

RETAIL STORE IMAGE: A STUDY OF THE MATAHARI DEPARTMENT STORE (AT BANDUNG INDONESIA)

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Abstract

Purpose: Retail industry currently in Indonesia is less profitable. However, there is still a retail stores chain group that Matahari endures and this is absolutely not autonomous purchasing by the customers. The objective of the study is to identify the qualities of stores and to assess their impacts on the consumer purchasing decision. This is most significant for sellers in today's unstable market and is worried about sellers' essential to take into account the effect of selling store image and its relation to purchaser reliability.

Methodology: The used method in the research is casual research method. Data is analysing through descriptive analysis method and multiple linear regression. The data is processed through SPSS software.

Main Findings: Based on interviews conducted by respondents, one of the store brands in Matahari's department store is the Executive, which is a store brand that sells clothes, and trousers with expensive price, so if the customer uses the brand product Executive, they will feel proud. Because the customer has a good view of the product of the Executive brand, and the Executive product is sold in Matahari department store, the customer's assessment of the department store of the Matahari becomes good.

Implications/Applications: The results of the research can be used by Matahari department store in developing their marketing strategies in order to promote brand image.

Keywords: Retail, Store Image, Store Attributes, Profitable, Consumer Purchasing, Market, Matahari, Indonesia.

INTRODUCTION

At this time, the retail industry in Indonesia is highly competitive. [Newman and Cullen \(2002\)](#) point out that retail is a service industry because the essential economic function of retailers is to provide some basic and important services for their customers, including location accessibility, time convenience, product selection, information about product and comfort size.

Davidson (2000) cited by [Obaga et al. \(2013\)](#) clarified retail as the last part of the marketing process in which the various functions of the seller, usually the store or service, and the buyer, the individual consumer is primarily oriented to complete the exchange of economic goods and services, for the purpose of using personal, family or household. Maronick & Stiff (1985) cited by [Azeem and Sharma \(2015\)](#) classified the retail format into four types of retail formats. Hypermarkets, Shopping Centers, Specialty Shops and Convenience Stores.

This research only focuses on one retail format that is Department Store. Department Stores usually handle the sale of ready-made garments, furniture, home appliances, and electronics. They provide a variety of high quality with emphasis on the length and breadth of the variety. They give limited variations to consumers and focus more on quality, Maronick & Stiff (1985) cited by [Azeem and Sharma \(2015\)](#). Department Store does not make the product, does not own the factory, but just order from the manufacturer. One of the department store brands in Indonesia is Matahari.

In the midst of high industry competition, PT Matahari Department Store closed two stores in Jakarta City at the end of September 2017. But PT Matahari Department Store did not close the department store at Bandung, in other words, Matahari department store at Bandung still survive because the existence of a loyal consumer to make a purchase. Having a loyal customer is one of the company's ultimate goals. This research wants to know the impact of retail store image and its relation to customer loyalty.

LITERATURE REVIEW

Store Image

Image of the store is defined as an attitude or customary attitude that is based on the silent evaluation of qualities of stores ([Doyle & Fenwick, 1974](#); [Engel & Blackwell, 1982](#); [James, Durand, & Dreved, 1976](#)) and According to Hirschman et al., (1978) the measurement process involves the empathy of a set of qualities that are collectively considered as an important trademark that make stores image, and Keaveney and Hunt (1992) cited by [Gundala \(2010\)](#). [Kotler and Keller \(2009\)](#) define store image as "a set of beliefs, ideas and the impression someone has on an object ". Further [Kotler and Keller \(2009\)](#) states the image of the store is "attitude and action of a person towards a very object conditioned image of the object".

Based on research [Kremer and Viot \(2012\)](#) who examine how the image of the product store brand able to improve the retail image, then emerged a hypothesis, that image exchanges occur from the image of the retail image of the store brand

product is befalls conferring to three sides are price dimensions, inventory dimensions, and value dimensions. In this regard, First, there is an exchange between the brand image of the store brand and the retail image in the price dimension. [Kremer and Viot \(2012\)](#) argue that with the price of cheaper branded product brands can reinforce the retail image at a competitive level and the capability to deliver handsome price for money. Secondly, by the exchange of inventory dimensions, [Kremer and Viot \(2012\)](#) argue that the various attractive store brand products equally in value and diversity with attractive packet and advanced goods can highlight perceptions of image retailers that provide a comfortable shipping environment for a variety of good products. The final image's measurement involves the value dimension. The values conveyed by the store brand product can reinforce the retail image, for example with a good perception of the value of the store brand product then this good perception will also have an impact on the retail image ([Amatyakul & Polyorat, 2018](#); [Ayuningrat, Noermijati, & Hadiwidjojo, 2016](#); [Intan, 2016](#); [Khakimyanov & Khusainov, 2016](#); [King, 2016](#); [Krisnawati, Perangin-Angin, Zainal, & Suardi, 2016](#); [Oetomo & Budiyanto, 2017](#)).

Customer Loyalty

According to [Tunggal \(2008\)](#), customer loyalty is customer attachment to a brand, stores, manufacturers, service providers, shops or other entity based on a favorable attitude and a good response, such as repeat purchases.

More [Hasan \(2008\)](#), provides a definition of customer loyalty as a person who buys, especially those making purchases regularly and repeatedly. A customer is someone constantly and repeatedly came to a similar place to satisfy the desire to have a product or get a service and pay for products or services ([Pranee & Papapankaid, 2017](#); [Purba & Sitorus, 2017](#); [Rafiah & Ariyanti, 2017](#); [Saputra & Dewi, 2016](#); [Srisangkaew, 2017](#); [Wibisono, Yani, & Muhlisyah, 2016](#); [Wichailert & Yousapornpaiboon, 2017](#)).

Meanwhile, according to [Griffin \(2003\)](#), a loyal customer is a customer who has characteristics, such as making purchases repeat use of the same company, tell others about the satisfaction derived from the company, and show resistance to the offer bid from a rival company.

According to Binninger (2008), as cited in [Kremer and Viot \(2012\)](#), it indicates that there is a helpful impact among satisfaction on store-brand products, customer devotion to the retail. [Kremer and Viot \(2012\)](#) studies confirm that the value of store-brand products in Europe is currently greatly adequate to contribute positively to consumer loyalty to retail. Therefore, this study also assumes that store image affects the loyalty of retail consumers by being influenced by three dimensions (price dimensions, inventory dimensions, and value dimensions) in accordance with the research model below:

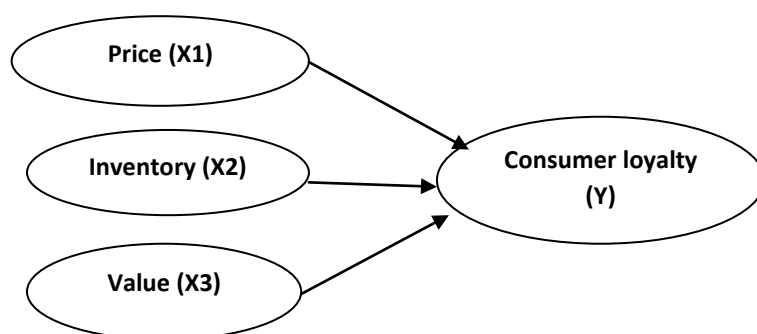


Figure 1: Research Framework

Researchers suggested hypotheses to be tested truth through research conducted:

H1: There is the influence of Price to Consumer loyalty

H2: There is the influence of Inventory to Consumer loyalty

H3: There is the influence of value to Consumer loyalty

H4: There is the influence of store image (price dimensions, inventory dimensions, and value dimensions) toward Consumer loyalty

Data

According [Hair, Black, Babin, Anderson, and Tatham \(2009\)](#), the best sample is 10 times the amount of variables substances questions in the survey used, as the number of variables to be tested at 17 items questions. However, [Sekaran \(2009\)](#), stated that the sample size should not be more than 500 respondents. Therefore, the used sample size in the study was 170 respondents (minimum).

In this study, the number of questionnaires distributed 200 questionnaires and the number of returnees is also 200 questionnaires. Of the number of questionnaires were re-examined and the results valid questionnaires of 200 respondents were subsequently used as primary data for processing data.

RESULTS

After gathering data results was as follow:

Table 1: Demographic Results

Variable	Frequency	Percentage %
1. Gender		
Male	74	37%
Female	126	63%
Total	200	100%
2. Age		
Less than 15		3%
15-20	22	11%
21-25	32	16%
26-30	82	41%
31-35	34	17%
More than 35	24	12%
Total	200	100%
3. Educational level		
High School & below	18	9%
Diploma	54	27%
Bachelor or Higher	128	64%
Total	200	100%
4. Marital Status		
Yes	146	73%
No	54	27%
Total	200	100%

From the table above, most respondents have come from female, age between 26 years to 30 years old, educational levels are most bachelor or higher and all most married.

Table 2: ANOVA^b

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	839.744	3	279.915	35.765	.000 ^a
	Residual	1534.011	196	7.827		
	Total	2373.755	199			

a. Predictors: (Constant), X3, X1, X2

b. Dependent Variable: Y

There is the influence of store image (price dimensions, inventory dimensions, and value dimensions) toward Consumer loyalty. This is evidenced in Table Anova that produce value Sig of 0000, according to the acceptance criteria of $0.000 \leq 0.05$, so H4 accepted.

Table 3: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.595 ^a	.354	.344	2.79760

a. Predictors: (Constant), X3, X1, X2

From Adjusted R Square is 0.354 that shows 35,4% of Consumer loyalty is Affected by three identified independent variables.

Table 4: Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients		t	Sig.
		B	Std. Error	Beta			
1	(Constant)	29.721	1.221			24.333	.000
	X1	.234	.075	.199		3.140	.002
	X2	.284	.074	.260		3.833	.000
	X3	.357	.076	.307		4.675	.000

a. Dependent Variable: Y

The p-value of X1 (price dimensions) shows that significant because it is less than 0,05, p-value= 0,02 so we are 95% confident the impact of X1 (price dimensions) to Y (Consumer loyalty) is significant, H1 accepted.

The p-value of X2 (inventory dimensions) shows that significant because it is less than 0,05, p-value= 0,00, so we are 95% confident the impact of X2 (inventory dimensions) to Y (Consumer loyalty) is significant, H2 accepted.

The p-value of X3 (value dimensions) shows that significant, because it is less than 0,05, p-value= 0,00 so we are 95% confident the impact of X3 (value dimensions) to Y (Consumer loyalty) is significant, H3 accepted.

However, followed by the above discussion and acceptance off all three hypotheses the highest impact refers to value dimensions, and the regression equation can be written as follow:

Consumer Loyalty = 29.721 + 0, 234 price dimensions + 0, 284 inventory dimensions + 0, 357 value dimensions.

CONCLUSIONS AND RECOMMENDATIONS

The ethics carried out by the store brand product can enhance the image of retail, for example with a good perception of the value of the brand store product then this good perception will also have an impact on the retail image (Matahari). This is in line with the department store's retail format prioritizing quality. Based on interviews conducted by respondents, one of the store brands in Matahari's department store is the Executive, which is a store brand that sells clothes, and trousers with expensive price, so if the customer uses the brand product Executive, they will feel proud. Because the customer has a good view of the product of the Executive brand, and the Executive product is sold in Matahari department store, the customer's assessment of the department store of the Matahari becomes good.

Things that can be recommended to the Matahari department store that is, the marketing must be selective in choosing retailers products that will be sold in the Matahari department store, because customer ratings, customer loyalty to the Matahari department store depends on the brands that are believed to have good quality, expensive prices do not become obstacles and of course must be supported by a healthy inventory of goods, do not make customers disappointed because when they want to buy products, but the product not available.

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