

Conference Paper

Effect of Price, Products, Market Atmosphere and Trust on Rebuying Interests Through Customer Satisfaction at Traditional Markets in Surabaya

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Abstract

This research aimed to test and analyze the influence of price, product, market atmosphere, and trust on rebuying interest through satisfaction in Indonesian traditional market. This research was located in Surabaya, Indonesia. Data collection was located in Surabaya and conducted by distributing questionnaires to buyers in a traditional market as the infinite population; and the samples were 100 respondents. In addition, this research applied path analysis technique for data analysis. The results indicated that price, product, market atmosphere, and customer confidence had significant and positive effect on customer satisfaction and rebuying interest. Satisfaction mediated the effect of price, product, market atmosphere, and the trust on rebuying interest.

Keywords: price, market atmosphere, trust, rebuying interest, customer satisfaction

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1. Introduction

Modern era leads the growth of modern markets. On the other hand, it decreases the existence of traditional markets. Indeed, the growing modern era encourages retailers selling more complete, vigorous, and hygienic goods. These are considered less in traditional markets. In turn, the emergence of traditional markets began to decline, including traditional markets in Surabaya, Indonesia. Recently, many traditional markets have been revitalized so they are expected to expose their competitiveness with modern markets that grow rapidly. The modern markets generally provide more competitive price, completed product, higher quality, more comfortable atmosphere, and trusted. In contrast, the traditional markets have many disadvantages such as complex market layout, lack quality of goods, lack of sales promotion, limited hours of operation, and limited selling spaces. When consumers want to shop more, the traditional market cannot accommodate. Therefore, consumers have reasons to switch

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from traditional market to modern market. Obviously, consumers prefer shopping in modern market rather than in traditional markets since the modern market provides more convenience, security, and convenience of shopping that cannot be obtained in traditional markets. The traditional market in Surabaya has decreased sales turnover 70%; and large number of kiosks and stalls have been closed (Suprihadi, 2015). In brief, changes in consumer behavior can negatively impact sales turnover.

In addition, purchasing products in traditional markets highly depend on consumers' buying interest. According to Assael (2001), the final stage of consumers' decision to purchase a product is their buying interest and rebuying interest. This is a form of customer behavior in which they respond positively and are interested in returning or re-consuming products (Cronin et al., 1992). Moreover, repeat purchases are considered as customer loyalty (Oliver, 1999). While another research argues that market existence relates to market system involving the growth of consumers' rebuying interest. Hence, some factors may influence the rebuying interests, such as: location, price, quality and product diversity, consumer satisfaction, and customer loyalty. Ongky and Mawardi (2015) in their research show that such factors influence product, place, price, promotion of modern retail to the continuity of traditional retail business. They also indicate that not all variables influence traditional retail business continuity. The product factor, place and promotion in modern retail have significant effect to traditional market sustainability; while the price factor in modern retail does not affect traditional retail sustainability. Referring to the phenomenon and previous references, this study intends to test and analyze the influence of price, product, market atmosphere and trust on rebuying interest through customer satisfaction at traditional markets in Surabaya.

2. Literature Review

2.1. Traditional market

The market is one of regional facilities to accommodate the needs of sellers and buyers. The market particularly sell people's daily necessities. Thereafter, traditional markets require supporting facilities that can provide trading activities, that are comfortable for both sellers and buyers, and that can maintain their sustainability. A survey that was conducted by Indiastuti (2006) demonstrated that most of traders or shopkeepers in the traditional markets complained for the decrease of their sales turnover even though the market buildings have been renovated to be more attractive. Traditional

markets frequently determine product prices conforming to the cost of goods sold due to competitive retails. The larger number of traders selling similar products will affect to price downturn. Besides, another deficiency of activity in the traditional market is bargaining practices. For female buyers who have experienced behavioral changes as well as who dislike bargaining tend to visit to modern market where exact prices are available for shopping.

2.2. Rebuying interest

Products in the market are generated from consumers' wants. The market provide things that buyers want to buy; in turn the consumers tend to buy the product. Apparently, first buy is started with a willingness to try out a new product. The customer has an intention of experimenting the recent or fresh product. While rebuy interest is an attraction to purchase a product based on the customer's past buy experience. Moreover, the higher degree of buying interest reflects the high level of customer satisfaction and brings a positive impact on the success of products in the market. Indeed, buying interest is basically a customer behavior in which the customer responds positively and give trust on a company's product or service. Then, they intend to re-consume the product.

2.3. Effect of price on customer satisfaction

Price is a variable that can be controlled and determined by consumers on a product. The perceptions on cheap or expensive prices are very relative among customers. Therefore, companies need to monitor their perceptions comparing to competitors' prices so that the determined price will not be too high or too low. The offered prices will lead customers having a strong desire to purchase a product. In addition, Dharma's research (2013) resulted that price perception has significant effect on customer satisfaction. Another research finds that price has a positive and significant effect on customer satisfaction (Susdiarto, et al., 2013). Then, Monroe (1989) argues that the price of a product can affect customer satisfaction because the price can provide the attractiveness or reluctance to buy a product. Based on the previous research, it can be formulated the first research hypothesis as follow:

H₁: Price positively affects customer satisfaction.

2.4. Effect of products on customer satisfaction

The product is defined as something that can be offered into the market to be noticed, owned, used, or consumed so as to satisfy the wants or needs (Kotler, 2005). Successful manufacturers do not only offer products with low prices, attractive shapes, large quantities, and better physical appearance. But, they also offer more products with better value than their competitors. Thus, the augmentation to other attributes from physical product can encourage consumers to be more satisfied (Sari, 2014). The level of customer satisfaction depends on the quality of the product. Research conducted by Yesenia and Siregar (2014) argue that product quality significantly influence consumer satisfaction. Similarly, research conducted by Pusparani and Rastini (2014) have a significant effect on the quality of the product on customer satisfaction. Based on the previous researches, this research formulated the second research hypothesis:

H₂: The product positively affects customer satisfaction.

2.5. Effect of market atmosphere on customer satisfaction

The atmosphere includes aesthetic and emotional effects that are created through physical and position characteristics. They are related to the consumers senses that attract their emotions to make purchasing decision. Aesthetic effects are the attraction for human's senses due to a product's physical form, menu, color combinations and so on. Emotional effects relate to feeling and passions between like or dislike, comfortable or uncomfortable, and image perceived by consumers. Therefore, a store atmosphere can be the reasons why customers are interested in its product and why they consider visiting the store as well as buying its product. As argued by Levy and Weitz (2001: 556), "Customer purchasing behavior is also influenced by the store atmosphere". The more interesting, comfortable, and unique of a store can create good atmosphere and pursue for consumer satisfaction since they feel like at home in the market. Thus, the third hypothesis was below:

H₃: Market atmosphere positively affects customer satisfaction

2.6. Effect of trust on customer satisfaction

Trust is a positive perception of consumers about the objects, attributes and benefits of purchased products. Furthermore, trust can increase customer satisfaction. Obviously, customer's high trust can give effect to customer satisfaction and customer

loyalty. High degree of trust can increase customer satisfaction and customer loyalty. A research conducted by Widiyanto (2013) shows that customer confidence affects customer satisfaction. Based on the previous research, it can be formulated a research hypothesis:

H4: Trust positively affects customer satisfaction.

2.7. Effect of price on rebuying interest

A product price generally fits with the purchasing power of public. Moreover, this affects consumers' desire to purchase a product. Dinawan (2010) makes the price as an indicator of a customer's extensive sacrifice to buy a product as well as to serve for level of quality. Wardani (2015) also finds that prices have an effect on buying interest. Perceived price is something that is sacrificed by the consumer to get a product (Zeithmal, 1988). Some consumers often know the price of a product precisely, while others are only able to estimate prices based on previous purchases. Besides, Dodds (1991) states that consumers buy a branded product if the price is considered feasible. Therefore, it can be formulated a research hypothesis:

H5: Price positively affects rebuying interest.

2.8. Effect of product on rebuying interest

Different products will affect consumer interest. The variety of products will provide more complete and interesting perception of consumers so they will decide buying the products they want. In the marketing terms, a product is a physical form of goods that is offered by a company with a set of images and services in order to satisfy consumer needs (Kismono, 2001). According to Mardhikasari (2014), the diversity of products have a positive effect on a consumer purchasing decision. As the previous research, this research formulated a research hypothesis below:

H₆: The product positively affects rebuying interest

2.9. Effect of market atmosphere on rebuying interest

Market atmosphere is indicated being able to affect rebuying interest. Rusdian (1999) states that storefront strategy is a strategy by involving various store attributes to attract consumer purchasing decisions. A positive emotional leads for two dominant

feelings, i.e. pleasure and enthusiasm (Sutisna and Pawitra: 2001). Then, Schlosser (1998) says that consumers often judges a store at their first impression due to the store's atmosphere. As the result, the consumers have an interest and to shop at the store. This opinion is supported by Cooper (1981) who said that the store atmosphere is a positive image of consumers about the store. If it lasts long then the tendency of consumers in choosing the store is very high. While, consumer behavior theory explains the relationship between affective aspects and behavior (Kotler 2005). It can be understood that there is a relationship between market atmosphere and buying interest. Therefore, it can be formulated a hypothesis that:

H₇: Market atmosphere positively affects Rebuying interest

2.10. Effect of trust on rebuying interest

Trust is the perception of confidence in the exchange partner's reliability and integrity (Morgan and Hunt, 1994). Trust can also be said as the desire of one party to get treatment from others in the hope that the other party will take the necessary action to meet that expectation, regardless of its ability to supervise and to control others (Mayer, et al., 1995). According to Kurniawan (2014) and Herawati (2014), trust has a positive and significant effect on buying interest. Based on the previous research, it can be formulated research hypothesis as follows:

H₈: Trust positively affects rebuying interest.

2.11. Effect of customer satisfaction on rebuying interest

Customer satisfaction is an individual feeling on the perceived disappointment or expected pleasure for a product or service (Kolter and Keller, 2008). Anderson et al. as quoted by Mulyono, et al. (2007) states that satisfaction is an assessment of experience in purchasing and consuming goods. Moreover, two main variables determine consumer satisfaction, i.e. expectations and perceived performance (Pusparani and Rastini, 2014). If the perceived performance exceeds the expectation so the customer will be satisfied with the product. Otherwise, the customer will be dissatisfied if the goods and services that have been used are bad. Thus, Fang, et al. (2011) argue that the positive impact on customer satisfaction is rebuy intention. Therefore, the research hypothesis can be formulated that:

H₉: Customer Satisfaction positively affects Rebuying interest

3. Methods

This research approach is quantitative that aims to test and analyze the influence of Price, Product, Market Atmosphere, Trust on Rebuying Interest through Consumer Satisfaction. The data used are primary data that are collected by distributing questionnaires to consumers who came on the market as respondents in this study. Analytical technique used is path analysis.

4. Results and Discussion

4.1. Hypothesis testing

In this research, hypothesis testing can be seen from the significant value of each coefficient path. This test describes the partial influence of exogenous variables on endogenous variables, that is, price, product, market atmosphere and trust on rebuying interest. While customer satisfaction mediates the influence of price, product, market atmosphere, and trust in rebuying a product. The basic decision-making was by comparing the significance of $\alpha = 0.05$. When the significant value $< \alpha$ (0.05), then the exogenous variables had an influence on endogenous variables. The t value and the significance of each structural paths are described as follow:

TABLE 1: β Coefficient Value, t Value and Significant Empirical Model.

No	Notes	β Value standardized	t-test value	Significance Value
1	Price → Consumer Satisfaction	0.213	3.743	0,005 (Significant)
2	Product → Consumer Satisfaction Market Atmosphere → Consumer Satisfaction	0.356	5.841	0,003 (Significant)
3	Customer Trust → Consumer Satisfaction	0.13	4.191	0,041 (Significant)
4	Price → Rebuying interest	0.64	53.784	0,000 (Significant)
5	Product → Rebuying interest	0.299	6.244	0,000 (Significant)
6	Market Atmosphere → Rebuying interest	0.309	7.38	0,000 (Significant)
7	Customer Trust → Rebuying interest	0.157	3.926	0,000 (Significant)
8	Consumer Satisfaction → Rebuying interest	0.953	3.771	0,000 (Significant)
9		0.578	2.243	0,027 (Significant)

4.2. Testing results on the influence of each variable

TABLE 2: Direct and Indirect Influence.

No	Notes	Coefficient Line		Total
		Direct	Indirect	
1	Price → Consumer Satisfaction	0.213	-	0.299
2	Product → Consumer Satisfaction	0.356	-	0.309
3	Market Atmosphere → Consumer Satisfaction	0.13	-	0.157
4	Customer Trust → Consumer Satisfaction	0.64	-	0.953
5	Price → Rebuying interest	0.299	-	0.578
6	Product → Rebuying interest	0.309	0.123	0.422
8	Market Atmosphere → Rebuying interest	0.157	0.206	0.488
9	Customer Trust → Rebuying interest	0.953	0.075	0.232
10	Consumer Satisfaction → Rebuying interest	0.578	0.377	1.322
11	Price → Consumer Satisfaction → Rebuying interest Product → Consumer Satisfaction → Rebuying interest	0.299		
12	Market Atmosphere → Consumer Satisfaction → Rebuying interest	0.309		
13	Customer Trust → Consumer Satisfaction → Rebuying interest	0.157		
14		0.953		

Source: Output SPSS

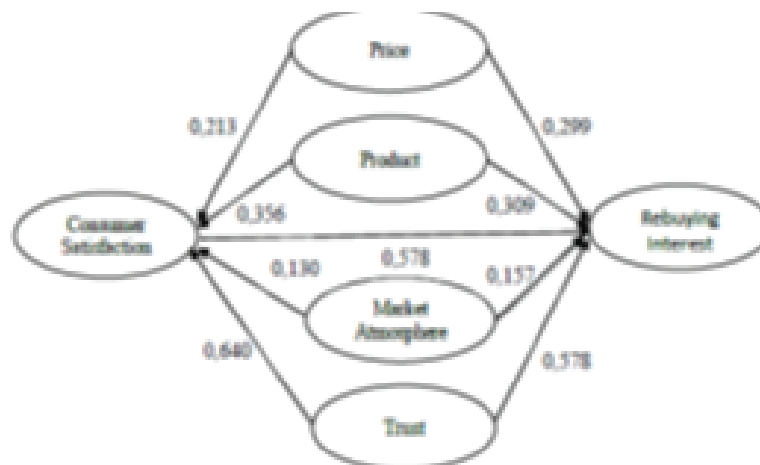


Figure 1: Research Results Model.

4.2.1. Effect of price on customer satisfaction

In this research, the significant value of price variable to customer satisfaction was $0.005 < \alpha (0.05)$. Thus, the first hypothesis can be accepted, meaning that price had a significant effect on customer satisfaction. To see the magnitude of the influence of price variable on customer satisfaction was by looking at the value of beta or standardized coefficient. The value beta of price variable to customer satisfaction was 0.213. This indicated that there was an empirical influence of price to customer satisfaction.

$$\text{Price} \rightarrow \text{Customer Satisfaction} = 0,213$$

4.2.2. Effect of product on customer satisfaction

Based on the calculation results, the significant value of product variable to customer satisfaction was $0.005 < (0.05)$. Thus, the second hypothesis can be accepted, meaning that product had a significant effect on customer satisfaction. To see the magnitude of the effect of product variable on customer satisfaction was by looking at the standardized coefficient or the beta value of product variable to customer satisfaction on 0.356. Moreover, the empirical relation of product variable to customer satisfaction could be known.

$$\text{Product} \rightarrow \text{Customer Satisfaction} = 0,356$$

4.2.3. Effect of market atmosphere on customer satisfaction

Based on the calculation result, the significant value of market atmosphere variable to customer satisfaction was $0.005 < (0.05)$. Thus, the third hypothesis was accepted, meaning that market atmosphere significantly influenced customer satisfaction. The value of market atmosphere variable to customer satisfaction was 0,130 so that market atmosphere affected customer satisfaction of 0.130. Then, the empirical relationship of Market those variables could be known.

$$\text{Market Atmosphere} \rightarrow \text{Customer Satisfaction} = 0,130$$

4.2.4. Effect of trust on customer satisfaction

Based on the calculation result, the significant value of trust to customer satisfaction was $0.005 < (0.05)$. Thus, the fourth hypothesis could be accepted, meaning trust had

a significant effect on customer satisfaction. To see the magnitude of the influence of those variables was by looking at the value of beta or standardized coefficient Value beta reaching 0,640. This meant that the trust variable affected customer satisfaction. And the empirical relationship between trust and customer satisfaction could be known.

$$\text{Trust} \rightarrow \text{Customer Satisfaction} = 0,640$$

4.2.5. Effect of price on rebuying interest

Based on the calculation result, the significant value of price variable on rebuying interest was $0.000 < \alpha (0.05)$. Thus, the fifth hypothesis could be accepted that trust had a significant effect on customer satisfaction. The beta value or standardized coefficient of the price variable on rebuying interest was 0.299. This meant that price affected rebuying.

$$\text{Price} \rightarrow \text{Rebuying Interest} = 0.299$$

4.2.6. Effect of product on rebuying interest

In this research, the significant value of product variables to rebuying interest was $0.000 < (0.05)$. Thus, the sixth hypothesis was acceptable, meaning that product has a significant effect on rebuying Interest. The value of standardized coefficient beta value of product variable to rebuying interest was 0.309. Then, the empirical relationship between product and rebuying interest could be seen.

$$\text{Product} \rightarrow \text{Rebuying Interest} = 0,309$$

4.2.7. Effect of market atmosphere on rebuying interest

In this study, the significant value of market atmosphere variable to rebuying interest was $0.000 < \alpha (0.00)$. Thus, the seventh hypothesis could be accepted, meaning that the market atmosphere variable had a significant effect on rebuying interest. While, the beta value or standardized coefficient of market atmosphere to rebuying interest was 0.157. This meant that market atmosphere variable affected rebuying interest on 0.157. And the empirical relationship of market atmosphere variable to rebuying interest could be known.

$$\text{Market Atmosphere} \rightarrow \text{Rebuying Interest} = 0.157$$

4.2.8. Effect of trust on rebuying interest

In this research, the significant value of trust variable to rebuying interest was $0.000 < \alpha (0.05)$. Hence the eighth hypothesis was acceptable, meaning that trust had a significant effect on rebuying interest. While the value of standardized coefficient of trust variable to rebuying interest was 0.953. This meant that trust affected rebuying interest.

$$\text{Trust} \rightarrow \text{Rebuying Interest} = 0,953$$

4.2.9. Effect of customer satisfaction on rebuying interest

In this research, the significant value of customer satisfaction variable to rebuying interest was $0.027 < \alpha (0.05)$. Thus the last hypothesis could be accepted, meaning that customer satisfaction had a significant effect on rebuying interest. To see the magnitude of the effect of customer satisfaction variable to rebuying interest was by looking at the standardized coefficient of satisfaction to rebuying interest that reached 0.578. This meant that customer satisfaction variable affected rebuying interest of 0.578. And the empirical relationship of the influence of Customer Satisfaction variable to rebuying interest could be known.

$$\text{Consumer Satisfaction} \rightarrow \text{Rebuying Interest} = 0.578$$

4.2.10. Testing of indirect influence (Mediated variable)

This research results was as the sum of the sum of both direct and indirect influences on variables. First, customers satisfaction mediated the influence of price on rebuying interest. Based on table 2, the indirect effect of price variable on rebuying variable (MBU) was through customer satisfaction (KP) variable, reaching 0.123; and the total value of influence was 0,422. This meant that customer satisfaction was a variable that enabled to mediate between price and rebuying interest (MBU) because the price also directly affected rebuying interest with the value of standardized coefficients of 0.299. This indicated that the customer satisfaction variable (KP) partially mediated rebuying interest.

Second, consumer satisfaction mediated the influence of market atmosphere on rebuying interest. In this research, the indirect effect of market atmosphere (SP) on rebuying interest (MBU) was through customer satisfaction (KP) variable reaching 0,075 and the total value was 0,232. Thus, customer satisfaction was a variable that

enabled to mediate the influence of market atmosphere (SP) to rebuying interest (MBU) variable because market atmosphere (SP) also directly affected rebuying interest with the value of standardized coefficients of 0.157. This indicated that the variable of customer satisfaction (KP) became a partial mediation of market atmosphere (SP) on rebuying interest.

Last, consumer satisfaction mediated the influence of trust on rebuying interest. This research demonstrated that the indirect effect of trust variable on rebuying interest (MBU) through customer satisfaction variable (KP) reaching 0.377 and total value of influence was 1,332. This meant that customer satisfaction was a variable that enabled to mediate the influence of trust to rebuying interest (MBU) because trust also directly affected rebuying interest with the value of standardized coefficients of 0.953. This indicated that customer satisfaction variable (KP) became partial mediation influencing trust on rebuying interest (MBU).

5. Conclusion

Referring to the research results and discussion, this research concluded that (1) the variables of price, product, market atmosphere and trust affected customer satisfaction; (2) the variables of price, product, market atmosphere and trust affected rebuying interests; and (3) customer satisfaction could mediate the effect of price, product, market atmosphere, and trust on rebuying a product. Moreover, the research implications demonstrated that all research variables had influence to rebuy products at traditional markets in Surabaya. Therefore, the traders have to pay attention for more rational price factor, quality and variety product, market atmosphere, trust and customer satisfaction.

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