THE INFLUENCE OF PRODUCT DIVERSITY AND STORE ATMOSPHERE ON CUSTOMER SATISFACTION AT MINISO MANADO

PENGARUH KERAGAMAN PRODUK DAN SUASANA TOKO TERHADAP KEPUASAN PELANGGAN DI MINISO MANADO

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Abstract: Diversity of business keeps developing through times, which creates more fierce competition in business. Companies do marketing strategies to survive the competition and to stay relevant with the industry. Companies have many ways to make the business become more competitive and can overcome the competition. One of the things that can be done to survive in the industry is to pursue customer satisfaction. There are many ways to pursue customer satisfaction in which there are a diversity of products and the atmosphere of the store offered. So this research aims to know the influence of product diversity and store atmosphere on customer satisfaction at Miniso Manado. This study uses a quantitative method with questionnaires used to collect the data. This research derived and examined the model through ordinal regression model in a sample of 100 respondents who have already bought a product at Miniso Manado. The finding of this research shows that the product diversity and store atmosphere have no significant influence on customer satisfaction at Miniso Manado. Retailers should pay attention to other things such as price, the quality of product, and the service.

Keywords*: product diversity, store atmosphere, customer satisfaction*

***Abstrak:** Keragaman bisnis terus berkembang seiring berjalannya waktu, yang menciptakan persaingan yang lebih kompetitif dalam bisnis. Perusahaan melakukan strategi pemasaran untuk bertahan dalam persaingan dan tetap relevan dengan industri. Perusahaan memiliki banyak cara untuk membuat bisnis lebih kompetitif dan dapat mengatasi persaingan. Salah satu hal yang dapat dilakukan untuk bertahan di industri adalah mengejar kepuasan pelanggan. Ada banyak cara untuk mengejar kepuasan pelanggan di mana ada beragam produk dan suasana toko yang ditawarkan. Maka penelitian ini bertujuan untuk mengetahui pengaruh keragaman produk dan suasana toko terhadap kepuasan pelanggan di Miniso Manado. Penelitian ini menggunakan metode kuantitatif dengan kuesioner yang digunakan untuk mengumpulkan data. Penelitian ini diturunkan dan diperiksa modelnya melalui model regresi ordinal dalam sampel 100 responden yang telah membeli produk di Miniso Manado. Temuan penelitian ini menunjukkan bahwa keragaman produk dan suasana toko tidak memiliki pengaruh yang signifikan terhadap kepuasan pelanggan di Miniso Manado. Pengecer sebaiknya memperhatikan hal lain seperti harga, kualitas barang, serta pelayanan.*

***Kata kunci**: keragaman produk, suasana toko, kepuasan pelanggan*

INTRODUCTION

Research Background

Diversity of business keeps developing through times, with the advancement of technology which creates more fierce competition. In business and complexity of problems that being faced by the company. In doing business, competition is not a new thing that happens. Company will eventually need to survive within the current status quo if they still want to run a business; some businesses even had to do radical changes to achieve relevancy with the current market. Relevancy with the current market is important because it can dictate 2 major aspects, the core business of the company and also the market share within the industry. Many examples of companies that need to change their core idea to stay relevant within the competition; if the company fails to do it then it will lead to bankruptcy for the company. Relevancy also can dictate the number of market share that the company can obtain, a certain company can have a make or break moment if they can do the strategy right. A business can get a new set of customer if the strategy can be done properly and effectively, but there's also a chance that the business lose their market share to their competitors or even because of the over-complicated innovation that may not suit with the current market. Companies have many ways to make the business become more competitive and can overcome the competition, these ways make certain business can survive in the competition. Companies do marketing strategies to survive the competition and to stay relevant within the industry. This change demand creativity in order to perfect and to develop the current products. Development of new products will shape the future of the company. In strategic marketing there are lots of variations within product development that can be done by the company.

Throughout 2017, there was a decline in the performance of the retail sector through the closure of supermarket outlets and large retail stores in several cities in Indonesia. Meanwhile, the growth of the retail business and consumer goods in Indonesia is very fast. Domestic consumption is one of the most important factors to maintain the growth market economy to move up. This is driven by the expansion of the middle class which has a higher tendency to pay for quality and value, and therefore accelerates the opening of opportunities in this sector, especially for personal products and luxury goods such as clothing, entertainment, leisure and automotive.
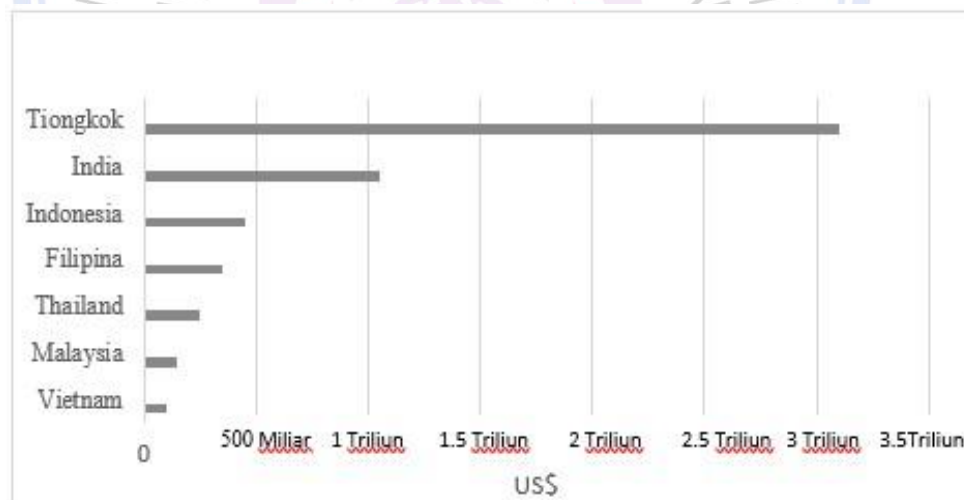

Figure 1. Value of Retail Sales in Several Asian Countries
Source: Databoks, Katadata Indonesia, 2017

The data from the Global Retail Development Index 2017, the value of Indonesian retail sales reached US $ 350 billion or around Rp. 4.6 quadrillion. This figure is far above the value of retail sales in other Southeast Asian countries (ASEAN). The data shows that Indonesia is above Vietnam, Malaysia, Thailand, and Philippines on Value of Retail Sales. It can be concluded that retail business in Indonesia is still promising for local and foreign producers.
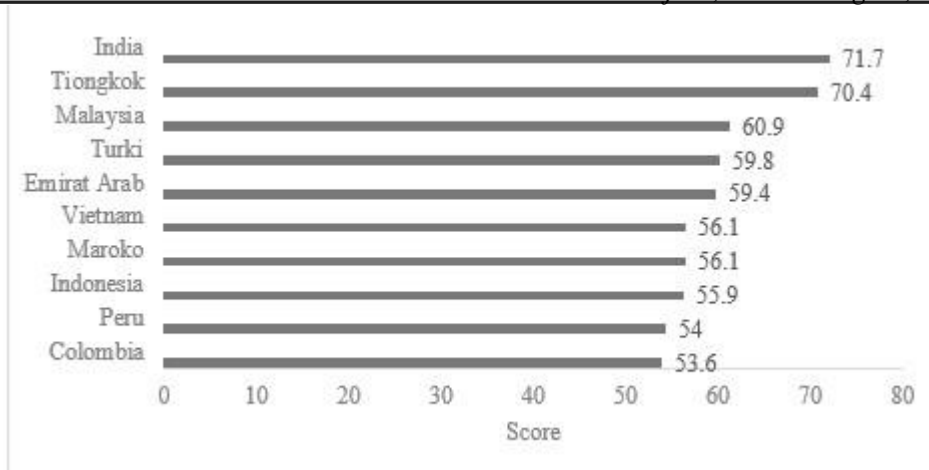
Figure 2. Ten Countries with the Largest Score in GRDI
Source: Databoks, Katadata Indonesia, 2017

The data shows that Indonesian retail market is in the position of 8 of the most attractive retail markets in 30 developing countries around the world in the 2017 Global Retail Development Index (GRDI). Indonesia has long been the target of foreign retailers. Abundant natural resources, high consumption levels and stable political conditions are several major factors that attract foreign retailers, but which are most attractive to them because Indonesian society is consumptive. Indonesia remains a potential market for foreign retailers. In contrast to local retailers who have been out of business, foreign players are even more aggressive by increasing their number of outlets.

In 2017 retailers from Japan (Miniso), began entering the Indonesian market. Miniso retailers are very aggressive in expanding their markets in Indonesia. Based on the data from Kontan, in less than one year Miniso has opened 79 outlets spread across Indonesia. Miniso is a retailer that focuses on household appliances and consumer goods with supermarket retail outlets. In February 2017, Miniso opened its first three stores in Indonesia and now they have 5 stores in Manado. Miniso is a brand that promotes the motto Simple, Natural and Quality. The concept carried is a variety of products. Miniso comes with products that can be used in everyday life. Starting from household appliances that are simple but concise and with adorable designs, such as kitchen utensils, stationery, and bedroom equipment. Miniso offers a variety of products at varied prices. They offer make up, perfume, skincare, and even now they provide a cool box that contain drinks so that if the customers want to drink something or feel thirsty, they can directly buy it. Not only does it have product variations but also varied designs, sizes and colors. It is important to have different kind of products with sizes and designs because it helps the customer to choose which one that more suitable to their needs to get the customer satisfaction.

One of the key elements in the competition among retail stores is the variety of products. Therefore, the company must make the right decisions regarding the variety of products sold, because it will make it easier for consumers to choose and buy a variety of products according to their wishes. The completeness of the retailer's products must be in accordance with the expectations of the target market expenditure. That is the success of the retail business in winning competition from similar companies. They are able to provide a variety of products that really meet the needs of their target market. Retailers must be able to determine the breadth and depth of various lines of the product.

Atmosphere is a perception of the store atmosphere as a result of the effects created by entrepreneurs to make a store attractive for consumers to visit, which is created from a combination of elements of exterior design (shop interior, visual, entrance, lighting), atmosphere, and layout. The atmosphere is an attempt to design an environment to produce special emotional influences on buyers to increase purchases. The atmosphere at Miniso is arranged as best as possible to create convenience in shopping. Starting from the wide entrance, the distance between the shelves, the existing product marks, the lighting, and the air temperature in the store. All that for the convenience of shopping at Miniso so that consumers feel satisfied. Product diversity and store atmosphere are things that make the customer satisfied, therefore the company needs to take these things seriously.

Customer satisfaction is very important for companies because customers who are satisfied with the products means that the company has a good performance. Buyers who are satisfied with a product will create loyalty for consumers. Companies are required to create strategies that can satisfy the buyers such as product diversification and a good store atmosphere. Diversification of product these days act as one of the best alternative

for a company to stand out against the other competitions; the process of creating different types of products and to produce it in a massive number bring a competitive advantage toward the company. Same thing can be said with the atmosphere of the store which can directly influence the customers. On one side, a store's atmosphere can determine the image that the company want to give to the customers. The diversification of products can add more value toward the products that being offered. Customers can have different set of choices in buying products and can also attract different set of customers; thus bringing a more diverse set of customers and an improvement toward the company's revenue.

Research Objective
The aims of this research are to find out the influence of:
1. Product Diversity on Customer Satisfaction
2. Store Atmosphere on Customer Satisfaction

THEORETICAL REVIEW

Customer Satisfaction
        Kotler and Keller (2009:138) generally define that satisfaction is the feeling of being happy or disappointed someone who arises because of comparing performance or results that are felt compared to expectations. It can be concluded that customer satisfaction is the customer's response to the comparison between performance and expectations in accordance with the evaluation of discrepancies after the customer uses a product. This satisfaction will be felt by customers if they have consumed a product or service.

Product
        According to Kotler and Armstrong (2014:248), product is everything that can be offered to the market to get attention, be bought, used, or consumed that can satisfy desires or needs. Conceptually the product is a subjective understanding of the producer for something that can be offered as an effort to achieve organizational goals through meeting the needs and activities of consumers, in accordance with the competence and capacity of the organization and the purchasing power of the market.

Product Diversity
        According to Kantohe (2014), the diversity of goods offered or sold in various categories. Product diversity is a decision about product placement related to product availability / product diversity in the right amount and in a very appropriate location. Product diversity is a process of planning and controlling products in one group or the number of product groups that are in stock at retail stores. Based on the type and level of diversity, the product group is classified again to make it easier for retailers to plan the variety of products they must have. Based on Sayektiningrum (2015), product diversity has a significant influence on customer satisfaction. It means, the company needs to make product diversity as one of their strategy in order to pursue customer satisfaction.

Store Atmosphere
        According to Siahu (2017), atmosphere is a term that is used to explain our feelings towards the shopping experience which cannot be seen. Store atmosphere is a physical characteristic of a store that can show the image of a store and attract consumers. Atmosphere created by a combination of elements of store/outlet design, store planning, visual communication, and merchandising. (Kantohe, 2014). Based on Lestari (2018), store atmosphere has a significant influence on customer satisfaction. Means that providing a good atmosphere also one of the strategy to pursue customer satisfaction.

Previous Research
        Inggar Sayektiningrum (2015) studied about the contribution of eatery atmosphere, product diversity and prices on customer satisfaction. The author stated that all the variables need to be applied by an eatery for attract consumers to come visit the eatery in order to pursue customer satisfaction. The result from the research found that the condition of eatery atmosphere, product diversity and price can be categorized strong and good and all the independent variables have significant effect on customer satisfaction.
        Dewi Lestari (2018) studied about the influence of store atmosphere and product diversity on customer satisfaction. The result of the research is store atmosphere and product diversity have positive and significant and

influence to customer satisfaction. The value of coefficient determination indicates that store atmosphere and product diversity contribute to customer satisfaction variable of 65.2%.

Munshi (2018) conducted this study with an aim to investigate the impact of store atmospherics on consumer buying behavior. The author stated that with the retail industry becoming highly competitive as result of many convenience stores cropping up in the city, the bigger brands have to put an extra effort to increase sales. The research found that product assortment, store floor space, and crowd density has a significant impact on consumer buying behavior.

Conceptual Framework
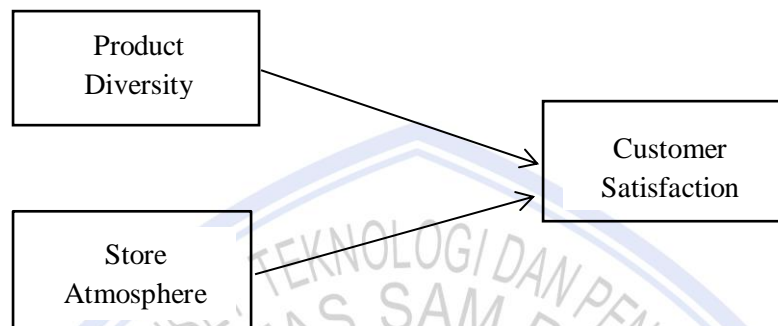This part shows about the conceptual framework from the variables of this study

Figure 3. Conceptual Framework
Source: Data Processed, 2019

Research Hypothesis
Based from the conceptual framework, the hypothesis for this research are:
H1: Product Diversity has influence on Customer Satisfaction
H2: Store Atmosphere has influence on Customer Satisfaction

Operational Definitions of Research Variables
Table 1. Definitions of Research Variables

No.	Variables	Definition	Indicator
1.	Product Diversity (X1)	Product diversity is a set of diversity of product lines and elements offered by certain sellers to buyers	- Diverse types of product - Diverse product sizes - Diverse product design - Diverse product material - Product quality
2.	Store Atmosphere (X2)	Store atmosphere as a physical message that can be described as a change in the design of a purchasing environment that produces special emotional effects that can cause consumers to take action	- Store exterior (Entrance) - Interior display (product mark) - Store layout (arrangement between shelves) - General interior (lighting, air temperature)
3.	Customer Satisfaction (Y)	A measure of how products and services supplied by a company meet or surpass customer expectation	- Conformity of Expectation (the product and the service) - Repurchase the product - Willingness to recommend - Customer impression

Source: Articles and Journals, 2019

RESEARCH METHOD

Research Approach

This research uses a quantitative approach. Quantitative data are data in the form of numbers as generally gathered through structured questions (Sekaran and Bougie (2013:3)). Quantitative research focuses on gathering numerical data and generalizing it across groups of people or to explain a particular phenomenon. The purpose of this research is to know the influence of product diversity and store atmosphere on customer satisfaction at Miniso Manado.

Population, Sample, and Sampling Technique

This research using a type of probability sampling that is simple random sampling. The population of this research is the customers of Miniso Manado. The sample size of respondents in this research is 100 and the samples are people who ever bought product at Miniso Manado.

Data Collection Method

This research analyzes the primary data to gather the information. The primary data of this study were taken from the questionnaires. The questionnaires were distributed to respondents so they can respond directly on the questionnaires.

Measurement of Research Variable

Scale of measurement used for this research to measure respondents' response in each question from questionnaire is Likert Scale. Likert Scale defines as an interval scale that specifically use the five anchors of Strongly Disagree, Disagree, Neither Disagree nor Agree, Agree, and Strongly Agree (Sekaran & Bougie, 2013:220). Thus, the range captures the intensity of their feelings for a given item. The answer to each item instrument that uses a likert scale has gradations from very positive to negative. Therefore, in questionnaire to measure respondent response from each question, the interval will be: strongly agree (5), agree (4), uncertain (3), disagree (2), and strongly disagree (1).

Ordinal Regression Analysis Model

Ordinal regression is used to model the value of a dependent variable based on its ordinal relationship to one or more predictors (SPSS guidance), the ordinal regression model assumes that there is a linear, or straight line relationship between the dependent variable and each predictor. This research is using Ordinal Regression Analysis because as a predictive analysis, ordinal regression describes data and explains the relationship between one dependent variable and two or more independent variables. In ordinal regression analysis, the dependent variable is ordinal and the independent variables are ordinal or continuous-level (ratio or interval). All the variables in this research are ordinal.

RESULT AND DISCUSSION

Result
Ordinal Regression Analysis
The researcher use SPSS 22.00 to find the result of Ordinal Regression

Table 2. Model Fitting Information

Model	-2 Log Likelihood	Chi-Square	Df	Sig.
Intercept Only	43.816			
Final	21.563	22.253	4	.000

Link function: Logit.
Source: SPSS Data Processed, 2019

Table 2 shows model with several independent variables is better than a model without independent variables (intercept only). The difference between the two values is 43.816 – 21.563 = 22.253 which is the Chi-Square value. The output shows that the Chi-Square value has a significant value or p-value is 0.000 (with α =

0.05). P-value < α, means that a model that only contains intercepts is not fit to use. In other words, the fit model to use is a model that contains independent variables (Final model). It means model fits the data well.

Table 3. Goodness-of-Fit

	Chi-Square	Df	Sig.
Pearson	3.424	8	.905
Deviance	4.361	8	.823

Link function: Logit.
Source: SPSS Data Processed, 2019

Table 3 shows the models fit test with data. Obtained Chi-square value for Pearson is 3.424 with p-value of 0.905 and Deviance of 4.361 with p-value of 0.823. Deviance shows a measure of how much variation the logistic regression model cannot explain. The higher the deviance value the less accurate the model. Based on the result above, we can see that the deviance value is low. P-value = 0.905. P-value > α, means that the data is in accordance with the predictions of the logistic regression model.

Table 4. Pseudo R-Square

Cox and Snell	.200
Nagelkerke	.251
McFadden	.141

Link function: Logit.
Source: SPSS Data Processed, 2019

Table 4 shows how big independent variables (Product Diversity and Store Atmosphere) explain dependent variable (Customer Satisfaction). Cox and Snell value 0.200 (20%), Nagelkerke value 0.251 (25.1%) and McFadden 0.141 (14.1%). Among those three values of Pseudo R-Square, Nagelkerke is the biggest one with value of 0.251. It shows that Product Diversity and Store Atmosphere are able to explain 25,1% of Customer Satisfaction while the rest 75% is explained by other variables that are not included in this research.

Table 5. Parameter Estimates

		Estimate	Std. Error	Wald	Df	Sig.	95% Confidence Interval	
							Lower Bound	Upper Bound
Threshold	[Y= 3.00]	-5.231	.839	38.879	1	.000	-6.876	-3.587
	[Y= 4.00]	-.432	.304	2.014	1	.156	-1.029	.165
Location	[X1= 3.00]	-4.550	1.648	7.623	1	.006	-7.780	-1.320
	[X1= 4.00]	-1.432	.465	9.498	1	.002	-2.343	-.521
	[X1= 5.00]	0[a]	.	.	0	.	.	.
	[X2= 3.00]	-2.116	1.819	1.353	1	.245	-5.680	1.449
	[X2= 4.00]	-.697	.494	1.996	1	.158	-1.665	.270
	[X2= 5.00]	0[a]	.	.	0	.	.	.

Link function: Logit.
a. This Parameter is set to zero because it is redundant
Source: Data Processed, 2019

Parameter Estimates above have to notice the Wald value and significance value. Variable X1 (Product Diversity) has Wald value 17.121 with sig. 0.008 (<0.05), variable X2 (Store Atmosphere) has Wald value 3.349 with sig. 0.403 (>0.05). It shows that Product Diversity has significant influence on Customer Satisfaction while Store Atmosphere has no significant influence on Customer Satisfaction.

Table 6. Test of Parallel Lines

Model	-2 Log Likelihood	Chi-Square	Df	Sig.
Null Hypothesis	21.563			
General	17.982	3.581	4	.466

Source: Data Processed, 2019

Table 6 shows the assumption that each category has the same parameters or the relationship between the independent variable and logit is the same for all logit equations. Because the significance value or p-value is 0.466 (> 0.05), it fails to reject H0. This means that the resulting model has the same parameters, so the link function selection is appropriate. But on the contrary, if this assumption is not met, then the selection of the link function is not right.

Discussion

Nowadays, we can see the retail businesses growing rapidly. However, we often hear that some retail stores have to close down their store because of some reasons. There are many reasons why companies are forcing to close their business. The main reason is their businesses are not profitable anymore. Either their products are not impressed anymore or maybe they have competitors that sell the same products with the cheaper price or better quality. It becomes a homework for the company how to sustain their business in this increasingly fierce business competition. In order to be successful, organizations must cater to the needs and wants of their customers. Logically, that is the reason why many companies have continuously focused on the importance of customer satisfaction. Moreover, it has a positive effect on an organization's profitability. Therefore, one way to survive in this industry is to focus on customer satisfaction.

Customer satisfaction is regarded as the key element for the survival and profitability of an organization. Customer satisfaction is the customer's response to the comparison between performance and expectations in accordance with the evaluation of discrepancies after the customer uses a product. Customer satisfaction is one of the strategic categories for organizations, especially the industries. If the competition in the industry becomes more intense, customers should be able to bargain more. Not just the product, the service also one of the factors that influence customer satisfaction. Good or bad services provided to customers will affect the level of customer satisfaction itself. There are many other factors that influence customer satisfaction, but in this research, product diversity and store atmosphere are chosen to be the center of focus.

Based on the result, product diversity has a significant effect on customer satisfaction but store atmosphere has no significant effect on customer satisfaction. Based on Sayektiningrum (2015), all the variables are significant influence on customer satisfaction. But in this research, only product diversity that has a significant influence on customer satisfaction. The result may be different because of the characteristics of the customer. The study conducted by Dewi Lestari (2018) the result also not in line with this research.

CONCLUSION AND RECOMMENDATION

Conclusion

Here are the results of the research that can be drawn as conclusions:
1. Product Diversity has significant influence on Customer Satisfaction
2. Store Atmosphere has no significant influence on Customer Satisfaction

Recommendation

Based on the results of this research, there are some recommendations that can be offered by the researcher. Aiming for more profit is definitely something that every retail store wants. As stated in the data, product diversity has a significant influence on customer satisfaction while store atmosphere has no significant influence on customer satisfaction. Besides these two variables, there are many other variables that may have a significant influence on customer satisfaction. It does not mean that store atmosphere is really not important. Store atmosphere also play the role in giving the customers a comfortable feelings in their shopping experience which might influence them to remember which specific store they prefer as something to be compared with other stores. On the other hand, the retailers should start to consider more about the other variables such as their pricing and quality control of the products.

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