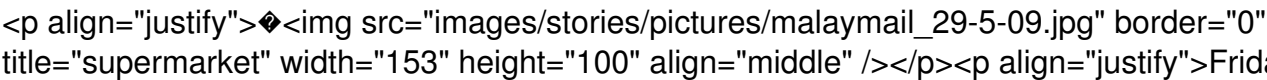


STRETCHING THE RINGGIT: Hypermarkets 'kill' small farmers, marts

Written by 3K Admin

Thursday, 04 February 2010 16:56 - Last Updated Thursday, 04 February 2010 17:02

 Friday, January 29th, 2010 09:42:00

MORE CONVENIENT: Cheaper to shop at hypermarkets too - Filepic

THE number of supermarkets and hypermarkets in Malaysia has seen tremendous growth since the 1980s.

The escalating costs of living and the need to stretch the ringgit have increased the opportunity and demand for lower-priced consumer goods retailed at hypermarkets.

Malaysians who live in urban areas have become accustomed to shopping for groceries at hypermarkets and supermarkets.

Rural folk continue to purchase from traditional grocers, convenience stores and mini-marts. This also has an impact on the survival and growth of the wet markets.

While consumers may gain through lower prices, traditional and wet markets will lose out.

There are several reasons for this.

The major factor is the economies of scale where hypermarkets often purchase goods in bulk and this translates to lower prices for the consumers.

Secondly, the rise in transportation cost affects small traders more than hypermarkets.

Besides that, hypermarkets have creative ways to attract customers and maintain their loyalty. For instance, a hypermarket allows customers to collect points on their daily purchases for 'free' vouchers in return.

Most people feel uneasy about having to bargain and haggle over prices. Some are worried of being shortchanged or cheated by unscrupulous traders. In hypermarkets, all the prices and weights of the products are clearly stated.

The arrival of hypermarkets has weakened the opportunities for small entrepreneurs and increased unemployment among small-scale merchants.

Due to this, hypermarkets become a dominant retailer that will dictate the prices to the farmers and kill off small farmers. Wet markets, which are remnants of the nation's past, are being forced into extinction by the entry of giant retailers.

Is this good or bad for the consumers?

Sharala Devi Thyakaran

Consumer Research and Resource Centre (CRRRC)

Source: <http://www.mmail.com.my/content/26189-stretching-ringgit-hypermarkets-kill-small-farmers-marts>