

**THE EFFECTS OF MODERN CONVENIENCE STORE ATTRIBUTES
TO BUY TOWARDS CUSTOMER'S LOYALTY
(CASE OF INDOMARET)**

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ABSTRACT

This research examines the difference when customer purchasing products or using services in modern convenience store based on gender (case of Indomaret). It also reveals the relation between the attributes of Indomaret itself with the customer's loyalty. Nowadays, modern convenience stores have become a part of the societies especially among adolescents when they need daily goods but then their time is limited. Then, a questionnaire was distributed to investigate modern convenience attributes towards customer's loyalty and the difference of customer perception about modern convenience store based on gender.

From this study, there are some conclusions after data analysis. First, there is a sub variable of attributes that positively affect the customer's loyalty. Second, the difference of gender will affect the customer perception about modern convenience stores.

Keyword: Modern Convenience Store, Customer's Loyalty, Gender Differences, Products and Services, Store Attributes, Adolescents Perception.

INTRODUCTION

Background

Modern convenience store or often called the c-store is a small store that provides daily needs with safe and comfortable store facilities. This kind of the store starts to be popular in Indonesia especially among adolescents. This is caused by the increasing number of the needs that follows the improved number of modern convenience store. Although the products and services in a modern convenience store are not as complete as in the supermarket or hypermarket, its existence cannot just be underestimated. Modern convenience store has become a part of the communities when they need daily goods especially when their time is limited.

Convenience stores have to localize and adapt to the unique characteristics of their communities, they will also have to attach themselves to national and global brands that people from every neighborhood have come to expect as part of their dining and shopping experience. The major reason for modern convenience store is needed by people because the time consumption pattern changes. It means there are more people needs everything in a quick ways now. Moreover, it becomes an important issue for modern convenience store to serve their customer nicely. The customer's loyalty is extremely necessary and need to be fulfilled in case of long term existence for a modern convenience store itself.

Research Problem

- a. What factors are formed by the attributes from Indomaret based on customers' perception?
- b. Do the factors of attributes from Indomaret positively affect the customer's loyalty?
- c. Do male and female will perceive the attributes from Indomaret differently?
- d. Do male and female will purchasing the products from Indomaret differently?
- e. Do male and female will using the services from Indomaret differently?
- f. Do male and female will perceived the customer's loyalty of Indomaret differently?

Research Objectives

- a. Analyzing the effect of attributes from Indomaret towards customer's loyalty.
- b. Analyzing the differences of attributes from Indomaret, products and services also customer's loyalty based on gender.

LITERATURE REVIEW

Retail industry has a strong ties with modern convenience store, where people can easily find grocery products even the public service. Modern

convenience store is a small store which includes all sales through stores of areas, generally less than 300 sq. meters, which specialize in a limited range of food and grocery products designed primarily for convenience-seeking consumers (Canadean, 2014). According to Anderson (1971, p. 179), convenience-oriented consumption: (1) satisfies some immediate want or need and (2) releases time or energy or both for alternative uses. Marketers are becoming more sensitive to saving consumers' time and effort by designing convenience offerings, rewarding time spent with marketing (i.e., providing genuine entertainment, significant consumer information, and/or valuable tools from which consumers can benefit), and giving time back to consumers (Smith 2004).

Modern convenience stores are increasingly numerous, led to increase the culture of consumptive especially among the adolescents. For them, shopping at the modern convenience store has its own prestige value compared to buying in a conventional store. The presence of modern convenience store is pretty heavy competition for small shops in several areas. The diversity of types of goods and its freshness makes a lot of adolescent prefer to shop at the modern convenience stores. It is not impossible, if more modern convenience stores are existing, the conventional one will be out of business.

According to Seok and Sauls 2008: female and male buyers show significant differences in their purchase attitudes (trust in purchase, awareness of the fashion brands, awareness of prices, tendency to buying from home, awareness of time well-being, tendency toward planned purchase). Also, it was determined that purchase biases among age groups are different. Although, trust in purchase had

the highest score among men and women as well as among all age groups. It was revealed that female respondents paid more attention to well-being in shopping and price than men do. Gender has different aspects and it is not just a variable in market dividing. There are a lot of differences in attitudinal and behavioral aspects of women and men and they lead to different behaviors in buying goods and services. (Bakashi, 2012).

The positive relationship that modern convenience store can build with their customer will affect the customer loyalty. The customer will do the repetition to come over to that modern convenience store. From a company's perspective, one goal of introducing loyalty programs in times of severe competition is to increase or at least maintain customer loyalty for important (e.g., profitable) customers. Loyalty programs function as switching barriers that have been shown to influence customer loyalty positively (Evanschitzky and Wunderlich 2006; Jones et al. 2000; Patterson and Smith 2003). 1992).

Hypotheses

According to Beatty and Kahle (1988) also Evanschitzky et. al. (2006), commitment is a key antecedent of company loyalty and extensively researched in the consumer behavior domain. Therefore, this research sets a hypothesis as follows:

H1: The variables on the attributes of Indomaret will positively affect the customer's loyalty.

According to Seok and Sauls (2008), female and male buyers show significant differences in their purchase attitudes. Trust in purchase had the highest score among men and women as well as among all age groups but it was revealed that female respondents paid more attention to well-being in shopping and price than male do. Therefore, this research sets a hypothesis as follows:

H2: Male and female will perceive the attributes from Indomaret differently.

The theory from Bakashi (2012) stated gender will play a major role in consumer behavior, since men and women have different expectations, demands, needs and life styles and these differences affect their shopping behavior.

H3: Male and female will purchasing the products from Indomaret differently.

Based on theory that stated in previous hypothesis, so this research sets a new hypothesis which related into same concept but in way of service. The hypothesis as follows:

H4: Male and female will using the services from Indomaret differently.

It agrees with the theory from Blumstein and Schwartz (1983) also Hansen (1987) who said females are more loyal customers than males. Therefore, this research sets a hypothesis as follows:

H5: Male and female will perceive the customer's loyalty of Indomaret differently.

RESEARCH METHODOLOGY

Type of Research

This study used a descriptive research method as in implementation includes data, analysis and interpretation of the meaning and data obtained. This study is structured as inductive research means that the finding and data collecting will be processed in the field in order to determine factors, elements of form, and the nature of the phenomena in societies.

Sampling Method

The way is to give the questionnaire to the undergraduates who are staying in a boarding house. Then, the sample was spread out for the total of 142 respondents from different universities and colleges in Java Island.

Measuring Instrument and Data Analysis Method

Validity Test

In this research, validity test used is from the value of Corrected Item-Total Correlation which its limit can be found in r-table with the value of r-table with n-2 degrees and 0.05% risk. The item variables tested using validity test are the item variable of attributes from modern convenience store and customer's loyalty.

Reliability Test

In this research, the researcher uses Cronbach's Alpha value to measure the reliability. Cronbach's Alpha is a reliability coefficient that indicates how well the

items in a set are positively correlated to one another (Sekaran, 2000). The item variables tested using the reliability test are the item variable of attributes from modern convenience store and customer's loyalty.

Descriptive Analysis

The descriptive analysis is used to find the customers' profile of the Indomaret. The results are percentage to figure out the respondents' characteristics of the research.

Factor Analysis

This analysis will help to grouping the item of variables from attributes in Indomaret into several sub variables by analyze the Rotated Component Matrix table. This table will serve some factors formed by this method, then we have to find the greatest value of each attributes and conclude them in one of the factors.

Multiple Regression Analysis

Researcher want to find out how much the contributions made by variable loyalty towards the attributes from modern convenience store (Indomaret). Some items are formed with the analysis factor previously will become sub variables in this analysis.

Independent Sample T-test

In order to reveal the difference of attributes from Indomaret, purchasing products and using service also customer's loyalty based on gender in modern convenience store, then this research using the independent sample t-test.

DATA ANALYSIS

Characteristics of Respondents

In this research, 70 written questionnaires were distributed, but only 51 questionnaires can be process. Meanwhile, the online questionnaires in a total of 130 respondents, but only 91 questionnaires can be process. This analysis is used to know the characteristics of the respondents based on their gender, age, and their frequency to visit Indomaret.

Factor Analysis Result

Rotated Component Matrix ^a				
	Component			
	1	2	3	4
att_1			,701	
att_2			,706	
att_3				,845
att_4				,774
att_5		,523		
att_6	,481	,435		
att_7	,557	,441		
att_8	,463	,509		
att_9		,636	,438	
att_10		,727		
att_11	,504		,483	
att_12	,414		,418	
att_13	,814			
att_14	,783			
att_15		,436		

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
a. Rotation converged in 5 iterations.

There are four factors of rotated component matrix in analysis factor result, they are professionalism, convenience in shopping, ease of accessing and strategic

location. Each of factor contains some item questions and grouped in a factor.

Multiple Regressions Result

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,537 ^a	,289	,268	,66281

a. Predictors: (Constant), avg_location, avg_professionalism, avg_convenience, avg_accessing

Notice above in R square column, there are figures that .289 means attributes from convenience store affects 0.289 or 28.9% against the customer's loyalty. It also means that 77.8% of the control results are influenced by other factors not summarized in this analysis.

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,984	,471		2,087	,039
	avg_professionalism	,563	,103	,506	5,451	,000
	avg_convenience	-,032	,114	-,024	-,278	,781
	avg_accessing	,026	,113	,021	,228	,820
	avg_location	,099	,085	,091	1,166	,245

a. Dependent Variable: avg_ly

From the table above, it shows that professionalism has .000 point of significance which means that this sub variable affects to the customer's loyalty. In other hand, the variables of convenience while shopping, accessing the convenience store itself and strategic location show that they are not significantly affect the loyalty variable because their Sig. value are above 0.05.

Independent Sample t-Test Result

Attributes from Indomaret

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
avg_professionalism	Equal variances assumed	1,935	,166	1,907	140	,059	,22113	,11594	-,00809	,45036
	Equal variances not assumed			1,936	139,241	,055	,22113	,11420	-,00466	,44693
avg_convenience	Equal variances assumed	1,773	,185	,734	140	,464	,07201	,09807	-,12187	,26589
	Equal variances not assumed			,729	132,673	,467	,07201	,09872	-,12326	,26728
avg_accessing	Equal variances assumed	,516	,474	2,017	140	,046	,20867	,10345	,00414	,41319
	Equal variances not assumed			2,032	139,804	,044	,20867	,10269	,00565	,41168
avg_location	Equal variances assumed	,001	,978	1,635	140	,104	,19577	,11972	-,04093	,43247
	Equal variances not assumed			1,640	138,532	,103	,19577	,11939	-,04029	,43184

Item in attributes from Indomaret which is the ease of accessing Indomaret has significance difference based on gender. It has value of Sig. (2-tailed) lower than 0.05. Then, other items exclude this significant item have no significance difference based on gender.

	Gender	N	Mean
Avg_accessing	Female	66	4.0859
	Male	76	3.8772

There is only one item which has significance difference named the ease of accessing Indomaret. For this, female respondents will more consider about the ease of accessing Indomaret.

Products and Services

Independent Samples Test										
		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
ps_1	Equal variances assumed	,555	,457	-1,064	140	,289	-,17225	,16194	-,49241	,14792
	Equal variances not assumed			-1,062	136,111	,290	-,17225	,16225	-,49311	,14861
ps_2	Equal variances assumed	2,545	,113	2,280	140	,024	,29904	,13113	,03979	,55830
	Equal variances not assumed			2,346	130,696	,020	,29904	,12748	,04686	,55123
ps_3	Equal variances assumed	,377	,540	1,491	140	,138	,29067	,19492	-,09469	,67603
	Equal variances not assumed			1,490	136,923	,138	,29067	,19502	-,09498	,67632
ps_4	Equal variances assumed	1,745	,189	3,393	140	,001	,46611	,13737	,19452	,73769
	Equal variances not assumed			3,464	136,777	,001	,46611	,13457	,20001	,73221
ps_5	Equal variances assumed	1,393	,240	1,646	140	,102	,29705	,18043	-,05968	,65378
	Equal variances not assumed			1,662	139,993	,099	,29705	,17873	-,05630	,65040
ps_6	Equal variances assumed	,508	,477	-,491	140	,624	-,08373	,17038	-,42058	,25312
	Equal variances not assumed			-,491	136,598	,624	-,08373	,17057	-,42103	,25357
ps_7	Equal variances assumed	1,006	,318	2,371	140	,019	,68541	,28904	,11396	1,25685
	Equal variances not assumed			2,246	80,029	,027	,68541	,30516	,07812	1,29269
ps_8	Equal variances assumed	8,891	,003	-3,241	140	,001	-,79585	,24559	-,128140	-,31031
	Equal variances not assumed			-3,282	139,808	,001	-,79585	,24252	-,127533	-,31638
ps_9	Equal variances assumed	4,329	,039	-2,234	140	,027	-,36483	,16334	-,68777	-,04190
	Equal variances not assumed			-2,191	119,836	,030	-,36483	,16655	-,69459	-,03508
ps_10	Equal variances assumed	2,325	,130	-2,470	140	,015	-,54904	,22226	-,98845	-,10963
	Equal variances not assumed			-2,491	139,929	,014	-,54904	,22039	-,98477	-,11332
ps_11	Equal variances assumed	,738	,392	,040	140	,969	,00797	,20188	-,39115	,40710
	Equal variances not assumed			,039	133,385	,969	,00797	,20304	-,39363	,40958
ps_12	Equal variances assumed	,048	,827	,017	140	,986	,00319	,18467	-,36191	,36829
	Equal variances not assumed			,017	138,135	,986	,00319	,18433	-,36128	,36766
ps_13	Equal variances assumed	,645	,423	,517	140	,606	,10566	,20433	-,29832	,50964
	Equal variances not assumed			,520	139,330	,604	,10566	,20328	-,29626	,50758
ps_14	Equal variances assumed	3,189	,076	2,180	140	,031	,30343	,13918	,02826	,57860
	Equal variances not assumed			2,216	138,885	,028	,30343	,13694	,03267	,57419
ps_15	Equal variances assumed	,072	,789	-,925	140	,357	-,18501	,19998	-,58039	,21037
	Equal variances not assumed			-,925	137,056	,357	-,18501	,20005	-,58058	,21057
ps_16	Equal variances assumed	,029	,865	,838	140	,403	,16268	,19405	-,22097	,54633
	Equal variances not assumed			,837	135,960	,404	,16268	,19447	-,22189	,54725
ps_17	Equal variances assumed	,594	,442	,996	140	,321	,17903	,17970	-,17625	,53430
	Equal variances not assumed			1,004	139,826	,317	,17903	,17835	-,17358	,53163
ps_18	Equal variances assumed	,096	,757	2,094	140	,038	,33254	,15883	,01853	,64654
	Equal variances not assumed			2,114	139,995	,036	,33254	,15731	,02153	,64354
ps_19	Equal variances assumed	,947	,332	-,067	140	,947	-,01316	,19678	-,40219	,37588
	Equal variances not assumed			-,066	133,488	,947	-,01316	,19789	-,40455	,37824

Item in product and service which are ps_2 (candy, ice cream and snacks), ps_4 (cake and cookies), ps_9 (canned food), ps_10 (alcohol and energy drink), ps_14 (ATM), and ps_18 (transportation tickets) have significance difference based on gender. They have value of Sig. (2-tailed) lower than 0.05. Then, other item exclude those significant items have no significance difference based on gender.

	Gender	N	Mean
Candy, ice cream and snacks	Female	66	4.2727
	Male	76	3.9737
Cake and cookies	Female	66	4.2424
	Male	76	3.7763
Canned food	Female	66	3.2273
	Male	76	3.5921
Alcohol and energy drink	Female	66	3.7273
	Male	76	3.2763
ATM	Female	66	4.6061
	Male	76	4.3026
Transportation tickets	Female	66	4.2273
	Male	76	3.8947

In table above explains that female respondents will prefer to purchase candy, ice cream and snacks; cake and cookies; using ATM and purchasing transportation ticket in Indomaret. In other hand, male respondents will more choose to

purchasing items of alcohol and energy drink also canned food rather than female respondents.

Customer's Loyalty

Independent Samples Test									
		Levene's Test for Equality of Variances		t-test for Equality of Means					
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference
									Lower Upper
ly_1	Equal variances assumed	2,220	,138	1,567	140	,119	,22967	,14660	-,06017 ,51950
	Equal variances not assumed			1,602	135,455	,111	,22967	,14332	-,05377 ,51310
ly_2	Equal variances assumed	1,105	,295	1,384	140	,168	,20056	,14489	-,08590 ,48701
	Equal variances not assumed			1,399	139,992	,164	,20056	,14337	-,08290 ,48402
ly_3	Equal variances assumed	,005	,943	2,778	140	,006	,46850	,16862	,13513 ,80188
	Equal variances not assumed			2,804	139,983	,006	,46850	,16707	,13819 ,79881
ly_4	Equal variances assumed	1,849	,176	1,948	140	,053	,33293	,17092	-,00499 ,67086
	Equal variances not assumed			1,985	137,798	,049	,33293	,16775	,00124 ,66463

Item number three in customer's loyalty variable which is inviting others to purchasing products in Indomaret has significance difference based on gender. It has value of Sig. (2-tailed) lower than 0.05.

	Gender	N	Mean
Inviting others to purchasing products in Indomaret	Female	66	4.2727
	Male	76	3.9737

There is only one item which has significance difference named inviting others to purchasing products in Indomaret. For this, female respondents will do more about inviting others (family/friends/colleague) to purchasing products in Indomaret.

CONCLUSIONS

The factor analysis is used to grouping the attributes then resulted 4 major factors which are professionalism, convenience in shopping, ease of accessing and strategic location. It has done because there are too many item numbers in attributes part so then the researcher has to grouping all of them to see that it has the same correlation between each item number to another. After that, those 4 major components will be analyzed to see the relationship with another variable.

Then for Multiple Regressions analysis, it is obtained to see how those variables resulted from factor analysis can affect the customer's loyalty in Indomaret. The result shows that there is only one variable that affect customer loyalty that is the professionalism. Then, it answers hypothesis 1 that stated the variables on the attributes from Indomaret will positively affect the customer's loyalty.

For Independent Sample t-Test analysis used when variables on attributes are tested with male and female respondents to see if there is any differences between them when they perceive the attributes from Indomaret, products and services also customer's loyalty. From the result, there is only one item that is the ease of accessing Indomaret has significance difference based on gender. Then the result of products and services variable, there are buying candy, ice cream and snack; cake and cookies; alcohol and energy drink; canned food; ATM and purchasing transportation tickets have significance differences based on gender. Then, it answers hypothesis 4 that stated male and female will using the services from Indomaret differently.

Lastly, this Independent Sample t-Test analysis is used when variables of customer loyalty. From the result, there is only one item which has significance difference named inviting others to purchasing products in Indomaret.

Managerial Implications

Based on research findings, educating customers is important because they can have a reference and become more consider about having things and using services in modern convenience stores. Moreover, modern convenience stores should increase their services including availability of products to attract customers, not only for the adolescent but also other level of societies. It also need to being active and keep informing customers if there are any discounted products and promotions for their marketing program.

Limitations and Further Research

A major limitation of the current study lies is in its respondents. The majority of the respondents are only the undergraduates. University students dominates the results of this study. Further research may explore other segments in order to provide broader knowledge about modern convenience stores. Another limitation is by doing this study in another are outside Java Island, because the written and online questionnaires are only spread off in the area of Java Island.

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