

EXAMINING FACTORS WHICH INFLUENCE REPURCHASE INTENTION FOR WALK-IN CUSTOMERS AT IKEA, BANGKOK

RAMNATH SRINATH

Abstract: As customers come from different organizations, the behavior of customers to spend money and buy more is different so, their satisfaction and intention to purchase will be naturally different. This research has the objective to study and examine the variables that influence customer satisfaction towards repurchase intention of walk-in customers at IKEA, Bangkok in order to enhance customer satisfaction towards repurchase intentions in the store

The sample of this research consisted of 395 respondents, who participated in the survey; data was analysed by using a probability sampling method.

The data, was collected from all walk-in customers of IKEA, through questionnaires, which were distributed by the researcher and the data so gathered was analysed by using SPSS program, to obtain accurate results.

The results demonstrated that there was a strong positive relationship between independent factors (product feature, showroom layout, technical, marketing communication) and customer satisfaction towards repurchase intentions of walk-in customers at IKEA, Bangkok.

Introduction: Nowadays people frequently spend and buy more such as the rate of customer retention, has increased by five percent, the profits will increase by 25-95 percent. (Jiang and Rosenblom, 2005). Also, customer demand has changed due to a high technology market for products customization and features (Krieg, 2004).

So, many organizations realize that people play a significant role in determining the level of satisfaction for the organization's improvement which can occur when the customers' experience matches with customers' expectation. Furthermore, customers are important and the organization has to keep forwarding the customers intentions to purchase the products, as this part can increase, the revenues of organization in the future.

This research studies the case of IKEA, Bangkok a leading company for furniture fittings and as well as home decor.

IKEA, is one of the world's most famous in the furniture and wood working manufacture. Currently, the Organization is following a growth strategy because of its preparation for AEC (Asean Economic community) and successfully understands that customers are very important, particularly in Asia, home to a half of the world's population.

Showroom: IKEA store is a huge home furnishings exhibition. Here you will find lots of inspiring ideas and furnishings in realistic room settings. You try the furniture; fall asleep in a bed, stretch out on a sofa, or let your children choose furniture for their rooms.

Markethall: The Markethall is just what it sounds like: many different speciality shops gathered together. You will find everything from rugs to textiles to picture frames and clocks. You will also see all kinds of home lighting, everything you need for your kitchen and countless unique gifts you can give to others - or keep for yourself.

Enjoy a break in the restaurant: At the IKEA Restaurant, you can take a break from shopping. You can even start your day at IKEA with breakfast. You can choose to have coffee and cakes or biscuits in the afternoon. In the restaurant, you find healthy Swedish and local daily dishes at affordable rates. The restaurant is child-friendly with high chairs and a play area. The restaurant also has a special menu just for kids. There is also a baby care room located near the restaurant for you and your young ones.

Statement of the Problem: IKEA, Bangkok has faced the problem of returning customers (repeat buying) because attracting new customers is more difficult and expensive than retaining existing customers. Moreover, nowadays there are many competitors in the furniture fittings and architectural hardware as well as electronic equipments and home decor is growing within the same industry allowing customers to make their best decisions.

Research Objectives

- To identify the factors that affect satisfaction of walk-in customers at IKEA, Bangkok
- To examine the affects of satisfaction on repurchase intentions IKEA, Bangkok
- To study the relationship among product features, showroom layout, technical and marketing communications at IKEA, Bangkok
- To identify whether there are differences in age, education and income towards repurchase intention of returning customers in IKEA, Bangkok

Significance of the Research: The research studied the factors that influence repurchase intention of walk in customers at IKEA, Bangkok and provides information of the factors, which affect product features, showroom layout, technical and marketing communication of IKEA, Bangkok that influences customer satisfactions and repurchase intention.

Limitations of the Research: In the research, there are some limitations such as limitation of time duration and monetary constraints. Furthermore, the target population in this research were walk-in customers in the showroom at IKEA, Bangkok, with 500 samples from the survey. This research was conducted in a small area in Thailand, in front of the stand alone store in Thailand with only four independent variables.

Literature Review: Product Features Product features and performance are important in building competitive advantages. Normally, product features can provide unique capabilities to make customers accept. The product feature is more attractive when users support a high performance that differentiates it from other products in the market. The researcher developed sub-factors in brand trust, perceive value and product quality

Zeithaml (1988) and Shapiro (1983) stated that the quality of perceived product and service is associated with the organization's brand name because customers may trust the brand and the brand has more reputation so that customers will be interested in the brand.

Moreover, customer perceived value has a strong positive effect on satisfaction. The model shows that satisfaction has a strongly positive impact on repurchase intention.

Product quality is related in the action of marketers to respond to customers, which applied to varieties of marketing decision such as product-price mix, competitive positioning and new product planning as well as feature, function, performance and specification of a product as well.

Showroom layout: Showroom layout has to reflect the retailer and customer's image, which determined with three sub-factors, the researcher developed which is design layout, showroom light, and virtual environment functions for satisfying customers.

The showroom layout is designed as a self-service environment where customers can see the products because the showroom has a virtual mock up to customers. So, a good considerable facility and showroom layout could expect to stimulate the creative customers' behaviour, emotion, and cognition as well as avoid congestion.

Smith, 1989 stated that lighting can promote the image of the organization, a well-designed lighting can make the customers' eyes to see their point and create the excitement and have a positive effect for the showroom.

According to Vargo and Lusch (2004), the experiential service value can be determined by the consumption users to use the product and service. But customers prefer to obtain the real service experience.

Technical Expertise: The research determined the sub-factors in order to satisfy the customers' needs, as, sales-staff, engineers and employees in order to lead to a high level of repurchase intention at the showroom. Customer satisfaction is the level in which customer satisfy with overall of products and services measured by staff availability, decoration, friendliness, presentation of goods, quality of goods, special offers and prices. (Hackl et al., 2000).

As the previous experience in the construction and design, Mekdam A. Nima found that it is important to provide engineering field during the development and design process.

The activity of after-sales service can support the product transaction and is important supporting the service in order to compete distinctively and differentiate it from other competitors.

Marketing communication: The researcher suggests three sub-factors that the organization can use such as display, advertising and promotion in the organization in order to satisfy customer and lead the repurchase intention as well. Display design and goods exhibition are the marketing tool for valuable in profiling applications.

Advertising can share many associated features with business-to-business (B2B). Peterson and Jeong, 2010; Heath, 2009 stated that brand equity can enhance the advertising associated to satisfy customers (Pappu and Quester, 2006).

Promotions will provide customers discount, bonus pack, coupons, or refund because promotion can attract customers.

Customer Satisfaction: The customer is important for organizational success, and to satisfy customers is the major factor to achieve organization objectives as well as the major effect on customer intention. To satisfy customers can represent the specific mental processes, which includes feeling (pleasure or displeasure), emotions, moods, as well as attitudes of the customers (Chen and Cheng, 2012).



Repurchase Intentions: The researcher describes the scope to which customer intention to repurchase the products or services is influenced by product features, showroom layout, technical and marketing communication towards customers' satisfaction in order to lead the repurchase intention of customers.

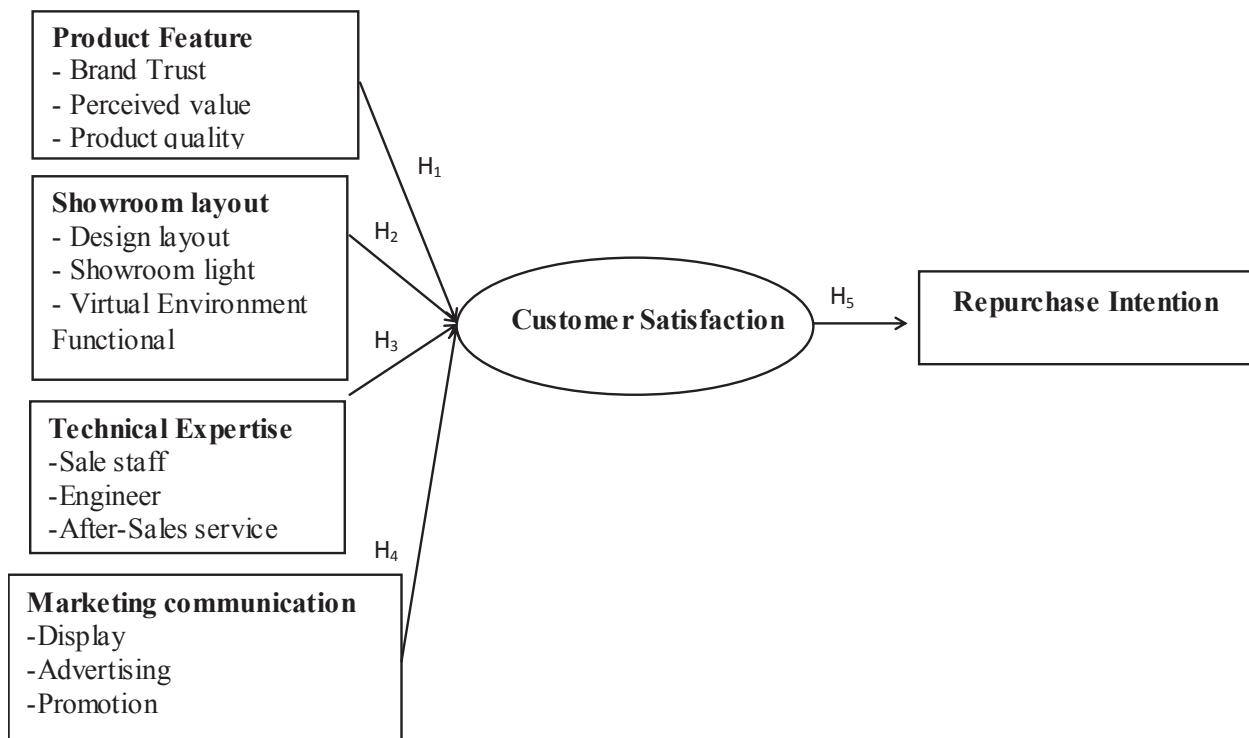
Repurchase intentions of customer depends on the received value in the previous transaction and purchase intentions of customers in the future to have a relationship with satisfaction.

Satisfaction and Repurchase intention: The relationship between customers' satisfaction and repurchase intentions is supported in varieties of products and services. The studies show that to satisfy

the customers with strongly services have an associated intention that customers return to the same organization providers.

Moreover, to satisfy the customer will lead to the benefits of the organization. If repurchasing has been occurred, it can be assumed that the benefits from the customer perspective are positive that influencing repurchases intention and satisfaction for customers.

Conceptual Framework



Research Hypothesis:

H1: There is a significant relationship between Product Feature and Customer Satisfaction at IKEA Bangkok.

H2: There is a significant relationship between Showroom Layout and Customer Satisfaction at IKEA Bangkok.

H3: There is a significant relationship between Technical and Customer Satisfaction at IKEA Bangkok.

H4: There is a significant relationship between Market Communication and Customer Satisfaction at IKEA Bangkok.

H5: There is a significant relationship between Customer Satisfaction and Repurchase Intentions at IKEA Bangkok.

Target population and sample: Walk-in customers at IKEA showroom in Bangkok are the target population in this research. The total number of IKEA's customers is approximately estimated to be in and

around a hundred thousand persons (active customers who purchase the products at IKEA, Bangkok, on a regular basis).

The formulation provided by Taro Yamane (1967:886).

$$n = N$$

$$1 + N(e)^2$$

$$\text{Sample Size} = 28,275 / 1+28,275 (0.05)^2$$

$$= 394.4202$$

So, the questionnaire was distributed to 395 customer respondents who walked to IKEA showroom by using voluntary respondents and convenience samples.

Research Instruments: This research used the quantitative method to measure the relationship between product features, showroom layout, technical, marketing communication, and satisfaction towards repurchase intentions of walk-in customers at IKEA, Bangkok. The study used a seven-point Likert scale for measuring, where one point represented "strongly disagree"(1) to "strongly agree"(7).

Proposed Data Processing and Analysis: According to Peter (1979), the Cronbach's Alpha method is used to measure the reliability of internal consistency; wherever the value so obtained, was greater than 0.6,

the results were considered to be reliable and acceptable.

Table of results from reliability analysis (395 set questionnaires)

Dimensions	Cronbach's Alpha	Number of items
Product Feature	0.920	6
Showroom Layout	0.917	6
Technical (Expertise)	0.898	6
Marketing Communication	0.876	5
Customer satisfaction	0.907	4
Repurchase Intention	0.894	3

General Information:

Gender: The total respondents were 395 respondents divided to male, female and others. There were 179 male or 45.3% out of 395 respondents and 215 female or 54.4% out of 395 respondents.

Age: There were 115 respondents below 30 years old, those aged between 30-39 years old were 208 respondents, those aged between 40-49 years old were 50 respondents, and those aged above 50 years old were 14 respondents.

Education: The educations of respondents show that 4.6% has lower than Bachelors Degree, there were 82% with Bachelors Degrees, 13.2% had Master Degree, and Ph.D. Degree 0.3%.

Income (per month) The majority of the respondents get the income between 30,000 to 50,000 baht (48.4%). 32.2% are respondents who received income lower than 30,000 baht, 15.4% are respondents who received income between 50,001 to 70,000 baht, 4.1% are respondents who received income higher than 70,000 baht.

How often do they repurchase IKEA's products

The frequencies of respondents to repurchase IKEA's products was found to be in the following order, at 63.8% were those who shopped between one to two times, 21% shopped between three to four times and 15.2% shopped for more than four times per month.

The analysis of the relationship between variables and customer satisfaction towards repurchase intentions by using Pearson Product Moment Coefficient Correlation (Bivariate).

To analyse the relationship by using Pearson Product Moment Coefficient Correlation (Bivariate) and the result for the analysis demonstrated that significance is equal to .000 which is less than 0.01 (.000<.01). It means the null hypothesis (H_0) was rejected.

The Analysis of relationship between Product Features and Customer Satisfaction value is .734, which there is a moderate positive relationship between Product Features and Customer Satisfaction at IKEA, Bangkok.

The Analysis of relationship between Showroom Layouts and Customer Satisfaction value is .609, which shows that there is a moderate positive relationship between Showroom Layouts and Customer Satisfaction at IKEA, Bangkok.

The Analysis of relationship between Technical and Customer Satisfaction value is .736, which there is a moderate positive relationship between Technical and Customer Satisfaction at IKEA, Bangkok.

The Analysis of relationship between Marketing Communication and Customer Satisfaction value is .750, which there is a moderate positive relationship between Marketing Communication and Customer Satisfaction at IKEA, Bangkok.

The Analysis of relationship between Customer Satisfaction and Repurchase Intentions value is .802, which there is a very strong positive relationship Customer Satisfaction and Repurchase Intentions at IKEA, Bangkok.

Conclusions and Recommendations: The results demonstrated that there was a strong positive relationship between independent factors (product feature, showroom layout, technical, marketing communication) and customer satisfaction towards repurchase intentions of walk-in customers at IKEA, Bangkok; so, IKEA must consider the following factor too.

1. Brand trust can create the relationship or connection in the customers' mind, because of the perception of customer can influence to the organization. So, this means that the organization has to increase customer satisfaction more in order to have a strong brand.
2. Perceived value is a positively relationship so organization has to satisfy the customer need in order to lead the repurchase intention such as customer affective, perspective, tactical and offering the values to customer as well.
3. Product quality can affect customer satisfaction so the organizations should continue improving the

quality under TQM (reliability and quality) as a major study field.

4. Design layout can increase the positive effects because a good layout can help the consumer to find the products faster as well as make the decision and purchase the products.

5. Showroom light should promote the image as a well-design because light of the showroom can make the customers' eyes see the point and create the positive affect for the showroom as well as stimulate the desire to purchase impulsively.

6. Virtual environment function can make the customer to have more experience about the product and service, which makes customers to have the real test.

7. Sales staff, were directly related to customer satisfaction and their performance could have an impact on customer satisfaction in a positive manner.

8. After-Sales service can support the product and service transaction in terms of product quality to satisfy customers' intention and satisfaction as well.

9. Advertising should enhance the associated brand equity, which improve the organization to create customer awareness and customer intention as well.

10. Promotion can create customer motivation as well as promote the product and brand such as offer discounts, bonus pack, coupons, or refund.

Future studies: This research study shows the results of only walk-in customers at IKEA, Bangkok, with 495 respondents in the survey. Thus, further research should focus on other different branches and other subsidiaries in order to gain more accurate and reliable results that could be useful and apply to other branches and subsidiaries. Furthermore, future researchers, can expanded their studies to other areas, by using qualitative methodologies as interviews with walk-in customers in order to investigate customer satisfaction as well.

Furthermore, the researcher hopes that this research on IKEA, Bangkok, would be useful to the organization and also, the recommendations will help the organization to improve the factors that can influence customer satisfaction which may lead to higher repurchase intention for customers.

References:

1. Andreas Eggert Wolfgang Ulaga, (2002),"Customer perceived value: a substitute for satisfaction in business markets?", Journal of Business & Industrial Marketing, Vol. 17 Iss 2/3 pp. 107 – 118
2. Doina Olaru Sharon Purchase Nathan Peterson, (2008),"From customer value to repurchase intentions and recommendations", Journal of Business & Industrial Marketing, Vol. 23 Iss 8 pp. 554 – 565
3. Eunsang Yoon Valerie Kijewski, (1997),"Dynamics of the relationship between product features, quality evaluation, and pricing", Pricing Strategy and Practice, Vol. 5 Iss 2 pp. 45 – 60
4. Paul G. Patterson Richard A. Spreng, (1997),"Modelling the relationship between perceived value, satisfaction and repurchase intentions in a business-to-business, services context: an empirical examination", International Journal of Service Industry Management, Vol. 8 Iss 5 pp. 414 – 434
5. Phillip K. Hellier Gus M. Geursen Rodney A. Carr John A. Rickard, (2003),"Customer repurchase intention", European Journal of Marketing, Vol. 37 Iss 11/12 pp. 1762 – 1800
6. Solomon, M. R. (1999). The value of status and the status of value. *Consumer value: A framework for analysis and research*, 63-84.
7. Vigneron, F., & Johnson, L. W. (1999). A review and a conceptual framework of prestige-seeking consumer behavior. *Academy of Marketing Science Review*,1(1), 1-17.

Prof Ramnath Srinath/ acharnsrinath@gmail.com/Assumption University/Bangkok/ Thailand