

CONSUMER PREFERENCE ANALYSIS ON CHOOSING MINIMARKET WITH CONVENIENCE STORE CONCEPT IN BANDUNG (Study in Circle K, Indomaret and Alfamart in 2014)

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Abstract

Today, minimarket competition in Bandung is very tight. It seen by minimarket in Bandung was overload by Dinas KUKM Perindag of Bandung. Until december 2013, Dinas KUKM Perindag of Bandung has registered 615 minimarket in Bandung, while tolerance number of minimarket in Bandung is only 360 units. This fact show that minimarket competition in Bandung is very tight and need a research about how the consumer preference of minimarket with convenience store concept in Bandung. It aims to understand consumer preference of minimarket with convenience store concept in Bandung. Attributes on this research based on retail mix elements that are merchandise assortment, price, communication mix, store design and display, customer service and location. Analysis technique used was conjoint analysis that produces the value of utilities and important of any attributes and level. Data collection is done by spreading the questionnaire to 400 respondents. The result of this research showed that consumer preference on choosing minimarket with convenience store concept are price attribute being the first preference with importance value 33,69%, location attribute with importance value 21,60%, store design and display attribute with importance value 16,26%, communication mix attribute with importance value 13,19%, merchandise assortment attribute with importance value 12,01%, and customer service attribute with importance value 3,22%. The result showed preferences of consumers in choosing minimarket with convenience store concept is convenience store which sets the low price, having adequate of parking area, comfortable store, do discount program, always available product on shelf/ refrigerators and the servants serving personally.

Keywords : *Consumer preference, Convenience store, Retail mix, and Conjoint analysis.*

1. Introduction

Development of technologies become more modern give impact to the lives become increasingly practical, fast, and economical. Along with the development of these technologies, the presence of modern retail business is becoming increasingly important due to the change in the pattern of public spending from traditional markets to modern market. Ministry of Commerce declared public expenditure pattern began to change from the traditional markets or folk market to modern markets such as supermarkets and minimarket [2]. Vice Minister of Commerce, Krisnamurthi, said that the

development of modern markets such as supermarkets and minimarkets will not undermine the existence of traditional markets. He said that, it did not mean public prefers to shopping in the modern market than in traditional markets, the reasons are its convenience, the level of product information, variety of goods, and air-conditioned [10]. According to the Ministry of Commerce, the number of existing modern markets throughout Indonesia reached 23.000 units. The amount is increased by 14% in the last three years. The modern market of 23.000, 14.000 more of them are minimarket group, while the rest are supermarkets [11]. An increasing number of modern

market in Indonesia is quite high which have an impact on competition between modern retailers become increasingly stringent, especially in minimarket group that has the highest number compared to other modern market.

The number of modern market occurred in almost all parts of Indonesia, especially in big cities. Bandung is the fourth largest city in Indonesia, according to the population after Jakarta, Surabaya, and Medan. Total population in Bandung is 2.182.661 with an area 167.67 km² [7]. With a large population, the number of needs of daily necessities such as food and beverages will also be high. The amount of demand for daily necessities become great opportunities for entrepreneurs to build a retail business in the region.

According to the Head of the Department of Cooperatives, Small and Medium Enterprises and Industry Trade (Dinas KUKM Perindag) Bandung Ema Sumarna, maximum tolerance minimarket in Bandung is only 360 units. Ema disclose the amount minimarket in Bandung reached more than doubled to 700 minimarket, including illegal or unauthorized much as 104. Of the existing, largely stood before the regulation was born so it is not affected by zoning and operating hours. Ema said, seeing the already saturated moratorium, the moratorium minimarket will not be revoked. Therefore, certainly there will be no new minimarket in the jurisdiction of Bandung. Ema declare, issued a moratorium does not mean Government of Bandung anti-investment. But such a step to be taken because of Bandung already overloaded minimarket [4]. Although it is certain there will be no increase in the number minimarket in Bandung, but the number of minimarket in Bandung, which has exceeded the tolerance figure shows an imbalance in the number of existing market with the number of citizens as consumers and also shows the competition between minimarket in Bandung very tight. In Table 1 are the data of modern

shopping malls and shops in the city of Bandung in 2013 [3].

Table 1 Data of Modern Store in Bandung in 2013

No	Modern Store	Jumlah
1	Shopping Center/Mall	29
2	Indogrosir	1
3	Yomart Grosir	1
4	Giant	5
5	Hero	1
6	Matahari	3
7	Lotte	2
8	Carrefour	2
9	Superindo	6
10	Borma	13
11	Griya/ Yogya	26
12	Indomaret	184
13	Alfamart	247
14	Circle K	47
15	Yomart	61
16	SB Mart	27
17	Others	49

Based on Table 1 it can be seen that minimarket groups who are the majority in Bandung is Alfamart as many as 247 stores, Indomaret as many as 184 stores, Circle K as many as 47 stores, Yomart as many as 61 stores, SB Mart as many as 27 stores, while 49 other outlets owned individuals with their own brand. Minimarket which has convenience store concept and a majority in Bandung based on table 1 is Indomaret, Alfamart, and Circle K, while Yomart and SB Mart are not convenience store concept.

Based on these facts, it can be identified that the problem in this research is how the consumer preference towards minimarket with convenience store concept in Bandung. The purpose of this study is to determine consumer preferences in Bandung to minimarket with convenience store concept.

2. Theory and Methodology

2.1 Theory

Retail is the activities involved in selling goods and services directly to end consumers for themselves, not used for business purposes [8]. Retailer is a business that sells products and services to consumers for personal or family use. Retailers are the business end of the supply chain linking producers to consumers [9]. There are seven main types of retail stores are specialty stores, department stores, supermarkets, convenience stores, discount stores, off-price, super stores [8].

Convenience store provide a limited variety and assortment of merchandise at a convenient location in a 2,000- to 3,000-square-foot store with speedy checkout. They are the modern version of the neighborhood mom-and-pop grocery/general store. Convenience stores enable consumers to make purchases quickly, without having to search through a large store and wait in a long checkout line. Over half the items bought are consumed within 30 minutes of purchase. Convenience stores only offer limited assortment and variety, and they charge higher prices than the supermarkets. Some convenience stores are adding fast casual restaurants at the store. Convenience stores are adding new services, such as financial service kiosks that give customers the opportunity to cash checks, pay bills, and buy prepaid telephone minutes, theater tickets and gift cards [9]. Convenience store is a store that is usually located strategically, food-oriented retail stores that open all the time and sell limited goods. Facilities small shop, usually set price above the market price, and has the atmosphere and customer service provide comfort. Convenience of shopping at convenience stores and impersonal nature of many large supermarkets convenience stores make very attractive to consumers, many of whom are men [1].

According to Indonesian dictionary, preference is defined as the (the right to)

take precedence and priority than others or as a priority, it could also be interpreted as an option; tendencies; preferences [6].

Retail mix is a combination of elements that are used by retailers to satisfy the needs of consumers [9]

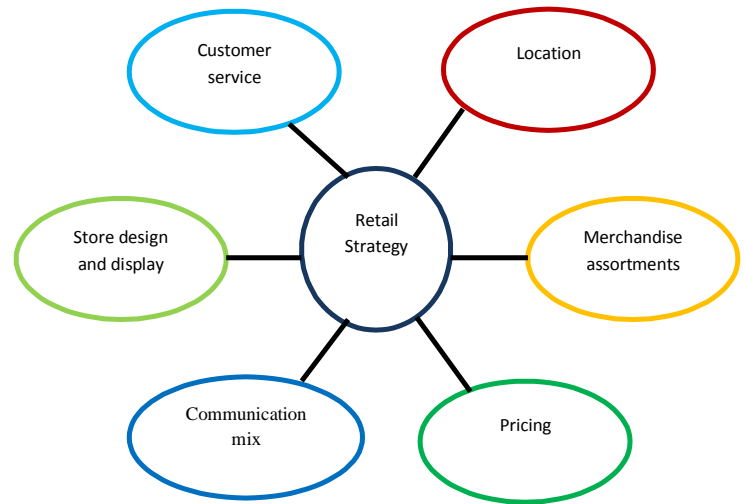


Figure 1 Retail Mix Elements

Figure 1 is described retail mix that there are six elements in the retail mix [9]. The elements contained in the retail mix includes:

a. Merchandise assortment

Retail stores must determine which products are to be sold in a category of products with difference of price or variations in flavor and size of each brand will be the choice of the consumer. Retail stores also have to manage inventory turnover to ensure the availability of products and prevent the build up of product in the warehouse to be efficient. Establish and maintain good relations between the retail store with vendors / suppliers must be done in order to create a mutually beneficial relationship both of them.

b. Pricing

Retail stores using two standard pricing strategies, namely: pricing high / low and every day low price (EDLP). On the pricing of high / low is sometimes a trigger price war between retail stores as consumers wait for prices before

making a purchase. Promotions like this will have an impact on the profit gained retail stores. As for pricing every day low prices (EDLP), often found not mean the lowest prices compared to other retail stores.

c. Communication mix

Communication mix here is how to market and promote their goods. Communication method in accordance with the object of research, namely advertising (advertising), sales promotion (discount program), community building (customer card), and direct mail (catalog).

d. Store design and display

The important thing in the design of the store is the determination of the exact layout and store atmospherics such as lighting, color, music, and the right scent and provide comfort to the customers who come.

e. Customer service

There are two approaches to customer service strategies used by retailers, that is personalized and standardized. Personalized approach looks at the performance of employees in serving the needs of customers, while the standardized approach is associated with policies, procedures, and the design and layout of the store and the website.

f. Location

Determine where the appropriate store locations and strategically is the key to success of a retail store. Characteristics of the location in terms of consumer used in this study, namely ease of vehicular access, access to major highway, availability of mass transit, and parking spaces.

2.2 Methodology

Method used in this research is exploratory. Exploratory research will provide the facts necessary to clarify a problem, where this exploratory study will narrow part of the research topic and changing discovery issues into one to

include specific research objectives [12]. Data collection techniques in this research is by distributing questionnaires. The population in this study are all consumers of convenience stores in the city of Bandung with 400 samples of respondents.

Techniques used to analyze the data is conjoint analysis techniques. Conjoint analysis is the most common analysis to be applied to the market research and development studies' products with the aim of obtaining a score of usefulness (utility) that can represent the interests of every aspect of the product, also scored interest (importance), so on that score can be deduced about what attributes most consumers consider in selecting a product [5].

3. Result

3.1 Respondents Characteristic

The number of respondents in this study were 400 respondents, where men have a percentage of 65% or as many as 239 person. And female respondents have a percentage of 35% or as many as 161 person. Of the 400 respondents surveyed, aged under 19 years have a percentage of 33% as many as 133 person, aged 20 to 29 years had a percentage of 59% as many as 235 person, aged 30 to 39 years had a percentage of 6% as many as 22 person, aged 40 to 49 years had a percentage of 3% as many as 10 person, aged over 50 years and have a percentage of 0% ie no. Of the 400 respondents in this study for which income is below Rp 1,500,000 has the percentage of 53% as many as 210 person, to the income of Rp 1,500,000 to \$ 2,500,000 has the percentage of 32% as many as 127 person, to the income of Rp 2,500 .000 to \$ 3,500,000 has the percentage of 7% as many as 28 person, and the income above Rp 3,500,000 has the percentage of 9% as many as 35 person.

3.2 Result of Conjoint Analysis Minimarket with Convenience Store Concept

The results of conjoint analysis to determine consumer preferences in choosing minimarket with convenience store concept in Bandung explained by the level of utility of each attribute and the level of importance of attributes in Figure 2 to Figure 8.

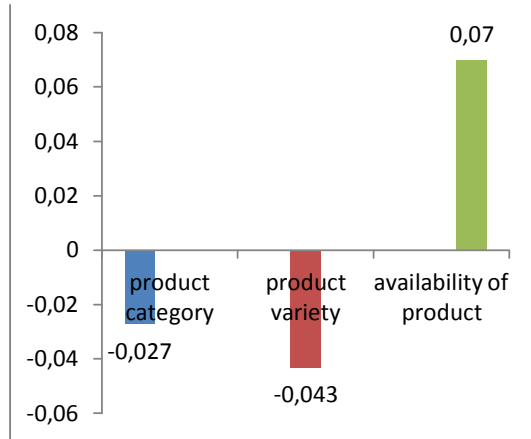


Figure 2 Utility Value of Merchandise Assortment Attribute

Based on Figure 2 is known that merchandise assortment attribute that being respondent's preference in choosing convenience store in Bandung is a convenience store that is always available product on the shelf / refrigerator as evidenced by the utility value of 0.070 obtained is above 0,000, while the other two levels, convenience stores displaying products by category and has many variations of similar products are not consumer preferences in choosing convenience stores in Bandung because the utility value obtained under 0,000 that are -0.027 and -0.043.

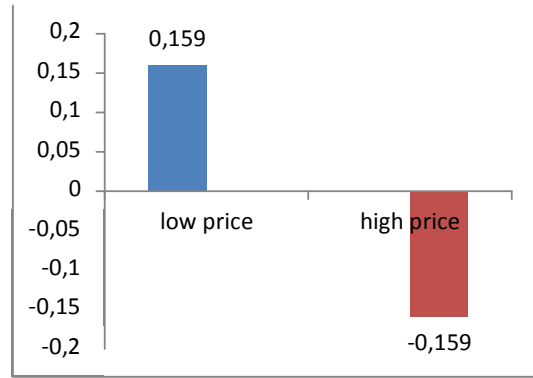


Figure 3 Utility Value of Price Attribute

Based on Figure 3 is known that the price attribute that being respondent preferences in choosing convenience stores in Bandung is a convenience store that set a low price as evidenced by the utility value of 0.159 obtained is above 0,000, while convenience stores that set high price is not the preference of respondents in choose convenience stores in Bandung because the utility value obtained under 0,000 that is -0.159.

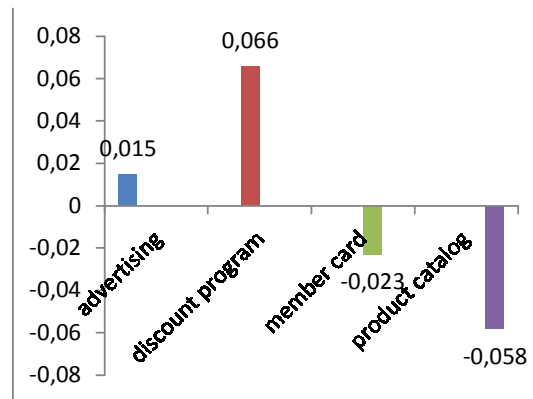


Figure 4 Utility Value of Communication Mix Attribute

Based on Figure 4 is known that the communication mix of attributes that becomes the preference of respondents in choosing convenience stores in Bandung are convenience stores that doing discount program as evidenced by the value obtained for 0,066 utility is above 0,000. Convenience stores are advertising in various media being the second preference for attributes communication mix as well have utility value above 0,000 is 0,015.

While the other two levels, convenience stores which have a customer card and have product catalog are not consumer preferences in choosing convenience stores in Bandung because the utility value obtained under 0,000 that are -0.023 and -0.058.

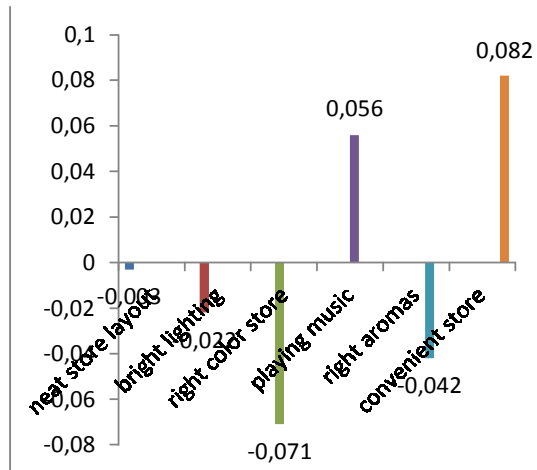


Figure 5 Utility Value of Store Design and Display Attribute

Based on Figure 5 is known that the attribute store design and display that becomes the preference of respondents in choosing convenience store in Bandung is convenience store that have comfortable store as evidenced by the utility value of 0.082 obtained is above 0,000. Convenience store that playing soothing music is being the second preference for store design and display attributes as well have utility value above 0.000 that is 0.056. While the other four levels, convenience store which have a neat store layout, lighting store has a bright, has a shop right color and has right aromas store are not preference of consumers in choosing convenience store in Bandung because the utility value obtained under 0.000 that are -0.003, -0.022, -0.071 and -0.042.

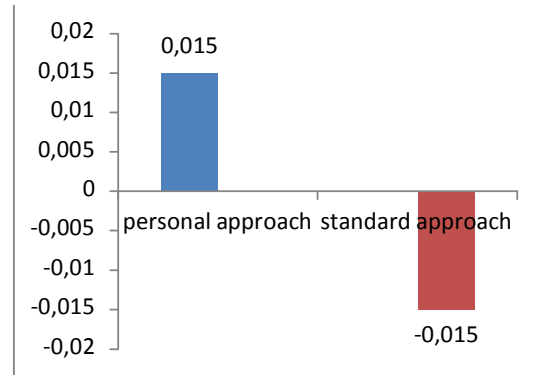


Figure 6 Utility Value of Customer Service Attribute

Based on Figure 6 is known that customer service attributes that being respondent's preference in choosing convenience stores in Bandung is a convenience store that serves as a personal employees as evidenced by the utility value of 0.015 obtained is above 0,000, while convenience stores that serve as a standard employee is not respondent's preference in choosing convenience stores in Bandung because the utility value obtained under 0,000 that is -0.015.

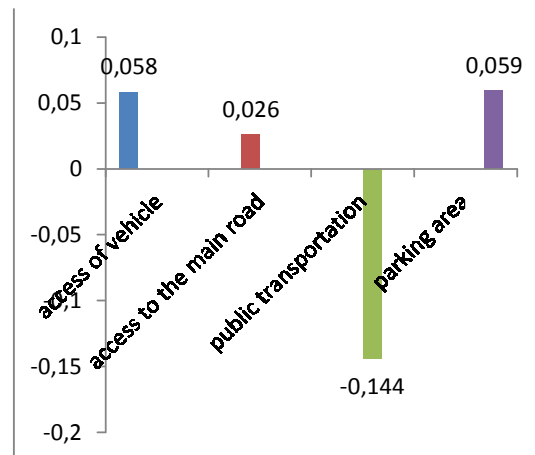


Figure 7 Utility Value of Location Attribute

Based on the figure 7 is known that the location attribute that being respondent's preference in choosing convenience stores in Bandung are convenience stores that have adequate parking area which is evidenced by the utility value of 0.059 obtained is above

0,000. Convenience store whose location is easily accessible by road and easily accessible to the main road into the second and third preferences for attributes of location because it also has a utility value above 0.000 that are 0.058 and 0.026. While convenience stores through which public transport is not a consumer's preference in choosing convenience store in Bandung because the utility value obtained under 0,000 is -0.144

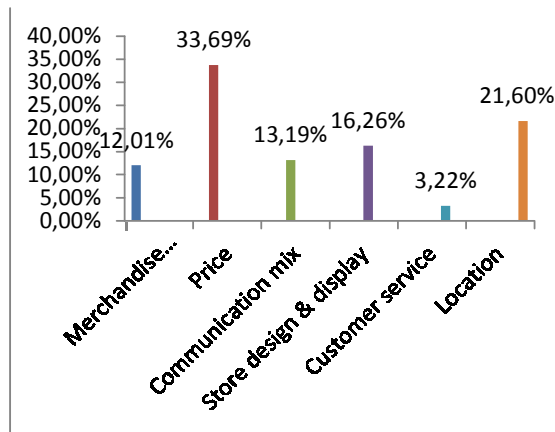


Figure 8 Importance Value of The Attributes

Figure 8 explains that overall respondents pay more attention to price attribute of a convenience store, so consumers of convenience stores that were respondents in this study consider the price when choosing a convenience store when they want to buy their needs. Price attribute has importance value 33.69%. Second, respondent's preference in choosing convenience store is location with importance value 21.60%. Third, respondent's preference in choosing convenience store is a store design and display with importance value 16.26%. Fourth, the respondent's preference in choosing convenience store is communication mix with importance value 13.19%. Fifth, the respondent's preference in choosing convenience store is merchandise assortment with importance value 12.01%. Sixth, the respondent's preference in choosing convenience store is customer service with importance value 3.22%.

4. Conclusion

Based on the analysis results in this research, can be concluded that consumer preference on choosing minimarket with convenience store concept are price attribute being the first preference with importance value 33,69% where consumers want low prices, the second preference is location attribute with importance value 21,60% where consumers want adequate parking area, the third preference is store design and display attribute with importance value 16,26% where consumers want a comfortable store, the fourth preference is communication mix attribute with importance value 13,19% where consumers want store's program discounts, the fifth preference is merchandise assortment attribute with importance value 12,01% where consumers want always available product on the shelf / refrigerator, and the final consumer preference is customer service attribute with importance value 3,22% where consumers want employees serve personally.

Convenience stores have facilities such as checking bank account balances, pay using a debit card, credit purchase, and fast casual restaurant at the store. Researchers suggest for decision makers in the company to be able to maintain and improve the services and facilities at the store, so consumers still want to shop at the convenience store despite in the fact convenience store setting a high price. For the next researcher, researchers suggest that it could conduct a study of consumer segmentation in convenience stores because in this study has not been conducted research on consumer segmentation in convenience stores. Expected results of further research can support this research becomes better and evolve, so it can be more complex considerations for decision makers in the company which is the object of research.

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