions as marketing objectives.

Initially, the marketers (and customers) were asked to rank the following objectives as to their intentions (and expectations): quality, availability, low price, innovation, value, overall customer

satisfaction, and post-sale service. The rankings by the food retailers and their customers were maintained separately (as feedback to the retailer) and compared as groupings of retailers and customers.

The marketing objectives were then reworded more definitively for the marketers, and again the marketers in the four types of businesses were asked to rank the revised objectives as to the priority of implementation in their retail establishment. The choices of marketing objectives included: to maximize customer satisfaction; to maximize profits; to maximize sales; to maximize growth in sales subject to profits that represent a reasonable return on investment; to minimize costs; to provide public service by offering the best possible products at the lowest price; to minimize risk; and to obtain a portion of market power. The rank order of marketing objectives by the four business types were maintained separately to observe differences among those marketing firms.

Finally, pairs of price forecasting factors were presented to the marketers with the instruction to provide a relative weight of each of the factors in the price development process, as appropriate for their respective firm. Such factors as competitors' prices, prices of substitutes, demand, cost, and margin--among others--were randomly paired in the survey.

## Observations

Without exception, subtle differences in rankings occurred among the food retailers when they were asked to rank seven broad, qualitative marketing objectives as to their marketing intentions on a priority basis (Table 1). The marketing objectives were quality, availability, low price, innovation, value, overall customer satisfaction, and post-sale service. In descending order, the top three objectives cited by the respective food retailer categories were: Grocery stores: (1) availability; (2) quality; (3) overall customer satisfaction; Produce markets: (1) low price; (2) availability; (3) quality; Butcher shops: (1) quality; (2) availability; (3) value; Convenience stores: (1) availability; (2) value; (3) overall customer satisfaction. Innovation was of lowest priority to grocery store, produce market and butcher shop re-

tailers while post-sale service ranked lowest among the surveyed convenience store retailers in rural Georgia.

As for the customers of these retail food outlets, the top three expectations that the customers had as marketing objectives for the respective firm were: Grocery stores: (1) value; (2) availability; (3) quality; Produce markets: (1) quality; (2) value; (3) availability; Butcher shops: (1) quality; (2) overall customer satisfaction; (3) value; Convenience stores: (1) overall customer satisfaction; (2) availability; (3) value.

Among the customers, innovation universally ranked the lowest of the seven marketing objectives presented to them, regardless of the food retail business (Table 1).

The widest disparity in ranking between the marketers' response and the customers' response in the grocery stores was for value (marketer, 4; customer, 1), low price in the produce markets (marketer, 1; customer, 5), availability in the butcher shops (marketer, 2; customer, 6), and overall customer satisfaction in the convenience stores (marketer, 3; customer, 1). The least variance in rankings occurred between the marketers and customers of the butcher shops and convenience stores. There was general consensus among the marketers and customers as to what were the least important marketing objectives, regardless of the food business category--low price, post-sale service, and innovation.

The marketers were asked to rank another set of marketing objectives as to the priority of implementation in their retail establishment. These objectives were more managerial specific and related to some common financially based objectives (Table 2). As noted with the earlier ranking, subtle differences were observed among the four food retailer categories. The top three marketing objectives for each of the business types were: Grocery stores: to maximize (1) growth; (2) satisfaction; (3) sales; Produce markets: to maximize (1) growth; (2) satisfaction; (3) public service; Butcher shops: to maximize (1) growth; (2) satisfaction; (3) sales; Convenience stores: (1) to minimize risk; to maximize (2) growth; (3) satisfaction.

The grocery store, produce market and butcher shop marketers were in general agreement that to maximize growth in sales subject to

profits that represent reasonable return on investment and to maximize customer satisfaction should be first and second priority, respectively, as marketing objectives. Ironically, the number one prioritized marketing objective of the convenience store marketers, to minimize risk, was among the bottom three ranked objectives of the other three retail outlet categories.

Pairs of price development or forecasting factors were presented to the marketers with in-

struction to provide the relative weight of each factor in the price determination process, as applied to their respective business (Table 3). By consensus among all 100 rural food retailing marketers, competitors' prices, prices of substitutes and demand were relatively more important than market share, cost, margin or supply as price determinants. In some decisions, the choices were reasonably closely weighted, i.e., 1::1, while other factor pairs were more divergent, i.e., 8::1.

**Table 1. Comparison of Rankings of Marketing Objectives.**

Marketing Objective or Goal:	Food Retailer Categories							
	Grocery Stores		Produce Markets		Butcher Markets		Convenience Stores	
	Marketer	Customer	Marketer	Customer	Marketer	Customer	Marketer	Customer
	-----rankings-----							
Quality	2	3	3	1	1	1	4	5
Availability	1	2	2	3	2	6	1	2
Low Price	5	5	1	5	5	4	5	4
Innovation	7	7	7	7	7	7	6	7
Value	4	1	4	2	3	3	2	3
Overall Customer Satisfaction	3	4	5	4	4	2	3	1
Post-Sale Service	6	6	6	6	6	5	7	6

**Table 2. Comparison of Marketing Objectives Among Rural Food Retailers.**

Marketing Objective:	Food Retailer Categories			
	Grocery Stores	Produce Markets	Butcher Markets	Convenience Stores
	-----ranking-----			
To maximize customer satisfaction.	2	2	2	3
To maximize profit.	5	7	6	7
To maximize sales.	3	4	3	5
To maximize growth in sales subject to profits that represent reasonable return on investment.	1	1	1	2
To minimize costs.	4	5	5	8
To provide public service by offering best possible products at lowest price.	6	3	7	6
To minimize risk.	7	6	8	1
To obtain a portion of market power.	8	8	4	4

**Table 3. Relative Importance of Factors in Price Development or Forecasting.**

Competitors' Prices (70%)	Marketer's Cost (30%)
Demand (60%)	Supply (38%)
Profit Per Unit (71%)	Contribution Margin (29%)
Previous Price (89%) / Customer's Income (11%)	
Marketer's Reputation (52%)	Demand Elasticity (48%)
Perceived Quality (65%)	Market Share (35%)
Prices of Substitutes (78%)	Value Per Unit (22%)
Demand (83%)	Marketer's Cost (17%)
Prices of Substitutes (90%) / Market Share (10%)	
Competitors' Prices (85%)	Supply (15%)
Demand Elasticity (55%)	Previous Price (45%)
Profit Per Unit (59%)	Perceived Quality (41%)
Value Per Unit (54%)	Marketer's Reputation (46%)
Competitors' Prices (58%)	Previous Price (42%)
Prices of Substitutes (75%)	Profit Per Unit (25%)

### Implications

Although the food retail businesses surveyed were in relatively less densely populated areas of rural Georgia, and therefore did not have the highly competitive marketing environment frequently associated with more urban and metropolitan communities, the marketers of these rural food retailing businesses understood the importance of merging the customers' interests with the financial needs of the respective firm. This is noted in the rankings of the financially based marketing objectives, as well as the closely correlated rankings of qualitative marketing objectives

by both marketers and their customers. However, when price determination factors were evaluated, the marketing factors, i.e., competitor's prices, demand or prices of substitutes, were more prominent in the price discovery process than were customer factors, such as customer's income or perceived value.

### References

- Beierlein, James G. and Michael W. Woolverton, 1991. Agribusiness Marketing, the Management Perspective. Prentice-Hall, Englewood Cliffs, New Jersey.