

The Analysis of Offline Store Attributes towards Customer Purchase Behavior during COVID-19 in the Cosmetic Industry

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Abstract - Indonesia's cosmetics sector continues to perform positively, brought by the country's expanding middle-class customers and technology development. The existence of physical stores plays a big role that affects customers' decisions of purchase in the future. This phenomenon attracted company ABC to partake in developing offline stores. Due to COVID-19, offline stores have been extremely influenced. The purpose of this study is to analyze the significant attribute(s) of offline stores in the cosmetic industry during COVID-19 that influence customer purchase behaviour. Researchers analyzed five variables regarding offline store attributes; store atmosphere, store display, customer service, shopping experience, and hygiene & safety protocol. The researcher uses a quantitative method using SPSS with multiple linear regressions with 232 respondents. The study was applied to the offline store customers of brands X & Y. The results showed four independent variables of store atmosphere, store display, hygiene & safety protocol, and shopping experience positively influence customers purchase behavior in offline stores during COVID-19 in the cosmetic industry. However, customer service of offline store attributes does not significantly influence customer purchase behaviour solely.

Keywords - Customer purchase behavior, COVID-19 offline store attributes, cosmetic industry

I. INTRODUCTION

In this era, the cosmetic and personal care industry in Indonesia appears to show a positive trend, and is anticipated to keep developing until 2035. More players are running in this industry and compete to expand their market share. There are approximately 760 companies in Indonesia that focus on cosmetics and the personal care industry^[1]. Over the years, technology allows individuals to communicate information and has made a new style of business model driving significant growth of transactions. Online and offline stores complement each other to improve overall brands equity and opportunities to learn deeper about their customers behavior. Customers are searching for hedonic qualities like delight and sensory satisfaction when shopping in-store^[2]. While customers are searching for convenience of purchasing, bargaining, and payment process during online shopping^[3]. By promoting offline stores, a multichannel retailer is able to make strides in online-attitude and online-purchase purposefully^[4].

However, a recent study mentioned that the COVID-19 pandemic has been one of the greatest disruptive events of recent decades and has had a worldwide impact

on society and the economy^[5]. Various measures have been carried out massively, including dispersal to wear masks, maintain physical distancing, distribute hand washing facilities, and measures to anticipate mass gathering. Offline stores, including cosmetics and the personal care industry have been extremely influenced since the government enquired individuals to social distancing, which significantly limited face-to-face benefit in stores. On the flip side, the existence of physical stores is very important for business. Offline store purchase creates a more prominent sense of context and connection to the brand, and thus affects customers' decision of online purchase in the future^[6]. Offline stores allow consumers to actively use the sense of touch, feel and smell of products, giving them an opportunity to validate products' final decision^[7]. Immediate ownership of the products is also an important advantage of in-store shopping^[8]. Offline stores enable brands to observe non digital customer traits^[6].

Previous study has mentioned that store atmospherics, marketing communications, retail outlet recognitions, availability of time, customer personality, service, and display at store are the seven variables which have been found to significantly influence the customer purchase behavior^[9]. In addition, customers' behaviour to purchase offline has shifted to ensuring physical distancing, and controlling the number of employees and customers in stores, instituting contactless transactions, improving speed of service, and introducing more self-service options^[10]. Considering to COVID-19, the previous variables mentioned to influence customer purchase relevancy are being questioned.

Research Question

Based on the problem statement mentioned, the research question of this study can be identified as follows:

1. What attributes of offline stores in the cosmetic industry during COVID-19 that significantly influences customer purchase behaviour?
2. What are the recommendations of offline stores attributes in the cosmetic industry during COVID-19?

Research Objective

1. To identify the significant attributes influencing customer offline stores for the cosmetic and personal care industry during COVID-19 that increase customer purchase behavior.
2. To understand the recommendation of offline store attributes for cosmetic industry during COVID-19

Scope and Limitation

The data collection will be conducted to 200 respondents that have visited offline stores that matched the research industry scope in Bandung, Jabodetabek, and Jakarta. The cosmetic industry is included in the group code of 20232, for example; cosmetic, tooth paste, cleaning product. The term cosmetics industry that is used in the research is limited to the business of make-up products, bath salt, body hygiene products. The researcher will not include pre-existing offline images and pre-existing offline trust that can influence offline store purchase^[11] because of the unavailability of existing offline stores in the company. This study used a convenience sampling strategy with self administered questionnaires and limited to online data collection due to COVID-19 pandemic situation. Thus, this research has several outcome limitations. The data collection selection can limit generalizability of other cosmetic industry scope and areas that have different characteristics and sizes.

II. METHODOLOGY

To test the hypothesis of this research, a quantitative method was used with a survey as a tool to collect the data. The research refers to previous research to study customer purchase behaviour to collect data. Store attributes in the cosmetic industry that include store atmosphere, customer service, and product display all positively affect customer satisfaction that can significantly lead to purchase decisions^[12]. In addition, aesthetic appeal, store trust, and shopping experience are also the critical drivers for in-store shopping^[13]. Precisely, during COVID-19, customers are expecting offline stores to implement social distancing and follow governmental policy in-store^[14]. Thus, the researcher also included hygiene & safety protocol variables in-store attributes.

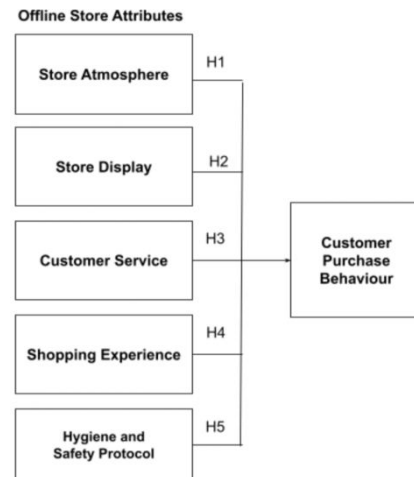


Fig. 1. Conceptual framework

Questionnaire is considered to be flexible and has a standardized format that is easy and quick to fill out with a wide geographical area. Collecting the questionnaire data will be measured using a seven point Likert-type scale. The target respondents consist of customers who have visited cosmetic stores of X and Y in the past 6 months during COVID-19 and domiciled in Bandung/ Jabodetabek/ Bali. Brand X and Y are considered to have the similar characteristic with company ABC. Data will then be analyzed using Multiple Linear Regression (MLR) with SPSS software.

The dependent variable used for this study is customer purchase behavior. Customer purchase behaviour is a decision process and acts of people involved in buying and using products^[15]. Variables influencing offline channel purchase customer behaviour are offline store attributes, pre-existing offline image, and pre-existing offline trust^[16]. This research will focus on the offline store attributes. The independent variables used in this study are store atmosphere, store display, customer service, shopping experience, and hygiene & safety protocol.

III. RESULTS

The researcher collected 232 respondents with the majority of respondents' age being 18 - 25 years old representing 87.9% of total respondents. There are 45.7% that visited brand X & Y 2 - 3 times in the past 6 months with the majority spending Rp100.000,00 - Rp300.000,00 per month for cosmetic products. The majority of respondents are female with 86.5% of the respondents. The main reason to visit offline stores is they want to see and choose products directly, test the products, and avoid long shipping processes. The respondents are also active on online shipping and the majority spend 1-3 times shopping online for only cosmetic products in the past six months, representing 89.6%. The 61.1% of respondents

shop and choose at brand X to represent the questionnaire subject result.

TABLE 1. MULTIPLE LINEAR REGRESSION T-SIG TEST RESULT

Model	Coefficients ^a		Standard ized Coefficients	t	Sig.
	Unstandardized Coefficients	Std. Error			
1 (Constant)	1.233	.353		3.489	.001
Store Atmosphere	.265	.066	.270	4.015	.000
Store Display	.218	.056	.243	3.867	.000
Customer Service	.030	.064	.033	.475	.635
Hygiene and Safety Protocol	.120	.041	.159	2.925	.004
Shopping Experience	.172	.063	.191	2.740	.007

a. Dependent Variable: Customer Purchase Behavior

The researcher has conducted validity and reliability test, classical assumption that includes linearity, normality, non-multicollinearity, homoscedasticity, and autocorrelation before successfully conducting Multiple Linear Regression (MLR) test.

The significance value of 4 variables have values of less than 0.05; store atmosphere with 0.000, store display with 0.000, hygiene & safety protocol with 0.004, and shopping experience 0.007. The result indicates that from five independent variables, all four variables significantly influence customer purchase behavior of cosmetic offline stores during COVID-19.

Using the T-Value, the researchers first identify the T-Table value derived from the following formula; $T_{table} = (\alpha / 2; n-k-1) = (0.025; 226) = 2.256$. The t-value of store atmosphere is 3.489 and greater than the t-table value of 2.256. This indicates that the store atmosphere has a positive effect on customer purchase behavior. The t-value of store display is 3.867 and also greater than the t-table value and indicates the positive effect on customer purchase behavior. The t-value of customer service is 0.475 and less than the t-table value, thus unable to indicate positive effect on customer purchase behavior. Hygiene & store protocol and shopping experience have t-value greater than t-table value of 2.925 and 2.740 respectively to indicate positive relationship on dependent variable.

The T-Sig test also shows the beta (B) scores that indicate that the greater the beta score, the stronger the effect on customer purchase behavior. Therefore, the independent variable rank based on greater effect on customer purchase behavior is; store atmosphere with 0.265 beta score, store display with 0.218 beta score, hygiene and safety protocol with 0.120, and shopping experience with 0.172 beta score.

The regression equation can be seen below with explanation of symbols: customers purchase behavior (Y), store atmosphere (X1), store display (X2), customer service (X3), hygiene and safety protocol (X4), shopping experience (X5), and error (E)

$$Y = 1.233 + 0.265X_1 + 0.218X_2 + 0.003X_3 + 0.172X_4 + 0.120X_5 + \epsilon$$

The equation can be interpreted that store atmosphere affects customer purchase behavior by 0.265 and gains the highest score.

IV. DISCUSSION

Store atmosphere has a significant influence on the offline store purchase behaviour during COVID-19.

H1 is accepted. The store atmosphere variable is the most significant factor that positively affects customers' purchase behaviour. The findings are in line with preliminary research and behavioural questions in questionnaires distributed that visuals are essential for customers and become their main reason to visit offline stores. The result are also align with previous studies that proved store atmosphere stimulate the five senses of consumers and affect consumer perceptions and emotions of the store^[17]. Thus, company ABC decided to focus on creating an optimal store atmosphere that includes lighting, sound & music, facility aesthetics, decoration aesthetic, and scents for their offline store planning.

Store display has a significant influence on the offline store purchase behaviour during COVID-19.

H2 is accepted. The store display variable is the second most significant factor that positively affects customers' purchase behaviour. Store displays that include display visuals, display functionality, and product tester are essential for customers. The findings are supported with respondents' profile analysis that the second top reason to visit offline stores from the respondents' vote is that customers want to test the products. Previous study is aligned with this study findings and consistently affects customers' purchase behaviour^[9].

Customer service has no significant influence on the offline store purchase behaviour during COVID-19.

H3 is rejected. Customer service in offline stores does not significantly influence the customer purchase behaviour in offline stores. The researcher decided to gain more information. Analyzing the results from questionnaire respondents strengthens the findings that customers are keeping distance from communicating with employees to consult, get information, and interact personally. Therefore, to fulfil customer satisfaction to affect customers' purchase behaviour, innovation and new approaches are needed to be supported by other variables. The study results are not in line with previous research that salesmen as in-store service can further attract customers^[18].

Shopping experience has a significant influence on the offline store purchase behaviour during COVID-19.

H4 is accepted. Shopping experience significantly influences customer purchase behaviour

during COVID-19 in the fourth rank. The four aspects of customer experience; affective, physical, cognitive, and social experience^[19] are suspected to be interfered with COVID-19 required safety protocols to shift customers priority. However, the findings are still aligned with respondents' intention to visit offline stores because they like to stroll around, represented by 12.9% or 81 votes.

Hygiene and safety protocol has a significant influence on the offline store purchase behaviour during COVID-19.

H5 is accepted. Hygiene & store protocol is a new variable tested by the researcher that is the one of a significant factor that positively affects customers' purchase behaviour below store atmosphere and store display. The researcher validated the findings through conducting interviews with three of brand X & Y customers, primarily due to the COVID-19 cases in Indonesia continuing to increase since the beginning of this study was developed in early February. The findings are although customers are concerned about safety protocol, they prefer to self-protect themselves by using masks and bringing hand sanitiser. Thus, it can be assumed that hygiene and safety protocols are a customer's concern to visit the store, yet its influence didn't exceed the store atmosphere and store display. Additionally, 60.99% of the questionnaire respondents or exactly 86 people give recommendations from their concern about hygiene and safety protocol. Therefore, company ABC will ensure the hygiene & store protocol for their offline store planning combined with store atmosphere and store display for customer satisfaction and obeying government health rules regarding COVID-19 prevention.

V. CONCLUSION

The conclusion of offline store variables determining customers' purchase behavior in the cosmetic industry during COVID-19 with subjects of brand X and Y are four out of five variables tested; store atmosphere, store display, shopping experience, and hygiene & store protocol. The variables are valid among customers domiciled in Bandung, Jabodetabek (Jakarta, Bogor, Depok, Tangerang, Bekasi) who have visited the subject brand(s) at least once in the past six months when the pandemic COVID-19 has existed. The variable customer service of offline store attributes does not significantly influence customer purchase behavior solely. All-inclusive, the variables tested affect customer purchase behavior by 45.8% and the rest of percentage are explained by other variables.

Company ABC's future plan is to build strategic planning by utilizing data results and recommendations for offline stores attributes, focusing on store atmosphere and store displays aspects that have high impact on offline store purchase behaviour during COVID-19. Suggestions for managerial impacts of store atmosphere according to

the research dimension are; invest in quality air freshener and scents according to the target market's preferences, design aesthetic store and layout, decorate offline store's facility seasonally to increase customers willingness to visit the store and keeps visuals fresh, play music or instrument in-store that suits customers taste. Suggestion for store display are; using mini tester in the form of sachet intended for single use only to minimize direct contact, using free samples for customers as an alternative to product tester, ensure that the tester is well hygiene maintained and given only through employees to minimize numbers of people physically contacted product tester, optimize product tester availability, especially for best selling products, design product displays that visually appealing and function well for customers easiness to locate products.

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