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Economic Creative Breakthrough: Elevate Traditional Market Repurchase Intention in Indonesia

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ABSTRACT

Data shows that the distribution of Indonesian retail stores in 2017 is still dominated by traditional retail stores at 82.3 percent. This proves that traditional retailers still have room to grow despite having to compete with the modern retail industry. There are 68 traditional markets in Surabaya with a total of around 32 thousand traders managed by PD Pasar Kota Surabaya, Regional Owned Enterprises (BUMD) of the Surabaya City Government. Among the many Surabaya traditional markets, there are three large traditional markets which generally sell vegetable needs, called Pasar Keputran, Pasar Jagir Wonokromo, and Pasar Manyar Sabrangan. The management of Pasar Keputran and Pasar Jagir Wonokromo is subordinated by PD Pasar Kota Surabaya, while the management of the Pasar Manyar Sabrangan is under the control of individuals.

This study aims to determine how the influence of Quality, Price Level, Price Fairness, Positive Emotions, and Symbolic Dimensions on Repurchase Intention through Customer Satisfaction. The expected benefit of this research is to increase the repertoire of knowledge in the field of management, especially how much influence Customer Satisfaction can have on increasing Repurchase Intention which will ultimately increase the ongoing transactions of the Pasar Keputran/Pasar Jagir Wonokromo/Pasar Manyar Sabrangan customers in Surabaya.

This research is a causal study. The research method used is a quantitative method by processing data using Structural Equation Modeling with software AMOS. Data collection was conducted by distributing questionnaires to 260 respondents with characteristics of male and female respondents aged 18-60 years, domiciled in Surabaya, had been shopping at the traditional markets of Keputran/Jagir Wonokromo/Manyar Sabrangan Surabaya at least twice in the past two months and had been shopping in other similar traditional markets in Surabaya in the past three months.

Keywords: Quality, Price Level, Price Fairness, Positive Emotions, Symbolic Dimension, Customer Satisfaction, and Repurchase Intention

Biographical notes:

Dr. Ronald, ST, MM joined UPH Surabaya Campus in May 2009 as a faculty member in the Faculty of Business. Starting academic year 2010–2011, he was appointed as the Deputy Head of the Management Study Program and was subsequently reappointed as its Head. He obtained his Bachelor's in Chemical Engineering and his Master of Management degree from Universitas Surabaya, Indonesia. He was finishing his doctorate at the Widya Mandala Catholic University, Indonesia by academic year 2014/2015 with Cum Laude. His recent publications and current research interest are on marketing and consumer behaviour. Currently, he is appointed as the Executive Director and Associate Dean, UPH Surabaya Campus.

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1. Introduction

Referring to Presidential Regulation No. 112/2007, traditional retailers are small and medium scale retailers, and in the buying and selling process can be through bargaining. Traditional retailers can also be defined as traders / small shops or shops that are generally managed by families, and the process of managing traditional retail businesses is usually not systematically managed. Examples of traditional retailers are traders of traditional markets or stalls and grocery stores that are generally located in the middle of settlements.

The Indonesian Employers' Association said that until now the retail industry, especially traditional retailers, still has room to continue to grow, even though traditional retailers must compete with the modern retail industry which is quite massive. Traditional retail stores are still a favorite shopping place because of location, ease of getting daily necessities, and rich social values in the relationship between traditional retailers and buyers based on trust.

In the city of Surabaya alone there are 68 traditional markets with a total of about 32 thousand traders managed by PD Surabaya City Market, Regional Government Owned Enterprises (BUMD) of Surabaya City Government. Interestingly, almost all of these traditional markets apply a trend of selling in front of the market because they are considered more able to attract many buyers so that it is more profitable. Researchers only focused on three traditional market objects,

namely Keputran market, Jagir Wonokromo market, and Manyar Sabrangan market.

Keputran Market is a vegetable sales center which consists of two floors and is located on Jalan Keputran with operating hours from 15.00 to 06.00 WIB. As the name suggests, the Market Jagir, famous as a food and vegetable center, is located at Jagir Wonokromo with the same operating hours every day, from 18:00 to 09:00 WIB. The third traditional market that also sells vegetables is the Manyar Sabrangan market with operating hours from 04.00 to 21.00 WIB for traders who do not have a stand in the market.

PD Pasar Kota Surabaya needs to always increase repurchase intention so that it can continue to survive in traditional markets. The reason for the importance of increasing repurchase intention was stated by Graciola et al. (2018), because repurchase intention shows someone's plan to frequently do shopping in a traditional market, then that person chooses to go to the traditional market if on that day he will go shopping.

It is important for PD Pasar Kota Surabaya to always increase repurchase intention in the midst of competition in traditional markets which is very competitive at this time. Therefore, this study will focus on analyzing the factors that influence the repurchase intention of the traditional markets of Keputran, Jagir Wonokromo, and Manyar Sabrangan Surabaya.

2. Literature Review

1. Quality

Mowen et al. (2002) argue that product quality has a direct relationship with customer satisfaction. This is supported by Suyanto (2007) which states that one of the factors that shape customer satisfaction is the quality of a product. The higher the level of product quality will lead to higher customer satisfaction (Kotler and Armstrong, 2008). If there is a change in product quality, it will also provide a change in customer satisfaction. Research conducted by Hong and Prybutok (2010) explains that product quality has a significant effect on customer satisfaction. According to Engel, Blackwell, and Miniard (2006), products considered to be of higher quality intuitively instill a high level of satisfaction in the minds of consumers. After consuming the product, consumers will take an evaluation action. The evaluation aims to decide whether the product is sufficient to meet their needs and will consume the product for a prolonged period. If it turns out that the evaluation meets or exceeds consumer expectations, then satisfaction is created. Thus, we tested the following hypotheses:

H₁: Quality has a positive significant effect on customer satisfaction

2.2 Price Level

The definition of price level refers to the amount of money paid for a product or service. A store that holds a discount can indeed look cheap in terms of its price level, but the discount does not automatically reflect its value (Zielke, 2006). Graciola et al. (2018) found that retailers must pay more attention to their price level image, which means how cheap or expensive the store is in the customer's

view. A high price level causes a high perception of the quality of goods or services, and vice versa. According to Toncar et al. (2010), customer satisfaction can occur if the level of customer price expectations are met. The expected price is defined as the price that the consumer thinks that he must pay for a product or service that has been set by the seller. From these statements, we can make hypotheses that:

H₂: Price Level has a positive significant effect on customer satisfaction

3. Price Fairness

Zielke (2006) states that price transparency can be seen as part of price fairness given that customers often claim if the seller is trying to cover price information. Bhattacharya and Friedman (2001) argue that price fairness can be used to increase profits and customer satisfaction. If a company offers the same price, whether in a discounted condition or not, then this will have an impact on high customer satisfaction because customers assume that the company is fair and consistent. But if a company offers different prices for various customers, then it can create hatred among customers so that customer satisfaction is low. From these statements, we can conclude hypotheses as follows:

H₃: Price Fairness has a positive significant effect on customer satisfaction.

4. Positive Emotion

According to Malone, McCabe, & Smith (2014), positive emotions of visitors are very subjective, intense, and prominent. Mehrabian and Russell (1974) say that a person's emotional state is affected when he receives an external stimulus coming from the environment so that it can cause a behavioral response, either in the form of an approach or avoidance response. The possibility of positive emotions will be greater if the attitudes and behavior of other customers and company performance are in line with the expectations of a customer (Huang, 2008). Positive emotions themselves must be realized and examined empirically because positive emotions visitors can determine customer satisfaction and ultimately lead to repurchase intention (Lio & Rody, 2012). The same thing was stated by Rachmawati (2009) namely, positive emotions tend to produce positive consumer behavior, for example consumers who become interested in a product or promotion so that it will end in customer satisfaction. Thus, the following hypothesis is proposed:

H₄: Positive Emotion has a positive significant effect on customer satisfaction.

5. Symbolic Dimension

According to Graciola et al. (2018), the variety of goods offered from a store and the store's image in the eyes of the customer has the function of the extent to which the product can produce a specific symbolic dimension for the customer. The purpose of the diversity of goods offered not only represents various items, but also expresses the identity of the retailer. (The) Symbolic dimension of a store that is holding a discount is to attract customers from a wider social class to retail stores so that it can increase social acceptance to buy at these stores and ultimately impact on customer satisfaction if the products and services provided by the retail company are appropriate and even exceeding customer expectations (Zielke, 2011). Thus, the following hypothesis is proposed:

H₅: positive affect has a positive significant effect on customer satisfaction.

6. Customer Satisfaction

Customer satisfaction is the key that must be achieved by the seller so that customers continue to have a repurchase (Mittal & Kamakura, 2001). Carr and Rickard's (2003) research results show that the repurchase intention of a product is based on customer satisfaction with the product. This is reinforced by the opinion of Kun (2013) which states that customer satisfaction has a significant effect on repurchase intention. Repurchase intention itself is the desire or desire of consumers to make future purchases of the same product or service. The occurrence of repurchase intention depends on the results of the evaluation of previous purchases. After making the purchase process, consumers tend to evaluate how high the satisfaction level of the purchase is so that it can determine the strength or weakness of repurchase intention. The higher satisfaction felt by consumers, the consumer repurchase intention will be stronger, and vice versa, if the level of satisfaction from previous purchases is low then the repurchase intention will also be low (Choi and Kim, 2013). Thus, the following hypothesis is proposed:

H₆: Customer Satisfaction has a positive significant effect on Repurchase Intention

7. Repurchase Intention

Repurchase intention is when consumers begin to attempt to buy the same brand, product, or service again (Goh et al., 2016). A similar definition is interpreted by Rajaobelina and Bergeron (2009) who argue that repurchase intention is the level of customer perception confidence to repurchase certain products or services. Goyal et al. (2013) states that repurchase intention is a reflection of a company's ability to keep its customers loyal, raising concerns to other customers, and communicating concerns to the company. Repurchase intention is an individual's assessment of repurchase, the decision to engage in future activities with the company, and what form will be taken from the activity (Bayraktar et al., 2012). The same thing is interpreted by Hume, Mort & Winzar (2007) who say that repurchase intention is a customer's decision to engage in future activities with retailers or suppliers.

3. Research Issue and Methodology

1. Research Issue

This study will be directed to analyze a model of the influence of quality, price level, price fairness, positive emotions, and symbolic dimensions on repurchase intention through customer satisfaction in the traditional markets of Keputran, Jagir Wonokromo, and Manyar Sabrangan Surabaya. The research method used in this study is a quantitative method. The population that will be used in this study are visitors to the Keputran traditional market, Jagir Wonokromo, and Manyar Sabrangan Surabaya. The sampling technique used in this study is non-probability sampling using a questionnaire as the main tool in data collection because the population of the traditional Keputran, Jagir Wonokromo, and Surabaya Manyar Sabrangan market customers is unknown. From a variety of non-probability sampling techniques, this study uses snowball sampling techniques. The number of respondents used in this research are 260 respondents. The Research model can be seen below.

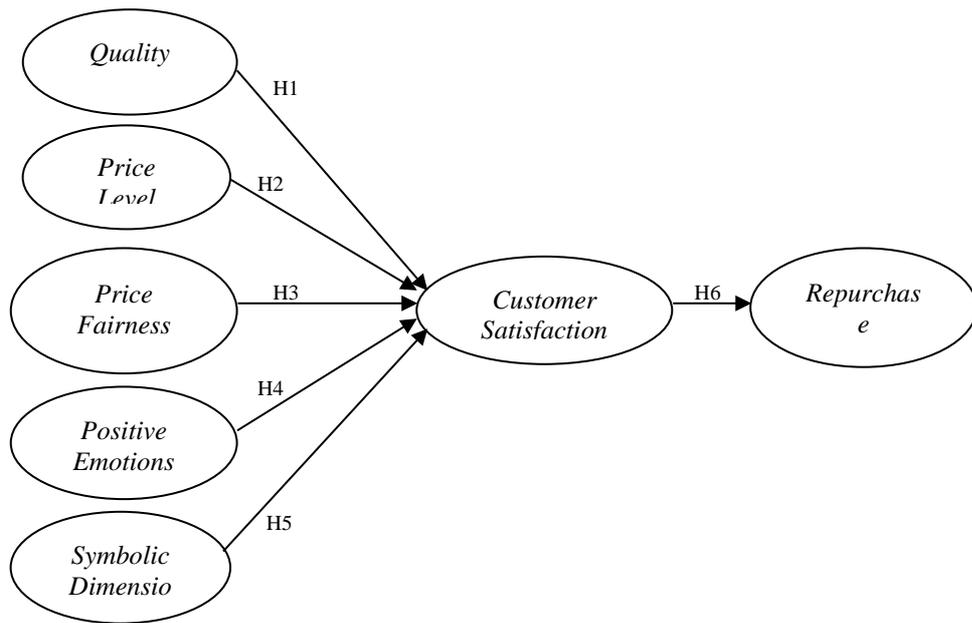


Figure 1. Research Model
Source: Analysis, 2020

4. Finding And Discussion

1. Findings

This study used Structural Equation Modelling in testing between the variables. The statistical analysis tool used to answer the problem formulation of this research is Amos. Once the questionnaires were returned, the next step that must be conducted is descriptive statistic-analysis.

In Table 1, it shows that respondents who fill out questionnaires are mostly done by women, this can be seen from 208 respondents (80%) of respondents who are made purchase on the traditional market are women while 52 respondents (20%) are men.

Table 1.Respondents Characteristic by Gender					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	52	20.0	20.0	42.0
	Female	208	80.0	80.0	100.0
	Total	260	100.0	100.0	
Source: own calculation					

From the results in Table 2, it can be seen that the characteristics of respondents based on age are dominated by age group 35-50 which is 192 respondents (73.8%), followed by 22-35 age group which is 53 respondents (20.4%), and last age group becomes respondents ie age group 18-22 which is 15 respondents (5.8%).

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-22	15	5.8	5.8	5.8
	22-35	53	20.4	20.4	20.4
	35-50	192	73.8	73.8	73.8
	Total	260	100.0	100.0	

Source: own calculation

	N	Mean	Std. Deviation
QL1	260	4.746	.4872
QL2	260	4.585	.5677
QL3	260	4.585	.5677
QL4	260	4.715	.4530
QL	260	4.6577	.40722
PL1	260	4.577	.8433
PL2	260	4.377	.9256
PL3	260	4.592	.7228
PL	260	4.5153	.72972
PF1	260	4.615	.6516
PF2	260	4.569	.6698
PF3	260	4.631	.6118
PF	260	4.6051	.5549

PE1	260	4.600	.6999
PE2	260	4.277	.7472
PE3	260	4.523	.6730
PE	260	4.466	.5936
SD1	260	4.569	.5832
SD2	260	4.400	.6659
SD3	260	4.446	.7050
SD	260	4.471	.5408
CS1	260	4.762	.5254
CS2	260	4.677	.6375
CS3	260	4.831	.4682
CS4	260	4.754	.4990
CS	260	4.755	.4396
RI1	260	4.931	.3338
RI2	260	4.923	.3436
RI3	260	4.708	.5201
RI	260	4.853	.3447
Valid N (listwise)	260		
Source: own calculation			

1.1. Validity Test Result

			C.R.	P	Lamda Loading
x3	<---	Quality			0.869
x2	<---	Quality	14.782	***	0.874
x1	<---	Quality	12.916	***	0.826
x17	<---	Cust_Satisfaction			0.881

x18	<---	Cust_Satisfaction	10.969	***	0.699
x19	<---	Cust_Satisfaction	8.824	***	0.606
x7	<---	Price_Level			0.826
x6	<---	Price_Level	12.749	***	0.873
x5	<---	Price_Level	13.031	***	0.904
x10	<---	Price_Fairness			0.759
x9	<---	Price_Fairness	10.356	***	0.885
x8	<---	Price_Fairness	9.951	***	0.814
x13	<---	Positive_Emotions			0.867
x12	<---	Positive_Emotions	13.58	***	0.85
x11	<---	Positive_Emotions	14.964	***	0.924
x4	<---	Quality	14.779	***	0.893
x16	<---	Symbolic_Dimension			0.812
x15	<---	Symbolic_Dimension	13.641	***	0.936
x14	<---	Symbolic_Dimension	13.11	***	0.889
x21	<---	Repurchase_Int			0.751
x22	<---	Repurchase_Int	11.318	***	0.865
x23	<---	Repurchase_Int	11.863	***	0.928
x20	<---	Cust_Satisfaction	11.889	***	0.755

Source: own calculation

Based on validity test result above, we can see that all indicators are valid.

1.2. Research Result

Based on the results of testing the quality of the data, it is stated that the processed data can pass the evaluation of normality, outliers evaluation namely univariate outliers and multivariate outliers, evaluation of Multicollinearity and Singularity,

and validity test for each indicator through confirmatory factor analysis. Then the data is processed for the Full Structural Equation Model, with the following results:

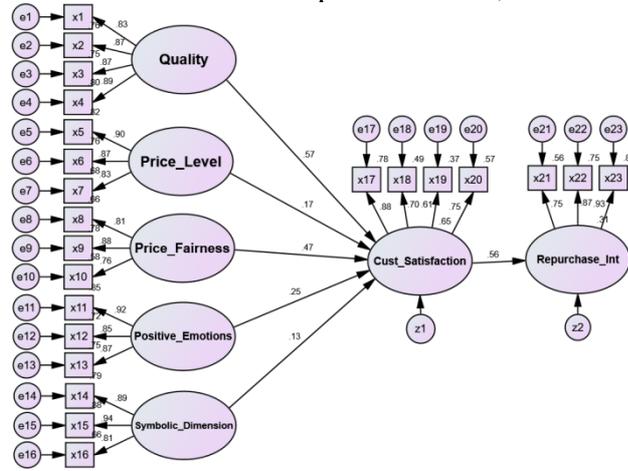


Figure 2. Research Results

1.3. Hypotheses Testing

Based on this fit model, we will test the six hypotheses proposed in this study

			C.R.	P	RegressionCoef.
Cust_Satisfaction	<---	Quality	8.024	***	0.568
Cust_Satisfaction	<---	Price_Level	1.576	0.115	0.174
Cust_Satisfaction	<---	Price_Fairness	4.052	***	0.466
Cust_Satisfaction	<---	Positive_Emotions	3.715	***	0.251
Cust_Satisfaction	<---	Symbolic_Dimension	1.895	0.058	0.128
Repurchase_Int	<---	Cust_Satisfaction	6.514	***	0.557

Table above describes the six hypotheses proposed in the conceptual framework model, the four hypotheses have a significant influence and two hypotheses are rejected. This can be seen based on the value of CR > 2 or the probability value < 0.05 which explains that the influence between two variables is significant. Hypotheses that are rejected are hypothesis two and hypothesis five.

2. Discussion

The results of this study shows that the variables which Quality, Price Level, Price Fairness, Positive Emotion and Symbolic Dimension have positive and

significant effects on Customer Satisfaction. Also, Customer Satisfaction has a positive and significant effect on Repurchase Intention. So, the conclusion is that from six proposed hypotheses, four hypotheses are supported and two hypotheses are rejected.

The first hypothesis stating that Quality has a positive significant effect on Customer Satisfaction is supported. The first hypothesis stating that Quality has a positive effect on Customer Satisfaction is supported because the CR value is greater than 2. This shows the consistency results of this study with Suyanto (2007) that states that Quality has a significant positive effect on Customer Satisfaction.

The second hypothesis stating that Price Level has a positive significant effect on Customer Satisfaction is rejected. The second hypothesis stating that Price Level has a positive effect on Customer Satisfaction is rejected because the CR value is lower than 2. This is different with the results of the previous study with Toncar et al. (2010). Price level does not significantly affect customer satisfaction. It is because the retailer doesn't pay too much attention to its price level image, which is how cheap or expensive the store is in the customer's view. A high price level causes a high perception of the quality of goods or services, and vice versa and this cannot affect customer satisfaction.

The third hypothesis stating that Price Fairness has a positive significant effect on Customer Satisfaction is supported. The third hypothesis stating that Price Fairness has a positive effect on Customer Satisfaction is supported because the CR value is greater than 2. This shows the consistency results of this study with Zielke (2006) that states that Price Fairness has a significant positive effect on Customer Satisfaction.

The fourth hypothesis stating that Positive Emotion has a positive significant effect on Customer Satisfaction is supported. The fourth hypothesis stating that Positive Emotion has a positive effect on Customer Satisfaction is supported because the CR value is greater than 2. This shows the consistency results of this study with Rachmawati (2009) that states that Positive Emotion has a significant positive effect on Customer Satisfaction.

The fifth hypothesis stating that Symbolic Dimension has a positive significant effect on Customer Satisfaction is rejected. The fifth hypothesis stating that Symbolic Dimension has a positive effect on Customer Satisfaction is rejected because the CR value is lower than 2. This is different with the results of the previous study with Graciola et al. (2018). Symbolic dimension has a positive but not significant effect on customer satisfaction. This shows that hypothesis 5 is rejected. It is because symbolic dimension is not important for customer especially for customer who purchase in traditional market. The customer tend to purchase daily goods in traditional market so symbolic dimension can not affect customer satisfaction.

The sixth hypothesis stating that Customer Satisfaction has a positive significant effect on Repurchase Intention is supported. The sixth hypothesis stating that Customer Satisfaction has a positive effect on Repurchase Intention is supported because the CR value is greater than 2. This shows the consistency results of this study with Choi and Kim (2013) that states that Customer Satisfaction has a significant positive effect on Repurchase Intention.

5. Conclusion

This model was developed in order to research Repurchase Intention for Traditional Market in Surabaya. This research model formed an influence relationship between Quality, Price Level, Price Fairness, Positive Emotion and Symbolic Dimension to Customer Satisfaction and Customer Satisfaction influence to Repurchase Intention. From six hypotheses formulated in this research, four hypotheses are supported and two hypotheses are rejected.

Based on the results of the study, variables of quality, price level, price fairness, positive emotions, and symbolic dimensions are things that need to be considered to attract customers' interest in having repurchase intention towards traditional Keputran, Jagir Wonokromo, and Manyar Sabrangan market products in Surabaya. So managerial implications should focus more on these variables. The findings of this study indicate that in general the biggest influence for customers to have a repurchase intention towards traditional market products in Keputran, Jagir Wonokromo, and Manyar Sabrangan Surabaya is customer satisfaction. This can be seen from the weight of the causal relationship regression for customer satisfaction against repurchase intention. Thus this supports the theoretical evidence which states that customer satisfaction has a significant effect on repurchase intention (Kun, 2013).

Managerial implications of this finding can be done based on the theory that has been developed as follows:

First, quality is one of the important variables that influence the level of customer satisfaction. The way to improve these indicators is to ensure the quality of the storage area of goods purchased from collectors is good, so that the goods stored in that place are not easily damaged. So the goods can be more durable when sold to consumers, such as traditional market managers who provide a place to be used as a warehouse; apply regulations and supervise directly that each trader must choose good quality collectors and always willing to send new stock every three days; and provides a division that is tasked with every day to check whether there are rotten products that are inadvertently sold by traders, and will be sanctioned in the form of not allowed to sell for one day in the traditional market if it is proven that there are expired or rotten products.

Second, price level is not significant to improve customer loyalty so it must still be maintained that already exists.

Third, the price fairness variable is also an important variable in building customer satisfaction. The way to improve these indicators is by guaranteeing the return of products that have been purchased with certain conditions if it is proven that the product is not of good quality or even rotten, for example, such as a guarantee of a maximum return of 6 hours after purchase through the help of small paper with the names of traders where to shop as proof; conducting a price survey that is comparing product prices with other traditional markets in Surabaya that sell similar commodities, by plunging directly into that location within a certain period of time conducted by market managers; and enforcing different minimum discount rules for each product sold by traders, for example buyers will get a discount of Rp. 3,000 for purchases of onions with multiples of 5 kg, as well as sticking the notice in market wall magazines or other open places.

Fourth, positive emotions are important for building customer satisfaction with a product or company. The way to improve these indicators is by increasing the variation of price promos, for example by making regulations about the maximum

price for each product to be sold by traders, and must be informed transparently so that buyers can find out, by sticking it on the market wall magazine or other open places; hold a discount program at certain moments that will be managed by the market management, for example a minimum discount shopping program of Rp. 200,000 with the requirement to have to shop from several traders in a market, then the discount can be claimed to the market manager when showing special papers containing the name of the trader which can be used as evidence; and improving the cleanliness of the road used for buyers, for example by hiring cleaners and providing many trash bins around the market so that the market environment is protected from muddy and vegetable waste.

Fifth, symbolic dimension is not significant to improve customer loyalty so it must still be maintained that already exists.

Sixth, customer satisfaction is a very important variable in determining repurchase intention. The way to improve these indicators is to educate the sellers so that there are no incidents of scrambling for buyers, such as shouting to offer the lowest price than the seller who has been visited by the buyer; increase the variety of products sold, for example, such as selling vegetables that are rarely found in other traditional markets such as the heart of a banana. In addition, product placement must also be considered so that the quality of cleanliness is maintained, for example, such as placing merchandise on shelves that have been coated with a clean base, instead of being directly placed on the floor; and provide customer care services in the form of SMS to handle buyers who feel they have received poor quality goods even though they have paid quite a high price, then traders who have been proven to sell poor quality products but are expensive will be subject to comparable sanctions, while those buyers will be given compliment in the form of a price discount of Rp 10,000, of course, by showing strong evidence as well; and provide special facilities that accept customer complaints about the services of traders, if there are buyers who are dissatisfied with the services of traders, for example traders who are not friendly and do not serve patiently, then the buyer can immediately report it to the special facility, which will then be acted upon Follow up with sanctions in accordance with market management policies.

Seventh, repurchase intention is a very important variable to for this study. The way to improve these indicators is to provide a loyalty program by holding a loyalty program so that they can carry out promotional programs in accordance with different customer purchase history, while customers will write their names on each transaction from buyers, then buyers can collect cards members in special places that have been provided in the market; provide loyalty programs or membership cards so that they can get greater opportunities so that buyers continue to shop again, as for one of the advantages is that customers who have a member card will be positioned as the main buyer, meaning that if the stock of a product is limited then traders will keep the product for sale to customers who have a membership card; and improving existing facilities, such as daycare centers in Jagir Wonokromo traditional markets which are improved in terms of the age regulation of children that can be entrusted, as well as safeguards from the authorities in the market environment can be increased again by always guarding the place every day, remembering first only stand guard when there are certain moments only because conditions in traditional markets can be considered somewhat vulnerable to criminal acts and traffic jams.

6. Research limitation

This study has a limitation which is only examining in Indonesia. Future study studies can conduct comparative studies between Indonesia and other countries where there are cultural differences that can be additional research attractiveness. Specifically, we take respondents residing in Surabaya only. Also, this research only uses Keputran Market, Jagir Wonokromo Market, and Manyar Sabrangan Market as research objects. Using other companies can produce different results.

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