



# Antecedents of Customer Positive Emotion and Behavioral Intentions in Indonesia Traditional Wet Market settings

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## **Abstract**

*Purpose – The objective of this study is to explore antecedents of customer positive emotion and behavioral intentions toward traditional markets in Indonesia.*

*Design/Methodology/Approach – Mixed methods were used in this study. A mix of deep interview/focus group discussion to 5 shoppers and survey to 110 respondents were conducted.*

*Findings- Research found that food quality and relational benefit and social environments influence positive emotion and behavioral intentions.*

*Practical implications – This study will provide information on factors that influence positive emotion and behavioral intentions in traditional wet markets.*

*Research limitations-The study population is limited to faculty member and staffs of a university in Jakarta. It was not represent the whole population of traditional market customers.*

*Originality/value – Little research has been done on understanding factors that influence positive emotion on traditional markets in the era of modern retailing.*

*Keywords – Traditional market, food quality, customer loyalty, relational benefit.*

*Paper type: Research paper*

## **Introduction**

Indonesia's retail landscape is undergoing profound change as modern outlets increasingly replace wet markets and independent small shops. High consumer confidence, an expanding middle class and rising personal incomes have made private consumption the most important component of Indonesia's economy and attracted global retailers (Global Business Guide Indonesia, 2014)

The retail landscape in Indonesia is changing: significant investment is being made by large international retail players as consumers, increasingly wary of hygiene levels at local markets, turn to modern retailers, particularly mini-markets, for their grocery needs (Market Analysis Report, Agriculture and Agri-Food Report Canada, 2011).

Traditional retail outlets to include wet markets and independent grocery stores are gradually being replaced by modern outlets (USDA GAIN Report, 2013).

Traditional small grocers sell local food and beverage products familiar to the majority of consumers. This differentiation, along with location, helps them remain competitive against organized retail. Traditional markets also remain an important retailer in Indonesia (USDA GAIN Report, 2013).





A 2010 Nielson survey showed that buyers purchased 53 percent of fresh vegetables, 70 percent of fresh meat, and 67 percent of fresh fish in traditional markets. Like small grocers, they rely on personalized services, local product offerings, and location to remain competitive (USDA Gain Report, 2013)

Hery Toiba (2011) found that majority of respondents still shop at traditional food retailers especially to buy meat, fish, seafood, fruits and vegetables due to low prices and the freshness of the products. He also identifies the characteristics of consumers at modern supermarkets by looking at the association between modern supermarket choices and several individual characteristics including education (positive), income (positive), household's assets (positive), the ownership of debit cards (positive), concerns about nutrition (positive), concerns about food safety and convenience attributes such as proximity (positive).

As one of the main channels in the food industry in Indonesia, traditional wet market also known as *pasar* has been facing tight competition and serious challenges from foreign retailers specifically super markets and convenience stores. However these traditional markets are still become one of the most popular retail formats for many Asian families especially when they purchase daily convenience products such as foods and basic household goods (Davis, 2013; Dholakia et al., 2012). Modern retail's share of grocery sales is expected to grow from 32 percent in 2013 to 43 percent by 2018. Leading the way are convenience stores and minimarkets, whose sales have tripled over the past five years (AT Kearney, 2014).

Goldman et al. (1999, 2002) stated that wet markets have value advantage such as freshness.

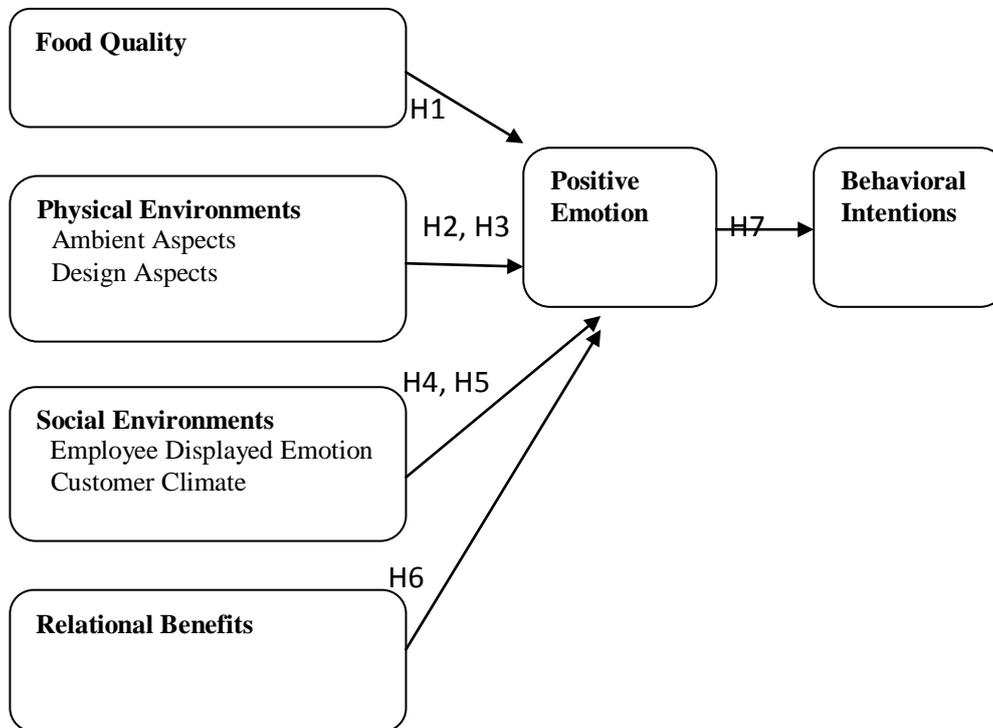
A study conducted by Huang et al (2014) in Taiwan, found that food quality and relational benefit positively affect consumers' satisfaction. Social factors were the key forces by which Taiwanese consumers build their relationships with sellers at wet markets, and the opportunity to establish the interpersonal interactions is obviously become the attractiveness of that markets. Other findings showed that ambience and employee service were also influence satisfaction to shop in the wet markets.

The objective of this study is to explore factors that influence consumers' positive emotion and behavioral intentions in Indonesia wet market settings.

#### Theoretical framework

Several factors predicted could influence positive emotion and behavioral intentions such as food quality, physical environments, social environments, relational benefit and price fairness depicted in Figure 1.

Figure 1: Conceptual framework



### Food Quality, Positive Emotion

Food quality is a customer's perception regarding the food quality offered in traditional wet markets. Food quality has been generally accepted as the main factor influencing customer satisfaction (Liu and Jang, 2009). Food quality influences consumer evaluations of a shopping experience therefore affect satisfaction (Davis, 2013). Research found that fresh fruits and vegetables and prepared foods are the main advantages of wet markets compared to western style retailers in Asian countries (Goldman et al., 2002; Gorton et al., 2011). Sulek and Hensley (2004) found that food quality was the most important factor that influence customer satisfaction and the only factor influencing behavioral intentions. Huang et al. (2014) found that food quality positively affect customers satisfaction in wet markets in Taiwan. Jang and Namkung (2009) found a positive relationship between products quality and positive emotions in restaurant setting. Hence the following hypotheses were proposed:

H1: Food Quality influence Positive Emotion

### Physical Environments and Positive Emotion



Physical environments play an important role in service delivery because it can foster emotional reactions, while enhancing customer perception and retention (Tsai and Huang, 2002; Bitner, 1992; Baker et al, 2002). Research found that customers respond emotionally to various physical environments (e.g. Bitner, 1992; Wakefield and Baker, 1998), included design and ambient factors (Baker et al, 1994; Sheng et al, 2011). Kim and Moon (2009) found that customers' perceptions of the physical servicescape in a theme restaurant positively affect customers' pleasure feeling. Another study conducted by Slatten et al (2009) found that design factors and interaction or social factors had a positive effect on customers' feeling of joy. Previous studies establish the relationship of atmospherics and behavioral intentions (Jang & Namkung, 2009, Kincaid et al., 2010) based on review of the literature, the following hypotheses were proposed:

H2: Ambient Factors will influence Positive Emotion

H3: Design Factors will influence Positive Emotion

### **Social Environment and Positive Emotion**

Sheng et al, 2011) found that both social and physical environments have positive effect on customer emotion and satisfaction that lead to behavioral intentions. Service employees' expression of emotion can result in customers' emotional state (Pugh, 2001; Tsai and Huang, 2002). Several studies have shown the importance of friendly employee's in improving service outcomes (Hurley, 1998., Bitner et al, 1990., Sheng et al., 2011., Henig Thureau et al., 2006).

In many service contexts, fellow customers are present in the service environment and can influence the nature of the service outcome processes (Zeithaml et al., 2013). Sheng et al (2011) found that customer climate i.e. customer's perception of the environment shared by other customers receiving the service influenced customer positive emotion. Furthermore, Huang (2008). Moore et al (2005) indicated that interaction among customers within service environment influences emotion. The following hypotheses were proposed:

H4: Employee Displayed Emotion influences Positive Emotion

H5: Customer Climate influence Positive Emotion

### **Relational Benefits and Positive Emotion**

Relational benefits include confidence benefits, social benefits, and special treatment benefits (Gwinner et al., 1998). Confidence benefits refer to perceptions of reduced anxiety and comfort in knowing what to expect in the service encounter; social benefits, related to the emotional part of the relationship and are characterized by personal recognition of customers by employees, the customer's own familiarity with employees, and the creation of friendships between customers and employees; and special treatment

Benefits, which take the form of relational consumers receiving price breaks, faster service, or individualized additional services (Hennig-Thureau et al., 2002).



A review of literature has revealed that relational benefits positively influence customer satisfaction (e.g. Mittal et al., 1999; Hennig-Thurau et al., 2002; Huang et al., 2014; Brady et al., 2012). Most satisfaction studies have focused mainly on cognitive aspect, while seemingly important affective aspect has been largely ignored (Stauss and Neuhaus (1997).

Researchers comment that it is inappropriate to ignore the emotional aspect of satisfaction (Liljander and Strandvik, 1997; Stauss and Neuhaus, 1997; Wirtz and Bateson, 1999).

Shopping has been attributed as a joyful retail experience (Jin and Sternquist, 2004). Enjoyment has been found to be a source of motivation in retail shopping and characterized as personal in nature (Ballantine et al., 2012). Therefore we propose hypothesis :

H6: Relational Benefits influence positive Emotion

### **Positive Emotion and Behavioral Intentions**

Previous studies have shown a relationship of customer positive emotions and behavioral intentions (Sheng et al., 2011; Jang and Namkung, 2009; Kincaid et al., 2010; Lin and Liang, 2011).

Oliver et al (1997) found that positive emotion led to higher levels of customer satisfaction and increase repurchase intentions. Liljander and Strandvik (1997; Stauss and Neuhaus, 1997) found that there was a positive relationship between emotion and loyalty behavior. Yu and Dean (2001) found that affective component of satisfaction serves as a better predictor of customer loyalty. A recent study (Prayag et al., 2015) found that positive emotion have a direct effect on behavioral intentions. Thus we propose:

H7: Positive Emotion Influence Behavioral intentions

### **Method**

Staffs of private university in Jakarta participated in this study. A purposive sample was used in term of regular shopping in wet markets. From 150 responses collected, 110 valid responses were used for further analysis.

Deep interview has been performed to 5 respondents. We conducted interviews with shoppers from 30-50 years old. Each interview was audio-taped and lasted between 30-45 minutes. The interviews were conducted at respondents' offices.

### **Measures**

#### **Food Quality**

Four items (e.g. "The foods sold in this market is fresher than in supermarkets) were adapted from Huang et al., 2014; Prayag et al., 2015).

#### **Physical Environments**



*It consists of 2 dimensions i.e. ambient and design.*

**Ambient**

Two items (e.g. The market is full of shoppers) were adapted from Huang et al, 2014; Sheng et al., 2011).

**Design**

Two items (e.g. “The layout in this market is attractive) were adapted from Huang et al. (2014) and Sheng et al. (2011).

**Social environment (Employee displayed emotion and customer climate)**

Eight items were adapted from Sheng et al. (2011) and Huang et al. (2014):e.g the sellers are friendly

**Relational Benefits**

It was measured using 6 items (“I was recognized by certain sellers in the market), adapted from Hennig-Thurau (2002).

**Behavioral Intentions**

Four items (e.g. “I will remain loyal to this store”) were adapted from Sheng et al. (2011)

**RESULTS AND DISCUSSION**

**Results of Quantitative Analysis**

Following the two-step approach, a measurement model was first estimated using a confirmatory factor analysis (CFA).Each measurement item was loaded on its prior construct. The instrument reliability was assessed using Cronbach’s alpha. The alpha values range from 0.69-0.88 as presented on Table 2.

Convergent validity meets the requirements in this study all the items had relatively high factor loadings on the underlying construct, the values range from 0.77 to 0.89. Overall model fit for CFA was asses using the Chi-square test and goodness of-fit-indices. Others indices of fit were assessed i.e. Comparative Fit Index (CFI),the Normed Fit Index (NFI), Root Mean Square Error (RMSEA) indicated the measurement model fit the data well (CFI=0.960), NFI=0.911, RMSEA=0.05).

As the second step, the proposed structural model was assessed, on the basis of CFI=0.98, NFI=0.93, RMSEA=0.03) indicated that the model fit was acceptable. Results of estimated structural coefficients were presented in Table1.

Table 1. Structural model results

Hypothesized relationship	Standardized coefficient	t-value	Results
H1 Food Quality → Positive Emotion	0.48	5.87*	supported
H2 Ambience → Positive Emotion	0.37	5.88**	Supported





H3 Design	→ Positive Emotion	0.22	3.72**	Supported
H4 Employee Display Emotion	→ Positive Emotion	0.37	4.68**	Supported
H5 Customer Climate	→ Positive Emotion	0.33	4.76*	Supported
H6 Relational Benefit Emotion	Behavioral → Positive	0.45	4.21*	Supported
H7 Positive Emotion Intentions	→ Behavioral	0,52	5.03*	Supported

\*p<.05 \*\*p<.01

All predictor variables were found to be significantly and positively influenced positive emotion. H1 was supported that food quality influenced positive emotion ( $\beta=0.48$ ,  $t=5.87$ ,  $p\text{-value}<0.05$ ). Ambience and design were also influenced positive emotion ( $\beta=0.37$ ,  $t=5.85$ ;  $\beta=0.22$ ,  $t=3.72$ ), thereby confirming H2 and H3.

Social environments which consist of employee displayed emotion and customer climate were positively related to positive emotion ( $\beta=0.37$ ,  $t=4.68$ ;  $\beta=0.33$ ,  $t=4.76$ ), supporting H4 and H5. Relational benefits was also positively related to positive emotions ( $\beta=0.45$ ,  $t=4.21$ ), supporting H6. Results also supported H7 where positive emotion had a positive relationship with behavioral intentions ( $\beta=0.52$ ,  $t=5.03$ ).

#### Results of Interviews

All of respondents told us that main reason they are loyal to shop at the wet markets was because of the relational benefits, cheaper prices and freshness of the products. Products that usually they buy are food items such as chicken, egg, meat, vegetables and some local fruits, as one interviewee commented:

*I am happy to shop some food items in wet market regularly. Besides the foods were fresh, the sellers are really recognized me, they now my name and sometimes I got special treatments such as price breaks..... I have developed a good relationship with the sellers, when I shop, they greet cheerfully with warm welcome.... Every week we shop at the wet market close to my house.....*

*I have no problem with the physical environments of the market except when it is raining....the only problem for me that it was hard to find rest rooms.....*

#### Conclusions and Implications

The present study validated a model that predicts the antecedents and consequents of positive emotion in wet market settings. Research found that food quality is important for customers who shop I wet markets. This finding supports finding of Huang et al., (2014) in Taiwan that food quality had a positive relationship with customer satisfaction. This is also in line with the study of Prayag et al (2015) that food quality had a strong direct effect to positive emotion. Freshness of food has been the competitive advantage of wet markets (Goldman et al., 1999). This finding was also supported by interviews conducted to shoppers.





This study was also found that physical environments specifically ambient factor was related to positive emotion, supporting previous studies that customers experience more positive emotion when environmental stimuli are perceived as more attractive (Yoo et al., 1998, Sherman., 1997). Findings indicate that design factor was also related to positive emotion but the contribution was not strong. It supports findings of Huang et al (2014) that design factor is not as important as more modern food retailers such as supermarket. In terms of social environments, current results showed that employee displayed emotion and customer climate were positively related to positive emotion, supporting past research (Sheng et al., 2011).

Results was also found that relational benefits was related to positive emotion. This is in line with findings of Huang et al (2014) that social benefits were the key reasons why Taiwanese consumers go to traditional markets. They feel that they are comfortable with sellers who recognize them and have been establishing long term friendship. Our interviews with shoppers supported these findings.

Findings showed that positive emotion had a positive relationship with behavioral intentions i.e. repatronage intention and word of mouth recommendations. These findings supported previous studies (Sheng et al., 2011; Prayag 2015; Jang and Namkung, 2009). This finding was also supported by interviews to shoppers, indicating that customers experiencing more positive emotion during a service encounter are more likely to visit and spreading positive word of mouth.

### Managerial Implications

This research provides insights for traditional markets managers as well as food retailers. Our results suggest that food quality and relational benefits were the major factors influencing customer positive emotion that lead to behavioral intentions. Food retailers and wet market managers should focus on these factors.

### Limitations and future research

There are several limitations of this study. First, the respondents in this study were only staffs of a private university in Jakarta. Since the consumers are fragmented into several segments, future research is recommended to consider demographics aspect of respondents.

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