

THE IMPACT OF CONTEXTUAL FACTORS, BRAND LOYALTY AND BRAND SWITCHING ON PURCHASE DECISION OF MINERAL WATER IN CONVENIENCE STORE

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ABSTRACT

Mineral water has become a global business and Indonesia is one of the largest countries in mineral water consumption recording an average increase of 12.3 % every year since the last five years. However, the Indonesian bottled water market seems to have reached the maturity stage of its lifecycle. Because the competitive pressure is strongly increased, bottled water producers need to revise their marketing strategies. This research attempts to examine whether contextual factors-individual and society-, brand loyalty and brand switching affect young adults' decision to purchase mineral water in convenience store in Jakarta. Total of 200 valid respondents was collected by using direct intercept technique through print questionnaire. Multiple regression analysis was conducted using SPSS 17.0. The findings of this research indicated that contextual factors have a significant impact on the purchase decision of young-adults in buying mineral water. It also revealed that brand loyalty also affects their decision in purchasing the mineral water; their positive experience with one brand would assure their purchase for that particular brand again in the future. Similarly, brand switching significantly determines the purchase decision. The research finally concluded that all factors combined together simultaneously affect the purchase decision of consumers to buy mineral water in convenience stores in Jakarta.

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INTRODUCTION

This research attempts to replicate the previous study by Shukla (2009) that explores the purchase decision leading people in their certain behavior models. Knowing the fact that the mineral water consumption in Indonesia has increased since the last five years due to the natural growth of population, coupled with increased awareness of healthier lifestyle and the unavailability of fresh tap water, a similar study is considered important to be also conducted in Indonesia (Dewi, 2015).

This research is intended to examine whether contextual factors-individual and society-, brand loyalty and brand switching affect young adults' decision to purchase mineral water in convenience store in Jakarta. There are a number of variables used to measure the purchase intention, such as consideration of purchasing a brand and repurchase intention of the same brand in next future (Laroche, Kim and Zhou, 1996; Laroche and Sadokierski, 1994; Mackenzie, Lutz and Belch, 1986). The key ingredient of these and many other models is the behavioral intention (Sheeran and Abraham, 2003; Dick and Basu, 1994).

Consumer intention to purchase a specific brand is not only influenced by the same brand attitude, but also by the attitude of consumers that leads them to other brands when considering which brand is to buy (Porter, 1974). The good effect on purchase decision is caused by the approach to a specific brand (Brown and Stayman, 1992; Homer, 1990; MacKenzie et al., 1986). For loyal customers, purchase decision is not based on price, as this type of customers is not price sensitive. Loyal customers express their loyalty by giving positive recommendation on the brand and willing to invest their money for the brand to reflect their loyalty and trust (Schoenbachler, Gordon and Aurand, 2004).

Customer buying behavior depends on the level of competition among brands within the industry (Porter, 1974). Previous research proved

that purchase intention was affected by the attitude to the same brand or other brands that emerge during consideration stint (Laroche et al., 1996; Laroche and Sadokierski, 1994).

Society has also been considered as a factor determining the decision to make a purchase. Therefore, it is important to have a deeper look on how the interaction between customers and the brands develops and how social circle be possible to influence people's personal lives (Esch et al., 2006).

According to 2013 global youth survey by Kairo Future, an international consulting and research company headquartered in Stockholm, (Kairo Future, 2013), 43% of young adults in the world based their purchase decision on their online research, and other 40% made their decision based on recommendation from their friends or family, and only 17% of this segment admitted that their purchase decision was influenced by print advertising.

Retail was said as one of the fastest growing sectors that have significantly shaped the national economy of Indonesia. Hypermarkets, supermarkets, and minimarkets are developing rapidly in Indonesia as purchasing power increases. Based on the data from the Indonesia Retail Employers Association, minimarkets have grown rapidly surpassing supermarkets and hypermarkets, which of growth have declined since the emergence of minimarket (Indonesia Investments, 2013). Indonesia's expanding middle class increasingly favors in minimarkets to do their grocery shopping as these stores are everywhere in the cities in Java and Bali (thus easier access from one's residence) and some products are cheaper than in the supermarket or hypermarket

The value of sales in minimarkets has grown an average of 26 percent per year in the last five years. Even though the growth is predicted to slow to 13 percent from 2013, the market is still attractive for the major players in the industry (Indonesia Investments, 2013). The largest minimarket chains in Indonesia- Alfamart, Indomaret and 7-Eleven - all have ambitious plans to expand their businesses through increasing the number of outlets.

LITERATURE REVIEW

Contextual Factors

Young-Adults Market

Young adult segment ranging from 18 to 24 years old is an important segment with high potential market segment distinguished by various characteristics, which are worth to separate them to one group (Ness, Gorton and Kuznesof, 2002). According to Global Youth Survey (Kairo Future, 2013), the biggest spending of young adults in South East Asia Countries is on transportation, food, society, clothes, and cellphone bills.

From survey conducted by Marketeers (2012), 51.1% of young adult are a smart spender, as they usually conduct a research prior to a purchase. They would collect as much as information to ensure that they would buy a product with highest quality but best valued. Further, the survey showed that 28.3% of this segment is shopaholic and buy a product/service for the purpose of seeking an attention regardless the necessity and need of that product/service. Therefore, companies are attracted to explore more potential business targeting this market segment as they create large business opportunities (Martin and Bush, 2000).

The Importance of Contextual Factors

Contextual factors are external dimensions affecting a person's creativity, which are not a part of the individuals themselves (Shalley et al., 2004). Knowing and understanding these factors, that could affect young adults and identify their specific purchasing pattern have become an important element for behavioral researchers (Martin and Bush, 2000). A number of studies have observed how young adults learn what to consume and what influences them (Keillor, Parker and Schaefer, 1996; Moschis and Churchill, 1978). These studies are based on social learning theory which posts that consumer behavior is influenced by various sources, such as family values (Baltas, 1997; Feltham, 1998), financial restraints (Ness et al., 2002; Rowley, 2005; East, Harris and Wilson, 1995), peer group (Feltham, 1998; Auty,

2001), self concept (Ness et al., 2002; Auty, 2001), and other social influences (Feltham, 1998; Ness et al., 2002).

Kotler et al., (2009) explained that consumers would collect information from various sources, such like personal sources (family, friends, neighbors, acquaintances), commercial sources (advertising, internet, packaging), public sources (mass media, internet), and experiential sources (examining, handling, using the product). Once young adults leave home and live separately from their parents, they would lean on the advice from their roommates/college circle on a brand (Feltham, 1998).

Abraham and Littrell (1995) further identified that the elements of apparel attributes affecting and influencing the consumers' decision making include the characteristics of other shoppers and sales people, store layout, noises, smells, temperature, shelf space and displays, signs, colors, and the merchandise. It was also said that young adults find difficulties in allocating their limited monetary resources, thus they switch between brands for the purpose of saving money (Ness et al., 2002).

Brand Loyalty

The concept of brand loyalty is one of key aspects to understand consumer behavior (Day, 1969; Huang and Yu, 1999; Lee and Feick, 2001; Wood, 2004; Yim and Kannan, 1999). Brand loyalty is defined as a deeply held commitment to re-buy a brand in the consistent way in the future, in which it leads to re-buy the repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts that can cause switching behavior (Oliver, 1999). Schiffman and Kanuk (2010) also affirmed that brand loyalty is the ultimate desired outcome of consumer learning. Four categories of consumers based on brand loyalty, are hard-core loyal consumers, brand switchers, new users, and non-users (Evans et al., 1996).

Brand Switching

Brand switching is a switching process from a routine use of one brand to a steady consumption of a different brand for similar product (Charlas, Rajkumar, Kogila, Lydia and Noorunnisha, 2012). The brand switching poses a threat to the sustainability of that particular brand in the competitive market, where plenty of brands for one

product are available simultaneously for only a short period of time as a result of technology development (Shocker, Srivastava and Ruekert, 1994).

The catalyst to switch from one to another brand is the fact that consumers are seeking the functional utility maximization of other brands. Psychological aspect of customer-brand identification (CBI) examining how consumers perceive and value their attachment to the brand is a substantial factor to restrain the switching behavior (Lam, Ahearne, Hu, and Schillewaert, 2010).

Brand loyalty affects the long-term sustainability of a brand (Howell, 2004). Brand switching materializes due to the decrease in brand loyalty and the growing acceptance of other brands, as it will increase the willingness to try other brands. Therefore, marketing efforts such extensive advertising, strict quality control, and superior extrinsic values are still heavily used to strengthen the brand image as this will positively influence on quality reassurance perceived by consumers (Richardson, Jain and Dick, 1996). Further, the brand switching can emerge when new products are introduced and people are dissatisfied of using the usual brand (Lau, Chang, Moon and Liu, 2006). Thus, people would be likely to switch to another brand as the usual brand fail to accommodate the needs of the consumers.

Switching behavior is influenced by either intrinsic or extrinsic motivations (Shukla, 2009), as the various choices play a central role in intrinsic motivation, so consumer behavior could be as a consequence of either curiosity (Sheth and Raju, 1974) or satisfaction attribute (Zuckermann, 1979). Studies found a number of factors that could affect consumer behavior, namely involvement (Baltas, 1997; Shukla, 2009), price, variety and packaging (Ness et al., 2002; Dick and Basu, 1996; Veloutosou, Gioulistanis and Moutinho, 2004) and dissatisfaction (Abendoth, 2001; Shukla, 2009). Kotler et al., (2009) identified variety as a major cause of brand switching, the variety could include shelf space domination, shelf availability (fully stocked), and frequent advertisings- as a reminder to customers of discount, special deal, coupons and free samples.

Purchase Decision

Purchase intention refers to individual's intention to buy a specific brand, which is chosen by that customer after having made brand evaluation. During the evaluation period, there are several assessment variables used to measure the purchase intention, this includes the consideration for purchasing that brand and the expectation of purchasing the said brand in the future (Laroche et al., 1996; Laroche and Sadokierski, 1994; MacKenzie et al., 1986). Creating a marketing message of a brand that includes consumer motivation (promotion & prevention) would be more likely able to attract the attention and, thus, trust of the target market on that brand (Marketeers Editor, 2012).

Kotler et al., (2009) identified that one way for the consumers to obtain more information from multitude sources is through experiential sources (from examining, handling, to using the product). Further, when attitude is settled toward the same and other brands, during the period of consideration, it has created consumer intention (Laroche et al., 1996; Laroche and Sadokierski, 1994). Schoenbachler et al. (2004) explained that loyal customers, where purchase decision they made is not affected by price, shows their loyalty to one brand through placing recommendation to the company and even investing their money, showing their extreme commitment to use that brand (Shah, Aziz, Raza Jaffari, Waris, Ejaz, Fatima & Sherazi, 2012). When people decide to purchase one brand over the others, they are confident that they would be satisfied with the brand (Feltham, 1998). If a brand delivers a message conveying a promise for its good quality at reasonable price, it would create an impression of a "smart-buy", which would be a motivation for individuals (Baltas, 1997).

One factor that influences consumer loyalty to one particular brand is the brand name (Aaker, 2011; Cadogan and Foster, 2000; Jacoby and Chestnut, 1978). Even though, the market has a number of unfamiliar brands and alternative brands, which cause competition, customers have more trust on a familiar brand name (Lau et al., 2006). Porter (1974) further noted that the customer buying behavior is positively related to the degree of competition in the industry.

Convenience products

Convenience products are products, which are bought and consumed frequently and immediately, and with minimum comparison and buying effort (Kotler, 2012). Fast food, candy, mineral water, newspapers are convenience products to name a few.

Therefore based on discussion above, the hypotheses will be as follows:

H1: The contextual factors, brand loyalty, brand switching have significant impact on purchase decisions.

H1a: The contextual factors have significant impact on purchase decisions.

H1b: The brand loyalty has significant impact on purchase decisions.

H1c: The brand switching has significant impact on purchase decisions.

RESEARCH METHODOLOGY

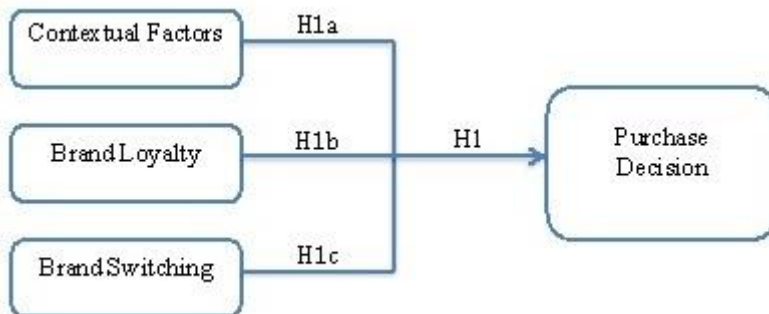


Figure 1. Research Model

METHODOLOGY

Measurement

The respondents were young adult with the range age from 18 to 24 years old. This survey was conducted in the areas of Jakarta. The research managed to obtain respondents at different minimarkets in Jakarta. The main reason why the researcher decided to conduct the

survey directly on the spot is to obtain the most accurate answers possible as the customers had just fresh experience in purchasing mineral water in the minimarket. The questionnaire was distributed to respondents at two different retails in different areas in Jakarta. 7-Eleven and Lawson were chosen due to the fact that they are both Japan owned retail chain and dominated the minimarket industry in Japan, where the 7-Eleven and Lawson are the first and second largest chain in Japan. Language used on the questionnaire is Bahasa Indonesia. The reasons of using Bahasa Indonesia were: (1) Indonesia is the national language of the country, so it is assumed that the participants will understand the questions more clearly; (2) not every Indonesian possesses a good understanding of English.

The unit of analysis in this research was the individuals of young-adult segment who are known of having exposure to “modern trade” and commercial experience at foreign convenience store (Nielsen, 2011). The research aims to identify the influencing degree of contextual factors, brand loyalty and brand switching on consumers purchase decision, as well as to examine the consumer perception on how those factors can influence their purchase decision. Therefore this research measured the degree of the influence through the Point Likert’s Scale. 4-Point Likert’s scale was utilized to evade ‘grey’ answers, as by culture, Indonesians tend to choose ‘neutral’ if they are not certain with their answer.

Sample

The sampling method technique in this study is convenient judgment sampling. The study chose non-probability sampling because it is not practical to have the probability sampling technique according to the fact that it was impossible to predict the number of the customers visiting the minimarket per day. This sampling method restricted the ability of the researcher to assign equal chance for customers to be selected as the respondent of the survey. Despite the restraint, convenient sampling is the most suitable method technique for this research, as it is relatively quick, convenient, and less expensive for collecting data (Sekaran and Bougie, 2009). Further, the questionnaires were distributed by the way of direct intercept technique, customer were approached and asked directly for their help to fill in the questionnaire. The number of respondents who participated in the survey was 200, which equally divided between the

customers of Seven Eleven (100) and Lawson (100). For collecting the data, the questionnaires were distributed manually, where a print form was handed over to a respondent to be completed. The questionnaire is self-administered. 200 respondents were asked to fill then return the questionnaires, before it proceeded to checking process whether the questionnaire was all completed with answer. If there were blank answers, the respective respondent was asked to complete the form.

Reliability and Validity

Cronbach's Alpha

Cronbach's Alpha is a measure of internal consistency, which is, how closely related a set of items is as a group. It is considered to be a measure of scale reliability. (Sekaran and Bougie, 2009). Cronbach Alpha is used for multipoint-scaled items, so in this research, it applied to three sets of items, namely: (1) Contextual Factors, (2) Brand Loyalty, and (3) Brand Switching. Perfect reliability is indicated by 1.0, while minimum level of acceptance is ≥ 0.6 (Sekaran and Bougie, 2009).

Confirmatory Factor Analysis (CFA)

Confirmatory factor analysis is a statistical technique used to verify the factor structure of a set of observed variables. CFA allows the researcher to test the hypothesis that a relationship between observed variables and their underlying latent constructs exists (Maholtra, 2012). The use of CFA is to measure the validity of a research, and perfect validity means perfect reliability (Maholtra, 2012). According to CFA, the value of Maximum of Sampling Adequacy (MSA) is the index to measure the appropriateness of the factor analysis, so values of more than 0.5 means that the factor analysis is appropriate.

ANALYSIS AND RESULT

In the result of this study, all four variables are categorized good reliability and valid. As shown in detail on the table below, the factor loadings of all items under each variable are above 0.5, this means that all the variables constructing *contextual factors*, *brand switching*, *brand loyalty and purchase decision* respectively were measured as what they were supposed to be measured accurately

Table 1. Validity and Reliability Test Results (N=30)

| Measurement Model | | Confirmatory Factor | Validity | Cronbach's Alpha |
|--------------------|---|---------------------|----------|------------------|
| Contextual Factors | 1. Family Members | 0.869 | Valid | 0.908 |
| | 2. Flatmates | 0.727 | Valid | |
| | 3. Friends | 0.683 | Valid | |
| | 4. Lifestyle | 0.591 | Valid | |
| | 5. Self Image | 0.866 | Valid | |
| | 6. Product Image | 0.785 | Valid | |
| | 7. Product Type | 0.849 | Valid | |
| | 8. Convenience store choice | 0.860 | Valid | |
| Brand Switching | 1. Curiosity | 0.725 | Valid | 0.930 |
| | 2. Easier to substitute | 0.849 | Valid | |
| | 3. Increased number of choices | 0.720 | Valid | |
| | 4. In-store promotion | 0.730 | Valid | |
| | 5. Packaging Quality | 0.775 | Valid | |
| | 6. Price | 0.749 | Valid | |
| | 7. Product dissatisfaction | 0.818 | Valid | |
| | 8. Product promotion | 0.837 | Valid | |
| | 9. Product quality | 0.761 | Valid | |
| | 10. Similar product line | 0.871 | Valid | |
| Brand Loyalty | 1. Comitment to re-buy the same brand in the future | 0.781 | Valid | 0.912 |
| Purchase Decision | 1. Additional features | 0.766 | Valid | 0.924 |
| | 2. Advertising | 0.826 | Valid | |
| | 3. Brand name (Brand Familiarity) | 0.775 | Valid | |
| | 4. Brand packaging | 0.634 | Valid | |
| | 5. Convenience | 0.787 | Valid | |
| | 6. Expectations | 0.823 | Valid | |
| | 7. Past experience/expectations | 0.813 | Valid | |
| | 8. Image/Self Concept | 0.796 | Valid | |
| | 9. Quality | 0.709 | Valid | |
| | 10. Social Status | 0.798 | Valid | |

Demographic Characteristic

Total valid sample are 200. The sample is dominated by female, making a total number of 122 (61%), while male were only 78 (39%). As the research is aimed to target young adults, all the sample population is adult with age range of 18-24 years. As the survey was conducted at convenience stores near by universities, it can be predicted that most of this research respondents are university students with total percentage (82.50%), and only small fraction goes to employee (8.5%), entrepreneur (6%) and housewives (3%).

Table 2. Demographic Characteristic (N=200)

| Variable | Frequency | Percentage (%) |
|----------------------------|-----------|----------------|
| Sex | | |
| Male | 78 | 39 |
| Female | 122 | 78 |
| Age | | |
| Young adults (18-24 years) | 200 | 100 |
| Occupation | | |
| College Student | 165 | 82.5 |
| Entrepreneur | 17 | 8.5 |
| Employee | 12 | 6 |
| Housewife | 6 | 3 |

Consumer Behavior in mineral water purchase and preference

The questionnaire includes a list of six brands of mineral water, of which respondents should choose based on buying experience and preference. The six brands, during the survey period, were the most popular and available mineral water in Lawson and 7-Eleven. They are Aqua, Ades, Nestle, Amidis, Evian, and Acqua Panna.

As predicted, due to its early presence in the market, Aqua is the most bought brand compared to the others. Everyone has ever made a purchase for that brand. Ades was the second most purchased brand, 106 respondents had buying experience with Ades. Nestle came next, as 88 admitted their past purchase of this brand. Amidis, Evian and

Acqua Panna only shared a small number compare the big three, where only 52, 38 and 32 respondents had previous experience with that brands.

Based on preference, Aqua was still the most favorite, however even though all of 200 respondents had ever bought this brand, they did not lean on the brand when it comes to preference. 54% of the total sample population chose Aqua over the others. Interestingly, Nestle was preferred to Ades according to the result of the survey, 25% of the respondents choose Nestle as their preferred brand, while only 8% would favor Ades. Evian, despite its pricey image, was still able to make 6.5%, Amidis was only chosen by 4% of the total sample, leaving only 2.5% who preferred Acqua Panna.

Table 3. Consumer Behavior in mineral water purchase and preference (N=200)

| Variable | Frequency | Percentage (%) |
|-----------------------------|------------------|-----------------------|
| Most bought brand | | |
| Aqua | 200 | 100 |
| Ades | 106 | 53 |
| Nestle | 88 | 44 |
| Amidis | 52 | 26 |
| Evian | 38 | 19 |
| Acqua Panna | 32 | 16 |
| Most preferred brand | | |
| Aqua | 108 | 54 |
| Ades | 16 | 8 |
| Nestle | 50 | 25 |
| Amidis | 8 | 4 |
| Evian | 13 | 6.5 |
| Acqua Panna | 5 | 2.5 |

Hypothesis Testing

To test the hypotheses in this study, researcher used multiple regression analysis. Multiple regression is a statistical tool used to derive the value of a criterion from several other independent, or predictor, variables. It is the simultaneous combination

of multiple factors to assess how and to what extent they affect a certain outcome (Maholtra, 2012).

This study examines four variables; one is independent variable, namely purchase decision and three others are dependent variables, namely contextual factors, brand loyalty, and brand switching. Based on this variability, multiple regression data analysis method is a suitable method to examine the simultaneous combination of three dependent factors in order to identify their influence on the independent variable.

Following is the multiple regression model in this research:

$$Y = \alpha + \beta_1x_1 + \beta_2x_2 + \beta_3x_3 + e \quad (1)$$

Where:

- x_1 = Contextual Factors
- x_2 = Brand Loyalty
- x_3 = Brand Switching
- Y = Purchase Decision
- α = Constanta
- β = Regression Coefficient
- e = Error

Below is the result of coefficient of multiple determinations:

Table 4. Model Summary

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------------------|----------|-------------------|----------------------------|
| 1 | .929 ^a | 0.863 | 0.861 | 0.28924 |

As shown on the model summary table above, the amount of R² is 0.863, this means that 86.3% of the total variation in Y (*Purchase Decision*) can be explained by the linear relationship with X (*Contextual factors, Brand Loyalty, and Brand Switching*), while the remaining 13.7% is rendered inconclusive. Further, there is a strong association between the dependent (Y) and independent (X) variables.

Table 5. Coefficients ANOVA^a

| Model | Sum of Square | df | Mean Square | F | Sig. |
|--------------|---------------|-----|-------------|---------|-------------------|
| 1 Regression | 103,334 | 3 | 34,445 | 411,718 | ,000 ^b |
| Residual | 16,397 | 196 | ,084 | | |
| Total | 119,731 | 199 | | | |

a. Dependent Variable: Mean PD

b. Predictors: (Constant), meanC, loyalty, meanS

From the ANOVA table above, it is clear that significance level is 0.000 (lower than $\alpha=0.05$). It means that the contextual factors, brand loyalty, and brand switching have direct linear effect on purchase decision simultaneously. In other words, the three independent variables altogether influenced significantly the purchase decision.

Table 6. Coefficients Coefficients^a

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|------------|-----------------------------|------------|---------------------------|-------|-------|
| | B | Std. Error | Beta | | |
| (Constant) | 0.550 | 0.078 | | 0.707 | 0.480 |
| loyalty | 0.321 | 0.036 | 0.362 | 8.838 | 0.000 |
| 1 meanS | 0.384 | 0.105 | 0.368 | 3.648 | 0.000 |
| meanC | 0.283 | 0.097 | 0.268 | 2.928 | 0.004 |

a. Dependent Variable: meanPD

From the coefficient table above , it can be concluded that:

$$\text{Purchase Decision}(Y) = 0.055 + 0.283x_1 + 0.321x_2 + 0.384x_3 \quad (2)$$

which is further explained as follows:

Impact of Contextual Factors on Purchase Decision

The significance value as shown on the table is 0.000, with the *Beta Coefficient* of 0.283. The significance value of this variable towards the independent variable is 0.004; lower than 0.05, this means that the contextual factors significantly influenced and positively

affected purchase decisions. Thus, H1a (contextual factors have significant impact on purchase decisions) is accepted.

Impact of Brand Loyalty on Purchase Decision

For these variables, the significance value is 0.000, with the *Beta Coefficient* of 0.321. The significance value is 0.000, distinctively lower than 0.05, postulated that brand loyalty significantly and positively affected purchase decisions. Therefore, it can be concluded that H1b (the brand loyalty has significant impact on purchase decisions) is also accepted.

Impact of Brand Switching towards Purchase Decision

The table shows that the significance value is 0.001, with *Beta Coefficient* of 0.384. The significance value of this variable is 0.000, clearly lower than 0.05, similarly as the relationship of two previous independent to the dependent variables, brand switching also asserted a significant and positive influence on purchase decisions. It is also notably noted that brand switching is the most affecting factor to purchase decision, compared to the other variables. Thus H1c (the brand switching have significant impact on purchase decision) is accepted.

From all the results drawn above, it can be concluded that H1 (contextual factors, Brand Loyalty, and Brand Switching have significant impact on purchase decisions) is accepted.

CONCLUSION AND MANAGERIAL IMPLICATIONS

This research attempts to examine the impact of individual and society factors along with brand loyalty and brand switching on young adults when deciding to purchase a mineral water at a foreign chain of convenience store in Jakarta. The study also aims investigate whether all the factors have direct and linear association with their purchase decision.

The result of the study proved that: (1) Contextual factors have significant impact on purchase decisions; (2) Brand loyalty asserts a positive influence on purchase decisions; (3) Brand switching also constitutes its significant impact on purchase decisions. These results

would bring a great interest to those who are involved in not only mineral water business but also a retail industry, especially those who have interest in Jakarta market. Mineral water, despite its saturated period in term of the number of brands available in the market, is still a lucrative business due to rising public demand. Part of this demand has organically developed from population growth, especially in the middle-income bracket; another source has been the challenge of accessing potable water in areas where residents once easily could; moreover, campaigns for healthy lifestyles that promote the consumption of large quantities of water, have become more popular.

Young adults whose age ranging from 18-24 years are said an active generation who is more likely involved in physical activities, which force them to consume water more than the other age segment. Healthier lifestyle also triggers the rising consumption of water within this age group. Therefore, this research attempts to give an insight to business individuals and corporations on consumer behavior of young adults towards purchasing mineral water. Those involved in the business now are urged to have a better understanding about young adults' individual and social factors. Family and friends played an influencing role on this group, therefore they could ignore store promotion or advertising of a brand if their parents or friends recommended other brand. This, marketing activities should be more family or social oriented rather than highlight the individual him/herself. As family usually consume mineral water in big gallon, the marketing campaign should be started from this, like discounts, free dispenser etc.

Mineral water is still perceived as commodity rather than brand, even though *Aqua* has become pseudo word referring to any mineral water, people would not bother with whatever brand they bought as long as it is bottled! Business entities should work hard to socialize and introduce their brand. Highlighting the benefits and the differences of the brand would help people to differentiate that brand than the others, however customer commitment toward a brand shall be treated urgent. Companies could conduct a number of loyalty program like '50% discount for one year use', "free dispenser for 100 gallons", or "free mineral water at your function" etc.

Lastly, business practitioners should reduce the likeliness of the customers to switch brands. Intensive brand promotion is still considered effective, moreover if your brand is relatively new. *Aqua* is still perceived the most bought mineral water, however according to the research it was not the most preferred brand, so other brands have still a good chance to encounter the domination of *Aqua* Brand through uniqueness and/or quality. Mineral water is a convenient product, where price is still significant in determining the purchase decision, if a brand charges a higher price than the major players, it has to have clear campaign on its benefits and unique selling point. *Evian* was once perceived a luxury brand as initially it was only available in glass bottle and restricted served in hotels or offices. Despite its expensive price, *Evian* has successfully delivered a positive message about the brand, it is a brand with quality and health assurance, so when *Evian* expanded to retails, so they are also now available in plastic bottle, people have a preference and chose the brand because of the image it has established. Different shape of bottle in different size is a marketing strategy used by Nestle. The brand has gained its reputation prior to their mineral water expansion as a milk and baby food producer, products which are perceived as nutritious and healthy. Yet, they wish to make a uniqueness through the bottle shape and size, while most brands were available in 1 Lt bottle, Nestle came in 500 and 750 ml, which was not only handier but more efficient. Indonesians mostly consume less than 1 Lt for one take, and more likely they would just throw the bottle away after one take, keeping the rest water in a bottle they perceive would cause hassle as it would make their carrier heavier and also the perception that the water is no longer fresh.

In conducting the research, there are some difficulties encountered by the researcher. In Jakarta, local convenience stores are actually more popular compare to foreign chains, thus they have larger market share in the industry. A future study that includes the local stores could provide a more comprehensive understanding about the mineral water business. Two foreign owned stores chosen to conduct the study were both located near by universities, so it could be expected that the respondents are majorly students. The respondents with homogenous background would cause a bias in the result of the study. So it is suggested for future research to expand the unit analysis to bigger group age and conduct the survey in different

locations in Jakarta, where all areas would be equally represented. Last recommendation for future research is to build more detail questionnaires. Under variable “brand loyalty”, only one question was examined, there should be at least three questions to ensure its validity and reliability.

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