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Study of Profile and Segmentation of Shopping Style of Indonesian

Arief Helmi, 1* Yuyus Sudarma2

^{1,2},University of Padjadjaran, Jl Dipatiukur 35, Bandung, Indonesia

ABSTRACT

Objective – One of the central considerations to any marketing strategy is the specific patterns displayed by consumers, also known as their 'shopping style'. The importance of shopping style has scarcely been researched in the context of Indonesian consumers.

Methodology/Technique – This study seeks to understand the effect of shopping style as a market segment on the perception of marketing practices in the modern retail industry. The study is an exploratory survey study using 900 samples of Indonesian shoppers in the modern market.

Findings & Novelty— This study concludes that the majority of consumers in Indonesia exhibit an economical and promotional sensitive style of shopping. They are also identified as brand-oriented shoppers and moderate perfectionists. It also verifies two segments of the Indonesian consumer market: recreational shopper and utilitarian.

Type of Paper: Empirical. **JEL Classification:**

Keywords: Market Segmentation; Recreational Shopper; Shopping Style; Utilitarian Shopper.

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1. Introduction

One of the central considerations to any marketing strategy is the specific patterns displayed by consumers, also known as their 'shopping style'. The most pervasive and influential assumption in consumer behavior research is that purchases are preceded by a decision process (Olshavsky & Granbois, 1979). Identifying basic characteristics of decision-making styles is central to consumer-interest studies however conceptualizing and measuring consumer styles has not been a focus of the field. A comprehensive instrument to measure consumer decision-making style is known as the Consumer Style Inventory (CSI) (Sproles & Kendal, 1986). There is evidence that consumer decision-making style can vary across cultures (Hafstrom, Chae & Chung, 1992; Fan & Xiau, 1998). Although the decision-making styles of consumers in developing countries has not yet been studied in a scholarly context, literature on decision-making styles using the US, Greece, Korea, New Zealand, and China does exist.

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Corresponding author: Arief Helmi E-mail: arief.helmi@unpad.ac.id

Affiliation: Faculty of Economics and Business, University of Padjadjaran, Indonesia

The study of marketing aims to identify and understand the consumer decision-making process. Some researchers in the field of consumer economics conclude that the consumer has a different style or rules to make decisions when they are faced with choices in the market (Canabal, 2002).

Research on the segmentation of the retail market based on consumer decision-making styles has been conducted in Germany (Walsh, Mitchell, Hennig-Thurau & Wiedmann, 2001), the US (Wesley, LeHew & Woodside, 2006), and China (Yu & Zhou, 2009). However scholarly research on effective ways for identifying segments of retail shoppers using the concept of consumer decision-making styles in the face of increased competition, market diversity, and modern retailing in developing countries remains relatively limited (Makgosa & Sangodoyin, 2017).

The retail industry is always growing in developing markets and those markets have become the driving force behind global growth in the retail space (Forbes Jun 17, 2011), and as the retail marketplace transforms owing to the inflow of large retail formats, the decision-making process of consumers in developing countries is also becoming increasingly complex (Lysonski & Durvasula, 2013). Understanding the shopping patterns of consumers has managerial implications, who are the people responsible for determining market segmentation and retail marketing strategies (Wagner & Rudolph, 2010). The analysis of consumers' characteristics leads to the development of an effective retail image and retail strategy (Williams & Salma, 1985). One of the challenges facing retail management is not to lose touch with and remain responsive to consumers (Dawson, 2000).

To deal with this knowledge gap, scholars to be actively involved in the validation of segmentation approaches that could give practitioners confidence in their decision to employ consumer characteristics for retail mix development and positioning strategies within developing countries (Makgosa & Sangodoyin, 2017). Further research is needed on the generalizability of Sproles and Kendall's consumer styles inventory (CSI) in different countries. Hence, this study aims to identify the decision-making styles of Indonesian shoppers and its use in segmenting consumers.

2. Literature Review

Consumer decision processes are one of the most universal and influential assumptions in consumer behavior literature (Olshavsky & Granbois, 1979) and reflect the comparatively long-lasting character of consumers (Baoku, Cuixia & Weimin, 2010). Sproles and Kendall (1986) define consumer decision-making styles as a patterned, mental, cognitive orientation towards shopping and purchasing. Moschis (1992) defines the mental state that results in various general shopping patterns as 'shopping orientation'. Interestingly, Sproles and Kendall (1986) formulated an instrument to measure consumer decision-making styles, which is known as the Consumer Style Inventory (CSI). Many studies have used this scale to determine consumer decision-making styles or to make a new segment for the market (Hafstrom et. al.,1992; Lysonski & Durvasula and Zotos, 1996; Fan & Xiao, 1998; Walsh et. al., 2001; Wang, Siu and Hui, 2004; Cowart & Goldsmith, 2007; Park, Yu & Zhou, 2010).

The Consumer Style Inventory (CSI) consists of 8 mental characteristics that consumers demonstrate when making purchasing decisions. The 8 styles are: perfectionism, value-conscious, brand consciousness, novelty-fad-consciousness fashion, shopping hedonistic consciousness, confused/support-seeking decision-maker, impulsive/careless, and habitual/brand loyal.

The CSI is a basic shopping orientation, comparable to the concept of personality in psychology. Although numerous factors influence consumer choices, customers are thought to approach the market with certain basic cognitions (Cowart & Goldsmith, 2007). To study consumer shopping behavior, Ownbey (1997) identified 11 shopping orientations, namely: impulse shopping, shopping self-confidence, shopping gender roles, brand-loyal shopping, shopping center enthusiasm, economic shopping, personalized shopping, patronage loyalty, shopping opinion leadership, advertised-special shopping, and fashion-conscious.

Bellenger and Korgaonkar (1980) classify shoppers into recreational and functional economic shoppers. Recreational shoppers, as compared to functional economic shoppers who prioritize value-for-money, enjoy

shopping as a leisure time activity and attribute high value to the pleasurableness of the experiences and the information gathered. In the same way, Boedeker (1995) segmented consumers into new type shoppers and traditional shoppers. New type shoppers are very demanding consumers valuing not only the recreational but also the economic and convenience characteristics of a store.

As a consequence of the diversity among consumers, marketing science suggests marketers select or define one or more specific target markets it will serve. Kotler and Keller (2016) state that targeting is the action to select one or several target markets to be served by the company. To be able to select a particular segment of the market, the market needs to be divided into different groups or market segments. Schiffman and Wisenblit (2015) state that market segmentation is the process of dividing a potential market into distinct subsets of consumers and selecting one or more segments as a target market to be reached with a distinct marketing mix.

While demographic indicators such as age, gender, marital status, and income have been traditionally used in the study of consumer behavior and market segmentation, psychographic measures such as shopping orientation have also emerged as reliable discriminators for classifying different types of shoppers based on their approach to shopping activities (Gehrt & Carter, 1992; Lumpkin & Burnett, 1992) Profiling consumers by their consumption styles provides a meaningful basis to identify and understand various consumer segments (Hiu, Siu, Wang & Chang, 2001).

Paitoon and Davies (2000) were interested in creating market segmentation on consumer behavior focused specifically on shopping attitude. The study resulted in 4 profile groups of shoppers: time-pressured convenience seekers, hedonists, apathetic but regular and convenience seekers. Hwang (2004) identified 3 groups of consumers according to their shopping orientation: price-oriented group, information-oriented group, brand-oriented group. Moye and Kincade (2003) established 4 shopping segments to describe female consumers in purchasing apparel. The segments were: decisive shoppers, confident shoppers, highly involved shoppers, and extremely involved shoppers. Focused on online consumer decision-making, Cowart and Goldsmith (2007) show that quality consciousness, brand consciousness, fashion consciousness, hedonistic shopping, impulsiveness, and brand loyalty were positively correlated with apparel shopping.

An effort to construct more relevant market segmentation by shopping style base will be a benefit for marketers. This study aims to identify market segments that are relevant to the Indonesian consumer and their shopping styles.

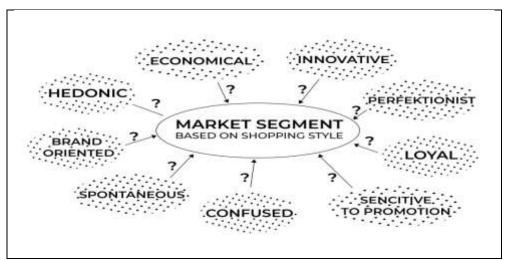


Figure 1. Conceptual Framework

3. Research Methodology

To investigate the shopping style of Indonesian shoppers, an explanatory survey is considered the most appropriate method. This method seeks out data regarding objects by taking a sample from a population using questionnaires as the main data collection tool. A close-ended questioned was prepared for use in the survey based on consumer decision-making orientations, using Consumer Style Inventory (CSI), developed by Sproles and Kendall (1986). All scales were measured on a 7-point Likert-type scales ranging from strongly disagree to strongly agree

This study was conducted in 2 major cities in Indonesia: Bandung and Surabaya, with a total sample of 900 shoppers. Area sampling was employed based on the location of modern shopping centers where there are supermarkets or hypermarkets in the 2 cities.

Descriptive analysis was first carried out to establish consumer shopping style profiles, followed by cluster analysis which is useful for market segmentation. K-means Cluster Analysis was used in grouping and discovering the pattern of shopping style who have similar characteristics and dissimilarities between groups, this analysis is similar with Paitoon and Davies (2000) and Gindi, Abdullah and Ismail (2015) who examined market segmentation.

4. Results

When someone goes shopping to get a product to meet their needs or wants, consciously or unconsciously there is a mental orientation that will be reflected in the product to buy, how to buy it, where to buy it, or even for whom he buys. The mental orientation is known as shopping style.

Shopping styles is shown by consumers from various countries to have the potential to be both similar and different among consumers. A survey to reveal Indonesian shopping styles was conducted with a questionnaire to measure consumers' attitudes toward ten-dimensional shopping styles through indicators with a 7-attitude scale

Shopping Style	Mean	Criterion	
Hedonic	5.15	High	
Economical	5,61	Very High	
Innovative	5,12	High	
Perfectionist	4,61	Moderate	
Brand Oriented	4,75	Moderate	
Confused	4,96	Moderate	
Spontaneous	4,50	Moderate	
Loyal	5,32	High	
Sensitive to Promotion	5,23	High	

Table 1. Shopping Style Profile

As mentioned in Table 1, Indonesia's shopping style is very hedonistic, sensitive to a promotion, innovative, and very economical. They also exhibit spontaneous, perfectionist, brand-oriented, and confusing shopping styles at the middle level.

Table 2. Final Cluster Centers

Shopping Style	Cluster			
	1	2	3	4
Hedonic	,81856	,15124	-,67770	-,36138
Economical	-,01759	,63675	,26639	-,97403

Innovative	,57637	,44373	-1,05099	-,09489
Perfectionist	,81086	-,01879	-,81653	-,02377
Brand Oriented	,59638	,22852	-,63266	-,26712
Confused	-,20344	,63879	-,41521	-,13361
Spontaneous	-,01529	,49838	-,40151	-,17637
Loyal	,66140	-,14619	,17640	-,67510
Sensitive to Promotion	,62734	,10809	-,11527	-,65511

To be able to design the right marketing program and have a strong influence on consumers, companies need to establish market segmentation to be able to choose the right target. Marketing actions in segmenting markets that attempt to classify consumers can also be based on shopping styles. This section will show how market segmentation in Indonesia is formed based on shopping style.

As shown in Table 2, the results of Cluster Analysis using the K-Means method have identified 2 segments of Indonesian shopping style, namely clusters 1 and 2, which have positive coefficients. This means that those clusters can explain the characteristics of certain shopping styles.

Meanwhile, clusters 3 and 4 each have a negative coefficient, so they do not indicate certain characteristics of certain shopping styles. Kotler and Keller (2016) state that to ensure the effectiveness of market segmentation, the identified segments must have measurable, substantial, easily accessible, distinguishable, and actionable characteristics. Clusters 3 and 4 do not meet the standard of measurable and differentiable segments.

6. Discussion

Table 1 demonstrates the profile of the Indonesian shopping style. The first shopping style that will be discussed is hedonic shoppers. Hedonic shopping style belongs to individuals who like shopping for activities, even they think that shopping is a recreational activity. With a score of 5.15, Indonesian shoppers can be categorized as hedonist shoppers. They find that shopping at the supermarket is a fun activity. The enjoyment of shopping is experienced by the attractions of various retail mix designed by supermarkets. As they love shopping they tend to be consumptive.

Indonesians have a high preference for getting the best value for money, they enjoy comparing prices before buying and hunting at low prices. As seen in Table 1, consumers are indicated as economic shoppers with a score of 5.61. As an economical shopper, low-cost products are their choice.

When shopping at supermarkets, consumers claim that they are accustomed to buying products that were not planned. Display arrangements in supermarkets and "self-serve" which allows consumers to choose and move freely throughout the store allow consumers to be exposed to merchandise in the store. As a result of the stimulus, the occurrence of unplanned purchases is very high. The survey also shows that consumers agree with the statement that they don't spend a lot of time when they buy a new product. From these 2 indicators for the dimensions of shopping style, it can be concluded that Indonesian consumers can be categorized as spontaneous shoppers at a moderate level.

Indonesian consumers affirm that they have a kind of shopping style that is sensitive to promotional programs. This is reflected in 2 ways. First, they have a high interest in advertising promos. Consumers who are interested in promotional programs will pay attention to the information printed on advertisements or brochures. Second, they are enthusiastic to take advantage of the discounted price program. Even for consumers who have favorite brands, because of this program, they will choose brands that have discounted prices over their favorite brands.

In terms of innovative shopping styles, some Indonesian consumers can also be categorized as consumers who have innovative shopping styles at a moderate level. They are interested in newly launched products by asking or testing it by buying it. In Indonesia, when a new shopping center or a new supermarket is

inaugurated, it is common for people to rush to a shopping center or supermarket to experience a new shopping atmosphere.

Indonesian consumers do not have a high preference for famous branded products. This is indicated by the average score for brand-oriented shopping style which is 4.75. Their preference for choosing well-known branded products is based on their rational and emotional considerations. They believe that branded products provide security and prestige.

As shown in Table 1, by considering two confused shopping style indicators, with an average score of 4.9, it was revealed that Indonesian shoppers could be classified as low-confused consumers. Indonesian shoppers are not easily confused with various brand choices or any information provided by the manufacturer.

Indonesians have strong loyal shopping styles. As mentioned in Table 1, they tend to have the brand of choice they usually buy and consume. They also have a supermarket of choice for shopping.

Understanding Indonesian shopping styles will be useful for creating market segmentation, by considering shopping styles that are by cluster 1 and cluster 2 analysis (Table 2), the modern market shopper in Indonesia can be segmented into 2 groups, namely: recreational and utilitarian shoppers.

A recreational shopper segment is a group of consumers who tend to be more emotional than rational. They have a hedonic character, innovative, perfectionist, brand-oriented, and sensitive to promotional, they also tend to be loyal to a particular product brand or store of their choice. The second segment is a shopper who has an economical and confusing shopping style. This segment has a character that tends to be opposite to recreational buyers.

Recreational buyers are shoppers who find shopping fun and entertaining. They go shopping not only for reasons of buying goods but also spending time in the shop. As consumers who enjoy shopping activities, this segment shows the character of high innovation consumers who have a high interest in new products offered. This segment also has attention to various shopping center/mall programs, such as discounts or contests. It turns out that this segment is not only happy with shopping activities but also very concerned with the quality of products purchased. They enjoy spending time looking for the highest quality products. This segment has a strong belief that the higher the price the better the quality of the product. Therefore, products with brands that are well known are their preferences.

Shopping at the supermarket is an activity to get daily necessities or household items, and it is commonly a routine activity. The second segment that can be developed from Indonesian consumer shopping styles is the utilitarian shopper. These buyers tend to be more rational than emotional buyers. They consider shopping as an ordinary ritual. Their rationality in the store is shown by their efforts to get the maximum amount of money they spend. Therefore, before they decide to buy goods, they spend a lot of time comparing prices at the store.

The price factor is a critical consideration by this segment, therefore, for them, branded products are not important. They are satisfied with the products that meet their needs. They are even interested in cheap products. Indeed, supermarkets facilitate this shopping style by offering low prices or are considered economical.

Very different from the first segment that enjoys various offers from supermarkets, a utilitarian shopper finds that too many choices of brand products offered tend to confuse them. They assume that the more they learn about product selection information, the harder it is for them to decide. When this segment perceives that shopping is a routine activity, the character of the social buyer is absent in him. The presence of a shopping friend does not help them make product choices.

7. Conclusion

Indonesia's shopping style profiles tend to be economical and sensitive to promotions. They are price sensitive and make many comparisons before making a purchase decision. They are also identified as hedonic and innovative buyers, who love shopping and react positively to new merchandise being offered or

opening new supermarkets. Although not at a high level, Indonesian shoppers tend to be brand-oriented and perfectionist shoppers.

Based on the profile of shopping styles, the modern market shopper in Indonesia can be divided into 2 groups: recreational and utilitarian shoppers. Recreational buyers are consumers who consider shopping for fun and provide entertainment. They shop not only to buy goods that will satisfy their needs or desires but also to spend a good time at the supermarket. Meanwhile, utilitarian shoppers are very rational and find shopping just a routine activity. Their rational style when shopping is shown by their efforts to get the best value for the money they spend.

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