Repeat Consumption Behaviour in Traditional Markets: Bandung and surrounding regions

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Abstract

This study will explore several issues that might affect consumer decision to become a repeat consumer in traditional marketplaces in Indonesia. This study is conducted via structured self-administrated closed-ended questionnaires. The research subjects are people who know and are familiar with traditional marketplaces and stores. Most of them have preference to shop at a certain marketplace and are familiar with the stores there. The study showed that the quality of service and consumer identification play a significant part in consumer repurchase behaviour in the traditional marketplace in Bandung and its surrounding area.

Keywords: repeat consumption; traditional marketplace; consumer behaviour; customer loyalty.

1.0 Introduction

This study will explore more about the several motivational factors that endorse consumers to repurchase items in specific stores. In particular, this study will explore whether the factors of self-identification and services play a significant part in driving a consumer to become a repeat consumer to a specific store, which at the end will led to consumer loyalty.

The objectives of this research are to develop a conceptual model   on how consumers repurchase behaviour is affected by factors of self- identification and quality of services, and to create a theory establishing how consumer repurchase behaviour is affected by factors of self-identification and quality of services.

It is expected that this study will contribute to the development of   a conceptual model on how consumers' repurchase behaviour is affected by factors of self-identification and quality of services, as well as the development of a theory establishing this.

2.0 Literature Review

The literature review is divided into four major sections and provides a context for study. The first three sections will discuss the theory on consumer repurchase behaviour, while the last section deals with the previous research that has been conducted.

2.1 Repeat Consumer Behaviour

According to a study, each time a consumer buys a product, he progresses through a buying cycle. A first time buyer will go through five steps (Griffin, 2003, p. 4) as follows:

1. Becomes aware of the product
2. Makes an initial investment
3. Evaluates post purchase
4. Decides to repurchase
5. Repurchases

If he passes all of those steps, he will become a repeated consumer.

There are three factors that will turn repeat customers to become loyal consumers: **Operational Excellence** for example: by giving customers reliable products at a competitive price and with minimum difficulties in purchasing; **Customer Intimacy** for example: segmenting and targeting a market with exact precision and then customising the offering to meet the demands of that niche; and **Product Leadership** for example: giving the customer leading edge products and services (Griffin, 2003, p. 12).

2.2 The Psychological Factor of Consumer Decision

When purchasing products or selecting services, there are five mental steps that are considered (Mullins, Walker Jr., & Boyd Jr., 2008, p. 100):

1. Problem identification
2. Information search

3. Evaluation of alternatives
4. Purchase
5. Post-purchase evaluation.

This when interpreted into consumer loyalty can be viewed as the steps in which consumers make a decision on whether to select a certain store when purchasing. First they identify which product to purchase (in traditional marketplace context, this could be whether they would purchase fish, meat, or other products), and then they would gather more data on the specified store, find alternatives, make the decision on purchasing on that specified store, and at the end make post-purchasing evaluation. If the consumer is happy and satisfied with the store, he will become a loyal consumer.

When deciding whether to purchase or not, consumers usually search for further information relating to the brands and products availability in the market. To make this decision they usually refer to three factors (Mullins, Walker Jr., & Boyd Jr., 2008, p. 101):

1. Product factors
2. Situational
3. Personal

This can be interpreted in consumer loyalty as the motivational factors when selecting a store. Product factors mean whether the store has vast selection of product availability. Situational factors mean whether the experience when shopping in that specified store is satisfying or the quality of the services of the patron is excellent. Personal factors mean the self-identification of the consumer in the stores by membership cards, and discounts.

2.3 Psychological, Personal, and Social Influences on Consumer Decision

Consumers might have equal involvement with a product; they often purchase different brands and buy in different stores for varying reasons. Their actions are all influenced by psychological and personal characteristics (Mullins, Walker Jr., & Boyd Jr., 2008, pp. 110-115). When applied into consumer loyalty towards a specific store, psychological and personal traits influence consumers to make a purchase in a selected store. A store that perceived as dirty, uncomfortable or lacking service might deter consumers from becoming loyal. Also stores that are located far will find it difficult to get consumers' loyalty if they do not have any added-value.

Social influences affect consumers' purchase decision, especially when the person is purchasing goods or services. The social influence factors include culture, subculture, social class, reference groups and family (Mullins, Walker Jr., & Boyd Jr., 2008, pp. 115-118). A consumer might become loyal to a specific store, as he faces social and environment pressure to purchase goods in that particular store (an example would be Moslems who are driven to purchase goods and services in a specific *"Halal"* store, or a female Moslem who must get her hair cut in a particular women salon).

2.4 Previous Research and Studies

There are several studies which have been conducted in order to find the reasons for repeat consumption behaviour. In summary, Table 1 lists the previous research and articles about consumer loyalty from various authors:

Table 1: List of Previous Studies

Key Items	Previous Studies
Quality of Service	Hyun Choi, Min Kim, Kim, & Hie Kim (2006); Susan Doherty and Roy Nelson (2008)
Consumer Satisfaction	Andres Kuusik (2007); Doherty and Roy Nelson (2008)
Store Condition & Image	Andres Kuusik (2007); Susan Doherty and Roy Nelson (2008); Ipshita Ray and Larry Chiagouris (2008)
Product	Hyun Choi, Min Kim, Kim, & Hie Kim (2006); Jaywat Singh, Andrew Ehrenberg & Gerald Goodhardt (2008);
Price	Werner Reinartz and V. Kumar (2002); Jaywat Singh, Andrew Ehrenberg & Gerald Goodhardt (2008)
Relationship Intimacy & Trust	Andres Kuusik (2007); Chi Kin (Bennett) Yim, David K. Tse and Kimmy Wa Chan (2008)
Consumer Needs	Jaywat Singh, Andrew Ehrenberg & Gerald Goodhardt (2008)

3.0 Methodology

This research is conducted by using quantitative approaches via structured self-administrated closed-ended questionnaires (Neuman, 2006, pp. 299-300). The research is conducted to people who commonly visit the traditional market. The respondent's identity is protected. The questionnaire itself is in the form of a Likert scale questionnaire, using hardcopy and online collaboration websites for easier and less expensive data gathering process. In general, the correlation of some related data and related statistical functions will be evaluated by using the Data Analysis function of spreadsheet and data analytical software. The data population for this research study will be from questionnaires and interviews of consumers who commonly visit the marketplace in West Java and Jabodetabek, Indonesia.

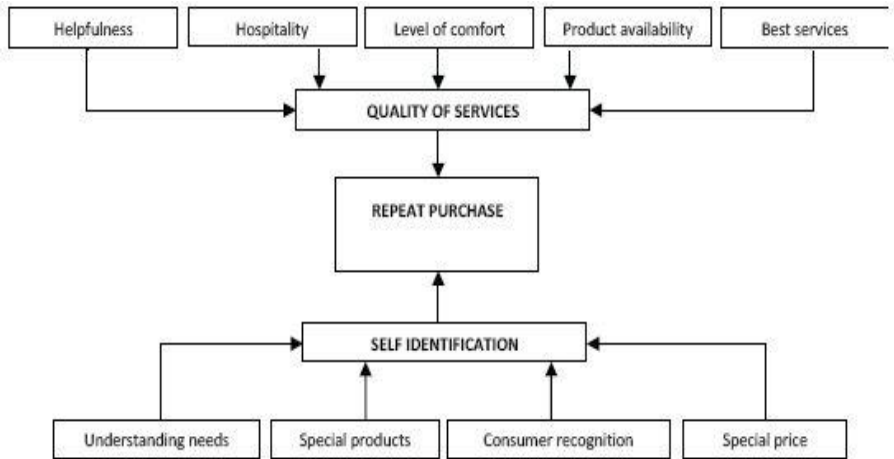The research will be conducted using the following framework:

Figure 1: Research Framework

4.0 Results and Discussions

The following are the results of the data from the questionnaire which are converted into tables. The data are analysed using Structured Equation Modelling (SEM) and Factor Analysis.

4.1 Survey Findings: Demographic and Shopping Habits

The purpose of this research is to study the factors that affect consumer repurchase behaviour in the traditional marketplace. The factors that are being studied are quality of services, price, and self-identification of the consumer. This analysis was based on the results of the questionnaires obtained. The questionnaires were distributed via face-to-face interview and via the internet. The return rate of the questionnaire was around 93.3% from the total of 150. A total of 140 respondents replied to the questionnaires, but only 118 respondents' (84%) data were valid to use with 9 respondents (6%) who did not fill in all of the answers, 8 respondents (6%) who had never visited a traditional marketplace before (unqualified data), and 5 respondents (4%) who were from cities outside of West Java and Jabodetabek. Most of the respondents were aged 21-30 years old. Most of the respondents came from Bandung (76%), Jakarta (8%), and Cimahi (7%). The respondents were mainly females (68%), compared to the males (32%). Most of the respondents rarely visited the traditional marketplace (61%) or were passive traditional marketplace visitors, compared to the active ones (39%). 60% of the respondents had a favourite store when they visited the marketplace.

4.2 Survey Findings: Service Quality

There are five factors that make up the service quality preferences. The first one is the helpfulness preference. Most of the respondents agreed that the traditional marketplace store clerks who were helpful would encourage consumers to become returning consumers. 65% and 27% of the respondents strongly agreed and agreed respectively with this statement. If weighted, the statement response average was 4.53 (between strongly agree and agree). The second is the hospitality preference. Most of the respondents agreed that traditional marketplace store clerks who were nice and friendly would encourage consumers to return again. 69% of the respondents strongly agreed with this statement, while 19% of them agreed. If weighted, the statement response average was 4.50 (between strongly agree and agree). The third is the store comfort preference. The results showed that most of the respondents agreed that traditional marketplace stores that were comfortable would encourage consumers to become returning consumers. 67% of the respondents strongly agreed with this statement, while 24% of them agreed. If weighted, the statement response average was 4.54 (between strongly agree and agree). The fourth is the product availability preference. Most of the respondents agreed that traditional marketplace stores that sold complete products would encourage consumers to become loyal. 59% of the respondents strongly agreed with this statement, while 31% of them agreed. If weighted, the statement response average was 4.48 (between strongly agree and agree). The last is the ability to deliver services preference. The results showed that most of the respondents agreed that traditional marketplace store clerks who were able to deliver service would encourage consumers to become loyal. 75% of the respondents strongly agreed with this statement, while 19% of them agreed. If weighted, the statement response average was 4.68 (between strongly agree and agree).

4.3 Survey Findings: Self Identification

For the self-identification category, there are four questions researched. The first one is about consumer recognition. 45% of the respondents strongly agreed with this statement, with 32% of them agreed, and 15% of them remained neutral. If weighted, the statement response average was 4.14 (agree). The second question is about offering special price to consumers. 49% of the respondents strongly agreed with this statement, with 34% of them agreed, and 14% of them remained neutral. If weighted, the statement response average was 4.30 (agree). The third question is about offering special products to consumers. 45% of the respondents strongly agreed with this statement, with 31% of them agreed, and 21% of them remained neutral. If weighted, the statement response average was 4.16 (agree). The last question enquired about the understanding needs of the consumers. 47% of the respondents strongly agreed with this statement, with 29% of them agreed, and 17% of them remained neutral. If weighted, the statement response average was 4.16 (agree).

4.4 Structured Equation Modelling (SEM) Analysis

Structured equation modelling or SEM is a statistical model that gives a calculative assumption of the relationship between variables in a theoretical model, directly or indirectly or through intervening and mediating variables.
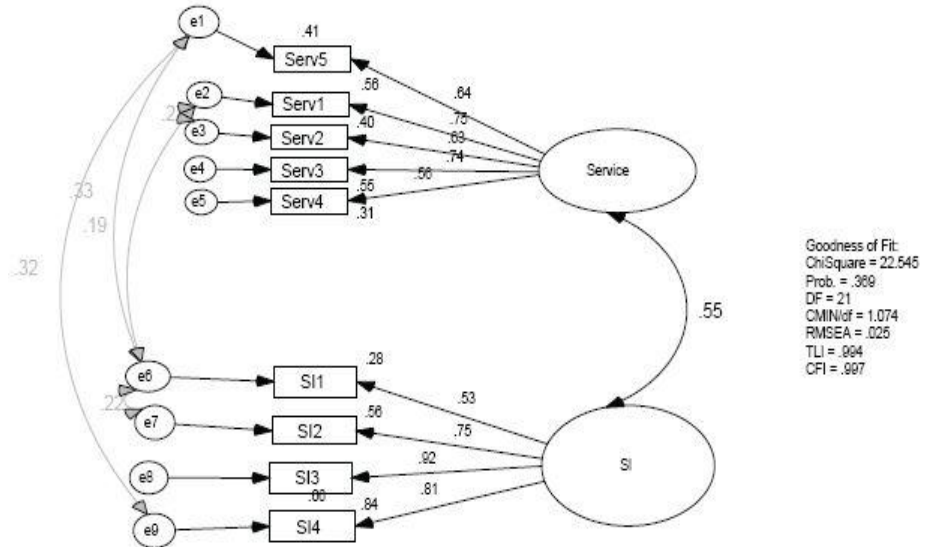

Figure 2: SEM Path Diagram Analysis Results

This method has been used mainly in psychology, economy, education and other social science fields. As development from many other multivariate analysis tools, SEM has the advantage of explaining direct and indirect variable correlations (Wijaya, 2009).

Table 2: Standardised Regression Weights

Relationship			Estimate
Ability to deliver services	<---	Service	.642
Helpfulness	<---	Service	.746
Hospitality	<---	Service	.634
Store comfort	<---	Service	.741
Product availability	<---	Service	.559
Recognition	<---	SI	.531
Special price	<---	SI	.752
Special product	<---	SI	.918
Understanding needs	<---	SI	.811

For service, the indicators showed a good relationship with helpfulness and store comfort as the leading indicators for consumer preference to return as loyal consumers. For consumer self identification, the indicators also showed a good relationship. In this case the offering of special products and understanding the needs of the consumers were the key indicators (Santoso, 2009, p. 113).

Table 3: Correlation

Relationship			Estimate
SI	<-->	Service	.555

Self-identification and quality of service to consumer were correlated, and the estimated number reached 0.555 (above 0.5). The positive estimate results meant that both of the factors were positively correlated. Increase in consumer perception of self identification could also correlate with increase in consumer perception of quality of services, which at the end would lead to repeat visits and repeated purchases.

Table 4: Squared Multiple Correlations

Variables	Estimate	Variation	Unique Factors
Special products	0.843	71%	29%
Special price	0.565	32%	68%
Recognition	0.282	8%	92%
Product availability	0.312	10%	90%
Store comfort	0.549	30%	70%
Hospitality	0.402	16%	84%
Helpfulness	0.557	31%	69%
Ability to deliver services	0.412	17%	83%
Understanding needs	0.658	43%	57%

From Table 4 it can be concluded that some variables could be explained by self identification and service construct. However, the unexplained variables were clarified by their unique factors (Santoso, 2009, pp. 112-113).

4.5 Factor Analysis

From the results stated in the factor analysis results, it can be concluded that the data were still valid, as all of the components were clustered accordingly to each of their independent factors. Component 1 represented the Self-identification factor and component 2 represented the Quality of services factor. The data were also considered as valid also because the entire components resulted in above 0.6 (Garson, 2010).

Table 5: Rotated Component Matrix

	Component 1	Component 2
Helpfulness		.805
Hospitality		.784
Store comfort		.774
Product availability		.648
Ability to deliver services		.611
Recognition	.756	
Special price	.861	
Special product	.836	
Understanding needs	.790	

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalisation.
a. Rotation converged in 3 iterations.

5.0 Conclusion

From the data analysis, it can be concluded that the factors of quality of services and consumer identification played a significant part for consumer repurchase behaviour in traditional marketplace in West Java and Jabodetabek.

For the quality of service factors, the approaches of patron hospitality, behaviour, and helpfulness helped to improve consumer repurchase behaviour. The store condition also supported consumer decision on whether they would return to purchase again in a specified store or not. By giving a good first impression to the consumers, the probability of earning their trust increased, and at the end would make them become regular customers.

For self identification of the consumer, with the simple effort of remembering the consumers' names and understanding their needs, or by giving special products (for example: best meat products, or newest canned food) and offering special prices for loyal consumers, would increase their chance returning and becoming regular consumers in the future. Consumers who had the feeling of being treated specially would emotionally have more empathy and connection to the store. This if nurtured at the end would make them become regular consumers, and perhaps become a prominent supporter of the store. This will benefit the store as the consumers would freely and willingly share their positive experiences with other consumers, and spread by advertising through the word of mouth (WOM) which is more effective than regular advertising.

There might be other factors related to consumer repurchase behaviour that have not been discussed in this paper. Further analysis and study should be conducted to get more understanding of the other factors that affect that behaviour. This study can also be reproduced in other cities and regions outside West Java and Jabodetabek to have more data to determine whether the results are similar for the entire traditional marketplaces in Indonesia, or whether these results are only valid in certain areas.

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