DETERMINANTS OF PURCHASE INTENTION AT HYPERMARKETS

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Abstract: Retailing industry in Malaysia has been transformed from traditional retailing market to supermarket and hypermarket sector. Although a small scale retailing market is still continue to exist, the emergence of hypermarket received considerable attention among consumers in Malaysia as an alternative for better choices and quality. The hypermarket was introduced to Malaysians with the arrival of Carrefour in 1994. The aim of the study is to examine the relationships of price, product quality and interior atmospherics with customer purchase intention in Malaysia. Data were collected using questionnaires from patrons of well known hypermarkets such as Kota Bharu Mall, Aeon, Billion, Tesco, Mydin, Giant and Pantai Timur Hypermarket. A total of 417 valid questionnaires were analyzed using descriptive statistics and Pearson correlation. The findings revealed that all three independents variable were significantly and positively correlated with the dependent variable. Of the independent variables, product quality had the strongest correlation with purchase intention, followed by interior atmospherics and price. The results suggest that a slight change in the independent variables will influence customer purchase intention at hypermarkets.

Keywords: Hypermarket, interior atmospherics, purchase intention, product quality

I. Introduction

The retail industry is a fast-growing sector and serves as a key consumer attraction (Krisnakumar, Sulaiman, Chin, Masod, Zakuan and Choon, 2018). Retail stores come in various forms. In Malaysia, there are specialty store, department store, supermarket, convenience store, discount store, off-price store, superstore, hypermarket and catalogue showroom. Of these, hypermarkets are quite familiar to Malaysian consumers.

Hypermarkets are generally defined as modern retailers that combine grocery stores, department stores and discount stores (Krisnakumar et. al., 2018). According to Hasliza, Rahman and Sade (2019), hypermarkets are contemporary retailers that offer a range of fundamental household needs. Its entry has transformed the retail landscape from a traditional to a more modern concept. As a result, the majority of consumers tend to purchase from hypermarkets compared to traditional grocery outlets (Jaliawala and Rahman, 2014).

Malaysia has registered robust growth in the retail industry over the past decades. Much of it was contributed by hypermarkets, which have changed the market structure and shopping landscape of the nation (Cheng, 2015). In 1993, hypermarkets have started to be more effective and efficient. According to the International Markets Bureau (2012), the contemporary retail format, including hypermarkets, makes up the largest sales proportion in Malaysia. Malaysians prefer shopping in hypermarkets compared to other retail stores because they function as a one-stop shopping center (Shamsudin & Selamat, 2015). There are two types of hypermarkets in Malaysia, foreign and local, but the difference between both is minor. According to Mariam (2014), local-based hypermarkets maintain the socio-economic balance of the nation, while foreign-based ones contribute to economic development.

Today’s consumers are quite demanding, and their purchasing behavior is consistently changing (Ahmed, Zamir, Yazdani and Mehmood, 2016). Customers of hypermarkets share a common demographic profile, but they have their own reasons to be loyal to certain hypermarkets. Due to the breadth and depth of product offering, consumers select hypermarkets as the place to purchase groceries and domestic products (Lee, Looi and Woo, 2018).
Furthermore, customers are facing the difficulty of choosing from a range of stores, such as grocery stores, supermarkets, discount stores, large stores and hypermarkets (Rana, Osman and Othman, 2015).

With this background, the researchers decided to examine several determinants of customer purchase intention at hypermarkets. These factors were price, product quality and interior atmospherics. Therefore, the objectives of this research are: (i) to identify the relationship of each variable with purchase intention; and (ii) to determine the most influential determinant.

II. Literature review

Purchase intention

According to Lim, Osman, Salahuddin, Romle and Abdullah (2016), intention is an indicator of to what extent people willingly approach a certain type of behavior and how many times they are trying to perform that particular behavior. Intention to purchase is described as the customer’s desire to purchase a product or service. It is also defined as the evaluation that a customer makes prior to purchasing a product. According to Younus, Rasheed and Zia (2015), there are many factors that influence consumer intention when choosing a product; with numerous external influences, the ultimate decision depends on the intention of the consumer.

Purchase intention is a type of decision-making that revolves around the consumer’s motives for purchasing a particular brand (Walintukan, Tumbuan&Tulung, 2018). According to Mirabi, Akbariyeh and Tahmase bifard (2015), purchase intention is an efficient instrument to predict the purchase process. Sen (2015) stated that purchase intention refers to “the possibility for consumers to attempt to purchase a product”. According to Hosein (2012), consumer purchase intention should be measured routinely and used by marketing practitioners as an input for sales and market share forecasting.

III. Price

Price is the sacrifice of something to get something else. According to Yieh et al. (2007), when a customer perceives the fairness of a price given by a service provider, he will develop positive feelings towards the provider, which will then evolve into behavioral intention. Price is defined as what is being sacrificed or abandoned in exchange for a product or service (Wang & Chen, 2016). Price is regarded as the primary determinant of purchasing decision. According to Erickson and Johansson (1985) in Lien, Wen Huang, and Wu (2015), price signals the quality of a product to consumers. Some empirical evidences also support that the perceived fairness of hypermarket prices relative to its competitors’ is central in building a customer’s favorable intentions and loyalty toward a hypermarket (Han & Hyun, 2015). Price is also considered to be one of the main determinants of customer purchase intention (Gilmore, 1974).

According to Herrmann, Xia, Monroe and Huber, (2007), price is one of the most essential factors in influencing customer purchase intention. Price is an important element in the consumer’s purchases; thus, it has a major influence on customer’s decision to choose a product (Herrmann et. Al., 2007 in Kaur, Durga & Sharma, 2015). Price represents the money that consumers spend to obtain a product or service (Lien et. al., 2015). Besides that, most consumers perceive price as a signal of quality, reflecting the traditional adage of “you pay for what you get” (Lien et. al., 2015). Based on the above discussion, the following hypothesis was proposed:

\[ H_1 = \text{Price has a significant and positive relationship with customer purchase intention at hypermarkets.} \]

IV. Product quality

Product quality is usually measured by its features, benefits and ability to satisfy required needs. According to Tsiotsou (2005; 2006), a higher quality product is associated with higher purchase intention and vice versa. Kotler and Amstrong(2012) in Razak, Nirwanto and Triatmanto (2016) defined product quality as the “characteristic of a product or service that bears on its ability to satisfy stated or implied customer needs”. According to Ashshidin et. al.(2016a), marketing has widely accepted the construct of quality as the main driver of purchase intention.

Superior quality will increase consumers’ tendency to purchase a product. Tsiotsou (2005) in Mirabi et. al., (2015) stated that a higher quality product is associated with higher purchasing intention than a lower quality product. The quality perceived by consumers is also determined by a number of factors, such as the time and location of purchase (Ashshidin et al., 2016a).
According to Rani (2015), almost every organization today is aware of quality and the consumer’s enhanced emphasis on quality and value. Products as diverse as cars, supercomputers and even candy are all subject to actual or perceived quality requirements. For this reason, the following hypothesis was proposed:

\[ H_2 = \text{Product quality has a significant and positive relationship with customer purchase intention at hypermarkets.} \]

V. Interior atmospherics

This variable is one of the factors that influence the purchasing intention of customers. Interior atmospherics refers to the music, lighting and scent inside of a store. Kotler (1973) defines atmospherics as the discipline of giving shoppers a particular emotional impact in order to increase the likelihood of buying. The five basic human senses of sight, sound, smell, touch and taste can capture atmospherics. Bitner (1992) recognized ambient environments; spatial structure and functionality; and signs, symbols and objects as atmospherics or service-scape indicators.

Ambient conditions, such as temperature, lighting, sound, music and smell, can communicate the nature of the world. Derbaix (1987) clarified this concept and defined the environment as “an emotionally focused arrangement of the retail space to produce feelings of well-being, welcome, happiness, discount, etc.” Atmospherics is described as “the effort to design purchasing environments for the buyer to produce specific emotional effects that increase the likelihood of purchasing.” According to Nguyen, Jamal, O’Brien and Nawaz (2017), current studies agree that store atmospherics is used as a marketing tool to allow retail managers to plan and monitor physical environmental factors that help to influence consumer behavior and create positive shopping experiences. Horská and Berčík (2014) found that factors of interior atmospherics such as color, light, fragrance, music and so on have not only a significant impact on consumer behavior but also customer impulse purchase. According to Hussain and Ali (2015), atmospheric variables like scent, cleanliness, display and lighting have a positive influence on consumer purchase intention, whereas temperature has almost no impact.

Background music as a way to influence consumer behavior stems from the concept of atmospherics (Kotler, 1973). This is supported by Farias, Aguiar and Melo (2014), who found that playing the right background music could help retailers create a positive environment that contributes to the store’s identity and customer preference. According to Janice, Saerang and Pandowo (2017), a store with appropriate music can inspire its customers to revisit the store. In-store music persuades customers to return to the store, which leads to repeat purchase. Alma and Mubarak (2017) opined that when preferred music is played in the store, the customer stays longer and becomes more comfortable and relaxed, inducing his desire to buy more. Conversely, when the environment is noisy, fast, loud and uncomfortable, customers will spend less time in the store. Lighting is used to highlight products; it creates excitement and has a positive impact on the purchasing behavior of customers (Mehrabian & Albert, 1976). According to Lanjewar (2014), the purpose of lighting arrangement is to clearly exhibit the goods to shoppers within a bright and attractive retail environment. The main purpose of using brighter lighting in retail outlets is to attract the attention of customers so that they can shop in a comfortable environment. According to Horská and Berčík (2014), the different types of lighting change the rhythms of brain activity and involve the right brain hemisphere more.

According to Leenders, Smids and El Haji (2016), an ambient, pleasant and congruent odor may enhance mood and influence subsequent assessments and behavior in mood-congruent direction. According to Spangenberg, Crowley and Henderson (1996) in Krumpelmann (2018), the presence of a scent is more essential than its nature as it shortens the customers’ perception of time when shopping and waiting in line. Sachdeva and Goel (2015) said that as part of a store’s interior atmosphere, smell is a very strong emotional trigger. According to Ellen and Bone (1998) in Khuong and Quynh (2018), scent has a strong positive influence on the overall mood, purchase and repurchase intentions of customers. Based on this discussion, the following hypothesis has been developed:

\[ H_3 = \text{Interior atmospherics has a significant and positive relationship with customer purchase intention at hypermarkets.} \]

VI. Conceptual framework

The relationship between the variables are summarized in the conceptual framework below (Figure 1). On the left side of the framework are the three independent variables of price, product quality and interior atmospherics. They were expected to positively influence customer purchase intention (dependent variable) at hypermarkets in Peninsular Malaysia.
VII. Methodology

This study is a quantitative research that employed self-administered survey. The respondents were customers of hypermarkets in Peninsular Malaysia. The questionnaires were distributed at hypermarkets in Kelantan: Mydin, Billion, Pantai Timur Hypermarket, Tesco, Aeon, KB Mall and Giant. Following Krejcie and Morgan (1970), the minimum sample size was 384. As much as 420 responses were gathered within four weeks of data collection, though three of them were found to be unusable as they were indicative of straight lining.

The questionnaire was composed of two languages (Bahasa Malaysia and English) to prevent misinterpretation on the part of respondents. All items were designed in a straightforward and comprehensible manner to generate accurate responses from the respondents. The items were measured on a 4-point Likert scale, ranging from 1 (strongly disagree) to 4 (strongly agree). It is also called a forced scale since the user is forced to form an opinion; there is no safe “neutral” option. A number of market researchers have used the 4-point scale to get specific responses, and subsequent research has shown that it significantly influences survey results: socially acceptable issues tend to skew toward the positive and vice versa.

The questionnaire consisted of four sections: (a) demographic profile; (b) shopping profiling at the hypermarkets; (c) factors influencing customer purchase intention; and (d) the perceptions toward purchasing intention.

The Statistical Package for Social Science (SPSS) version 22.0 software was used to analyze the data. The researchers first carried out reliability analysis. Hair et. al. (2012) suggested that the result of the reliability test is acceptable if the Cronbach’s alpha value exceeds 0.7. The collected data were then summarized descriptively. Descriptive analysis is the statistics used to explain variables or generalize information from the sample (Hair et al., 2012). Lastly, Pearson correlation was used to examine the strength of association between the variables.

VIII. Findings and Discussion

Reliability Analysis

Table 1 shows that the Cronbach’s alpha ranged between 0.778 and 0.861 for all variables. This suggests that the target respondents understood all of the questionnaire items well. An alpha that equals to or exceeds 0.7 reflects the target respondents’ comprehension of the items of each variable (Hair et. al., 2012).

Table 1: Reliability analysis results

<table>
<thead>
<tr>
<th>Variable</th>
<th>Cronbach’s alpha</th>
<th>Number of items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price</td>
<td>0.778</td>
<td>5</td>
</tr>
<tr>
<td>Product Quality</td>
<td>0.795</td>
<td>5</td>
</tr>
<tr>
<td>Interior Atmospherics</td>
<td>0.779</td>
<td>5</td>
</tr>
</tbody>
</table>
Descriptive Analysis

Table 2 shows that female respondents constituted the majority in this study. Most respondents were between 21 to 30 years old (35.5%), followed by 31 to 40 years old (20.6%). A total of 216 respondents (51.8%) were unmarried. In addition, 259 respondents were Malays (62.1%). Chinese (18.2%) was the second most frequent race. Lastly, the respondents largely had secondary and bachelor’s education.

As shown in Table 3, most respondents visited hypermarkets once a month, typically with their families. They usually spent less than RM100, and they resided between 11 and 20 kilometers from the hypermarket.
Table 3: Respondents’ behavior toward hypermarkets

<table>
<thead>
<tr>
<th>Item</th>
<th>Response</th>
<th>f</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>How often do you shop at hypermarkets?</td>
<td>Every day</td>
<td>15</td>
<td>3.6</td>
</tr>
<tr>
<td></td>
<td>Once a week</td>
<td>80</td>
<td>19.2</td>
</tr>
<tr>
<td></td>
<td>2-3 times a week</td>
<td>51</td>
<td>12.2</td>
</tr>
<tr>
<td></td>
<td>Once a month</td>
<td>155</td>
<td>37.2</td>
</tr>
<tr>
<td></td>
<td>2-3 times a month</td>
<td>66</td>
<td>15.8</td>
</tr>
<tr>
<td></td>
<td>Others</td>
<td>50</td>
<td>12</td>
</tr>
<tr>
<td>Whom do you often go with?</td>
<td>Friends</td>
<td>153</td>
<td>36.7</td>
</tr>
<tr>
<td></td>
<td>Family</td>
<td>234</td>
<td>56.1</td>
</tr>
<tr>
<td></td>
<td>Others</td>
<td>30</td>
<td>7.2</td>
</tr>
<tr>
<td>On average, how much do you spend?</td>
<td>Below RM100</td>
<td>147</td>
<td>35.4</td>
</tr>
<tr>
<td></td>
<td>RM101-RM200</td>
<td>143</td>
<td>34.3</td>
</tr>
<tr>
<td></td>
<td>RM201-RM300</td>
<td>91</td>
<td>21.8</td>
</tr>
<tr>
<td></td>
<td>RM301-RM400</td>
<td>25</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>RM401 and above</td>
<td>11</td>
<td>2.6</td>
</tr>
<tr>
<td>Where do you currently reside?</td>
<td>Less than 10km from the hypermarket</td>
<td>169</td>
<td>40.5</td>
</tr>
<tr>
<td></td>
<td>Between 11-20km from the hypermarket</td>
<td>248</td>
<td>59.5</td>
</tr>
</tbody>
</table>

The following discussion revolves around the mean and standard deviation for each variable. For price, the highest mean (4.1) was for PR_4 (“I’m concerned about the price of the product”), while the lowest was obtained by PR_2 (“The prices of this hypermarket are more suitable for me compared to other stores”) (M = 3.29).

Based on the results, item PQ_5 (“The products in this hypermarket are very durable”) of the product quality construct obtained the lowest mean score (3.17) and the largest standard deviation (0.647).

The interior atmospherics item with the highest mean score was “The lighting of the hypermarket makes products more visible and attractive to me” (SD = 0.608). The item “Scent in the store makes me visit this hypermarket” had the lowest mean and the highest standard deviation.

As for purchase intention, the highest mean was the item “I would like to visit this hypermarket” (M = 0.547) and “I would like to repeat purchase in the future” (M= 0.572). The item “I would like to shop longer in this hypermarket” had the lowest mean score (3.16) and a standard deviation of 0.640.

IX. Pearson Correlation

This measure was used to determine the strength of linear relationship between the independent and dependent variables of this study.

Table 4: Pearson correlation coefficients

<table>
<thead>
<tr>
<th></th>
<th>Mean PR</th>
<th>Mean PQ</th>
<th>Mean IA</th>
<th>Mean PI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean PR</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Mean PQ</td>
<td>0.354**</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

898
The researchers faced some difficulties while conducting the survey. To obtain precise information, the researchers had to facilitate the respondents in answering the questionnaires. Time was also a limitation since the respondents were rushing home. The researchers also had difficulty in attracting the attention of the respondents;

<table>
<thead>
<tr>
<th>Mean IA</th>
<th>0.307**</th>
<th>0.379**</th>
<th>-</th>
<th>-</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean PI</td>
<td>0.426**</td>
<td>0.531**</td>
<td>0.481**</td>
<td>-</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (1-tailed).

Table 4 shows that the \( r \) between PR and PI was 0.426, indicating the moderate positive correlation between both. The coefficient between PQ and PI was also positive and strong \( (r = 0.531) \), while the association between IA and PI variable was positive and moderate \( (r = 0.481) \). All of the independent variables had a linear relationship with the dependent variable. It can be concluded that as the level of independent variables increase, the level of dependent variable also increases. Among the three independent variables, product quality was found to have the strongest relationship with the dependent variable.

### Table 5: Summary of hypotheses testing

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Result</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>( \text{H}_1 ): Price has a significant and positive relationship with customer purchase intention at hypermarkets</td>
<td>( p &lt; 0.05 )</td>
<td>Supported</td>
</tr>
<tr>
<td>( \text{H}_2 ): Product quality has a significant and positive relationship with customer purchase intention at hypermarkets</td>
<td>( p &lt; 0.05 )</td>
<td>Supported</td>
</tr>
<tr>
<td>( \text{H}_3 ): Interior atmospherics has a significant and positive relationship with customer purchase intention at hypermarkets</td>
<td>( p &lt; 0.05 )</td>
<td>Supported</td>
</tr>
</tbody>
</table>

All three hypotheses have been supported due to the significance of all relationships between the independent and dependent variables (Table 5). Therefore, it can be concluded that customer purchase intention was significantly and positively related to price, product quality and interior atmospherics.

Hypothesis 1 was supported by the significant \( p \) and moderate, positive correlation between price and customer purchase intention. This result is congruent with that of Calvo-Porrál and Lévy-Mangin (2017), who found that price is significantly and positively related to customer purchase intention. Hypermarkets that are able to provide relatively lower prices will attract more customers. This result is also supported by Lien, Wen, Huang and Wu (2015), who suggested that discount promotion strongly increases consumers’ perceived shopping value and intention to purchase.

The findings also revealed that product quality had the strongest relationship with purchase intention. This result is supported by Erida and Rangkuti (2017), who found that product quality has a significant influence on consumer buying intention. Customers will have reduced purchase intention at the hypermarket if they do not trust the quality of its products. They exhibit higher purchase intention for products with superior quality than similar products from other brands with inferior quality (Tudor & Zheng, 2014).

Interior atmospherics had a significant and positive relationship with customer purchase intention \( (p < 0.05, r = 0.481) \). This result is consistent with Ali, Mubarak and Shameem (2017) and Roschk, Loureiro, Breitsohl (2017). To induce customers’ intention to purchase, hypermarkets must ensure that the lighting is appropriate and able to make the products attractive to the customers. This is supported by Horská and Berčík (2014), who maintained that lighting is an essential marketing tool that can stimulate consumer purchases, thereby increasing sales.

### X. Conclusion

In conclusion, price, product quality and interior atmospherics showed positive relationships with the purchasing intention of customers. A slight change in all these factors may weaken or intensify the purchasing decision of the customers. The aim of the study was to determine the most influencing factors of customer purchasing intention. Three factors, price, product quality and interior atmospherics, were evaluated. The results indicated that all hypotheses were supported. Product quality was the main determinant for a customer’s decision to purchase at certain hypermarkets, followed by interior atmospherics and price.

The researchers faced some difficulties while conducting the survey. To obtain precise information, the researchers had to facilitate the respondents in answering the questionnaires. Time was also a limitation since the respondents were rushing home. The researchers also had difficulty in attracting the attention of the respondents;
some of them answered reluctantly. Lastly, it was difficult to obtain permission from the management of the hypermarkets to conduct the survey. Only three variables were tested in this study. Future studies should include other sub-dimensions of equity, such as social influence and exterior atmospherics. This is because each respondent may have different perceptions on and motivated by dissimilar factors of purchase intention at hypermarkets; therefore, testing these variables may generate more relevant and reliable results. It is recommended that new studies be undertaken using other quantitative or qualitative techniques to produce more diverse findings that could challenge current best practices. This study intends to explore the underlying reasons for the purchase intention of customers at hypermarkets in Malaysia, as customer attitude is often viewed as uncertain and vague. Through this study, hypermarket retailers, especially its marketing managers, could gain more knowledge on the determinants of customer decision to shop at hypermarkets. This knowledge can then be converted into marketing strategies that could more effectively attract future customers and maintain current ones.

This study may also provide some insights to future researchers on customers purchase intention. It could hopefully inspire future academic researchers to carry out similar investigations in greater depth to provide a better understanding on the determinants of customer purchase intentions for various forms of retailers in Malaysia.

XI. Acknowledgement

We would like to express our appreciation to Universiti Malaysia Kelantan and the respondents who were willing to spend their valuable time.

XII. References


[42]. Rani Pandey (2015). Key factors in hypermarket business that effect on customer’s repurchase.


