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Factors Related to Repeat Consumption Behaviour: A Case Study in Traditional Market in Bandung and Surrounding Region

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Abstract

This study will explore on several issues that might affected the 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 objects are people who know and are common with traditional marketplace and stores. Most of them have preference to shop to a certain marketplace and are familiar with the stores there. The study showed that factors of quality of services and consumer identification plays significant part for consumer repurchase behaviour in traditional marketplace in Bandung and it surrounding area.

Keywords: Repeat consumption; traditional marketplace; consumer behavior; customer loyalty; consumer decision

1. Introduction

This study will explore more about several motivational factors that endorse consumer to repurchase item in a specific stores. In particular, this study will explore on whether the factors of self-identification

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and services plays significant part in driving a consumer to become repeat consumer to a specific store, which at the end will led to consumer loyalty.

The purpose of this research is to find whether the factors of self-identification and services will affect consumer repurchase behaviour in traditional market in West Java and Jabodetabek, Indonesia. I will conduct my study via structured self-administered closed-ended questionnaires. The result of the questionnaires will be processed using statistical analysis to generate conclusions.

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

2. Literature Review

The literature review is divided into three major sections and provides a context for study. The first four sections will review on factors affecting consumer repurchase behaviour, psychological factors of consumer decision of purchasing a product in a store, marketing implication on psychological, personal, and social influences, and loyalty-based management. The fourth section will discuss on previous research that has been conducted. The last section is the summary of literature studies and the literature review mapping to indicate the research position of this study among development theories and models.

2.1. Repeat Consumer Behavior

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

- Becomes aware of the product
- Makes an initial investment
- Post purchase evaluation
- Decision to repurchase
- Repurchase

If they passed all of those steps, they will become repeated consumer.

There are three factors that will turn repeat customers to become loyal consumers. Operational Excellence ex.: by giving customers reliable products at a competitive price and with minimum difficulty in purchasing. Customer Intimacy ex.: segmenting and targeting a market with exact precision and then customizing the offering to meet the demands of that niche. Product Leadership ex.: means 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: (1) problem identification (2) information search (3) evaluation of alternatives (4) purchase; and (5) post-purchase evaluation (W. Mullins, C. Walker Jr., & W. Boyd Jr., 2008, p. 100). This when interpreted into consumer loyalty can be viewed as the steps on 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, they will become a loyal consumer.

When deciding whether to purchase or not, consumer usually search for further information relating with the brands and products availability in the market. To make this decision usually they refer to three factors: (1) Product factors; (2) Situational and; (3) Personal (W. Mullins, C. Walker Jr., & W. Boyd Jr., 2008, p. 101). This can be interpreted in consumer loyalty as the motivational factors when selecting a store. Product factors mean that whether the store has vast selection of product availability. Situational factors mean that 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, although 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 (W. Mullins, C. Walker Jr., & W. Boyd Jr., 2008, pp. 110-115). When applied into consumer loyalty towards a specific store, we can see psychological and personal traits influenced consumer to make a purchase in a selected store. A store that is perceived as dirty, uncomfortable or having lack of service might deter consumer to become loyal. Also stores that are far located might be hard to get consumers loyalty if they do not have any added-value.

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

2.4. Previous Research and Studies

Previous study reveals that by rewarding and valuing loyal consumers, store can a store can increase its chance to have positive word-by-mouth (WOM) information and free advertising by its loyal consumer (Doherty & Nelson, 2008). They also found that the store antecedents (store atmosphere, uniqueness, merchandise value, and store familiarity) will affect the store loyalty (Ray & Chiagouris, 2008). Consumers' satisfaction, trustworthiness, image and importance of relationship are playing different role on the different levels of consumer loyalty (Kuusik, 2007). Consumer choice behavior is often thought to be influenced by many factors, such as the product attributes, price, availability, advertising, consumer needs and attitudes (Singh, Ehrenberg, & Goodhardt, 2008). To manage a consumer for loyalty is different than to manage a consumer for profit. Long term consumers (loyal consumers) are only producing marginal profit, while short term consumer might be more profitable (Reinartz & V., 2002). There are relationships between how intimacy and passion with consumer service interaction. The findings provide several implications for researchers and managers regarding how intimacy and passion can enrich consumer service interactions and how to manage consumer–staff relationships properly (Yim, K. Tse, & Wa Chan, 2008). The concept of motivation and sanitation factors can be implemented to know more about consumer loyalty and disloyalty. Here they examined the quality

factors of system, product, and service as antecedents, which affect the consumer loyalty/ disloyalty behaviour (Hyun Choi, Min Kim, Kim, & Hie Kim, 2006).

To summarized, below is the list of 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	McKinsey & Co. (2001); Andres Kuusik (2007); Rhian Silvestro & Tse How Low (Don) (2007); Susan 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	McKinsey & Co. (2001); Jaywat Singh, Andrew Ehrenberg & Gerald Goodhardt (2008)

3. Methodology

This chapter begins with research method and then conceptual model, research design, sources and data collection, data analysis of strategies and finally expected result.

3.1. Research Method

This research is conducted by using quantitative approaches. The research will be conducted using the structured self-administrated closed-ended questionnaires (Neuman, 2006, pp. 299-300). The research is

conducted to people that are common to visit traditional market. Respondent's identity anonymity is protected.

3.2. Data Collection Method

Questionnaire will be distributed among the people that are common to visit traditional marketplace. The questionnaire itself will be in form of Likert scale questionnaire, using hardcopy and online collaboration website for easier and less expensive data gathering process. In general, correlation of some related data and related statistical function will be evaluated by using Data Analysis function of Microsoft Excel, SPSS and AMOS software.

3.3. Questionnaire Design

There are several parts of the questionnaire. The first part consists of the general questions of the respondents. The second part is common questions related with their visitation habits to the marketplace. The third part of the questionnaire will discuss about the self-identification and quality of services.

The number of questionnaire sent to the respondent is around 150 respondents; with the expectation of the respondent giving their feedback are around 100 respondents.

3.4. Data Population and Sampling

Data population for this research studies will be taken from questionnaires and interviews from consumers who are common to visit the marketplace in West Java and Jabodetabek, Indonesia.
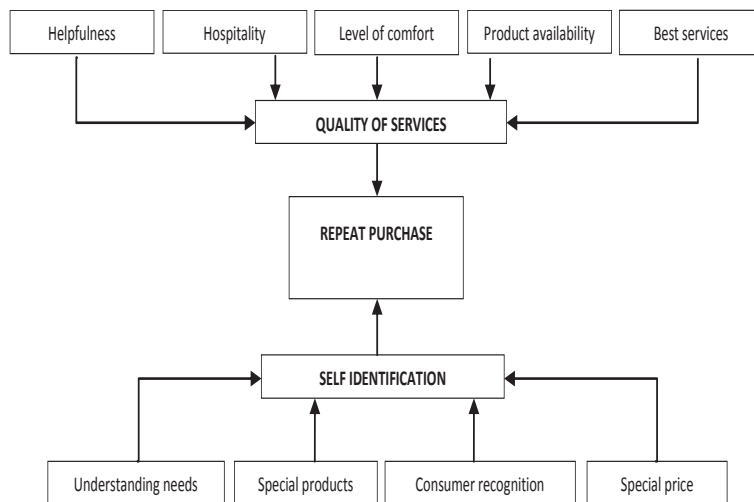
3.5. Research Framework

Fig 1. Proposed Research Framework

3.6. Statistical Analysis

The statistical data will be analyzed primarily data by using Structural Equation Model or SEM. The data analysis will be conducted using AMOS and SPSS software.

4. Result and Discussion

The opening of this chapter is the discussion on the result of questionnaire information regarding primary data findings of the questionnaires. The next chapter will discuss about the findings from the questionnaire, which are converted into tables. The next two chapters will discuss about the analysis of the questionnaire result analysis, viewed from 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 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 result of questionnaire distributions. A total of 140 respondents were replying for this questionnaire, but only 118 (84%) of the data were valid to use with 9 respondents (6%) do not filled all of the answers, 8 respondents (6%) were never visited traditional marketplace before (unqualified data), and 5 respondents (4%) are from cities outside of West Java and Jabodetabek. The questionnaires were distributed via face-to-face interview and via internet. The return rate of the questionnaire was around 93.3% from total expected questionnaires replied of 150. Most of the respondents were aged of 21-30 years old. Most of the respondents came from Bandung (76%), Jakarta (8%), and Cimahi (7%). The respondents type of gender dominated with female (68%), compared with the male (32%). Most of respondents are rarely visited the traditional marketplace (61%) or passive traditional marketplace visitor, compared with the active ones (39%). 60% of the respondents have favourite store when they visit 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 agree that traditional marketplace store clerks who are helpful will encourage consumers to become returning consumer. 65% of the respondents strongly agree with this statement, with 27% of them also stated to agree. If weighted, the statement responses average is 4.53 (between strongly agree and agree). The second is the hospitality preference. Most of the respondents agree that traditional marketplace store clerks who are nice and friendly will encourage consumers to return again. 69% of the respondents strongly agree with this statement, with 19% of them also stated to agree. If weighted, the statement responses average is 4.50 (between strongly agree and agree). The third is the store comfort preference. The result showed that most of the respondents agree those traditional marketplace stores that are comfortable will encourage consumers to become returning consumer. 67% of the respondents strongly agree with this statement, with 24% of them also stated to agree. If weighted, the statement responses average is 4.54 (between strongly agree and agree). The fourth is the product availability preference. Most of the respondents agree that traditional marketplace stores that have complete product sold will encourage consumers to become loyal. 59% of the respondents strongly agree with this statement, with 31% of them also stated to agree. If weighted, the statement responses average is 4.48 (between strongly agree and agree). The last is the ability to deliver services preference. The result

showed that most of the respondents agree that traditional marketplace store clerks who are able to deliver service will encourage consumers to become loyal. 75% of the respondents strongly agree with this statement, with 19% of them also stated to agree. If weighted, the statement responses average is 4.68 (between strongly agree and agree).

4.3. Survey Findings: Self Identification

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

4.4. Reliability Analysis

The validity and reliability test are conducted to check whether the data samples collected are valid and reliable to be used in this research.

Table 2. Item Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Helpfulness	34.97	21.059	.606	.537	.831
Hospitality	35.00	20.752	.511	.452	.841
Store comfort	34.96	21.648	.517	.453	.839
Product availability	35.02	22.581	.432	.277	.847
Ability to deliver services	34.82	21.618	.639	.468	.830
Recognition	35.36	20.881	.491	.419	.844
Special price	35.20	21.138	.567	.573	.834
Special product	35.34	19.679	.686	.679	.821
Understanding customer needs	35.34	19.098	.705	.639	.818

From the table above, all of the variables are valid, as the numbers of corrected item-total correlation from 118 respondents is higher than 0.4 (A. Gliem & R. Gliem, 2003, p. 86).

Table 3. Reliability Analysis

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.850	.852	9

The validity is checked by using SPSS software and the alpha cronbach that they produce. If alpha cronbach is closer to 1, that means the data are more reliable (Brown, 2002, p. 1). From the table below we can see that data is reliable enough to be processed, as the alpha cronbach is 0.852, and it is categorized as "Good" (A. Gliem & R. Gliem, 2003, p. 87)

4.5. Structured Equation Modelling (SEM) Analysis

Structured equation modelling or SEM is a statistical model that gives calculation assumption from relationship between variables in a theoretical model, directly or indirectly or through intervening and mediating variables. This method has been used mainly in psychology, economy, education and other social sciences. As development from many other multivariate analysis tools, SEM has the advantages to explain direct and indirect variables correlation (Wijaya, 2009). For this calculation, we used the SPSS-AMOS software from IBM.
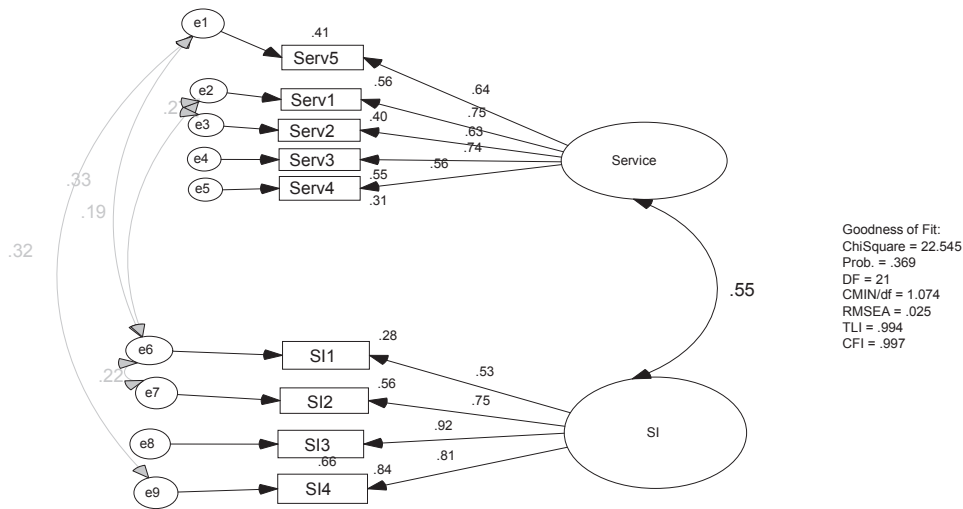

Goodness of Fit:
ChiSquare = 22.545
Prob. = .369
DF = 21
CMIN/df = 1.074
RMSEA = .025
TLI = .994
CFI = .997

Fig. 2. SEM Path Diagram Analysis Result using SPSS-AMOS

Table 4. Statistical Model Goodness of Fit

Index	Cut off Value	Result	Model Evaluation
Chi Square	Closing to Zero	22.5	Marginal
Probability	≥ 0.05	0.369	Good
CMIN/ DF	≤ 2.00	1.074	Good
RMSEA*	≤ 0.1	0.025	Good
TLI	≥ 0.90	0.994	Good
CFI	≥ 0.90	0.997	Good

From the data above we can conclude that the statistical data already fulfils the goodness of fit factors, as all of the data stated above passed the cut off value. This was acquired after adjustment of the residual factors from some of the independent components.

Table 5. Standardized 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 are showing a good relationship with the helpfulness and store comfort are the leading indicators for consumer preference to return as loyal consumer. For consumer self identification, the indicators are also showing good relationship. In this case the offering of special product and understanding the needs of the consumer is the key indicators (Santoso, 2009, p. 113).

Table 6. Correlation

Relationship			Estimate
SI	<-->	Service	.555

Self-identification and quality of service to consumer is correlated, as the estimate number is reaching 0.555 (above 0.5). The positive estimate result means that both of the factors are positively correlated. Increase in consumer perception of self identification also can correlates with increase in consumer perception of quality of services, which at the end will leads to repeat visit and repeated purchase.

Table 7. 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 the table above we can conclude that some variables can be explained by the self identification and service construct. While the unexplained variables are explain by their unique factors (Santoso, 2009, pp. 112-113).

4.6. Factor Analysis

From the result stated in the factor analysis result below, we can conclude that the data is still valid, as all of the components are clustered accordingly to each of their independent factors. Component 1 represents the Self-identification factor and component 2 represents the Quality of services factor. The data are also considered as valid also because the entire component resulted above 0.6 (Garson, 2010).

Table 8. 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 Normalization.
a. Rotation converged in 3 iterations.

5. Conclusion

From the data analysis above, we can conclude that factors of quality of services and consumer identification plays significant part for consumer repurchase behaviour in traditional marketplace in West Java and Jabodetabek.

For the quality of services factors, the approaches of patron hospitality, behaviour, helpfulness helps to improve consumer repurchase behaviour. Store condition also support consumer decision on whether they will return to purchase again in a specified store or not. By giving a good first impression for the consumer, the probability to earn their trust is increasing, and at the end will make them become regular.

For self identification of the consumer, by simple effort of remembering the consumer name and understanding their needs, or by giving special products (ex. Best meat products, newest canned food) and offering special prices for loyal consumer, will increase their chance to return and become regular consumer in the future. Consumer, who has feeling of being treated special, will emotionally have more empathy and connection to the store. This if nurtured at the end will make them become regular consumer, and perhaps would become a prominent supporter of the store. This will benefited to the store, as the consumer will freely and willingly will share their positive experience with other consumers, and spreads word of mouth (WOM) advertising, which are more effective than regular advertising.

There might be other factors that related with consumer repurchase behaviour that have not been discussed in this paper. Further analysis and study should be conducted to get more understanding on

other factors that are affecting that behaviour. This study can also be reproduced in other cities and region outside West Java and Jabodetabek to have more data whether the result are similar for all of the traditional marketplace consumer in Indonesia, or whether this result only valid in certain area.

Acknowledgement

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