THE INFLUENCE OF FOOD & BEVERAGE RETAIL STORE COVID-19 READINESS STRATEGIES ON CUSTOMER SATISFACTION AND TRUST

Veronica[1*], Harjanto Prabowo[2], Adler Haymans Manurung[3], Mohammad Hamsal[4]

[1,2,3,4]Management Department, BINUS Business School Doctor of Research in Management, Bina Nusantara University
[1]Institut Transportasi dan Logistik Trisakti, Jakarta, Indonesia
[*]Corresponding author: veronica010@binus.ac.id

Abstract. This study presents coronavirus readiness strategies at food and beverages stores in Jakarta and their influence on customer trust and satisfaction. The data was collected from customers within the metropolitan area of Jakarta. The data were analyzed using a quantitative approach. Structured questionnaires were provided to customers throughout Jakarta metropolitan area. Reliability and validity were confirmed. The data is presented using Structural Equation modelling (SEM) using the LISREL statistical software. The analysis of the SEM path shows the estimation of the interconnectivity of the major constructs in the data. The findings from this dataset show that retail store readiness: sanitized retail entrances, sanitized retail counters and sanitized retail shelves, table and chairs, noncash payment methods, retail social distancing as well as mask on and temperature checking had a statistically significant effect on customer trust and satisfaction with COVID-19 readiness in retail stores. Furthermore, the data reveals that customer trust can still be obtained even if the F&B retail is suffering from pandemic by maintaining customer satisfaction.

Keywords: *retail readiness, customer satisfaction, customer trust, health protocol, COVID-19, pandemics*

Introduction

The pandemic in 2020 known as COVID-19 Pandemic had altered people's lives dramatically in just a few months. This paper measures retail stores' responses to the pandemic with several new dimensions. In previous studies, the influences of COVID-19 readiness strategies at retail stores were presented in the ways retailers and brands face many short-term challenges, such as those related to health and safety, the supply chain, the workforce, cashflow, consumer demand, sales, and marketing (Donthu & Gustafsson, 2020). As there is an increasing trend of home delivery for essential goods such as food, groceries, and healthcare, there is also a desire to have a real social interaction like before in a coffee shop.

The term 'new normal' refers to some lifestyle changes in the society and the way people work including social distancing and working from home (Vanessa, 2020). It is defined as the new condition and/or after pandemic in which health protocols become mandatory in all aspects of human activities on a day-to-day basis. Along with the decision made by the government to keep to the economy going, most large companies have a specific involvement to play in supporting national economies and consumer welfare (Fadel, Salomon, & Descatha, 2020). All retailers endeavor to come up with an excellent service to maintain the existing customers and attract new ones. However, in the time of uncertainty like in the time of COVID-19 pandemic, being able to do so is harder and more complex than usual (Tarki, Levy, & Weiss, 2020)

Despite the policy to keep the flow of money going, new normal era has become an oasis for those who seek real human interactions. A study on consumer behavior stated that being isolated is harmful for social beings (Cacioppo & Hawkley, 2009). Consumers learn to adapt quickly to overcome constraints that have been imposed by governments and take an improvised approach towards them (Sheth, 2020).

Food and beverages sectors in retail have their ups and downs in this pandemic era. Hand washing or using hand sanitizer after handling packages and goods is mandatory after touching food as it is considered a potential exposure to corona virus (Seymour, Yavelak, Christian, & Chapman, 2020). Cleaning and sanitizing the surface of kitchens and restaurants are also suggested for good hygiene practice (FDA, 2020). Some retailers are forced to react to the emergency situation following the health protocols by adjusting space capacity, providing hand sanitizers in the entrance area, sanitizing the store area, and making sure the visitors have a mask on and have their temperature checked before entering the store. Door handles, counters, shelves, and other areas of "high touch" frequencies should be subject to frequent and effective cleaning as well. The store personnel should be involved in assuring that the standard hygiene practices and health protocol is implemented effectively. They should also encourage visitors to have their masks on and to cover their nose and mouth when sneezing or coughing. (Safefood, 2020).

Store Readiness

Readiness for change is the extent to which an individual or groups are cognitively inclined to accept, embrace, and adopt a particular plan to intentionally alter the status quo (Rafferty, Jimmieson, & Armenakis, 2012). Readiness is defined in the Oxford Dictionary as the state of being fully prepared for something (Stevenson, 2010). Another definition of readiness is a willingness to be prepared for something (McIntosh, 2015). Based on these definitions of readiness, we outline 'any state of condition in the business which an organization must be ready to accomplish' as the definition of readiness. Thus, retail store COVID readiness is a state of condition in the pandemic era when retail stores of all sectors including food and beverages are obliged to comply with restrictions following the health protocols published by the governments and WHO.

A study examining retail store readiness in South Africa has shown that sanitized retail entrances, sanitized retail counters and sanitized retail shelves had a statistically significant effect on customer satisfaction with COVID-19 readiness of retail stores. (Rukuni & Maz, 2020). To comply with the new health protocols during this pandemic, retail stores not only must incur additional costs for hand sanitizers and space sanitation kit as well as temperature checker kit but also suffer from the decreasing capacity of F&B retail stores.

Customer Satisfaction

Customer satisfaction is a measure of the discrepancy between customers' expectation and the evaluation after consumption (Nunkoo, Teeroovengaduma, Ringlee, & Sunnassee, 2019). Previous studies stated that satisfaction is generated even before purchase as it is formed in the customers' mind where expectation was built before. The perceived performance of products and/or services after an initial consumption is stated as 'confirmation' (Wu, 2013). In the field of management, the relationship between retail store COVID readiness and customer satisfaction is expected to be addressed as well as for practitioners to understand how customers react to the changes made in the pandemic (Rukuni & Maz, 2020).

Customer Trust

Trust in organizations is associated with customer loyalty, commitment, cooperation, competitive advantage, and high turnover (Barney & Hansen, 1994; Kramer & Pittinsky, 2012; Sirdeshmukh, Singh, & Sabol, 2002). In order to create customer loyalty, stores need to keep the trust of the customers. Especially in the pandemic condition where health protocols become compulsory in terms of hygiene and social distancing. It has been stated that satisfaction affects trust (Songa, Wanga, & Han, 2019). However, in order to generate and maintain the trust from customers, they need to be satisfied. Trust becomes essential in time of high uncertainty like pandemic. A costumer who believes in a particular company or brand will have a positive

attitude towards the brand. Customer trust may lead to purchasing a product or service and become loyal (Aydin & Ozer, 2005; Sarwar, Abbasi, & Pervaiz, 2012).

In order to reach the aim of our work, we propose the hypotheses of this study as follow:

H1: Retail Store Readiness positively impacts Customer Trust

H2: Retail Store Readiness positively impacts Customer Satisfaction

H3: Customer Satisfaction significantly mediates the relationship between Retail Store Readiness and Customer Trust
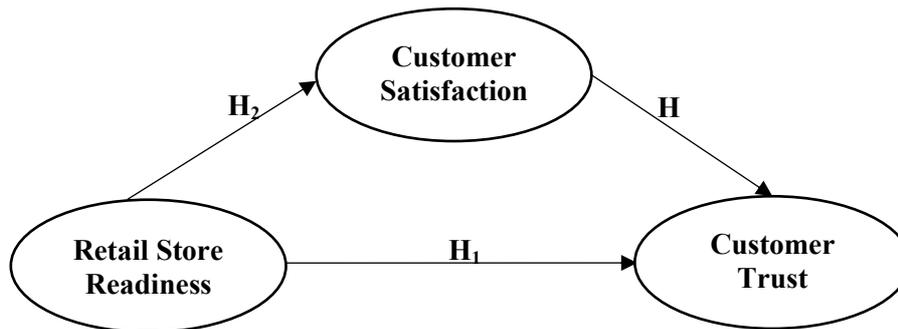
Figure 1. Conceptual Model

Method

Questionnaires were distributed using an online survey. The questionnaires used a 5-point Likert scale with the anchors of (1) 'strongly disagree' to (5) 'strongly agree' to reduce variability in the results. Since the context of this study was retail store readiness in facing new normal era, respondents were asked whether they had experienced the operation of the new stores' setting in new normal era before they could proceed to the next questions in the survey. The coffee shop's customers from Brand X were considered giving a total population of customers in Jakarta. The minimum sample size used for this population was 100. It was assigned for the model which contained fewer than five constructs, each with more than three items with high item communalities (0.6 or higher) (Sekaran & Bougie, 2016). We asked the customers to complete the survey and successfully collected 203 responses. This is considered more than enough for an analysis as literature stated. Only those who had experienced store readiness in the new normal era were collected. Our hypothesized model presented in Figure 1 was tested using structural equation modeling (SEM) using software LISREL 8.8.

Table 1. Measurement table

| Construct	Measurement	Items
F&B readiness (Rukuni & Maz, 2020)	Sanitized entrances Sanitized shelves Sanitized tables and chairs Social distancing Non-cash payment methods Mask on and temperature check	The F&B tenant has shown sanitized retail entrances The F&B tenant has shown sanitized retail shelves The F&B tenant makes sure to have sanitized retail counters The F&B tenant makes sure to have sanitized tables and chairs The F&B tenant makes sure to implement retail social distancing The F&B tenant makes sure to provide non-cash payment methods

		The F&B tenant makes sure their visitors have a mask on and have their temperature checked
Customer Satisfaction (Alshibly, 2015)	Expectation Product and Services Experiences Needs Performance	The performance of F&B store meets customers' expectation I am satisfied with product and services I made especially good experiences with this F&B tenant This F&B tenant offers exactly what customers need Satisfaction with the F&B store's overall performance
Customer Trust (Kim & Park, 2013)	Impression of store promises Good Interest Community Trustworthiness Store Trustworthiness	This store gives the impression that they keep promises to always keep their store clean and sanitized during new normal I believe this store still has my best interest during new normal The community of this store is still trustworthy during new normal This store is still trustworthy during new normal

Discussion

The demographics from survey confirmed that responses included in the analysis were taken only from those who at the time of the survey at least had once visited the store during the implementation of the new normal. 60.2% of the respondents were female and only 39.8% were male. From age categorization, the visitors of F&B stores in the new normal era ranged from below 20 years of age to 40 years of age representing 23.3% and 63.9% of the respondents respectively. This shows that the respondents who fell below the category of teenagers to young adults were the most visitors of F&B stores, showing that individuals from younger generation seek for social interaction.

The majority (63.1%) had completed a bachelor's degree, while 19.3% were from senior high schools educational level. 13.3% had completed a master's degree and 4.4% had completed a Ph.D. The data shows that respondents who had visited the store were mostly not from elderly group (above 61 years of age) as they were only 2% of total respondents. This fact is in line with WHO suggestions for older people who are more prone to COVID-19 infection to stay at home.

This work could be an evidence of how society has obeyed the rules by the government but also an obvious scenes of how some of them, particularly younger adults, find it still necessary to go to F&B retail stores during the pandemic. This situation shown by contradictive customers behaviours could be a future study in terms of facing challenging situation like a pandemic.

Chi-Square=191.41, df=94, P-value=0.00000, RMSEA=0.074
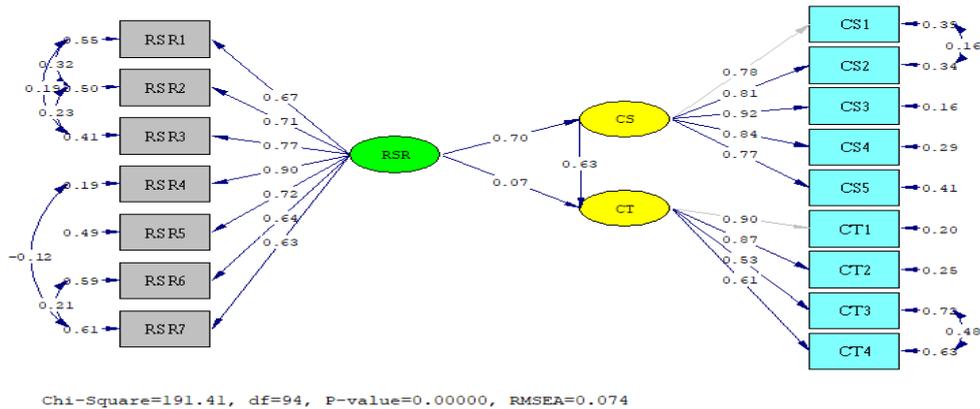
Figure 2. Standardized

The figure above shows the standardized results obtained from the data. The factor loadings value of all items in the figure is relatively good value because the factor loadings value per item is >0.5 (Sekaran & Bougie, 2016). Then, the testing of the value of Construct Reliability (CR) obtained on each variable is also quite good. The result shows retail store readiness has a value of CR = 0.761; customer satisfaction has a value of CR = 0.813; and for customer trust, it has a value of CR = 0.801.

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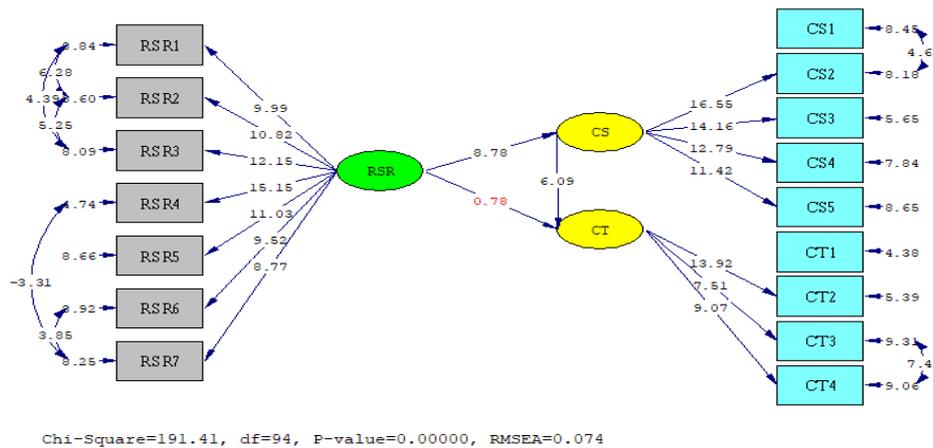
Figure 3. t-values

The correlation, means, and standard deviation are displayed in Table 2. These results, if described separately will be formed as follows:

Table 2.

Path	t-values	Results
RSR -→ CT	0.78 < 1.96	Not significant
RSR -→ CS	8.78 > 1.96	Positive and significant
CS -→ CT	6.09 > 1.96	Positive and significant

As expected, retail store readiness (RSR) was found to be significantly, positively related to customer satisfaction. However, retail store readiness (RSR) has no significant impact on customer trust. We conclude that Hypothesis 1 is not supported. On the other hand, customer satisfaction (CS) has a significant and positive impact on customer trust (CT) that it successfully

mediates the relationship between trust (CT) and retail store readiness (RSR). We found support on Hypotheses 2 and Hypothesis 3. Based on the output, if the results are described separately, they will form as follows:
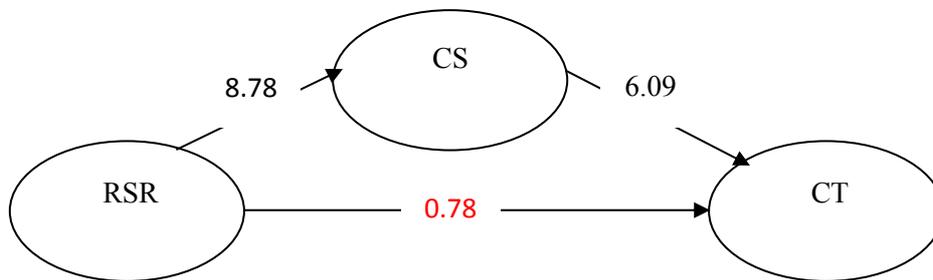
Figure 4. Path

CS acts as a perfect mediator variable because the role of mediator through the variable is more significant than the direct role of the RSR to CT which does not show a significant role.

The next result is confirmatory factor analysis to test the model fit from the measurement results (the output can be seen in Goodness of Fit). Based on several indicators of existing model fit, it can be said that the measuring instrument is fit because the results of 11 existing indicators, 10 indicators have been met. The results are as follows:

Table 3. Goodness of Fit

GOF	Target	Results
Normal Theory Weighted Least Squares Chi-Square = 191.41 (P = 0.000)	P Value > 0.05	No Fit
RMSEA = 0.074	< 0.05 atau $0.05 \leq$ RMSEA < 0.08	Medium Fit
NFI = 0.96	≥ 0.90	Good Fit
NNFI = 0.98	≥ 0.90	Good Fit
CFI = 0.98	≥ 0.90	Good Fit
IFI = 0.98	≥ 0.90	Good Fit
RFI = 0.95	≥ 0.90	Good Fit
RMR = 0.059	≤ 0.10	Good Fit
Standardized RMR = 0.059	≤ 0.10	Good Fit
GFI = 0.92	≥ 0.90	Good Fit
AGFI = 0.90	≥ 0.90	Good Fit

Implication

Managerial implication of retail readiness strategies is having the knowledge that further actions taken towards being agile must be met by retailers and be aligned with the regulations. Managers now start re-thinking the new concept in providing services and physically adjust new store layout to comply with the new rules. Our research findings may be useful and give insights for retail managers to create trust in the midst of situation with high variability. Theoretical implication in the scope of readiness, particularly retail readiness for subsequent research is also provided in our work.

Conclusion

The study of retail store readiness strategies in COVID-19 shows a new research perspective in the time of pandemic from customer perspective. We also propose a new definition of retail store readiness in this work. As most studies examined health infrastructure readiness, we tried to deliver empirical study focusing on the attempt of retailers in generating customer satisfaction in order to gain trust from customers again. This shows that in order to sustain, industries still have to cope during this challenging time even though the decrease of visitor capacity in the stores and the additional costs that incur on providing health protocols become the consequences. Our study shows that the relationship between retail store readiness and the creation of trust is mediated by customer satisfaction. The context of this research is unique among other satisfaction and trust measurements as it incorporates different condition named 'new normal.' Customers showed satisfaction with the new operational changes from retail stores that are obliged to comply with health protocols. Future study is expected to incorporate more health protocols and standards in conducting healthy operational activities inside retail stores.

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