

Exploring The Dimensions Of Retail Store : That Impact To Forming Customer Satisfaction, Trust, And Customer Loyalty

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Abstract : The numerous retail stores that exist amid public shows a tight competition among retail store entrepreneurs. As a matter of fact, customers satisfaction is a main key to survive amid the tough competition. The customer satisfaction can be built after customer evaluates and assesses dimensions in a retail store based on their shopping experience. This research aims at testing test and discovering which dimension has potential to lift the customers satisfaction of shopping in a retail store. The data from our survey has been tested by using Structural Equation Modeling (SEM) to confirm our model. The result shows that product and price are the most fundamental dimensions in forming customers satisfaction and also to build trust and loyalty of customers of shopping in the retail store.

Keywords : [retail stores; customers' satisfaction; customers' loyalty; trust]

1. INTRODUCTION

Nowadays, retailers face tougher competition so that they need to follow and update the situation faster. In this kind of situation, retailers need to perform a prediction about customer's needs precisely in order to maintain the customer's loyalty toward the retailers. Customers are expected to keep their loyalty toward a store that can adapt to its environment quickly.

As a matter of fact, there are several dimensions to be considered in order to reveal factors that can affect customer's loyalty. When the customers are shopping, they will experience these things, for example: the existence of the employees, various price policies offered, numerous products offered, and trust toward the whole service of the store they visit (Morschett, Swoboda, & Foscht, 2005). Those customers evaluate and asses the performance of particular store as a whole (Pan & Zinkhan, 2006). The level of customer

satisfaction can be built after the customers assess and evaluate all dimensions in the retail store. Hence, this research aims at discovering which dimension that can lift customer satisfaction of shopping in a retail store and also building trust and loyalty of customers toward a retail store.

2. LITERATURE REVIEW

One of aspects to be considered when customers enter a store is product. The product is related to the elements of product type assortment (Anselmsson, 2006) and also quality of that product (Juhl, Kristensen, & Østergaard, 2002). In their research in Greece, Baltas dan Papastathopoulou (Baltas & Papastathopoulou, 2003) also found out that product assortment and product quality are the main key of customers' choice.

Baltas and Papastathopoulou (Baltas & Papastathopoulou, 2003) discovered that price level is a factor

that affects customers in deciding the store and is regarded as a determination factor of different customer's segment. The price policy decided by the store owners refers to monetary cost such as the cost of goods that they buy. The price determination is also factor that must be considered in association of retailer's decision (McCurley Hortman, Allaway, Barry Mason, & Rasp, 1990).

In addition, another factor that is considered by the customer is related to service provision, for instance; cashier, information center, accompany to the location sought, and so on. Customer service could boost customer's convenience so they want to shop again due to its service convenience (Reynolds & Beatty, 2000). Nevertheless, a research carried out by Darian et al.,(Darian, Tucci, & Wiman, 2001) showed that customer's perception toward employee's performance is one of important factors considered by the customers.

Another essential factor that is evaluated by customers is the store ambiance. It refers to the environment created by that store, for example visual element associated with physical condition of the store, i.e. color, decoration, smell, air, music and lighting. A store with comfortable ambiance could encourage customers to shop (Babin, Hardesty, & Suter, 2003).

2.1. Trust

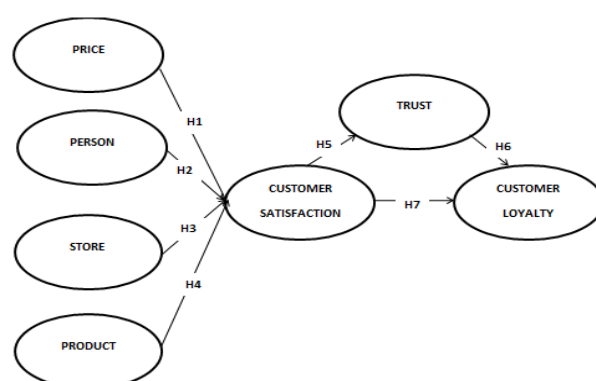
Lewicki et al.,(Lewicki, McAllister, & Bies, 1998) states that trust is a key of success in connection with strategy alliance team and friendship, whereas Reichheld and Schefter (Reichheld & Schefter, 2000) argue that in order to get customers' loyalty, retailers need to get customer's trust first. Bitner's (Bitner, 1995) has previously confirmed that loyalty to a company will increase if customers have trust perception

concerning goods and service provider. Shpëtim (Çerri, 2012) formulated that trust dimension moderates the relation between customer satisfaction and loyalty dimension.

2.2. Customer Satisfaction & Loyalty

Customer satisfaction in business context is connected to performance of the retailers and the loyal customers to that store (Anselmsson, 2006; Darian et al., 2001). Thus, the retailers must master factors that determine the customer satisfaction. The customer satisfaction is one of the company's keys in achieving its business target. A satisfied customer is likely to do purchase back and will spread their opinion by a positive word of mouth to other customers. Customer loyalty is regarded to be important as a success key of the company. Customer loyalty could stimulate a positive value from the customers and also make the customers stick on that company amid this tight competition (Dick & Basu, 1994).

Figure 1. Research Model



Based on the theoretical review and the previous research, the following hypothesis are proposed :

- H1 : Price positively influences Customer Satisfaction.
- H2 : Person positively influences Customer Satisfaction.

- H3 : Store positively influences Customer Satisfaction.
- H4 : Product positively influences Customer Satisfaction.
- H5 : Customer Satisfaction positively influences Trust.
- H6 : Trust positively influences Customer Loyalty.
- H7 : Customer Satisfaction positively influences Customer Loyalty.

3. RESEARCH METHODOLOGY

In this research, retail stores that will be discussed are Alfamart and Indomaret. These both stores have a broad network throughout Indonesia, so the result of this study is expected to represent in making decision. Data collection in this research was through questionnaire where respondents in this research were customers of Alfamart and Indomaret retail stores in Jakarta area. This research would be analyzed by using analysis technique of Structural Equation Modeling using SmartPLS3 Program in order to test the hypothesis.

4. RESULTS AND DISCUSSION

The respondents designated in this research were customers of Alfamart and Indomaret retail stores around Jakarta with total 125 respondents (after omitting missing data and outlier). From the total amount of respondents, the majority of respondents were women (51.2%), 20-25 years old (67.2%) and graduated from High School/Vocational School (58.4%). From the respondents in this research, the last time they visited Indomaret was less than one month (92%) and the majority of respondents visited Indomaret (56.8%). The close distance between respondent's house and those retail stores (less than 0.5 km) made the

respondents feel easy to shop in that retail store.

Variable	Composite Reliability
CUSTOMER LOYALTY	0,870
CUSTOMER SATISFACTION	0,861
PERSON	0,851
PRICE	0,929
PRODUCT	0,703
STORE	0,874
TRUST	0,922

Tabel 1.
Composite Reliability

Before doing hypothesis test, the first stage that must be done was by doing reliability test. This result of the test showed that the value of composite reliability from all constructs in this research model was already reliable (>0.5). Thus, we can say that all constructs can be analyzed further.

The next stage to do is by doing discriminant and convergent validity test. This test was objected to measure the indicator accuracy in measuring the construct. The convergent validity was identified through a high correlation value between the construct and the measurement indicator. Meanwhile, the discriminant validity was showed by not really high correlation value between the construct and the indicator which was not the construct measurer. The validity test in this research discovered that the result from all indicators reflected in this research was already valid, since it already met the determined criteria.

Path	Hypothesis	Path Coefficient	P-Value	Significant /Not Significant	Result
PRICE => CUSTOMER SATISFACTION	H1	0,368	0,001	Significant	Hypothesis accepted
PERSON => CUSTOMER SATISFACTION	H2	0,130	0,143	Not Significant	Hypothesis not accepted
STORE => CUSTOMER SATISFACTION	H3	0,127	0,126	Not Significant	Hypothesis not accepted
PRODUCT => CUSTOMER SATISFACTION	H4	0,206	0,030	Significant	Hypothesis accepted
CUSTOMER SATISFACTION => TRUST	H5	0,573	0,000	Significant	Hypothesis accepted
TRUST => CUSTOMER LOYALTY	H6	0,343	0,000	Significant	Hypothesis accepted
CUSTOMER SATISFACTION => CUSTOMER LOYALTY	H7	0,372	0,000	Significant	Hypothesis accepted

Table 3. Hypothesis Testing Result

H1: Price positively influences Customer Satisfaction. (coef.=0,368;p=0,001). This result supports the findings of Theodoridis (Theodoridis & Chatzipanagiotou, 2009), who found out that price has a significant impact on customer satisfaction.

H2: Person positively influences Customer Satisfaction. (coef.=0,130;p=0,143). It shows that employee who works in a retail store does not have significant effect toward customer satisfaction.

H3: Store positively influences Customer Satisfaction. (coef.=0,127;p=0,126). It identifies that store ambience does not have significant effect toward customer satisfaction

H4: Product positively influences Customer Satisfaction. (coef.=0,206;p=0,030). This result supports the findings of Theodoridis (Theodoridis & Chatzipanagiotou, 2009), who find out that product has a significant impact on customer satisfaction.

H5: Customer Satisfaction positively influences Trust. (coef.=0,573;p=0,000). This result is in line with the findings of Shpëtim Ç (Çerri, 2012) stating that satisfaction positively influences trust.

H6: Trust positively influences Customer Loyalty. (coef.=0,343;p=0,000). This result is congruent with the findings of Shpëtim Ç (Çerri, 2012), arguing that trust positively influences customer loyalty.

H7: Customer Satisfaction positively influences Customer Loyalty. (coef.=0,372;p=0,000). This result supports the findings Shpëtim Ç (Çerri, 2012) in which satisfaction positively influences customer loyalty.

5. CONCLUSION AND LIMITATION

One of strategies performed by retail stores in facing competitive era with the competitors is by emphasizing factors that can build trust, satisfaction, and customer loyalty. The result of this research proves that customers feel satisfied when they shop at Indomaret and Alfamart in Jakarta in terms of products and price offered. When the customers feel satisfied, they will feel trust so they are willing to buy again in that store, even recommend it to their relatives to shop in that retail store. The result of this study is obviously can help

retailer understand on how customers asses some factors that can affect toward customer satisfaction. Thus, a retail company should focus on maintaining the customer satisfaction from the price and product, as well as maintaining trust from the customers toward its retail store. On the other hand, the retail company should improve the quality of the employees and the store ambiance at Indomaret and Alfamart, so that those two dimensions can elevate the customer satisfaction and loyalty in their retail stores.

Yet, there are some limitations in this research. First, the small sample in this research, where the respondents are only targeted around Jakarta. Second, analysis tool used in this data test of this research still is used Parsial Least Square (PLS). For future researchers, we expect them to broaden the scope of sample population and can use other analysis tools and methods to analyze the data.

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