Factors Affecting Trust in Watsons Health and Beauty Chain Stores of the Customers in Department Stores and a Hypermarket along Sukhumvit Road in Bangkok of Thailand

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Abstract

The purpose of this research was to examine the positive effect of satisfaction with price levels, perceived image of the assortment, loyalty towards the commercial chain, loyalty of store brands, previous positive experience with the store brand, lifestyles, visual appeal and physical cues of the stores, and price-conscious decisions and effective promotion towards trust in Watsons chain stores of the customers in department stores and a hypermarket along Sukhumvit Road in Bangkok of Thailand. The data from the total samples of 249 respondents were analyzed using Multiple Regression Analysis and the results found that loyalty towards the commercial chain, visual appeal and physical cues of the stores, and satisfaction with price levels, and price-conscious decisions and effective promotion had the positively impact towards trust in Watsons health and beauty chain stores of the customers in department stores and a hypermarket along Sukhumvit Road in Bangkok of Thailand respectively with statistical significance. This research findings can be applied with practical recommendations for the retail business such as the health and beauty chain stores may strengthen the loyalty with their customers by promoting the customers to apply for the membership of the stores.

Keywords: Health and beauty chain stores, Loyalty, Trust, Thailand

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Introduction

Thailand's health and beauty care products' markets were accounted around 6.2 billion US dollars or approximately 217 billion baht in 2018 and has expected to reach 8 billion US dollars or approximately 280 billion baht in 2022 (The International Trade Administration, 2019). The country's health and beauty care industry has increased by 7.2% to 7.9% annually over the last six years and expected to grow 7.3% per year from 2019 to 2022. The health and beauty care segments are one of the fastest growing of consumer goods areas in Thailand (The International Trade Administration, 2019). The top Thai three largest sub-categories by market value are skin care of 2.4 billion US dollars or around 84 billion baht, hair care of 0.9 billion US dollars or around 31.5 billion baht, and color cosmetics of 0.7 billion US dollars or around 24.5 billion baht (The International Trade Administration, 2019). Although there has been evidence that the health and beauty care products' markets has growing rapidly, factors affecting trust in health and beauty chain stores of the customers in department stores or hypermarkets of Thailand have been vague. For example, Angsiri (2015) stated that most females in generation Y shopped at Watsons in Bangkok because of advertising, sales promotion by employees, and billboard usage, but the researcher had not integrated these marketing factors with the customers' loyalty and trust.

In Thailand, consumers can purchase health and beauty care products in supermarkets, hypermarket store, and the chain stores. "Watsons", a major player, had 500 stores nationwide (Watsons Thailand, 2018) and the company aims to open 550 Watsons' stores by the end of this year (Pitsinee Jitpleecheep, 2019). "Boots" or Walgreens Boots Alliance (WBA) is the largest retail pharmacy, health and daily living destination across the USA and Europe (Boots Retail (Thailand) Ltd., 2019). WBA has continued to expand its business in Asia and Thailand because of the growing middle class and there were 277 Boots stores in Thailand (Pitsinee Jitpleecheep, 2017). The joint venture between Sahapat and Tsuruha Japan called "Tsuruha" has 24 branches in Thailand (Tsuruha Thailand, 2018). "Matsumoto Kiyoshi" in cooperated with Central Food Retail and Matsumoto Kiyoshi from Japan had 29 branches (Matsukiyoshi, 2018). Even though there has been many health and beauty care stores' brands in Thailand, only the brands that can strengthen the customers' trust would maintain their positions as the market leaders in the Thai health and beauty care products' markets in a long run.

No matter the state of the Thai economy in the past decade, these health and beauty chain stores have continued to grow every year. Pitsinee Jitpleecheep stated that in 2019 many stores have offered both the online and offline shopping experience to the customers in the digital era. "Watsons" highlights Generation 8 (G8) store called "StyleMe", an augmented reality (AR) technology that offers virtual makeup services and product recommendations recently launched at Iconsiam, the Mall Bangkapi, and Siam Square.

"Try Me" provides an automatic presentation of product information via video clip. The rise of the social media attracts the customers more active on online shopping experience (Pitsinee Jitpleecheep, 2019).

Then, the continued increase of the Thai health and beauty care products' markets, stores, and competition among the stores' brands had captured the researchers' interests in conducting this research. The researchers chose Watsons health and beauty chain stores because Watsons had been a major player in the industry and most customers in department stores and hypermarkets along Sukhumvit Road in Bangkok of Thailand purchased the products from Watsons health and beauty chain stores. Even if Watsons had been a major player in the industry, factors affecting trust in the stores of the customers in department stores or hypermarkets of Thailand had not clearly revealed. If Watsons want to maintain its position as the market leader in the Thai health and beauty care products' markets in a long run, they should pay attention to factors linking the customers' trust in the markets. Therefore, the researchers aimed to investigate factors affecting trust in Watsons health and beauty chain stores of the customers in department stores and a hypermarket along Sukhumvit Road in Bangkok of Thailand. The authors expected to investigate factors impacting trust in Watsons chain stores of the customers in department stores and a hypermarket along Sukhumvit Road in Bangkok of Thailand in order to provide practical recommendations for the retail business for practitioners as well as to extend theory of trust for future researches.

Literature Review

Based on the literature review, in the context of this study, eight relevant background aspects were taken into consideration when it came to building customer trust in the retailer: satisfaction with price levels, perceived image of the assortment, loyalty towards the commercial chain, loyalty of store brands, previous positive experience with the store brand, lifestyles, visual appeal and physical cues of the stores, and price-conscious decisions and effective promotion. The retailer's price satisfaction had been considered in the specialized literature under different aspects such as the average price level, relative prices in comparison to similar competitive products, fixed prices, and fair pricing. These were some of the tools aimed to increase satisfaction with price policy of the customers (Rubio, Villaseñor, & Yagüe, 2017). Moreover, perceived image of the assortment was the key factor in building trust in the commercial chain. The retailer's competence in providing an assortment of products that satisfied the customers' needs, whether in terms of quality or in terms of availability and variety of assortment, encouraged the customer's trust (Rubio et al., 2017). Additionally, loyalty towards the commercial chain or loyalty to the retailer referred to loyal consumers preferred to purchase as the specific chain stores because of the stores' facilities (Rubio et al., 2017). Furthermore, loyalty of store brands was defined as the customers had

preference and showed loyalty to the store brands of a single retailer. They were more familiar with its own brands in comparison with own brands of competitors (Rubio et al., 2017).

For previous positive experience with the store brand, prior studies confirmed that previous brand experience influenced consumer brand behavioral intention. Theory of consumer learning provided a rational to the relationship between previous experience and consumer behavior towards store brands. During the consumer decision-making process, a person's internal memory was combined with external memory such as all the products details on packages in shopping lists, to permit brand alternatives to be identified and evaluated (Diallo & Siqueira, 2017). In addition, for lifestyles, women were engaging towards sustainable lifestyles, as natural cosmetics and beauty care products were believed to harmonize their self-image, health risks and feminism which explained the growing demand for eco-friendly cosmetics and beauty care products (Pudaruth, Devi, & Devi Seewoo, 2015). For visual appeal and physical cues of the stores referred to shelf displays, attractive packaging and labelling, and celebrities used the products at the stores (Pudaruth et al., 2015). For price-conscious decisions and effective promotion, it was defined as affordability and price, highly pricing, sales promotion and discounts, or luxurious products (Pudaruth et al., 2015). Lastly, for trust in the retailer, trust was commonly considered a multidimensional construct that differentiated between honesty and benevolence perceived in the behavior of the other part. Trust was defined as the expectation held by the consumer that the service provider was dependable and could be relied on to deliver on its promises (Rubio et al., 2017).

Research Objective and Conceptual Framework

The objective of this research is to study of factors affecting trust in Watsons health and beauty chain stores of customers in department stores and a hypermarket along Sukhumvit Road in Bangkok of Thailand. Those independent factors are

(1) satisfaction with price levels,

(2) perceived image of the assortment,

(3) loyalty towards the commercial chain,

(4) loyalty of store brands, previous positive experience with the store brand,

(5) lifestyles,

(6) visual appeal and physical cues of the stores, and

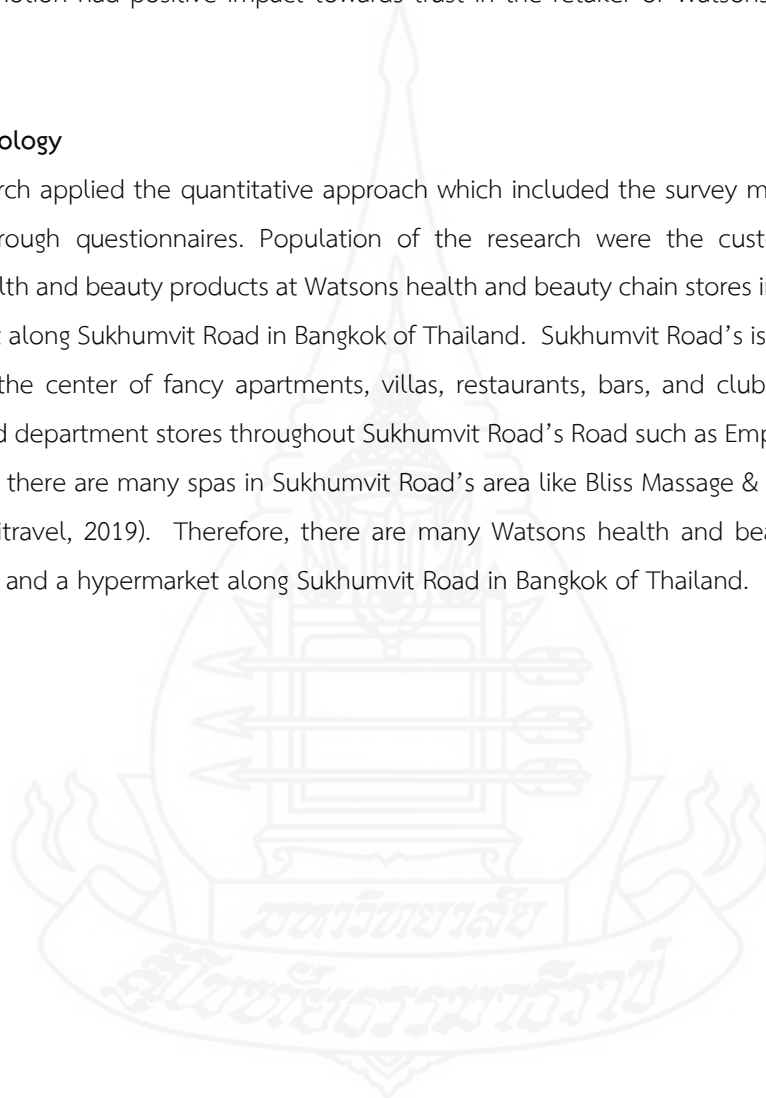(7) price-conscious decisions and effective promotion as shown in the conceptual model of this research in Figure 1.

Furthermore, the researchers hypothesized that satisfaction with price levels, perceived image of the assortment, loyalty towards the commercial chain, loyalty of store brands, previous positive experience with the store brand, lifestyles, visual appeal and physical cues of the stores, and price-conscious decisions, and effective promotion had positive impact towards trust in the retailer of Watsons health and beauty chain stores.

Research Methodology

The research applied the quantitative approach which included the survey method and the data collection was through questionnaires. Population of the research were the customers who usually purchased the health and beauty products at Watsons health and beauty chain stores in department stores and a hypermarket along Sukhumvit Road in Bangkok of Thailand. Sukhumvit Road's is an exclusive district in Bangkok. It is the center of fancy apartments, villas, restaurants, bars, and clubs. There are many shopping malls and department stores throughout Sukhumvit Road's Road such as Emporium, Terminal 21, or J Avenue. Also, there are many spas in Sukhumvit Road's area like Bliss Massage & Spa, or Center Point Boutique Spa (wikitravel, 2019). Therefore, there are many Watsons health and beauty chain stores in department stores and a hypermarket along Sukhumvit Road in Bangkok of Thailand.
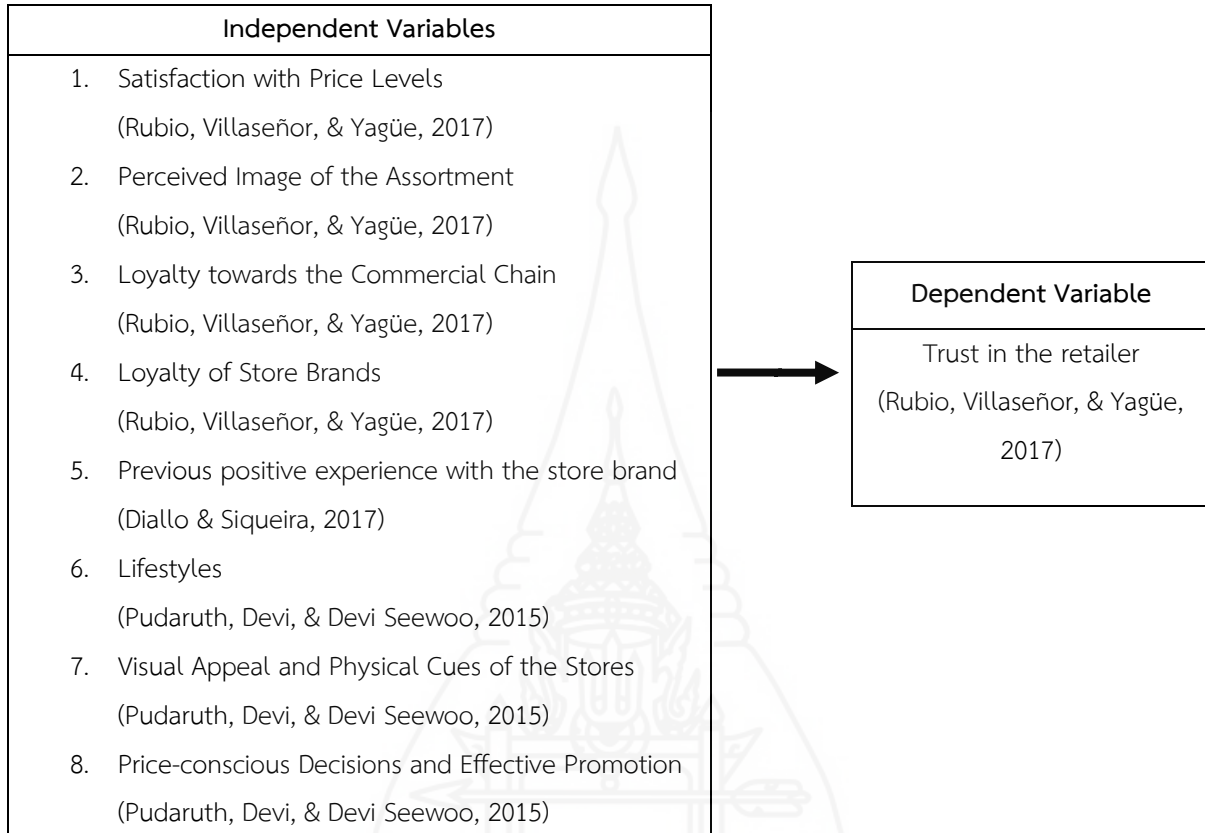
Figure 1: The Conceptual Model of This Research

Independent Variables
1. Satisfaction with Price Levels (Rubio, Villaseñor, & Yagüe, 2017)
2. Perceived Image of the Assortment (Rubio, Villaseñor, & Yagüe, 2017)
3. Loyalty towards the Commercial Chain (Rubio, Villaseñor, & Yagüe, 2017)
4. Loyalty of Store Brands (Rubio, Villaseñor, & Yagüe, 2017)
5. Previous positive experience with the store brand (Diallo & Siqueira, 2017)
6. Lifestyles (Pudaruth, Devi, & Devi Seewoo, 2015)
7. Visual Appeal and Physical Cues of the Stores (Pudaruth, Devi, & Devi Seewoo, 2015)
8. Price-conscious Decisions and Effective Promotion (Pudaruth, Devi, & Devi Seewoo, 2015)

Dependent Variable
Trust in the retailer (Rubio, Villaseñor, & Yagüe, 2017)

The sample size was firstly calculated from 40 pilot questionnaires by using G*power version 3.1.9.2, created by Cohen (1977) and approved by several researchers such as Erdfelder (1996) and Wiratchai (2012). The calculation was with the Power $(1-\beta)$ of 0.84, Alpha (α) of 0.16, Number of Test Predictor of 8, Effect Size of 0.0475252 (Calculated by Partial R^2 of 0.045369). As the result of G*power calculation, the minimum number of the total sample size was 249 (Cohen, 1977). Therefore, total 249 sets of the questionnaire would be gathered from respondents. The first researcher conducted convenient sampling in front of Watsons health and beauty chain stores in department stores and a hypermarket which located along Sukhumvit Road from 1 June to 27 August 2018 and received 30 respondents from the first store at Siam Square, 50 respondents from the second store at Siam Square, 50 respondents from the store at Central World, and 20 respondents from the store at Big C Ratchadamri, 30 respondents from the store at Terminal 21, 50 respondents from the store at Tesco Lotus On Nut, and 19 respondents from the store at Robinson Sukhumvit Road's. Therefore, the total of 249 usable respondents were collected from 7 store of Watsons health and beauty chain stores in department stores and a hypermarket along Sukhumvit Road in Bangkok of Thailand. The data was analyzed by using SPSS statistics version 25. The Cronbach's Alpha Coefficient

of each factor was computed and had result value between 0.705-0.847. All of alpha coefficient was passed the suggested level of 0.65 (Nunnally, 1978) and had proven to be reliable.

Research Results

Most of the respondents of around 82.7% were females with the ages between 24-29 years old calculated as 66.3%. Most were singles for 85.1% and around 67.9% had Bachelor degrees. They were employees in private companies for 59.4% and about 47.8% had the range of income between 15,001 to 30,000 baht per month. Majority of them visited health and beauty stores once a month at 37.3%. Health and beauty stores type was the most favorite type of stores where participants frequently bought cosmetics and beauty care products accounted for 71.4% and Watsons was the most favorable health and beauty store at 75.9%. Most of the respondents spent money per time at health and beauty stores of around 501 – 1,000 baht at 42.4% and about 38.6% bought skincare products category as the majority.

In addition, based on hypothesis, the analysis results could be concluded that there were only four independent variables, which were loyalty towards the commercial chain (β = 0.309), visual appeal and physical cues of the stores (β = 0.253), satisfaction with price levels (β = 0.196), and price-conscious decisions and effective promotion (β = 0.140) respectively had positive effect on trust in the retailer at statistically significant level of .01. Moreover, all of them were explained the positive impact on trust in Watsons health and beauty chain stores of customers in department stores and a hypermarket along Sukhumvit Road in Bangkok of Thailand at 65.3% while the rest at 34.7% was not applied in this research. Also, the result of Variance Inflation Factor (VIF) values of each independent variable were not exceeded by 4, which referred to there had no Multicollinearity among independent variables (Miles & Shevlin, 2001) as well as the standard error was ±0.227 by the following equation;

Y (Trust in the retailer) = -0.179 + 0.309 (Loyalty towards the Commercial Chain) + 0.253 (Visual Appeal and Physical Cues of the Stores) + 0.196 (Satisfaction with Price Levels) + 0.140 (Price-conscious Decisions and Effective Promotion) as shown in Table 1:

Table 1: Multiple Regression Analysis

Dependent Variable : Trust in the retailer, R = 0.808 , R^2 = 0.653 , Constant(a) = -0.179						
Independent Variables	**β**	**Std. Error**	**T**	**Sig**	**Tolerance**	**VIF**
(Constant)		0.227	-0.788	0.432		
Satisfaction with Price Levels (SPL)	0.196	0.067	3.345	0.001	0.422	.372
Perceived Image of the Assortment (PIS)	0.142	0.067	2.456	0.015	0.433	.312
Loyalty towards the Commercial Chain (LCC)	0.309	0.049	5.094	0.000	0.393	.547
Loyalty of Store Brands (LSB)	-0.035	0.050	-0.476	0.634	0.263	.808
Previous positive experience with the store brand (PESB)	-0.035	0.054	-0.479	0.624	0.285	.508
Lifestyles (LS)	0.028	0.063	0.407	0.685	0.314	.183
Visual Appeal and Physical Cues of the Stores (VAPS)	0.253	0.062	4.236	0.000	0.405	.472
Price-conscious Decisions and Effective Promotion (PCEP)	0.140	0.061	2.772	0.006	0.563	.776

**significant at the .01 level

Since the objective of this research is to study of factors affecting trust in Watsons health and beauty chain stores of customers in department stores and a hypermarket along Sukhumvit Road in Bangkok of Thailand. Those independent factors are

(1) satisfaction with price levels,

(2) perceived image of the assortment,

(3) loyalty towards the commercial chain,

(4) loyalty of store brands, previous positive experience with the store brand,

(5) lifestyles,

(6) visual appeal and physical cues of the stores, and

(7) price-conscious decisions and effective promotion.

The researchers concluded that only loyalty towards the commercial chain, visual appeal and physical cues of the stores, satisfaction with price levels, and price-conscious decisions and effective promotion had positive effect on trust in the retailer. The results from Table 1: Multiple Regression Analysis indicated that

(1) loyalty towards the commercial chain,

(2) visual appeal and physical cues of the stores,

(3) satisfaction with price levels, and

(4) price-conscious decisions and effective promotion had positive effect on trust in the retailer from the highest effect to the lower effect respectively.

Discussion

The researchers hypothesized that satisfaction with price levels, perceived image of the assortment, loyalty towards the commercial chain, loyalty of store brands, previous positive experience with the store brand, lifestyles, visual appeal and physical cues of the stores, price-conscious decisions and effective promotion had positive impact towards trust in the retailer of Watsons health and beauty chain stores In department stores and a hypermarket along Sukhumvit Road in Bangkok of Thailand. The research results could be concluded that there were only four independent variables; (1) loyalty towards the commercial chain, (2) visual appeal and physical cues of the stores, (3) satisfaction with price levels, and (4) price-conscious decisions and effective promotion had respectively positive effect on trust in the retailer at 65.3%.

The results first supported the previous research that consumer loyalty towards the commercial chain was constructed from the most favorable perceptions of trust in Watsons stores (Rubio et al., 2017). Secondly, visual appeal and physical cues of the stores including shelf displays, attractive packaging or labelling (Pudaruth et al., 2015) had positive impact towards trust in Watsons stores. Thirdly, satisfaction with price levels had positive influence on trust in Watsons stores (Pudaruth et al., 2015). Forth, price-conscious decisions and effective promotion consist of affordability, pricing, or sales promotion and discounts (Pudaruth et al., 2015) contributed positive impact towards trust in Watsons stores (Pudaruth et al., 2015). Lastly, trust in the retailer was defined as the expectation held by the consumer that the service provider was dependable and could be relied on to deliver on its promises (Rubio et al., 2017). However, this research results were not confirmed that perceived image of the assortment (Rubio, Villaseñor, & Yagüe, 2017), loyalty of store brands (Rubio, Villaseñor, & Yagüe, 2017), previous positive experience with the store brand (Diallo & Siqueira, 2017), lifestyles (Pudaruth, Devi, & Devi Seewoo, 2015) had positive impact towards trust in the retailer. These may be because the consumers had not been satisfied with perceived image of the assortment, loyalty of store brands, previous positive experience with the store brand, and lifestyles presented by the stores.

Recommendations

       For practical recommendations for the retail business and for managerial implication, Watsons health and beauty chain stores should emphasize loyalty towards the commercial chain, visual appeal and physical cues of the stores, satisfaction with price levels and price-conscious decisions and effective promotion respectively. For loyalty towards the commercial chain, the health and beauty chain stores should emphasize on activities aiming to strengthen the loyalty with the customers such as collecting points for discounts on the next purchases or promoting the customers to apply for the membership of the stores. For visual appeal and physical cues of the stores, the health and beauty chain stores should be certain that the designs of the products on shelves, colors' decorations of the stores, the stores' layouts, presenters used for the products, promotional ads or signs should be consistent throughout all the chain stores. Moreover, the promotional price levels, discounts, and buying the first piece in full price and buying the second piece for 1 baht were appropriate for the chain stores. The results of this research should benefit Watsons or many health and beauty chain stores in the matter of investment decisions for future development in lacking area, including emphasizing on loyalty towards the commercial chain, visual appeal and physical cues of the stores, satisfaction with price levels, and price-conscious decisions and effective promotion in order to sustaining trust in the health and beauty chain stores among the customers in department stores and a hypermarket along Sukhumvit Road in Bangkok of Thailand. Nevertheless, if the stores want to strengthen trust from the customers, they may consider trying to improve perceived image of the assortment, loyalty of store brands, previous positive experience with the store brand, and lifestyles presented by the stores since the consumers had not trust the stores in these aspects.

       Future research may focus on a larger scale of populations in order to increase more comprehensive understanding of other positive factors such as genders, social influences, advertisement, or perception of green cosmetics' products that may have positive or negative influence on the customers in order to maintain their trust in Watsons health and beauty chain stores.

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