Abstract

The objective of this study is to prepare a model of consumer shopping behavior towards imported products. Compared with the models available, the model made here is based on antecedents of customer loyalty. Questionnaire method is used as research instrument to capture the shopping behavior of Indonesian consumers towards Chinese products, particularly electronics. The conclusion follows that there is not direct influence of satisfaction on trust, but there exists influence of country of origin on word of mouth, and that trust highly influences the loyalty.

Keywords: Shopping Behavior, Imported Product, Indonesia, Loyalty

1. Introduction

Consumer shopping behavior as a field of study is constantly growing. It is evident from the shopping behavior models prescribed by various researchers. Prominent are gravity model (Huff, 1964; Haynes & Fortheringham 1984; Mayo, Jarvis, & Xander 1988), dynamic model (Oliver, 1997; Jacoby & Chestnut, 1973) and other mathematical models. Most of these were undertaken on antecedents of consumer behavior variables majorly based on customer loyalty constructs (Aaker, 1991; Jacoby & Chestnut, 1978; Oliver, 1999; Jacoby & Kyner, 1973; Day, 1969; Beatty, Kahle, & Homer, 1988). New variables and dimensions like culture background have added to the enlargement of the field of study. This study attempts to gauge shopping behaviour of Indonesian consumer towards imported products.

Indonesian consumer is apparently different from other countries. Indonesian markets for instance are inundated by imported products. Evidence shows traditional markets and shopping malls for middle and lower class consumer targets mostly offer imported products from Chinese, Korea, Taiwan, and other Asian countries. Products imported from these countries are cheaper than from United State America (USA) and Europe. At the other hand shopping malls for high class such as Plaza Indonesia and Pacific Place in Jakarta offer imported products from USA and Europe. The purpose of the study is thus to develop a model for consumer shopping behavior towards imported products that differs based on country of origin (COO).

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2. Research method

Using the research model shown in Figure 1, we investigated consumer shopping behavior towards imported products from China, particularly for electronics products. Questionnaires were distributed to more than 300 consumers but only 214 found valid to proceed for data analysis.

3. Results and discussion

3.1. Model validation

Using Structural Equation Modeling (SEM) the model was validated to the data. Goodness of fit statistics is used as measurement of validation. Table 1 show criteria used for validating the model. Result shows that the our proposed model didn’t fit well to the data. Like for example, we proposed direct influence of satisfaction on trust but the result shows there is no direct influence of satisfaction on trust and not the reverse either. On COO we did not propose direct or indirect influence of WOM, but from the result it shows the existence of direct influence of COO on WOM.

3.2. Hypotheses test

Country of origin (COO) and word of mouth (WOM) are exogenous variables on this model. Total and indirect effects between variables are shown in Table 2 and 3 respectively. Product’s country of origin in terms of “made in” label influences the product quality most. It is in fact found that the country of origin has positive effect on perceived price, perceived quality, trust, satisfaction, wom, and loyalty. Country of origin however shows the strongest total influence to word of mouth and loyalty but strongest indirect effect on trust.

Perceived price is only variable that influence satisfaction positively, while with others it is in negative state. Moreover perceived price shows the biggest influence towards loyalty but in reverse direction. It means the higher the price, lower will be the loyalty. It is not a surprise as consumer choose Chinese product due to lower price compared to other imported products and sometimes even to ones produced domestically.

<table>
<thead>
<tr>
<th>Index</th>
<th>Acceptance value</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chi-Square (P-value)</td>
<td>&gt; 0.01</td>
<td>444.221 (0.0927)</td>
</tr>
<tr>
<td>Root Mean Square Error (RMSEA)</td>
<td>&lt;0.08</td>
<td>0.0211</td>
</tr>
<tr>
<td>Goodness of Fit Index (GFI)</td>
<td>Close to 0.9 is a very good fit</td>
<td>0.890</td>
</tr>
<tr>
<td>Adjusted Goodness of Fit Index (AGFI)</td>
<td>Close to 0.9 is a very good fit</td>
<td>0.839</td>
</tr>
<tr>
<td>Normed Fit Index (NFI)</td>
<td>Close to 0.9 is a very good fit</td>
<td>0.903</td>
</tr>
<tr>
<td>Non-Normed Fit Index (NNFI)</td>
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<td>0.985</td>
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Tabel 2. Total effects between variables

<table>
<thead>
<tr>
<th></th>
<th>Origin</th>
<th>Price</th>
<th>Quality</th>
<th>Trust</th>
<th>Satisfy</th>
<th>Wom</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price</td>
<td>0.167</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Quality</td>
<td>0.268</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Trust</td>
<td>0.201</td>
<td>-0.130</td>
<td>0.752</td>
<td>0.011</td>
<td>-</td>
<td>0.063</td>
</tr>
<tr>
<td>Satisfy</td>
<td>0.189</td>
<td>0.041</td>
<td>0.681</td>
<td>0.173</td>
<td>-</td>
<td>0.011</td>
</tr>
<tr>
<td>Wom</td>
<td>0.280</td>
<td>-0.022</td>
<td>0.129</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Loyalty</td>
<td>0.280</td>
<td>-0.145</td>
<td>0.499</td>
<td>1.011</td>
<td>-0.372</td>
<td>0.066</td>
</tr>
</tbody>
</table>

Tabel 3. Indirect effect between variables

<table>
<thead>
<tr>
<th></th>
<th>Origin</th>
<th>Price</th>
<th>Quality</th>
<th>Wom</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Quality</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Trust</td>
<td>0.195</td>
<td>-0.001</td>
<td>0.008</td>
<td>0.001</td>
</tr>
<tr>
<td>Satisfy</td>
<td>0.189</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Wom</td>
<td>0.034</td>
<td>-0.022</td>
<td>0.129</td>
<td>0.011</td>
</tr>
<tr>
<td>Loyalty</td>
<td>0.132</td>
<td>-0.145</td>
<td>0.499</td>
<td>0.063</td>
</tr>
</tbody>
</table>

Perceived quality shows the biggest influence towards loyalty and positively, but it is an indirect influence. It is however surprising that consumers show loyalty to Chinese products as they perceived them to be of good quality. Trust shows the biggest influence towards loyalty among other variables which is confirmed by Ribbink, Van Riel Allard, Liljander and Streukens (2004). Unusual result is found about satisfaction influence on loyalty. It shows that the higher satisfaction, lower will be the loyalty. Most studies show that customer satisfaction is often considered as the most important determinant of loyalty (Eggert & Ulaga, 2002). However some prior studies show that satisfaction and loyalty are independent variables which perhaps have similar determinants. Mittal, Ross and Baldasare (1998) for instance have shown that some determinants have a direct impact on loyalty. According to Ostrom and Iacobucci (1995) some determinants can affect satisfaction and loyalty differently. Few studies show the complexity of determinants relationships with satisfaction and loyalty primarily stems from a basic difference in the two constructs. Satisfaction is an affective antecedent, whereas loyalty has affective, cognitive, and behavioral components (Dick & Basu 1994). Depending upon a consumer’s goal, performance on a given determinant may strongly drive satisfaction but may not affect or only weakly affect loyalty (Mittal, Ross, & Baldasare, 1998). Garbarino and Mark (1999) showed that satisfaction plays a less central role in creating loyalty intentions in non-transactional exchanges. Agustin and Singh (2005) argued that satisfaction is a basic, lower-order need and therefore, beyond some point of expectation fulfillment, it will have a lower impact on loyalty intentions.

Many of researchers have shown that intentions related to word-of-mouth are particularly salient as loyalty indicators (Andreassen, 2001; Boulding, Kalra, Staelin, & Zeithaml, 1993; Brady & Robertson, 2001; Brady, Cronin, & Brand, 2002; Cronin, Brady, & Hult, 2000; Dabholkar, Shepherd, & Thorpe, 2000; Ganesh, Arnold, & Reynolds, 2000; Guenzi & Pelloni, 2004; Hong & Goo, 2004; Mattila, 2004; Olsen & Johnson, 2003; Pullman & Gross, 2004; Salgaonkar & Mekoth, 2004; Selnes, 1993; Sirdeshmukh, Singh, & Sabol, 2002; Tsai, 2001; Wong & Sohal, 2003; Zeithaml, 1996).

Word-of-mouth behavior has to do talking with others. It can also be noted that word-of-mouth is referred to as voice, rarely lumps “talk behavior” together with other loyalty behaviors such as exit (Rusbult, Johnson, & Morrow, 1986). Word-of-mouth intentions refer to people in the customer’s social environment. Thus, loyalty implies a certain level of continuity in how a customer is related to an object.

Loyalty intention in this study is depiction of loyal mentality. Loyalty theory at a less aggregated level differentiates loyalty into two main dimensions which are loyalty as behavior and loyalty as a mental state (Day, 1969; Dick & Basu, 1994; Knox, 1998; Rundle-Thiele & Mackay, 2001). The mentality aspect is referred to as attitudinal loyalty in some models. Loyal behavior may include, for example, such aspects as customer share (Baumann, Burton, & Elliot, 2005; Pine, Peppers, & Rogers, 1995), frequency of visits (Bolton, Kannan, & Bramlett, 2000), level of cross-buying (Gremler & Brown, 1999; Hallowell, 1996), and duration of the relationship
(Bolton, 1998; Gremler & Brown, 1999; Rundle-Thiele & Mackay, 2001), while loyal mentality has been examined in terms of attitudes (Day, 1969; Dick & Basu, 1994), preferences (Pritchard, Havitz, & Howard, 1999; Rundle-Thiele & Mackay, 2001), commitment (Backman & Crompton, 1991), and intentions (Zeithaml et al., 1996).

Frequency count is yet appearing more frequently as loyalty aspects than others in empirical studies. Academic researches generally show that intentions have a dominant position as loyalty antecedent (Morgan, Anderson, & Mittal, 2005). Extensive researches have done using re-patronage and word-of-mouth intentions items in the same multi-item measure of loyalty (such as Andreassen, 2001; Boulding et al., 1993; Brady & Robertson, 2001; Brady et al., 2002; Cronin et al., 2000; Dabholkar et al., 2000; Ganesh et al., 2000; Guenzi & Pelloni, 2004; Hong & Goo, 2004; Mattila, 2004; Olsen & Johnson, 2003; Pont & McQuilken, 2005; Pullman & Gross, 2004; Salgaonkar & Mekoth, 2004; Selnes, 1993; Sirdeshmukh et al., 2002; Tsai, 2001, Wong & Sohal, 2003; Zeithaml et al., 1996).

4. Conclusion

It is evident that there is no direct influence of satisfaction on trust in the case of imported products from China on Indonesian consumers. It is also evident that there exists a direct influence of COO on WOM. Among variables proposed, trust shows the biggest influence on loyalty.

Acknowledgements

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References


