# Correlation Between Demographic, Socio-economics and Store Loyalty in The Indonesian Modern Retailing Market

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## Abstract

Environmental changes influence consumers' loyalty. Demographic and socio-economics factors have significant influence to store loyalty. This study was conducted toward the Indonesian modern retailing market (hypermarkets/supermarkets). The result indicated that ethnic, office location, total income/month, visit frequency to the store, and some assets ownership has shown the most significant influence to store loyalty. Birth place, ethnic and gender also positively correlate with store loyalty. Implications for retailers are discussed. Invitations for joint research are offered in extending the study

**Keywords :** Demographic    Indonesia    Modern retailing    Socio-economics    Store loyalty

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ลีน่า ซาลิม

## บทคัดย่อ

บริบทที่มีการเปลี่ยนแปลงไปเนื่องจากอิทธิพลความนิยมของผู้บริโภค จึงทำให้ปัจจัยลักษณะทางประชากรและปัจจัยทางสังคม – เศรษฐกิจมีผลต่อความนิยมในห้างสรรพสินค้าอย่างมีนัยสำคัญ การศึกษานี้เน้นตลาดการค้าปลีกที่ทันสมัยของประเทศอินโดนีเซีย เช่น ห้างสรรพสินค้า  ซุปเปอร์มาเก็ต ผลที่ได้ชี้ให้เห็นว่า จริยธรรม สถานที่ตั้ง รายได้ต่อเดือน ความถี่ของการเดินชมสินค้าในห้าง และทรัพย์สินส่วนตัวมีอิทธิพลอย่างมีนัยสำคัญมากที่สุดต่อความนิยมในห้างสรรพสินค้า สถานที่เกิด เชื้อชาติ และเพศ มีความสัมพันธ์ทางบวกกับความนิยมในห้างสรรพสินค้า ซึ่งสามารถนำไปประยุกต์ใช้กับห้างสรรพสินค้าหลายแห่งและควรจะมีการขยายการศึกษาเรื่องนี้เพิ่มเติม

**คำสำคัญ :** ลักษณะทางประชากร  อินโดนีเซีย   การค้าปลีกที่ทันสมัย    เศรษฐกิจสังคม
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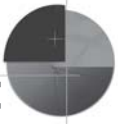
## Introductlion

Retailing systems evolve within the confinement of socio-economic, cultural, governmental, and technological environments. The expansion of retailing activities, especially in the form of modern markets in Indonesia, is enormous and unavoidable. The consumers enjoy the services which are provided by modern retailers. Consumers shift their places of shopping from traditional/wet/small-retailers market to the modern/big retailers market (A.C. Nielsen 2004-a). Nowadays, the growth of actors in modern market is increasing. As a result, the competition becomes very stiff and tied, not only between the same retail forms in the modern market, but also with traders in the traditional markets (1, 2).

Indonesia, as one of the developing countries, has a very impressive growth in the retail industry, especially after big foreign retailers entered the country (1). The market place comprises small and traditional retailer outlets, also various customers representing different ethnic groups (1). In addition, the growth of modern retailers is tremendous. The competitive issues boil down to the question how modern retailers (such as hypermarkets and supermarkets) can compete effectively with other modern retailers in a "very saturated" condition (especially in the big and urban cities) if all are virtually alike in pricing, a variety of merchandising, display, service, promotion, and efficiency of operation (such as operating hours and delivery service) (3, 4, 5).

Retailers need to find out any store loyalty determinants in order to survive and success; especially loyal customers can be "promotion staff" for the store (6). It is important to examine the underlying determinant factors of store loyalty of Indonesian customers. Without store loyalty, the store cannot get any competitive advantages and is likely to be unsuccessful (7). Store loyalty is increasingly seen as vital to the success of retailing organization, as the cost of attracting new consumers is more expensive than of retaining on to existing consumers. Store loyalty is the single most important factor in retail marketing success and store prolonged existence (7). Measurements of store loyalty will give retailers aid in determining their competitive strength and weakness.

Research about store loyalty in the retailing field evolved from brand loyalty related to tangible goods (8). Loyalty has been studied in relation to consumer behaviors which involve psychology and sociology, including behavioral and cognitive learning theories (9). Loyal behavior has been measured in a number of ways, such as the proportion of grocery spending allocated to the primary store, or first-store loyalty (10).

Cunningham (10) was the first to extend brand loyalty into store loyalty using the same measures he had used earlier for the brand. He proposed that store loyalty, measured as the proportion of spending in the primary store, was related to limitations of income and mobility which obliged some shoppers to use one store most of the time, and dislike of shopping that leads shoppers to restrict themselves to a limited number of stores. The consumer situation in the grocery

shopping is calculated by the weekly frequency of shopping in a large supermarket (11). Early research on store loyalty was focused mainly on behavioral aspects by using percentage of expenditure allocated to a store (budget ratio) or number of alternatives explored (patronage ratio) or amount of switching (switching ratio) as measurement.

Significant research of consumer buying/shopping decision plus consumer behavior approach supports the correlation between determinant factors and loyalty. From the theoretical perspective, consumer characteristics, such as demographic/socio-economics factors, in retailing market industry noticeably give a positive affect on purchase/repurchase behavior or even to loyalty (12). There are four categories of characteristics that determine store loyalty including environmental conditions (population growth), consumer demographic and socio-economics characteristics (family life-cycle stage, educational attainment, religious preference, annual income, occupation of the head, automobile ownership, intercity relocations in the last ten years), consumer psychological attributes, and the marketing strategies of the firms in the market (store image, store personnel and the firm environment) (13).

In earlier studies, some researches (14, 15, 16, 17, 18, 19) attempted to find out the relationship between store loyalty with consumers' demographic and socio-economic characteristics, such as gender, age, marital status, education, children presence,

household size, ownership of car and electronic equipments, income, consumer spending etc. From the demographic side, related to age, it was found that the greatest store loyal was customers' under-45s and the over-65s being the least loyal (20) or housewife that tended to be older (15). There was a positive relationship between store loyalty with the size of family unit and the presence of children on the household, especially children of school ages (18, 20, 21).

Both studies from McGoldrick and Andre (21) and East, Harris, Lomax and Wilson (16) discovered that married person households had higher degree of loyalty compared to the single person households. On the other hand, some research (19, 22, 23) found that a male and single person was loyal than female and married person due to the price policy such as ELP (everyday low price). Briefly, consumers with greater obligations are usually more loyal to the store (18).

The Spanish market in 1990s (18) showed the positive and significant relationship between grocery store loyalty with income level per-household, education level of family head, women working outside home, ownership of microwaves and dishwashers but no relationship with the possession of refrigerators. Ages and family sizes in the Spanish community did not determine the loyalty levels, except people over 65. It is consistent with Lumpkin (24) research, who found no relationship between the-65s and over, consumers would enjoy the interpersonal
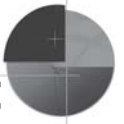
exchanges with store personnel to be loyal. Neither cars' ownership nor the quantity had effect to store loyalty.

A common finding across a number of studies linking to socio-economics discovered that households with low income and education tended to reveal higher and more loyal households spending more in their primary/first store (13, 14, 15, 18, 23, 25, 26). The ownership of car and store loyalty showed a positive relationship (7, 14). Yet, some more recent studies have found little association (no relationship) between store loyalty and socio-economics status (especially for education and income) of the household (23, 24, 27, 28)

While most studies suggested a negative relationship between sizes of customers' budget and loyalty, Knox and Denison (17) exposed a positive link between budget size and loyalty for grocery shopping. They also found that loyal grocery consumers tended to spend 50 per cent more per month than non-loyal consumers. That is, in the case of grocery consumers, loyal customers had larger budgets and tended to spend twice as much as non-loyal customers in "primary stores". However, others discovered that non-loyal customers tended to have budgets larger than the loyal customers (21).

Ethnicity becomes a cultural condition with reflective consequences to the nature of consuming experience and consumers' behavior among different groups in one country (28). Ethnic, as one of subculture dimension, significantly has a positive affect on their attitudes toward an entity (brand/product/

service/store) (29, 30). Few studies have employed ethnic groups dimension in exploring the consumer behavior such as store choices (2, 31), price sensitivity (32, 33) Most, studies of ethnic groups focused more on the Western countries such as United States and European countries where some ethnic groups were explored (i.e. Hispanic, African-American, Spanish, Chinese-American; English- and French-speaking Canadians British (18, 31, 34, 35, 36, 37). Few comparisons between cross-cultural mall shopping values and habitats have been carried out in Asia such as Malaysia (2, 38), Thailand (39), and Korea (40).

Store loyalty means that consumers like and habitually visit the same store to purchase a type of merchandise (41). It also shows the degree to which a consumer consistently patronizes the same store/outlet when shopping for their needs and wants. Store loyalty has become the battlefield for retailers, as they try to attract shoppers to their outlets. The creation of store loyalty has been seen as important and crucial to the development of a successful long-term customer relationship and the stores' survival (42).

The purpose of this research is to provide a general information related to which consumers' demographic and socio-economics elements has correlation with store loyalty in Indonesian modern retailing market situation. Being as the third biggest population together with its ethnic diversity, Indonesia is truly a unique, attractive and potential market for the modern retailing industry (1). This study will

be a preamble research in finding how significant the demographic/socio-economics (macro environment) factors correlate with the store loyalty on the Indonesian modern retailing market (i.e. hypermarkets/supermarkets). The result of this research hopefully can give benefits the Indonesian retailers and also investors in the future.

## Methods

The model (see Figure 1) for this study consists of two major independent variables (demographic and socio-economics factors). Store loyalty is the dependent variables. A descriptive research is done in order to explain or define the characteristics of the variables of interest in a market structure. This study used a cross-sectional study, which is widely used in a descriptive research. This form of study is a "snapshot" of variables of a sample of the population under a study at a point of time. It was chosen as the most practical and economical method of research (43).
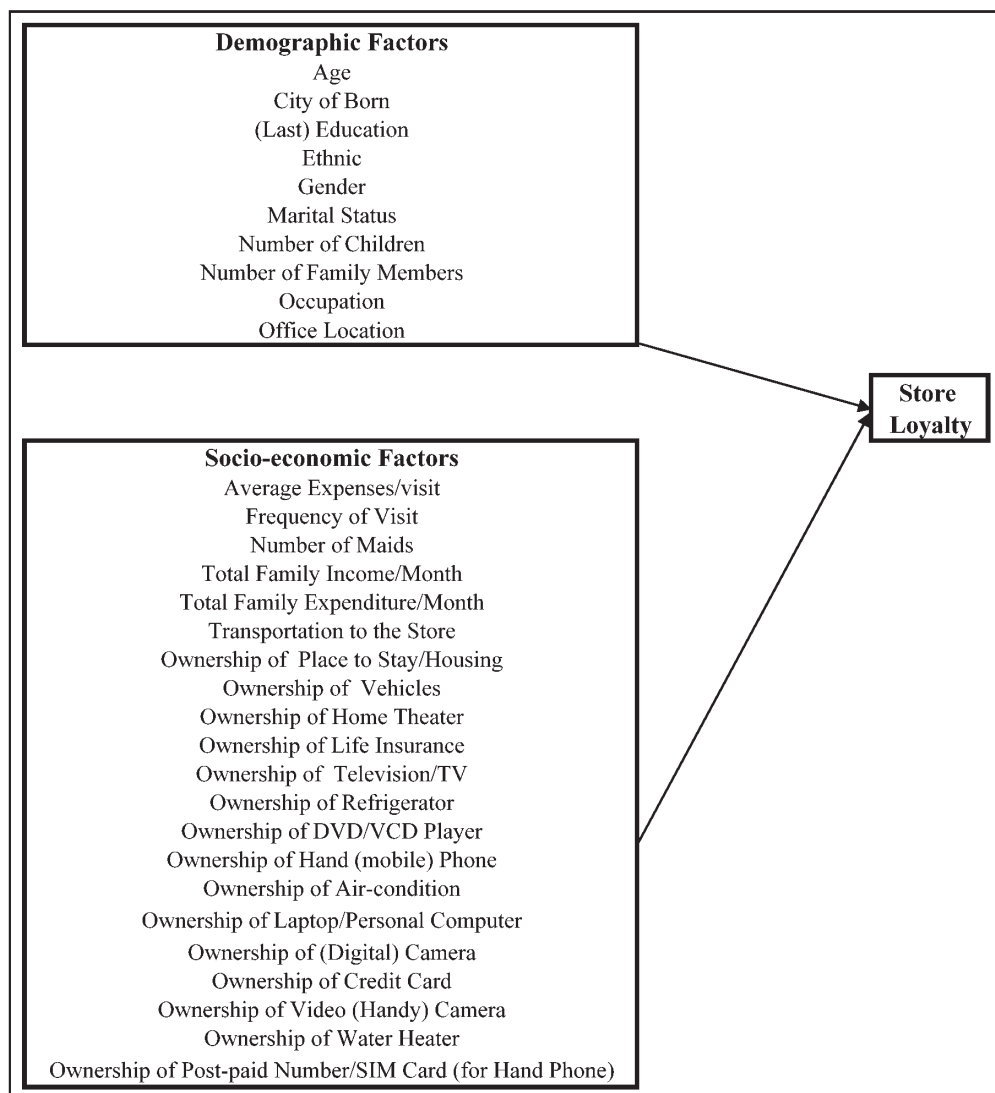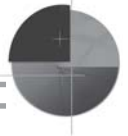


**Demographic Factors**
Age
City of Born
(Last) Education
Ethnic
Gender
Marital Status
Number of Children
Number of Family Members
Occupation
Office Location

**Socio-economic Factors**
Average Expenses/visit
Frequency of Visit
Number of Maids
Total Family Income/Month
Total Family Expenditure/Month
Transportation to the Store
Ownership of Place to Stay/Housing
Ownership of Vehicles
Ownership of Home Theater
Ownership of Life Insurance
Ownership of Television/TV
Ownership of Refrigerator
Ownership of DVD/VCD Player
Ownership of Hand (mobile) Phone
Ownership of Air-condition
Ownership of Laptop/Personal Computer
Ownership of (Digital) Camera
Ownership of Credit Card
Ownership of Video (Handy) Camera
Ownership of Water Heater
Ownership of Post-paid Number/SIM Card (for Hand Phone)

**Store Loyalty**

**Figure 1** Research Model

In order to answer the research questions about demographic/socio-economic factors associated with store loyalty in Indonesia, the non-parametric tests were employed since it is resistant to outliers and skewness (such the median) (44). The significant results from the Spearman-rank correlation test, subsequently, were examined with Kruskal-Wallis (for more than two categories data) and Mann-Whitney (for two categories data) test, to find out whether store loyalty had different effect on each category data (44, 45). Non-parametric, Mann-Whitney and Kruskall-Wallis, tests were conducted to examine store loyalty levels in each category of demographic/socio-economics factors.

Due to a limited financial budget and time constraint, this research utilized a combination of sampling methods which were purposive (judgment) sampling, simple random sampling (using table random numbers), multistage area sampling and systematic sampling method and proportionate stratified random sampling (for determining sample sizes). The purpose was to get an appropriate and precise number of samples but still scientific and could answer the research questions. A population frame is the list of population elements from which the sample is drawn (46). The sampling frame for this study consisted of "the households who live in JADETABEK" (Jakarta, Depok, Tangerang, Bekasi) and those in the cluster areas that had already been determined and chosen for this research. The underlying reason for clustering the JADETABEK area is to get homogenous criteria for each cluster but has heterogeneous population in every

cluster

The research was conducted for about eight weeks and taken place at JADETABEK (Jakarta, Depok, Tangerang, Bekasi) since those areas are in conjunction with one another as urban/suburb neighborhood. Some reasons for choosing these areas are: (1) the total population of these areas are almost 10% of all Indonesian population; (2) they are composed of ethnic diversity which represent Indonesia as a multi-ethnic country; (3) they have the biggest numbers of local and worldwide hypermarkets/ supermarkets; (4) they have a rapid growth of real estate that shows the increase number of family population. The second reason is consistent with ethnic factor that is mentioned to be explored as store loyalty aspects. Moreover, the utmost modern retailer growth occurs in big and developed cities like JADETABEK, since there is more movement of people to the big and metropolitan cities.

Before making the questionnaire, we investigated the name of modern retailers' outlets for hypermarkets/supermarkets in JADETABEK so it saved time and was easier for respondents to fill it up. Approximately one hundred staffs (academic and administrative) that lived in the JADETABEK area were probed through an unstructured interview. They were asked to write one favorite hypermarket/supermarket that came across their mind at the first time and they most fre- quently shopped at least once a week. From that interview, we got eighteen names which are five hypermarket names and thirteen supermarket names. Those names were used

**Table 1** Store Loyalty Questions

| Code | Statement |
|------|-----------|
| SL-1 | I will shop at the store every time |
| SL-2 | I consider this store as my first choice |
| SL-3 | I go often to this store in the next few weeks |
| SL-4 | In the near future I surely attend this store again |
| SL-5 | I say positive things about this store to other people |
| SL-6 | I recommend this store to someone who seeks advice |
| SL-7 | I encourage friends to go to this store |
| SL-8 | I will promote this store to my family and relatives |
| SL-9 | I am willing to pay higher than other store charge for the benefits I currently receive from the store |

for determining one of the clusters.

The questionnaire was divided in three sections which are (1) respondent's first/ alternative choice of hypermarket/supermarket, (2) demographic and socio-economic questions related to the respondents and (3) nine store loyalty questions (see Table 1). Store loyalty was operationalized using the five-item scale that has been examined by Ko (40), Zeithaml, Berry, and Parasuraman (47), Sirohi, McLaughlin and Wittink (48) and Bloemer and Odekerken-Schroder (49). Behavioral loyalty, theoretically, might be formed from some actions, which are revisit and repurchase intentions word-of-mouth and price insensitivity. The entire items were composed in the positive statements. Respondents were asked to respond all the statements using the Likert scale ranging from strongly disagree (1) to strongly agree (5). The reliability of the questions from literatures ranged from 0.79 to 0.94.

**Results**

This part discusses the descriptive analysis from the respondents' demographic and socio-economics information that related to the hypermarkets/ supermarkets (e.g. money spending in their first choice store, visit frequency, how to get to the store). The non-parametric tests were employed in order to answer the research questions about demographic/socio-economic factors associated with store loyalty in Indonesia (45, 46). The purpose of the question is to answer the research objective about which demographic/ socio-economics issues correlates to the store loyalty.

This study initially started by asking some people about the names of hypermarkets or supermarkets that came cross in their mind instantly. The purpose of the probing is to find out respondents' first choice hypermarket/ supermarket that they usually do their shopping. From the respondents' response (Table 2 and Table 3), Carrefour hypermarket was their first choice (50.82%) and Giant was in the second position (21.30%). 66.31% of respondents did not have any alternatives besides their first store choice.
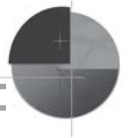
**Table 2**  First Choose Hypermarket/Supermarket (n=1,033)

| Name | Frequency | % |
|---|---|---|
| Carrefour | 525 | 50.82 |
| Giant | 220 | 21.30 |
| Alfa | 58 | 5.61 |
| Hero | 56 | 5.42 |
| HyperMart | 49 | 4.74 |
| Diamond/D'BEST | 31 | 3.00 |
| SuperIndo | 11 | 1.06 |
| Club Store | 7 | 0.68 |
| Yogya | 7 | 0.68 |
| TipTop | 7 | 0.68 |
| Sogo | 5 | 0.48 |
| GELAEL | 4 | 0.39 |
| Hari-Hari | 4 | 0.39 |
| Metro Ps Swalayan | 3 | 0.29 |
| Ramayana Bazaria | 2 | 0.19 |
| Ranch Market | 1 | 0.10 |

**Table 3**  Alternative/2nd Choose Hypermarket/Supermarket  (n=1,033)

| Name | Frequency | % |
|---|---|---|
| No Alternative | 685 | 66.31 |
| Carrefour | 256 | 24.78 |
| Hero | 245 | 23.72 |
| Giant | 236 | 22.85 |
| Hypermart | 117 | 11.33 |
| Alfa | 115 | 11.13 |
| Alfa Super | 65 | 6.29 |
| SuperIndo | 63 | 6.10 |
| Hari-Hari | 61 | 5.91 |
| Club Store | 38 | 3.68 |
| Diamond/D'BEST | 35 | 3.39 |
| Metro Ps Swalayan | 32 | 3.10 |
| Tip Top | 26 | 2.52 |
| Ramayana Bazaria | 24 | 2.32 |
| Sogo | 23 | 2.23 |
| GELAEL | 21 | 2.03 |
| Ranch Market | 11 | 1.06 |
| Yogya | 10 | 0.97 |
| Kem Chick | 3 | 0.29 |

However, Carrefour (24.78%), Hero (23.72%) and Giant (22.85%) were the respondents' three top store alternatives.

Of the entire responses from the final sample, 71.35% were female (housewives about 17.91%) which is consistent with the 2006 A.C. Nielsen survey (73) that the main shoppers in modern retailing stores in Indonesia were female (91%) but the key influencer was male (66%). The respondents were in the range ages between 25 until 54 years old (83.35%) married (64.76%) with at least three children (60.99%), and four to five members in the family (51.60%). 40.66% of respondents were undergraduate level, followed by senior high school (30.11%) and Diploma (21.20%) and they were employed as private employees (48.50%), followed by entrepreneurs (16.94%). Most respondents were working people (80.73%) and majority their office location were in Jakarta Pusat (Central Jakarta= 25.46%) and Jakarta Selatan (South Jakarta = 27.40%).

Socio-economics factors play a vital role on influencing consumers' behaviors and attitudes (i.e. willingness and/or intention even loyal to do their shopping at one store); this situation has long been acknowledged by the marketers. Socio-economics factors are considered as the important variables discern-ing market segments for consumer goods and services. The acceptance of hypermarkets/supermarkets is influenced by the consumers' socio-economics. 21.49%, 22.46% and 18.88% of the respondents were in the range of Rp.1.5 million (US$ 161.29) and Rp. 6 million (US$ 645.16) of the total family income per-month which 50.53% of the respondents had one maid in their house.

The total family expense per-month of the respondents were in the range between Rp. 1.5 million (US$ 161.29) and Rp. 4.5 million (US$ 483.87). The biggest average expense the respondents spent per-visit was between Rp. 100,000 (US$ 10) – Rp. 300,000 (US$32), followed by Rp. 300,001((US$ 32) – Rp. 500,000 (US$ 54), they did their shopping at least four-times per-month.

Mostly the respondents used cars (46.85%) to the hypermarket/supermarket and 22.07% of them utilized public transportation such as tricycle (bajaj), mikrolet (like van), bus and taxi. In JADETABEK area, tricycle (bajaj) and mikrolet (like van) are popular public transportations which are far cheaper than taxi. People tend to use those public transportations because those vehicles travel to protocol roads and many streets around the housing areas. Actually, there is another public transportation, known as motorcycle taxi (ojek), but it is not popular public transportation to go to the store, due to inconvenience of bringing shopping things. People tended to go to hypermarket/supermarket with group members (e.g. family members, work colleagues, friends etc) (50). That is, they went with their group members when they went to the store. From data, it can be concluded that although respondents do not have their own personal transportation (33.60%), the interest of doing daily shopping at the modern retailing stores is high.

Additionally, the ownership of personal assets (such as places to stay, vehicles, credit cards and some household electronics) are consumers' influential factors to do shopping at modern retailing market as well, since in Indonesia, the hypermarkets/supermarkets

image is an expensive place for daily shopping (1, 51). As a symbol of urbanization development, and also a growing sign of modern retailing implication with the sampling areas were urban and metropolitan areas, the characteristics of respondents has been shown by the ownership of some basic things such as television sets (96.13%), refrigerators (88%), DVDs/VCDs (88.67%), hand-phones (91%), credit card (63.02%).

Since the survey areas are the metropolitan city and the surrounding municipality, there is a mixture ethnic and birth place. The biggest ethnic from the respondents is Indonesian Chinese (38.53%) followed by Java (31.66%). The birth place mostly is in Jakarta (48.98%). Families in

Indonesia keep on their ethnic customs, habit, language and traditions in their house although the place, they were born, grown up and live, are different from the place their ethnic belong to. These activities are still going on to the new generations wherever they are. As a result, ethnicity in Indonesia, as part of the sub-cultural elements, is particularly important for retailers to adjust their marketing strategies in attracting the local customers in every towns/city (1, 51, 52)

15 of 31 variables demographic/ socio-economics factors are significantly correlated with store loyalty (Table 4). City of born ($r_s = 0.107$), ethnic ($r_s = 0.067$), gender ($r_s = 0.080$), occupation ($r_s = -0.111$) and office location ($r_s = 0.145$), as part of demographic factors, have

**Table 4** Summary of Non-parametric Correlation Tests for Demographic/Socio-Economics Factors associated with Store Loyalty (only the Significant correlation)

| Variable Name | $r_s^+$ | $\rho$-value |
|---|---|---|
| Air-conditioning (AC) Ownership | 0.073* | 0.019 |
| City of Born | 0.107** | 0.001 |
| Credit-card Ownership | 0.094** | 0.003 |
| DVD/VCD Player Ownership | 0.100** | 0.001 |
| Ethnic | 0.067* | 0.031 |
| Gender | 0.080* | 0.010 |
| Hand-phone Ownership | 0.078* | 0.012 |
| Home Theater Ownership | -0.085** | 0.006 |
| Life Insurance | .087** | 0.005 |
| Occupation | -0.111** | 0.000 |
| Office Location | 0.145** | 0.000 |
| PC/Laptop Ownership | 0.116** | 0.000 |
| Total Family Expenditure/Month | -0.124** | 0.000 |
| Total Family Income/Month | -0.148** | 0.000 |
| Visit Frequency | 0.088** | 0.005 |

*Note:*    $r_s^+$ = Spearman correlation

     ** correlation is significant at the 0.01 level (2-tailed)

     * correlation is significant at the 0.05 level (2-tailed)

shown significantly correlation with store loyalty. Three of four socio-economics factors of (total income per-month ($r_s$ = -0.148), total expenditure per-month ($r_s$ = -0.124) and assets ownership) have significant relationship with the store loyalty. Assets ownership of air-conditioning ($r_s$ = 0.073), credit card ($r_s$ = 0.094), DVD/VCD player ($r_s$ = 0.100), hand-phone ($r_s$ = 0.078), home theater ($r_s$ = -0.085), life insurance ($r_s$ = 0.087) and PC/Laptop ($r_s$ = 0.116) show evidence of essential relationship to the store loyalty. Customers visit frequency ($r_s$ = 0.088) has significant correlation with the store loyalty.

Total family income per-month has the strongest correlation with store loyalty ($r_s$ =-0.148) followed by office location ($r_s$ = 0.145). Total family income per-month demonstrated an inverse relationship with store loyalty. If the total family income per-month increased, the consumer would be less loyal to the hypermarket/ supermarket. Total family expenditure per-month ($r_s$ =-0.124), occupation ($r_s$ = -0.111) and home theater ownership ($r_s$ = -0.085) illustrated negative relationship with store loyalty. If the customers spent less per-month, they were more loyal to the store. For the occupation case, the conclusion is the lower the level of customers' occupation, the higher the customers' loyalty to the store. Also, if one did not have home theater, he/she would be loyal to their first choice store. City of born, ethnic, gender, office location, visit frequency to the store and asset ownership (air-conditioning, credit card, DVD/VCD player, hand-phone, life insurance and PC/Laptop) showed positive correlation with store loyalty.

Gender and personal assets owner-ship are two groups' data, so Mann-Whitney test is a proper test in finding out whether there is any difference between groups (44). The mean of female to store loyalty (M= 3.620; SD = 0.652) was less than the mean of male (M=3.723; SD=0.634), the Mann-Whitney U test (U = 98007; $p$-value = 0.010; two-tailed) shows significance difference between store loyalty of female and male (Table 5). Mann-Whitney U test, the mean and standard deviation of each asset ownership exhibited significant difference between store loyalty from customers that had airconditioning, credit card, DVD/VCD player, hand-phone, home-theater, life insurance and PC/Laptop with the customers who did not have all those personal assets.

Table 6 gives details that from seven factors that have correlations; only one (city of born) does not show any difference between each city. Customers' store loyalty is the same, wherever the customers were born (-value=0.057). Ethnic, occupation, office location, total family expenditure per-month, total family income per-month and visit frequency exhibit differences between groups. Ethnic has positive relationship with store loyalty (Table 4 and Table 6). There are significant differences of store loyalty among ethnic, but the five ethnic groups do not perform the same loyalty. In addition, occupation is significant negatively correlated with store loyalty across any type of occupation (Table 4 and Table 6). Store loyalty, moreover, is positively correlated with the respondent's office location and there is significant difference between each location.
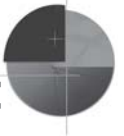
**Table 5**  Summary of Non-parametric Test of Independent Samples

| Variable Name | | N | M | SD | $\rho$-value |
|---|---|---|---|---|---|
| Gender | Female | 737 | 3.620 | 0.652 | 0.010* |
| | Male | 296 | 3.723 | 0.634 | |
| Air-conditioning (AC) Ownership | Yes | 609 | 3.615 | 0.647 | 0.019* |
| | No | 424 | 3.699 | 0.647 | |
| Credit-card Ownership | Yes | 651 | 3.610 | 0.635 | 0.003* |
| | No | 382 | 3.716 | 0.667 | |
| DVD/VCD Player Ownership | Yes | 916 | 3.629 | 0.640 | 0.001* |
| | No | 117 | 3.808 | 0.691 | |
| Hand-phone Ownership | Yes | 940 | 3.636 | 0.646 | 0.012* |
| | No | 93 | 3.790 | 0.658 | |
| Home-Theater Ownership | Yes | 153 | 3.767 | 0.653 | 0.006* |
| | No | 880 | 3.629 | 0.646 | |
| Life Insurance | Yes | 419 | 3.587 | 0.655 | 0.005* |
| | No | 614 | 3.692 | 0.640 | |
| PC/Laptop Ownership | Yes | 689 | 3.603 | 0.651 | 0.000* |
| | No | 344 | 3.742 | 0.632 | |

**Note:**  N = number of respondents; M = Mean; SD = standard deviation

$\rho$-value = Asymptotic Significant (2-tailed); * $\rho$ < 0.05 there is different between groups

**Table 6**  Summary of the Non-parametric Equivalent of One-Way

| Variable Name | $\chi^2$ | $\rho$-value |
|---|---|---|
| City of Born | 53.821 | 0.057 |
| Ethnic | 26.997 | 0.000* |
| Occupation | 35.409 | 0.000* |
| Office Location | 64.759 | 0.000* |
| Total Family Expenditure/Month | 17.853 | 0.022* |
| Total Family Income/Month | 35.032 | 0.000* |
| Visit Frequency | 9.408 | 0.024* |

Note:  $\chi^2$ = chi-square: $\rho$-value = Asymptotic Significant (2-tailed)

* $\rho$ < 0.05 there is different between groups

Most respondents (27.40%) were working people at Jakarta Selatan (South Jakarta); one part of Jakarta. Customer store loyalty is different significantly based on their office location. The shorter the distance between the store and the office, the more loyal the customer is.

Total family expenditure per-month and total family income per-month have negative relationship with the store loyalty to the hypermarket/supermarket. The mean ranks of the various groups differ according to the

proximity between the total family expenditure per-month and store loyalty, also total family income per-month and store loyalty. Subsequently, total family income per-month has chi-square ($\chi^2$) of 35.032 with asymptotic significant value less than 0.05 ($=0.000$) (Table 4 and Table 6. Based on Kruskal-Wallis test result, there is positive significant correlation among respondents based on the visit frequency with store loyalty ($\chi^2(2) =9.408$; $=0.024$ ($ < 0.005$). Accordingly, total family income per-month, total family expenditure per-month and visit frequency to their first choice store have significant effect on the store loyalty.

**Discussion**

There are some contributions emerging from this research. First, there were 15 demographic/socio-economics demonstrating significant correlation with store loyalty. Interestingly, ethnic was found positive significantly associated with store loyalty. Demographic, socio-economics and psychographic factors are the descriptors of customers, as well as the driving force that helps molding consumers' behavior (i.e. loyalty) toward the particular things. A lot of research has been done to identify the characteristics of store-loyal customers, by relating to their socio-economics and demographic factors.

This study found total family income per-month has the strongest (but inverse) correlation with store loyalty (Table 4). Total family expenditure, occupation and home theater ownership also showed negative significant relationship with store loyalty. These

findings appear to be consistent with conventional wisdom: as income and expenditure decrease, the likelihood of store loyalty increases. Likewise, as one has occupation in a high level, the likelihood of loyal to the modern retailing store falls down. This situation happens due to the condition of economics in Indonesia. High income customers tend not to loyal at one store; because they believe no store could prepare all their things (51). Some previous findings supported the empirical data. Similar with the findings from Enis and Paul (13), the total family income and total expenditure have inverse relationships with the store loyalty, the lower the income, the more loyal they are. The findings are contradicted with Knox and Denison (17) result, they found no significant relationships between store loyalty and consumer expenditure.

Office location has positive correlation with store loyalty. The result was not surprising since the respondents live in the urban area like JADEATABEK. Majority of respondents are working people, so the nearest the store to their office the more loyal they are. The result is supported by Zain and Jabri (53) and Mochis, Curasi, and Bellenger (54). They found that the store location near to work place is an important factor for store loyalty.

The finding concurs with A.C Nielsen result which pointed up that gender influence the loyalty. The result showed that main shoppers in the modern retailing store in Indonesia was female (91%) but the key influencer was male (66%)(55). For this study, gender had significant positive relationship with
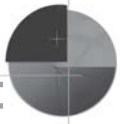
store loyalty. Hansen and Deutscher (56), Piron (19), Bellizzi and Bristol (23) and Mitchell and Walsh (57) confirmed gender had effect to loyalty. There was different loyalty between male and female (Table 5). However, this study did not explore which gender has the stronger effect to store loyalty.

Domestic equipment ownerships, such as air-conditioning, credit card, DVD/VCD player, life insurance, PC/Laptop, positively correlated with store loyalty. The findings are new insights in the Southeast Asian context, especially in Indonesia as developing countries. The previous research supports some empirical data that no significant relationships between store loyalty and with car ownership (number of car), age, education and family size were observed (19, 23, 27).

The new inputs, birth cities and ethnicities have shown positive relationship with store loyalty in Indonesia. Indonesia is a multi-ethnic country. The diversity of ethnic is united by the nation philosophy, Bhinneka Tunggal Ika. Till now, one's ethnicity feeling is still strong in Indonesia, although one was born and grown up in the other place. Ethnic diversity is not a problem but it is unique factor that should be maintained. Accordingly, local government (e.g. province) has obligation in protecting and promoting the heritage of every ethnic custom, language, tradition and food. For example, in language, Bahasa Indonesia (the Indonesian national language) has been accepted by the ethnic groups throughout the nation (58). The Indonesian speaks Bahasa Indonesia, in practice mostly during working hours in official communications, while at home and most in their social relations; they speak their ethnic (local) language. Even the local language is compulsory in the school curriculum in every province, except Jakarta. For example, students at Center Java and Yogyakarta must learn Java language, Sunda language is compulsory for students at West Java. As the result, many business companies attempt to attract all ethnic by advertising their products/services with local languages, by producing products with local tastes even by replicating their office/store building with the local style. There are local television stations and programs in every province, with the purpose to accommodate, protect and promote ethnicity properties.

The result exhibited that there is a significant level of store loyalty among ethnics, but no significant difference based on birth place. For example, there are Sundanese speakers that were born in Javanese areas (such as Central Java) and vice versa (58). It proves that family ethnicity is still dominant although they are far from their origin place. The results are consistent with the reality, since the different ethnic group's background shows different behavior and attitude (58). These differences sometimes cause competition between ethnic groups, especially in the urban areas, for limited occupation, economics, educational, and business opportunities. It can be concluded that where-ever people stay, they keep their ethnic roots in their small communities and family. The data is supported by research of Saegert, Hover and Hilger (59); Solomon (60); Jamal, Davies, Chudry and Al-Marri (61). The

consumers' ethnic has influence on consumer's store loyalty which is similar to the research done by Jamal et al. (61), Jamal and Chapman (62), Jamal (63) and Straughan and Albers-Miller (64).

In conclusion, respondents' demographic and socio-economics characteristics show the essential correlation in determining store loyalty to their first choice hypermarket/ supermarket. Respondents demonstrated different loyalty levels within gender, ethnicity, occupation, office location, total family expenditure per-month, total family income per-month, visit frequency and some assets ownership (such as air-conditioning, credit card, hand- phone, DVD/VCD player, home-theater, life insurance and PC/Laptop).

Changes in demographic/socio-economics and life style in the Indonesian communities has correlation with store loyalty. Modern retailing store, with their convenience concept in time and choices, have attracted the Indonesians to do their daily shopping there. Changing in gender role, income, expenditure, family life-cycle and personal asset ownerships encourage the modern retailers to always monitor their customers. Both genders, for instance, have already done their daily shopping to hypermarkets/ supermarkets. A lot of women, as the result of women emancipation, work outside of their house part-time or full-time especially in big cities and men help them to do the shopping. No wonder, the nearer the modern retailing store's location with the office, the more attractive the store to the customers. The increase of the total income results in the increase of personal asset

belongings, which are related to the continuing store loyalty. In one side, there is opposite correlation between total family income and expenditure to the store loyalty, but on the other side there is positive relationship between some asset ownership with store loyalty.

Customers' demographic/socio-economics changes could influence the retailers' business activities. By having the knowledge about the customers' demographic/ socio-economics factors, modern retailers could update and adjust their business strategies. Modern retailers should keep their mind and attention to any change in demographic/socio-economics factors. They have to treat the changes as business opportunities, because those relate to their customers' behavior and attitude.
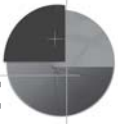
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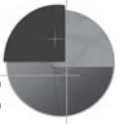
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