RESEARCH ARTICLE

The Analysis of Product, Price, Place, Promotion and Service Quality on Customers' Buying Decision of Convenience Store: A Survey of Young Adult in Bekasi, West Java, Indonesia

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Abstract

This research aim to analyze why the number of convenience store keep increasing by identify the dominant factors which are product, price, place, promotion and service quality that affect customer buying decision of convenience store in Bekasi. This research also as an input to help smaller traders in having better performance in future market. This research involves 300 Bekasi populations to obtain the required data. Then the questionnaire result analyzed with SPPS statistics which are frequency, descriptive statistics, validity and reliability test, multi regression analysis, correlation analysis, F- Test and Analysis of Variance (ANOVA) in order to see the extend factors influential to customer buying decision. At the end, researcher proves that the most of customers comes to convenience store because of the price offered, kind of promotion, and also service quality provided.

Keywords: *Buying decision, Convenience store, Marketing mix, Place, price, Product, Promotion, Service quality.*

Introduction

Living a balanced life between work, family, and health care is a very important need for everyone. There is no exception in terms of practicality to meet basic daily needs, such as foods, beverages, and personal needs. The product of food stuffs (groceries) dominated about 67 % composition sale of goods retail trade [1]. One of the places that offering complete needs is convenience store. Convenience store can be define as a business retail that provide customer quickly purchase of consumable products and services in strategic location [2]

Convenience store provides customers with a good service and comfort place to shop. Management Science Associates stated that segment likely to shop mostly including 18-34 [3]. From the comfortless and hygiene more people will choose Convenience store over traditional market even traditional market offering customers with lower price, bargain system, and fresh products such as vegetables.

In Asia, Convenience Stores total numbers increasing 29% from 63,450 in 2010 to 81.781 stores in 2012 with Korea and China as the most significant growth [4]. Korean has subway convenience stores that sell their product online

and only providing the barcode and the picture of the product. They will do some online shopping by scanning the bar code with their phone with some application and get the product in their home by a courier [5]. In the other side, Taiwan has 9,800 shops in its only 36,000 kilometres with one store per 260 square meters There are 40% people in Taiwan go to convenience store minimum once a day. Convenience store in Taiwan also let shoppers withdraw money, book train tickets, collect goods ordered online, eat and washing clothes [6].

Based on business research studies report in a period of the past five years number of modern retail outlets in Indonesia had higher growth until 17, 57% per year. In fact the number of outlets only 10,365 in 2007 and in 2011 the number has reached 18.152 widely distributed in big cities in Indonesia. For example, the growth of Alfamart and Indomaret on 2010 surged rapidly until it reaches about 15.538 stores [7].

As one of a big city in Indonesia, Bekasi has about 592,888 householders in 201. Financial and Development Supervisory in Indonesia mention that that the growths of household in Bekasi in 2011 are 672.418 and 697.263 in 2012, in fact this increasing number (3.69% per year).

This increasing number of population automatically will affect on daily need and raise the number of store. Based on Trade Industry and Cooperatives Department convenience market in Bekasi has increased. In 2011, there are 310 stores exist.

The problem comes when the existence of convenience store has become a threat for traditional market development. Based on Nielsen, 11.8% retail consumer of Indonesia move to convenience store from traditional market in 2001-2006 [8]. As the improvement of Indonesian economy, it will improving the level of purchasing power, consumption, and changing of society's life style because people will look for more comfortable, safe and clean shopping places with a qualified and healthy product (Pudjianto, Vice president Director of PT Sumber Alfaria Trijaya Tb*k*).

Although some researcher have paid attention to the comparison among retail store image in Brazilian [9], the researcher in this study would like to analyze why the number of convenience store keep increasing by identify the dominant factors of customer buying decision in Bekasi. This research will use quantitative method and Statistical Package the Social Sciences (SPSS) version 20.0 to analyze data collection in this research.

Generally, this study expected to give the advantages as knowledge both of the reader and the writer. Especially knowledge about customer buying decision of convenience store and the dominant factors affected. This research also as an input to help smaller traders in having better performance in market. Then if we go to the more specific objective, the researcher aim to find out the extent variables which are product, price, promotion and service quality that affect customer buying decision of convenience store.

Review of Literature

Marketing Mix

According to [10], Marketing mix is a strategy before launching any new product or service, consist of those four variables which help in smoothing the strategic decision necessary for an organization. Another definition of marketing mix is integrating the company's offers and access, which consist of products, prices, channel distributions, and communications [11].

Identify the right target market is one of main thing to do by a company. Marketing mix, as said before, one of tools that helps in creating the

strategy for a company has a major impact on the decision making process in a competitive market like nowadays [12]. In some related studies, customer buying decision defines as the process when customer purchases goods or services for their personal needs in [13]. Consist of several process, those are: need recognition, information search, evaluation of alternatives, purchase decision, and post purchase behaviour [14].

Product

Anything that offer to market to get some attention, acquisition, or consumption including physical objects, services, personalities, organizations and desires [15]. Several things such as goods, services, or ideas that offering for the satisfaction of consumer, includes needs and requirements. [16].

According to [12] on 'The relationship between marketing mix and customer decision-making over travel agents; an empirical study', product is one of the strongest predictors, there are two perceptions that will lead to high levels of purchase intention and repeat buying at the final, those perceptions are high product quality and high customer satisfaction.

Another researcher, [17] on their research 'The seven ps of marketing and choice of main grocery store in a hyperinflationary economy' found that product has a significant influence towards consumer choice of store for main grocery shopping.

Price

Amount of money that has to pay by consumer to get the product or service [16]. An element that affecting the volume of sales and includes determining pricing objectives and policies, price fixation, discount policy, credit policy, etc [18].

According to Satit, Tat, Rasli, Chin, & Sukati, [12] price is one of marketing mix elements which affecting customer buying decision the most, as the result of their research, travel agents can retain existing customers by offering and attractive and competitive price, and by giving special discounts.

Ahmetoglu, Fried, Dawes, & Furnham, [19] on their research 'Pricing Practices: Their Effects on Consumer Behaviour and Welfare' found that price gives a significance influence on customer's purchase intention, especially the reference price which affecting the most while customers are not readily able to comparing with other brands.

Place

Sometimes called as distribution, including company activities that use to ensure the availability of the product which later will deliver to the consumers in the proper quantity at he right time at the right place [16]. Refers to the way of placing products and services within the reach of consumer [20].

According to [21] on his research 'The influence of Marketing Mix towards customer decision-making to saving on PT Bank Mandiri Makassar', place has a significant influence towards customer decision-making at PT. Bank Mandiri Cabang Kartini.

Another research found that there is an impact of place towards customer buying decision. [22] on 'the analyze of product, price, promotion, and distribution towards customer buying decision'.

Promotion

Communication by marketers that informs, persuades, and reminds potential buyers of a product in order to influence their opinion [23]. According to Kotler, promotion is marketing and communication activities which later can change the price-value relationship of product or service that perceived by target [24].

According to [25] on their research 'Impact of Sales Promotion Tools on Consumer's Purchase Decision towards White Good (refrigerator) at Durg and Bhilai Region of CG, India', promotion plays a significant role in consumer purchase decision, those customers are influenced the most by offer further followed by premium and contest.

Consumers are sceptical about the advertised from retailers and discount, Gupta and Cooper also found that offering discounts on a brand name has bigger impact on customer's purchase intention [26]

Service

Refers to several types of service to be provided for customer before and after sale period [27]. According to Kotler, service also refers to a market transaction by entrepreneur where the object of the transaction is not something tangible, nor the transfer of ownership [28].

Research 'the analysis of product quality and service quality towards customer buying decision (a case of Restoran Waroeng Taman Singosari)' found that there is a significance influence of product and service quality towards customer buying decision of foods and beverages at that restaurant [29].

Another research by [30] on 'Service quality and influencing factor on consumer purchase intention of online Ticketing: An empirical study in Iran' found that service quality has a strongly impact on customer purchase intention of an online transaction.

Hypothesis

H_1: Product will influence customer buying decision-making for choosing a convenience store.
H_2: Price will influence customer buying decision-making for choosing a convenience store.
H_3: Place will influence customer buying decision-making for choosing a convenience store.
H_4: Promotion will influence customer buying decision-making for choosing a convenience store.
H_5: Service will influence customer buying decision-making for choosing a convenience store.

Methodology

Sampling

Some geneticist stated that population is "*a local group of … organisms sharing a common gene pool*" in other side, anthropologist might define a population as *a group of people who share a common language and can communicate with each other*. The population in this research were young adult based on segment likely to shop mostly [31] that live in Bekasi Area and likely to shop in convenience store.

Reseacher have choosen the samples which are student and employee, both female and male starts from 18 -34 years old in Bekasi. Sampling method used to select the sample unit from population [32]. This study use convenience sampling method as one of the non probability sampling which is attempt to obtain a sample convenient elements because the samples is available in the right time and in the right place [33]. Totally 300 questionnaires were prepared and distributed among subject using non probability convenience sampling method by direct way. Researcher also asked about respondents feeling or emotion about convenience store performance in Bekasi. The data that already collect are analyzed by using Statistical Package the Social Sciences (SPSS) version 20.0.

Data Collection

This quantitative research is provide large samples, interviews, and structured questionnaires to closed questions as a data collection. This research also use secondary data which is collecting data and information existing

sources from websites, electronic book, and electronic journal.

Questionnaires usually composed of several questions and answered by respondent and the result can be collected as table of result. The distribution of questionnaire can be finished in many ways such as verbal, written and online. In this research, the questionnaire will be distributed by written questionnaire that will be given directly to respondent which is selected before.

In order to distribute questionnaire, there are some criteria of respondent that relate with the demographic such as age, gender, location, occupation and income. In this research, the respondent that will be chosen is male and female starts from 18-34 years old include in the lower to middle until high class in Bekasi area as a location. Type of questionnaire that used is the likert scale, which provides those seven choices; very strongly disagree, strongly disagree, disagree,

neutral, agree, strongly agree, very strongly agree. There are 32 questions that cover all variables which are costumer buying decisions, product, price, place, promotion and service quality which are describe about the preferences, opinion and perception of convenience store.

Result and Analysis

Result

There are several statistical tools that used in this study which are frequency, descriptive statistics, validity and reliability test, multi regression analysis, correlation analysis, F- Test and Analysis of Variance (ANOVA) in order to see the extend factors influential to customer buying decision. F_{test} is used to understand the influence of both independent variables toward dependent variables. KMO or *Kaiser-Meyer-Olkin* in this study is (0.865) which greater than (0.5) and the significance value of Bartlett's test in this study is (0.001), it indicates that factor analysis can be use in processing the data.

Table 1.1 Variables and all the statements

No	Variable	Statement	Factor Loading	Cronbach Alpha
1	Product	Convenience store offer high quality products.	.609	
		Convenience stores provided several brand.	.766	
		Convenience store has good condition of products.	.551	
				.727
2	Price	Price offered are cheaper if we purchase in big amount.	.551	
		Convenience store has the lowest price in my area.	.723	
		Convenience store offer best price every day.	.709	
		Customer prefer to shop in convenience store because price offered.	.661	
				.824
3	Place	Convenience stores are easy to find	.717	
		Convenience store has a strategic location.	.691	
		It has many branches within my residence area.	.714	
		Convenience store location is appropriate.	.706	
		Customer prefer to shop in convenience store because of the place.	.637	
				.877
4	Promotion	Convenience stores give some coupons to be changed with merchandise.	.622	
		Convenience store gives seasonal promotions (Christmast, idul fitri, new year, etc).	.549	
		Customer prefer to shop in convenience store because of its promotions.	.579	
		Customer prefer shop in convenience store because of the privilege card.	.533	
		Convenience store gives information when they have promotions.	.577	
		Convenience stores have attractive promotions.	.644	
				.819
5	Service Quality	The service provided in convenience store is good	.727	
		Convenience store has quick service.	.768	
		The employee in convenience store is friendly.	.755	
		The employee in convenience store understanding customer needs.	.694	
				.876

Besides that, the ANOVA significant in this research is (0.001) or less than (0.05) which means the data is good enough.

Validity test is purposed to seek the valid conclusion about the independent variables caused the effect of dependent variables on the study. In

this research, researchers get the valid data because the indicators have correlation with it factors or called as convergent. Reliability test is purposed to describe the overall consistency of a measurement and seek the correlation's answer

between respondent [33]. To make it reliable, the number of Cronbach alpha in the SPSS program should be > 0.7. The alpha point of study instrument one item is greater than 0.70, which is mean the data in questionnaire is reliable.

Reliability analysis for the questionnaire reveals the cronbach alpha value of each variable are above 0.7 (Product 0.727, Price 0.824, Place 0.877, Promotion 0.819, and Service Quality 0.876) and it indicates that research instrument (questionnaire) have internal consistency and reliability. Then all the communalities value for this research are above 0.5 with total variance explained 65.8%, by deleted several questions in product variable and price in questionnaire.

The statistical technique that being used in the analysis of this research is descriptive statistic. Frequency and percentage is the type of analysis that being used in this research. The items in the instrument that were measure base on 5 point Likert scale that using 1 -7, where 1 represent Very Strongly Disagree and 7 is Very Strongly Agree. The average total score of independent variable which are product, price, place, promotion and service quality are calculated one by one. Frequency analysis used to measure the pattern the background of respondents of this questionnaire (gender and occupation) which is analyzed using percentages. There are 56 % female and 44 % male, with 5 % of employee, 6% entrepreneur, 7.3 % housewife and 79 % college student.

Discussion

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics	
	B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF
1 (Constant)	.506	.247		2.049	.041					
PROAVE	.070	.047	.068	1.477	.141	.412	.086	.057	.715	1.398
PRIAVE	.100	.041	.115	2.416	.016	.467	.140	.094	.666	1.501
PLACAVE	.041	.039	.047	1.065	.288	.338	.062	.041	.788	1.268
PRMAVE	.247	.041	.277	5.962	.000	.540	.328	.231	.697	1.435
SERVAVE	.426	.042	.469	10.103	.000	.661	.508	.392	.699	1.430

a. Dependent Variable: BDAVE

Fig. 1: shown that the VIF for each independent variable

Figure 1. shown that the VIF for each independent variable is around 1 which is mean no multicollinearity there. There are several variable below 0.05 which are price (0.016), promotion (0.001), and service quality (0.001). it means that most of customer s comes to convenience store because of the price offered, kind of promotion, and also service quality provided.

The result of this research are consistent with the literature reviewed [12] found that price is the most affecting influence on customer buying decision of travel agents as their case [25].

got to support this research by getting the same result that promotion plays a significant role in customer purchase decision. The latest is which mentioned that service quality has a significant influence towards customer buying decision of foods and beverages at that certain restaurant on her research.

By getting the result of this research which price, promotion, and service quality are having biggest influence on customer buying decision of convenience store. By keep the price standard, do more attractive promotion, give more discount, and serve customer well, the convenience store can encourages more participation, visitors, awareness and hence in the same way increases customer buying intention.

It is concluded that convenience stores in Bekasi have to improve the performance on product quality because customers are worry about the hygienist and safety of the products offered. Since a convenience store deals with many variance of brand so they have to concern on each product to ensure it safe to consume. In the other side, convenience store should add more interested lay out, provide a wide place and public facilities such as toilet and musholla. Researcher suggests the products layout should be one of the concern because customer pay more attention when they are choosing the products to purchased. Some of the public facilities in convenience store also found not clean and make customer uncomfortable.

On the other hand, a traditional market no need to worry about those convenience store existences, they just need to improve the service, place, and promotion strategy in order to attract more customer to make them more comfort while shopping. Bargaining is one of an interesting transaction in traditional market that cannot be found in other market, so they have to keep this strategy. Traditional market also needs to facilitate the customer with comfortable place for shopping, for example on the hygienist and public facilities that will make them better and gives opportunity to attract more customers [34-44].

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