What is value for food retail chains?

Theoretical aspects and empirical findings from Spain

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Abstract

It is a well-established fact that creating value for customers (in the eyes of the customers) is a very important source of competitive advantage. No researchers have, however, analysed or defined what retail chains mean by value. In this study, building on a solid theoretical background, we propose a definition of 'retailer value'. Subsequently this concept is used in an empirical study of retail chains in Spain.

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1. Introduction

It is a well-established fact that creating value for customers is a very important source of competitive advantage. This basic view is found both in the quality management and the market orientation philosophies which argue in favour of creating customer value through a) an analysis of the customer, b) a dissemination of results of this analysis in the producing organisation and c) an organisation-wide reaction to customers. It has often been demonstrated that there are positive correlations between market orientation and company performance (Jaworski & Kohli, 1993; Slater & Narver, 1992).

As a rule, however, models of retailer buying behaviour, as well as existing empirical studies in this area, do not measure the value that retailers perceive in a product or a service, but are limited to measuring the requirements on concrete product or service attributes. The perception of value, however, lies in the degree to which the customer (ie food retail chains in this paper) believes that the attributes of the product or the service will contribute to fulfilling the objective of the purchase in the eyes of the customer. These relationships may be analysed from a means-end perspective (Gutman, 1982; Woodruff, 1997), which, as far as we know, has not been applied in connection with retail buying behaviour until now (Hansen & Skytte, 1998).

In 1981, Sheth stated that when choosing suppliers and products a retailer's buying behaviour is neither like that of a consumer's nor like that of a processor. The retailer's behaviour is unique and any theory of merchandise buying behaviour should consider this uniqueness. The same viewpoint is found in Morgan's (1985) empirical research study for General Electric, in which he points out the importance of the management of a production company being externally oriented and that pre-judging what buying criteria are important for its customers along the vertical chain should

not take place. Morgan thus found striking differences between what the management, the dealers and the end-users perceived as the quality of a household appliance. Also Zeithaml (1988) found significant differences between how company researchers in the beverage industry perceive quality and how their customers perceive quality. As can be seen, a number of researchers have stressed that there are differences between which criteria buyers along the vertical chain find to be important. The processors are not concerned about the same criteria as the middlemen, and they in turn are not looking for the same factors as the consumers when choosing a product and a supplier.

Since this growing interest in differences in buying criteria along the vertical chain arose, there has been a corresponding increase in the body of research on retail buying behaviour to elicit what trade buyers look for and are concerned about when choosing products and suppliers. Hansen and Skytte (1998) reviewed, analysed and compared studies on retail buying behaviour conducted over the last 20 years. They found more than 70 studies regarding buying behaviour of retailers. In all these studies the data collected dealt with product or supplier attributes and as a supplement a few studies also included data on buyers' information sources. In these studies, the data were analysed and the findings regarding the buyers' choice behaviour were reported. In most cases, the researchers give the impression that they were more concerned with evaluating product and supplier features than with understanding retail buyers' actual buying behaviour. None of the studies dealt with relations between buying behaviour and consequences for the retail chain. All in all, it may be concluded that while knowledge about retailers' choice behaviour based on product and supplier attributes has increased, only limited information on retail buyers' interpretation of the attributes or the chains' buying policy has been obtained.

Therefore, it would be interesting to disclose what kind of information trade buyers consider consequential, collect, process, and subsequently act on according to their chain's buying policy.

2. The aim and the outline of this study

In this study, the aim was to get a better understanding of the buying policy of retail chains and to obtain knowledge about the cognitive structure upon which the buying decisions are based. Our approach to understanding these cognitive structures was strongly inspired by a stream of research on consumer buying behaviour, eg, Holbrook (1994); Reynolds and Gutman (1984; 1988); Olson (1989); Grunert (1995) and by theory on organisational cognition and behaviour, eg, Grønhaug and Venkatesh (1991); Schwenk, (1984) and Woodruff, (1997).

Firstly, this paper discusses the theoretical outset for a definition of retailer value. Secondly, it is discussed how the means-end concept and theory on value can be used in connecting company goals and trade buyers' behaviour. Thirdly, we propose a definition of 'retailer value' or food retail chains consider to be value. Finally, the results from an empirical study in Spain are reported.

3. Theoretical outset of the study

The personal construct theory (Kelly, 1955) states that individuals simplify, interpret and organise the data confronting them through sets of bipolar constructs. According to Kelly, a construct is an interpretation of a situation and a matter of how the person construes the elements in order to give them meaning, to understand them and to deal with them. These constructs are seen as the basis upon which things, events or issues are understood and are essential to how a person is to distinguish between different things (Kelly, 1955). Here it is essential that a construct's reality exists in the mind of the user, and not in the things which it is supposed to explain. In this way, it is assumed that reality cannot be directly apprehended but only construed. Kelly is not concerned with any particular way of anticipating events, he just states that the individual uses his construct system as a kind of scanning system which he continually projects upon the world. According to the personal construct theory, the individual's constructs are organised into systems or schemas of meaning about the events etc. Subsequently these schemas of meaning or personal theories are considered to guide actions (Bannister & Mair 1968).

To detect these meaning systems the repertory grid technique has been suggested (Bannister et al. 1968; Kelly, 1955). The aim of developing the repertory grid technique was to develop an instrument in which the researcher's frame of reference would not be imposed on the respondent as many close-ended surveys do. At the same time open-ended interviews were rejected, as Kelly (1955) was convinced that most individuals are unaware of how they cognitively organise their way of thinking.

Later, Kelly's theories on individuals were further developed and were named means-end chains in consumer research (Gutman, 1982; Zeithaml, 1988). The generic means-end chain encompasses attributes, consequences and values. Means are objects (eg, products [ie their physical aspects], or activities which people engage in). Consequences are the outcomes produced by the attributes, and the ends are individuals' preferred end-states of existence (Gutman, 1982). The means-end chain theory seeks to explain how products or services, as means, are linked to ends by

individuals' perceived causal relationships (Gutman, 1982). Various researchers have arrived at different conceptual distinctions and a varying number of steps from product attributes to terminal values. Two extremes worthy of mention are Myers and Shocker (1981) and Olson and Reynolds (1983). Myers et al. (1981) developed a three-step taxonomy to describe consumers' product-related cognitive structures. This taxonomy encompasses physical features, perception, preference and choice. Olson and Reynolds (1983) suggested a finer-grained model of the cognitive structure. Their model encompasses concrete attributes, abstract attributes, functional consequences, psychosocial consequences, instrumental values and finally terminal values.

The repertory grid technique was further developed by Gutman (1982), and Reynolds and Gutman (1984, 1988), and was called 'laddering'; this technique is also used in consumer research. The goal of this new laddering procedure is to identify the hierarchy of linked meanings that consumers construe about a product or service.

4. From a consumer to an organisational viewpoint on value

There have already been some initiatives to adapt the personal construct theory, the means-end chain theory, and the repertory grid technique as well as the laddering technique to be able to apply them to determine means-end chains in companies, eg buying policies. One of these attempts to adapt the personal construct theory and the repertory grid technique to analyse companies states that behaviour in organisations is primarily a function of the members' construed goals rather than of their fixed needs or values (Wacker, 1981). In continuation of this point of view an individual's organisational behaviour, then, is to be viewed as that individual's abstract understanding of how the company links strategies to its goals.

In another body of research, which emphasises the customer value concept, a means-end chain approach has also been adapted to companies (Woodruff, 1997). Woodruff defined the value concept as "Customer value is a customer's perceived preference for and evaluation of those product attributes, attribute performances, and consequences arising from use that facilitate (or block) achieving the customer's goals and purposes in the use situation" (Woodruff, 1997, p. 142). This definition is anchored in a conceptual hierarchical framework. According to Woodruff, this model consists of a) desired product attributes and attribute performances, b) desired consequences in use situations, and c) customer goals and purposes. Along this route the levels become increasingly abstract and at the same time increasingly relevant to the customer (according to Woodruff,

customer can here mean consumers, industrial customers or intermediary customers in a distribution channel). The attributes are what constitutes the product, viz. its features, and its component parts or activities. The consequences are what the product does for the customer (perceived by the customer), but it also includes what the supplier helps the customer transfer to his downstream customers. A consequence may also be the result of a combination of several attributes. The desired end states are at the top of the hierarchy. They are the purposes and goals of the individual, the buying unit, the company or the shareholders. The various social units may partly have different desired end states which act as motivators for them.

5. Our concept of retailer value

Our definition of the retailer value concept will follow the idea in the definition of the customer value concept provided by Holbrook (1994) and Woodruff (1997), but together with the special retail context a number of other concepts and theories will also be considered when defining 'retailer value'.

As an outset for our definition, we assume, in the vertical context, that the retailer interprets the consumers' needs. In that relation a part of the observed and interpreted cues are the cues from the retailer's actions towards the consumers (Schön, 1983). For example he may observe and interpret consumers' reactions to the products on his shelves. The trade buyer uses these interpretations when he is looking down the vertical chain towards the suppliers. Here the trade buyer notices and interprets cues from the suppliers' offers. The buyer is seeking the product and supplier attributes which suit him best in connection with the transactions, and he is looking for attributes which he assumes will appeal to his customers. At the same time he may strive to minimise the transaction costs (Dyer, 1997) (search, contracting, monitoring, and enforcement costs) and maximise the transaction value (Zajac & Olsen, 1993) or the value co-production (Ramirez, 1999).

The retailer also acts in a horizontal context. By horizontal context, we mean the retailer's subjectively defined competitors (Gripsrud & Grønhaug, 1985). This view is to be seen as different from the objective definition of competition. In the objective definition the number of competitors is 'the companies in the same industry in a particularly constrained geographical area' (Gripsrud & Grønhaug, 1985; Porter, 1980), and in 'the extended rivalry' concept the competing actors encompass customers, suppliers, substitutes and potential entrants (Porter, 1980). Contrary to the objective definition of competition, the subjective definition is 'the *perceived competitive structure*

that is instrumental in determining the *strategy* chosen by individual retailers' (Gripsrud & Grønhaug, 1985, p. 340). Following this definition, the trade buyers may only consider a certain part of the retailers in an objectively defined market area as competitors.

We agree with Dickson (1992, p. 78) that 'Competition *is* between the imperfect procedural rationality of rivals' and that the analysis of competition should not be focused on the outcomes of decisions on, for example, product differentiation, market share or financial resources. Grønhaug and Venkatesh's (1991, p. 20) viewpoint on organisational needs can be seen as an extension of the competition concept as a process of rationality when they state that 'Organisational needs may be seen as outcomes derived from perceived goals and the organisational interpretation of the activities needed to pursue these goals'. A productive way of looking at goals or values in this connection may be the one provided by Holbrook (1994, p. 27), in which he defines value as 'an interactive relativistic preference experience'. Holbrook only relates the concept to theory on consumer behaviour, but what is useful in our study when looking at retail buying behaviour, is his elements of the concept.

In our study, interactive means (as defined by Holbrook) that value is neither wholly subjective nor entirely objective but entails a subject-object interaction. We see the subject as the retail buyer when conducting buying policy for his company, and we see the object as the product and supplier attributes as perceived by the buyer.

In our view the relativistic element of value means that value is comparative (as defined by Holbrook), as the state of value of one object only has meaning in reference to that of another object when evaluated against the same buying policy. In that way, this relativity element does not include evaluation among buying policies in different organisations. According to Holbrook (1994), the relativity element also includes different use situations. In our study, this use element may capture the positioning element for a retailer. In one situation the retailer may want to use the product in a specific high quality positioning strategy, and in another situation, perhaps a year later (a time element, (Woodruff & Gardial, 1996)) he might want the product to create traffic in the stores. These different positioning strategies may trigger changes in supplier requirements.

The preference element captures the preferential judgement on what object will best satisfy the subject's goals. According to Holbrook (1994) this element can be measured on an attitude scale (like v. dislike), evaluation (good v. bad), predisposition (favourable v. unfavourable), opinion (pro v. con), affect (pleasing v. displeasing) etc. In this study we asked *why* the trade buyer prefers

one attribute or consequence to another and here the answer could be on any of the scales mentioned here depending on the set of standards included in the retailer's buying policy.

By value as an experience, Holbrook (1994) means experience derived by the subject from the use of the product. In this way, the preference element is inherent in the concept of an interactive relativistic preference. In our study this element may include a trade buyer's experience connected with saleability of a product, increases in the retailer's productivity, increases in the perception of supplier reliability, increases in ease of dealing with a product or a supplier, etc.

In continuation of the viewpoints mentioned, we believe that trade buyers, when evaluating the offers from suppliers, combine the interpretation of consumers' needs and wants with the aim of positioning their assortment relative to their competitors in such a way that they strive to reach their desired goals.

Furthermore, constructs such as supplier accessibility, competitive structure, corporate image, product positioning and other important expressions or constructs in the buying behaviour literature (eg Sheth, 1981) can be seen as abstractions which are given meaning through selective search and perception, and information processing (Day, 1994). Such meaning creating processes '– are learned through experience, shared through industry conventional wisdom, warped by functional biases, and tempered by ready availability of data' (Day et al. 94, p. 31). In other words, buyers and organisations differ in the way they select and process information because they have different mental models, different buying policies and different perceived goals.

Our basic view or proposition is that trade buyers learn most about those aspects of their perceived environment that experience has demonstrated to be important for reaching their goals. This experience is what is encoded into their buying policy and subsequently guides the retail chain's buying behaviour.

From the mentioned theoretical outset, we have formulated the following definition of retailer value:

Retailer value may be seen as an perceived interactive relativistic preference experience, which arises from dealing with those product and supplier attributes, attribute performances, and consequences which facilitate (or block) the achievement of the chain's goals. This value is dependent on the retail chain's perceived competitive situations and its perception of the consumers' values.

What is interesting in the empirical part of a project is to detect similarities and differences in buying policies (seen as means-end chains), used across countries, companies, buyers and products and find the determinants and consequences of these policies. Although these policies will, of course, only be incomplete pictures of reality, they will still shape the behaviour of the chain.

6. The empirical part

We chose laddering and means-end analysis as methods because they make it possible to uncover the hierarchy from attributes via consequences to values sought by a buyer. Compared to other qualitative and quantitative methods for measuring cognitive structures laddering and means-end chains are unique, as the advantages of both the depth of qualitative analysis and the overview of quantitative analysis to describe the hierarchy and the content of retail buyers' cognitive structure can be exploited. Woodruff and Gardial (1996) have suggested that laddering and means-end chains are a viable way to identify customer value, and retail buyers are included in this broad understanding of the term 'customer'.

Laddering and means-end chains have not previously been used to study retail buying behaviour, and therefore a number of conditions must be met to use this technique and theory. Laddering and means-end chains theory require the buyer-related knowledge to be declarative, semantic, verbal and causal (Grunert, et al. 1995). It is reasonable to assume that the knowledge is declarative, because buyers are used to explaining behaviour, and they are evaluated daily on their ability to communicate and verbalise their behaviour. We also assume that information and facts are stored in a general information memory. Research has shown that buyers emphasised external non-personal sources of information more than personal sources of information (Mazursky & Hirschman 1987), which supports that retail buying behaviour is non-episodic. Also the interviews showed no problems with the hierarchical manner of thinking, which enables us to conclude that means-end chains theory is a useful way to analyse retail buying behaviour.

Laddering and means-end chains have been used extensively to describe consumers' cognitive structures in relation to buying a product (Grunert, et al. 1995). We wanted to find out whether the differences between consumer and retail buyer were detrimental to the use of laddering and means-end chains when studying retail buying behaviour. The major differences between consumer buying behaviour and retail buying behaviour are the number of decision-makers, the

degree of the buyer's professionalism, the buyer's experience and the relevant evaluation criteria (attributes).

The ladder aspect will not affect the usefulness of means-end chains analysis, but the number of decision-makers might. The number of decision-makers in retail buying decisions can be limited to a single buyer or a buying committee. In the majority of cases the sole decision-maker was the retail buyer (Table 1).

Table 1: Decision making in Spain

Decision making ability of the buyer	Fish buyers	Pork buyers
Alone	66.7%	63.2%
Part of a buying committee	33.3%	36.8%
Total	100.0%	100.0%

When more persons are involved in selecting a new supplier, research shows that the majority of buying committees decisions follow the retail buyer's recommendation (McLaughlin & Rao 1990; Nilsson & Høst 1987). Consequently, we argue that it is relevant to examine the retail buyer's motives, even if a buying committee is involved, because, as a rule, the committee follows the retail buyer's recommendation.

In order to compare the individual ladders in a quantitative analysis, the context of the decision making must be the same. Consequently, a common reference was chosen, and this was the most bought product category. Furthermore, we referred to the situation when a supplier chose a new supplier and asked them to reflect on their *actual* previous buying behaviour. A possible disadvantage is that a broader product category definition must be used in the interview. The advantage of using actual buying behaviour versus speculative buying behaviour is that we reduce the gap between what a buyer says he does, and what he actually does, and that gap has generally been a problem in value research.

7. Selection of products and respondents

In order to compare with previous research, the products were chosen to be able to compare on the most important attributes, and to identify the consequences and values sought when a retail buyer buys these products and when choosing a new supplier. Spain was chosen as a part of larger survey, where we wanted to compare countries with different degrees of concentration of the retail chains, and south-European countries like Spain are less concentrated in the retail industry compared to northern Europe. Concentration is measured as the relative turnover by the largest three chains.

The respondents were the persons responsible for buying fish or pork products for a whole chain with a minimum of five outlets. The interviews were performed with independently chosen buyers. In Spain, 23 interviews were conducted with buyers of fish and 28 with buyers of pork. This is a large sample as the total number of retail buyers in Spain is 139 (1999).

8. Designing the questions on background variables

The relevant background variables used in the interview were identified through a literature review on retail buying behaviour (Hansen & Skytte 1997; Skytte & Blunch 1998). This review was supplemented by questions found in earlier qualitative studies including a beef study in Great Britain, Germany, France and Spain; a milk study in Germany; and a study about Danish pastry conducted in Great Britain, Germany and France. In total, the material comes to more than 100 face-to-face interviews with trade buyers.

The background variables included a number of subject categories from the results of the literature review and qualitative interviews with buyers. The subjects identified related to channel format, type of outlets, product positioning, product category, package form, characteristics of the buying centre, buying committee, characteristics of the buyer (gender, buying experience) (Skytte & Blunch 1998).

9. Interviews

The interviews with fish buyers began by identifying the most bought category with the following questions: What is the positioning of the product (own label, manufacturer brand, generic), how is the category delivered (pre-packed, bulk packed, other), and how is it packaged (fresh, chilled, frozen, canned, other). The most bought category of pork products was identified in the same way. The product category was defined as half carcasses of pork, wholesale boxes of pork (bulk packed), processed pork for slicing, pre-packed pork for self-service (retail packaged), other packing. Once the most bought category was identified, the buyer was instructed that the issue was their choice of a new supplier. The buyers were asked to present the relevant and important product or buyer attributes used in their evaluation when choosing among the evoked set of alternatives of products and suppliers within the most bought category.

If the first attributes mentioned by the buyer were abstract, then reversed laddering was used to get information about product or supplier attributes that was as detailed as possible by asking questions like: What do you understand by – or what is implied by…. (The attributes mentioned). When the attribute is as concrete as possible, the laddering interview continued with probing questions like 'Why is that important'. The hierarchy of attributes, consequences and values was discussed until it could not be elaborated any further (Reynolds & Gutman 1988). When one ladder

was exhausted, the interviewer would continue with the next attribute until all relevant attributes were covered

10. Coding of data

The purpose of the data coding is to summarise the main aspects of the cognitive structure of a group of people (Reynolds & Gutman 1988). In the practical coding task, the number of idiosyncratic statements made by different people is divided into groups of statements, regarded as having a similar or related meaning. Methodologically, we used the coding framework of Woodruff and Gardial (1996) and Reynolds and Gutman (1988) to transform the individual ladders from the interviews to coded ladders in the LadderMap Programme (Gengler & Reynolds 1995).

Initially, the preliminary codes that described common traits and related statements from the interviews were divided into three categories: attributes, consequences and values. Subsequently, the coding was defined into specific response categories. The material was re-evaluated to specify/test/refine the coding scheme. Validity and reliability of the coding was ensured in the process. Validity was checked by having two coders to compare the content of the codes proposed. The validity was checked for similarity in the codes chosen by independent coders.

11. Results

The first part is a description of the results of the background variables for fish and pork buyers in Spain. Subsequently, LadderMap is used to describe the buying behaviour in Spain for fish and pork products. Analysis of the background variables showed a great similarity in the characteristics of the buyers of pork and fish in Spain. The majority of the buyers in both product groups are chain retailers buying mostly no-name products or manufacturer brand, and they want the products delivered fresh, chilled or frozen. Pork buyers primarily buy for one chain, whereas fish buyers often buy for more than one chain (ie manager of the chain). Buyers of both products are all males with an average experience of 10-11 years and their educational background is O levels.

Table 2: Characteristics of the buyers of pork and fish products in the sample

Spain	Fish(N=21)[1]	Pork(N=19)[2]
Channel	(N=21)	(N=19)
Chain Retailer	95.2%	100%
Co-op	0%	0%
Wholesaler sponsored		
Retailer sponsored	4.8%	0%
	100%	100%
Product positioning	(N=21)	(N=19)
Own label	4.8%	0%
Manufacturer brand	42.9%	47.4%
No name	52.4%	52.6%
	100.1%	100.0%
Product category	(N=21)	(N=19)
Fresh	47.6%	63.2%
Chilled		36.8%
Frozen	47.6%	
Canned	4.8%	
Other		
	100%	100%
Buyer position	(N=19)	(N=19)
Head buyer all chains	10.5%	0%
Head Buyer for the chain	52.6%	89.5%
Other	36.8%	10.5%
	99.9%	100%
Educational background	(N=19)	(N=19)
O levels	52.6%	63.2%
Apprenticeship	10.5%	
A levels	15.8%	21.1%
Bachelor	10.5%	15.8%
Master	10.5%	
	99.9%	100.1%
Sex of buyer	(N=19)	(N=19)
Male	100%	100%
Female	0%	0%
	100%	100%
Average outlets	51 (N=21)	291 (N=19)
Average experience	10.3 years (N=19)	11.8 years (N=19)
Average number of producers, if used	10.9 suppliers (N=12)	11.1 suppliers (N=14)
Average number of wholesalers if used	22.1 wholesalers (N=14)	8.0 wholesalers (N=10)

1. 2 respondents on background variables are missing

2. 9 respondents on background variables are missing

If the buyer uses a producer the average number of producers is 12-14, and the average number of wholesalers is between 10 and 14, and also in this aspect the buyers of pork and fish products in Spain are fairly similar in background characteristics.

11.1 Value maps of fish buyers in Spain

In this section, we present the common buying behaviour in value maps of the buyers of fish and pork in Spain. A cut off level of three was chosen to strike a balance between loss of information and transparency of the results. Later, we have added specific comments whenever the buyers were able to elaborate on the attributes, consequences and values found in the study.

The results in this section will be presented in the hierarchical value maps and shown separately for fish and pork products. Maps are read from bottom to top. The lower part shows the attributes, the middle the consequences and finally the values are at the top of the map.

Buyers in Spain link a good firmness in the flesh with cold water fish caught on specific locations, because *cold water* slows the growth of the fish, and gives a better taste and firmness of the flesh of the fish. According to some buyers this is especially the case for cod and salmon. Some Spanish buyers are very interested in the temperature of the fishing waters. which preferably should be cold, because fish from *cold waters* have a *firmer texture* and some buyers also think these fish *taste* better and have a higher fat content. One buyer remarked that crabs from warm waters taste like plastic. However, a few buyers wanted certain types of fish, eg cod and hake from warm waters, ie from the Mediterranean because, in their opinion, warm water fish have softer meat and more flavour. They also mentioned that fish from warm waters do not keep as well as the fish from cold waters, and they should be consumed right after capture. One buyer summarised the Spanish buyers' opinion on the water temperature: "Good taste and quality in a fish is only achieved when the fish is living in its right habitat".

The firmness of the flesh is also linked to *traceability*. The term *traceability* refers to where the fish is caught, how it is caught and when it was caught. Firmness of the flesh can only be maintained, if the fish has been kept in cool storage all through the supply chain. There is also a strong link between taste and traceability.

Fish, Spain
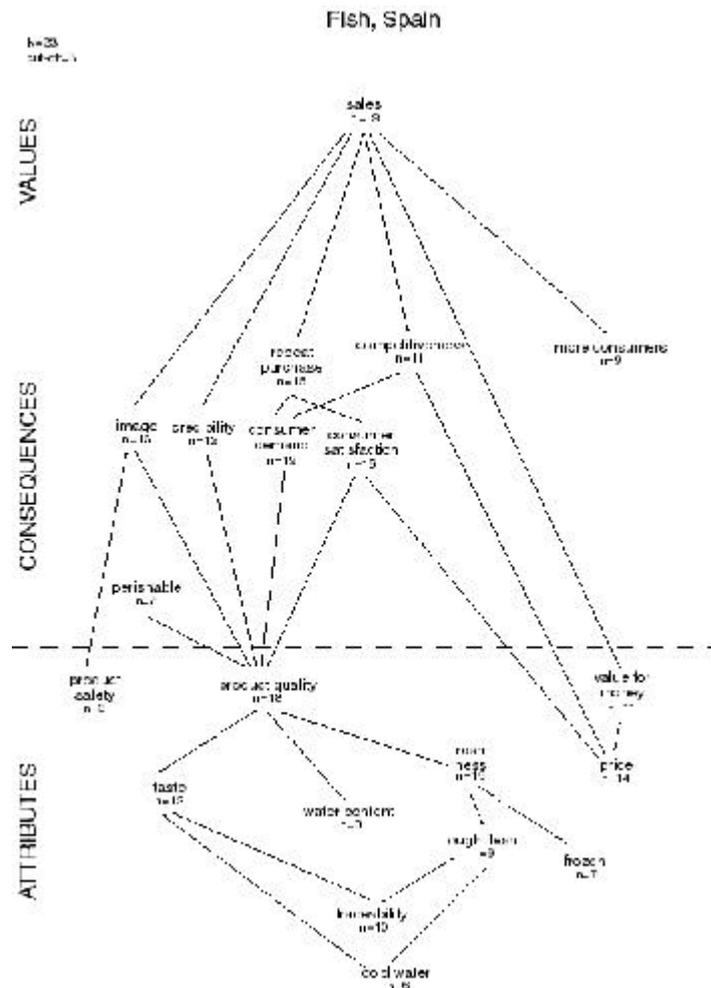
Traceability is also important to ensure *firm flesh* with a good *taste*. Several buyers mentioned that the origin of the fish (the sea area) determines the quality of the fish. Some Spanish buyers wanted information about the whole manufacturing system, the way the fish is caught, how it is frozen and stored. They believe these conditions have an effect on the *quality* of the fish, ie the freshness, taste and texture of the fish products.

Product quality is also linked directly to the *freshness* of the product, *taste* and the *water content* of the product. *Freshness* of the fish is closely tied to whether the product is *frozen* or not, because keeping a low temperature is the key to maintaining *freshness*. Another element linked to *freshness* is a certain *firmness in the flesh*, which is an indicator of a *fresh* raw fish. Frozen fish must have a certain *water content*, but some producers use added water to get a higher price, and a high water content implies a low product quality. *Freshness* is the concrete attribute mentioned most often by the fish buyers. Many of the Spanish buyers consider *freshness* as a determinant of all other quality parameters (mainly taste and texture). *Freshness* is simply the time elapsed since capture, if

the cool chain is unbroken. In general, most buyers are more interested in the state of the fresh fish. They want a fresh look, and the fish must have a fresh taste. The fish should also be firm and have shiny eyes etc. If a fish is *frozen*, it should be frozen right at or soon after capture, preferably onboard the vessel, and the cold chain should not be interrupted until the consumer buys the fish, because otherwise it looses nutrients and vitamins, and most importantly, the taste deteriorates. These precautions ensure that the quality of the fish is maintained if frozen immediately after the catch. Glazing a frozen fish is necessary to protect it from drying out, but some Spanish buyers have experienced that some frozen fish has excessive glazing.

If the product quality is perceived as good, this influences the buyer's perception of its *credibility* in the eyes of the consumer. The *image* of the retail chain is also built upon the availability of a good *product quality of fish products*. Perhaps not surprisingly, the most central attribute in the map is *product quality,* meaning a *fresh* fish with a good *taste* and a minimum *water content*. Almost all buyers demand good quality in order to please the final consumer. The buyers also demand products with a fairly long *shelf-life*, because this is linked to *product quality*, and this is a consequence of having fresh products. The freshest products are less perishable, and they have a longer sales period in the shops or days before the fish turns bad.

The *image* of the retail chain is also dependent on *safe products*, because consumers want safe products that can be consumed without any risks of contamination by bacteria or pollutants. Unsafe products would have a negative impact on perceived image of the chain. To make the buyer come back, be loyal to the chain, and buy repeatedly (*repeat purchase*) the retail chain must be able to satisfy the perceived *consumer demand* thus creating *satisfied consumers*. In order to satisfy consumer demand, some of the retail buyers want to target a specific type of consumers, because satisfied consumers and fulfilling consumer demand is the gate to achieving the values the chains want. If consumers are satisfied they are more likely to become loyal and that improves *sale,* and that is the ultimate goal to Spanish buyers. Image is very dependent on the perceived quality of the fish products.

Consumer satisfaction and *competitiveness* are linked to a *low price* of the fish products. The Spanish fish buyers perceive a close connection between *price* and quality, and they are more interested in the quality of the product than the cost price of the fish. On the other hand, they are not prepared to pay a higher price for the fish than necessary.

They look for the lowest possible price for a given product quality (*value for money*). And

the reason why they want a low price is that they want to be able to set a *competitive* price for the product. Buyers pay attention to the competition from the other large retailers in the area, and they do not believe that they can keep up *sales,* if the price of the fish is not relatively low. The value of the retail buyers buying fish in Spain is to have higher *sales,* and that is created by the credibility of the retail chain, if the chain is able to supply the products demanded. Sale also depends on a good *image* of the retail chain, and a good image, *repeat purchase*, *competitiveness*. Finally, sales may be improved by attracting *new consumers* of their fish products.

11.2 Value maps of pork buyers in Spain

We interviewed 28 buyers of pork to produce hierarchical value maps and we chose a cut off level of three to strike a balance between loss of information and transparency of the results.

Product quality is demanded by the retail buyers of pork products in Spain, because product quality is linked to *product safety*, the *freshness* of the product, the *colour* of the pork, the *wateriness* of the meat and *taste* and the quality of the feed (*vegetable food*). Product safety is also connected to national producer meaning that Spanish buyers consider local meat safer than meat from other sources.

Pork buyers in Spain demand fresh meat and recently manufactured pork. Sell-by date should also be as far into the future as possible. Pork – unlike beef – is regarded as having a fairly short shelf-life, and it should thus be consumed fresh. When the buyers talks about quality in relation to *product safety* they want a *national Spanish producer*, because this is a guarantee for a good *product safety* leading to better product quality. Buyers believe that consumers want pork of a certain pink *colour*. If the pork is too red, this may have been caused by stress before slaughtering. Quality is also related to the feed. The feed should consist of *vegetable foodstuffs*, natural feed without hormones or other additives. Most buyers say that *vegetable foodstuffs* have a general and positive influence on the quality of the meat; some buyers specifically mention good taste, tenderness, consistency of product quality, less disease and higher durability of meat as the positive effects of a natural feeding. Water may seep from the meat in the storage rooms (up to 20% water content of weight according to a Spanish buyer), causing a direct loss for the company. If a consumer buys a *watery* pork product and water from it when cooked, the retail buyer expects that the consumer will regard it as a product of poor quality. Some buyers mention that hormones could cause wateriness in a pork product, and some types of ham can be injected with water creating a poor quality. Some buyers also regard a good, pleasant *taste* as an indication of good quality. Spanish buyers do not

want a pork product with a strong taste and they tend to prefer female or castrated pigs and pigs that are not too heavy.

Product liability, ease of use of the product and overall *consumer satisfaction* are all dependent on *product quality. Consumer satisfaction* is also linked to the *tenderness* of the meat and the retail chain's *ability to supply* the quantities needed. This ability is created if the supplier keeps his word (*producer reputation*) and his ability to handle *logistics* in an efficient and timely manner. *Logistics* is also very important to buyers. The suppliers' ability to supply the right amount of pork of the right quality at the right place and at the right time is important to avoid consumers having to leave the store empty-handed. Retail buyers usually want daily delivery between 8 and 10 in the morning, a requirement mentioned by most buyers. Smooth and timely replenishment of stocks are important to buyers, because they want to avoid running out of stock (*able to supply*), but some buyers also mention keeping stock at a minimum as an important goal. The retailers' *ability to supply* the products is essential because a failure to supply could make consumers go elsewhere to buy their pork products. *Reputation* of the supplier is relevant when buyers evaluate alternative suppliers, and the buyer's perception of the supplier's reputation is mainly based on experience.

Tenderness of the meat – or rather the right texture of the pork– is requires because buyers purchase meat that strikes a balance between not being too tough or too soft). Buyers believe that good *product quality* also creates a good store *image* in the eyes of the consumer and it *eases the use* of the product for the consumer because a good quality pork product requires less work in the kitchen. *Ease of use* is demanded because it is simply a *consumer demand*. According to buyers another *consumer demand* is a low *fat content*, as they believe that most consumers would reject the meat, if it is too fatty. Buyers are aware of the fact that the taste of the meat will suffer, if the fat content is too low, and consequently the buyers try to strike a balance between consumers' demand for good taste while demanding a low fat content by allowing a certain amount of fat in the meat.

The buyers believe that the consumer will *trust* the retail chain, if the retailer assumes *liability of the product*, and this is also connected to *product quality*. When the product quality is good buyers expect the liability of the producer to be satisfactory. The buyers believe that *consumer demand* is dependent on the *ease of the use* of the product, the *fat content* of the pork, (fat percentage must be within limits), and that the *consistency of the product quality* is according to agreement. Consumer satisfaction is also dependent on the consistency of the product quality.

Sales are influenced by a perceived *low sales price*, and this influences the chain's ability to attract *more consumers* than the competitors and consumers who buy *repeatedly*. *Repeat purchase* is connected to the *image* of the retailer, and the retail buyer's ability to live up to *consumer demand* as the retail buyer sees it, and keeping the consumers *satisfied*, keeping *hygienic* conditions in the slaughtering process, handling and storage of the meat. Spanish buyers stress that they want a *hygienic* production all the way from the slaughterhouse until the product is delivered to the store. Maintenance of an unbroken cold chain is important, but also the hygiene of the trucks. The truck and driver should be clean because often the goods are unloaded where it is visible to consumers and the buyers do not want the consumers to see a dirty, bloody driver delivering their food to the store.

Another factor related to consumers' willingness to buy again is the supplier's *certification.* Some buyers find it important that the suppliers have *certificates* to prove that the slaughterhouses are run in a responsible way. They mention two important certifications: EU approval of the slaughterhouse and ISO certification. When suppliers have these certificates, buyers are more likely to trust that suppliers are able to deliver pork products of a consistent quality that will make consumers *repeat their purchase*. Repeat purchase is also related to a *shelf-life* of the product. This allows the consumer longer storage of the meat. Finally the consumers must *trust the retail chain*, if the chain expects them to buy from their outlets on a regular basis.

The values of the Spanish pork buyers are also focused on higher *sales* to create *profit* to ensure *survival* of the retail chain. Sales are created by having a *low sales price* and *cost price* and by having *more consumers* buy the product. In Spain, survival is strongly influenced by the *competitiveness* of the retail chain, and this is connected to *low sales price* and *low supplier price* as well as the *ability to supply* what the consumer needs. Although most buyers mention price, they usually regard it as a secondary criterion. Low cost price cannot compensate for low quality according to the Spanish buyers. But given the desired quality, the buyer tries to get the *lowest price* because he consumer may profit from a low price thus increasing the retailer's *sales*.

12. Conclusion

It has been shown that it is possible to use the laddering technique and the means-end chains theory to analyse the cognitive structure of retail chains' buying policy. Furthermore, we have shown

that it is possible to analyse how buyers establish the hierarchy between attributes, consequences and values based on their actual purchases of pork and fish.

The results confirmed that supplier and product attributes were important when selecting a new supplier. We also found that the attributes had different meanings (eg product quality), because the products are different. However, there is a great similarity in the content and hierarchy of the elements of consequences and values sought by the retail buyers across the two products.

The value maps show that the retail buyer is an independent customer and gatekeeper that acts to satisfy the chain's positioning strategies, competitiveness and to satisfy perceived consumer demand. The value maps support the use of the theoretical constructs of Day and Nedungadi (1994) about a consumer and a competitive orientation, and the results show that both orientations are present, but consumer focus is more prevalent in terms of expressions mentioned related to consumer orientation. (Consumer demand, consumer satisfaction, image, more consumers). The ideas in the theoretical constructs of Dyer (1997) (transactions cost) and Ramirez (1999) (value co-production) were not found among the elements in the hierarchical value maps for Spain. Transaction costs may not be relevant among the buyers in Spain, because the buyer cannot evaluate the transaction before choosing a new supplier, and this was the context of the buyer's reflections. The buyers of pork mention the importance of producer reputation, and trust is one way to deal with the insecurities of buying pork. Most of the transaction costs may also appear to be sunk cost, because the cost of monitoring is mostly the salary of the buyer. These costs are fixed, and the buyer has no interest in dividing his transactions costs, when h does not know these costs ex ante. Value co-production does not appear in the value maps of the buyers in Spain, and future analyses of retail buying behaviour in North-European countries may reveal whether this is generally so.

Values represent the goals and the objectives of the buying policy of the retail firm, and the goals found are sales, profit and survival. These items fit nicely into the categories presented by Holbrook (1994) although the categories were developed in consumer research. Holbrook's (1994) values are relevant as retail buyer values, if the self is transcended from the personal level to the organisational level.

The value maps offer a better understanding of the attributes, consequences and values sought by retail buyers, and this can help improve market orientation and understanding of the immediate customer demands. Specifically, the maps show what retail buyers demand in relation to the supplier, and the product and supplier attributes are different from what has been found in

consumer research. The retail buyer is in fact the gatekeeper to the consumer market, and understanding them is just as important as understanding consumer demand to improve a supplier's market orientation. The maps reveal the hierarchy of attributes, consequences and values sought by retail buyers, and the development of products and services must address these demands. Furthermore, the consequences and values are likely to be more constant over time compared to specific attributes. A supplier's understanding of a retail chain's consequences and values may thus improve his competitive advantage in the long term.

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