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Penulis : 1. Elisabeth Supriharyanti, 2. Deatri Arumsari Agung, 3. Yulika Rosita Agrippina, 4. Febianus Eka Yudha Wibiamto, 5. Budi Pratama

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Elisabeth Supriharyanti &lt;elisabeth-s@ukwms.ac.id&gt;

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**Submission to the Asian Journal of Business Research (AJBR)**

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**Elisabeth Supriharyanti, SE., M.Si.** <elisabeth-s@ukwms.ac.id>  
To: ajbr.magscholar@gmail.com

Thu, Jan 6, 2022 at 5:57 AM

January 5, 2022

**Dr. Hiram Ting**

Sarawak Research Society & UCSI University, Malaysia  
*Managing Director Asian Journal of Business Research*

Dear Prof. Ting,

Hereby, we are submitting an article entitled "Proximity and Retail Loyalty: Mediation of Time Convenience" for possible publication in the "Asian Journal of Business Research".

The manuscript,

- 1) The scientific article based on own research containing all parts of a scientific research (introduction, literature review, objectives and methodology, results, discussion, conclusion).
- 2) The manuscript is original and has not yet been published.
- 3) The author has the copyright including the permission to use it freely.

If there is any question regarding the paper, please don't hesitate to contact us. I am looking forward to hearing from you soon.

Sincerely,

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**Elisabeth Supriharyanti\*)****Deatri Arumsari Agung****Yulika Rosita Agrippina****Febianus Eka Yudha Wibiamto****Budi Pratama**

Faculty of Business, Universitas Katolik Widya Mandala Surabaya, Indonesia

\*) Corresponding Author: [elisabeth-s@ukwms.ac.id](mailto:elisabeth-s@ukwms.ac.id)

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## Proximity and Retail Loyalty: Mediation of Time Convenience

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1	Title	: Assistant Professor
	Authorship Name	: Elisabeth Supriharyanti
	Affiliation (Department/School and University/Institution)	: Faculty of Business, Universitas Katolik Widya Mandala Surabaya
	City or State	: Surabaya
	Country	: Indonesia
	Email address	: <a href="mailto:elisabeth-s@ukwms.ac.id">elisabeth-s@ukwms.ac.id</a>

---

2	Title	: Lecturer
	Authorship Name	: Deatri Arumsari Agung
	Affiliation (Department/School and University/Institution)	: Faculty of Business, Universitas Katolik Widya Mandala Surabaya
	City or State	: Surabaya
	Country	: Indonesia
	Email address	: <a href="mailto:deatri@ukwms.ac.id">deatri@ukwms.ac.id</a>

---

3	Title	: Lecturer
	Authorship Name	: Yulika Rosita Agrippina
	Affiliation (Department/School and University/Institution)	: Faculty of Business, Universitas Katolik Widya Mandala Surabaya
	City or State	: Surabaya
	Country	: Indonesia
	Email address	: <a href="mailto:agrippina@ukwms.ac.id">agrippina@ukwms.ac.id</a>

---

4	Title	: Alumnus
	Authorship Name	: Febianus Eka Yudha Wibiamto
	Affiliation (Department/School and University/Institution)	: Faculty of Business, Universitas Katolik Widya Mandala Surabaya
	City or State	: Surabaya
	Country	: Indonesia
	Email address	: <a href="mailto:febianusekayudha@gmail.com">febianusekayudha@gmail.com</a>

---

5	Title	: Alumnus
	Authorship Name	: Budi Pratama
	Affiliation (Department/School and University/Institution)	: Faculty of Business, Universitas Katolik Widya Mandala Surabaya
	City or State	: Surabaya
	Country	: Indonesia
	Email address	: <a href="mailto:budipmingsan@gmail.com">budipmingsan@gmail.com</a>

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## Proximity and Retail Loyalty: Mediation of Time Convenience

**Elisabeth Supriharyanti**

*Faculty of Business, Universitas Katolik Widya Mandala Surabaya, Indonesia*

**Deatri Arumsari Agung**

*Faculty of Business, Universitas Katolik Widya Mandala Surabaya, Indonesia*

**Yulika Rosita Agrippina**

*Faculty of Business, Universitas Katolik Widya Mandala Surabaya, Indonesia*

**Febianus Eka Yudha Wibiamto**

*Faculty of Business, Universitas Katolik Widya Mandala Surabaya, Indonesia*

**Budi Pratama**

*Faculty of Business, Universitas Katolik Widya Mandala Surabaya, Indonesia*

### Abstract

This study aims to examine the proximity of both material and immaterial proximity to retail loyalty; and the mediating role of time management and time saving (time convenience). A total of 150 responses were collected from minimarket consumers in residential areas in Indonesia using a purposive sampling method. The results show that access, functional and social proximity affect time management, while time saving factors are only functional and relational to proximity. Time management and time saving have a positive effect on retail loyalty. While the mediation test found that time management mediates the effect of access, functional and social proximity mediates retail loyalty. Meanwhile, time saving mediates the effect of functional and relational proximity on retail loyalty. The differences in the findings on each proximity variable provide practical and theoretical implications for further research.

**Keywords:** *Proximity, Time management, Time saving, Retail loyalty, Indonesia.*

## Introduction

Managing retail loyalty is an important managerial challenge in the current environment of an evolving market for organized retailing and increasing global competition (Geetha, 2015). Meanwhile, many retail practitioners state that one of the retail challenges in today's digital era is maintaining consumer loyalty because consumers are faced with many product choices and prices that vary greatly (Reinartz, Wiegand and Imschloss, 2019). However, the Global Retail Development Index 2019 states that Indonesian retailers remained top 10. The Indonesian retail market is in position 5 out of 30 developing countries worldwide, with a 55.9 score (out of the highest score of 100) (Kearney, 2019).

One retail format that survives is the convenience store in the minimarket format, which is widely available in residential areas. Since January 2020, the number of major minimarket chain outlets in Indonesia, Indomaret, franchises as many as 15,526 outlets, while Alfamart franchises as many as 13,522 outlets, and Alfamidi franchises as many as 1478 outlets. Indomaret also continues to grow, franchising 17,681 outlets consisting of 60% self-owned and 40% community-owned businesses (Katadata.co.id, 2019). Different trends occurred with large retail stores, which experienced a decline. The chairman of Aprindo (Indonesian retailer association) stated that the significant decline was felt by their large retail companies in Indonesia, reporting the companies operating income decreased over the previous two years, touching the lowest level in 2018 (Evandio, 2020).

According to AC Nielsen, the decline in large retail stores has become a global trend and is caused by proximity retail, where people prefer to shop in places close to their neighborhoods because goods or products sold in large retail stores can be found in small retail stores (Suhendra, 2017). This consumer behavior is reinforced by data that consumers currently no longer want to shop with a stock system or large quantities, and more consumers are shopping according to short-term needs (Hikam, 2019). Meanwhile, according to Gahinet and Cliquet (2018), the success of convenience stores is not only the distance factor but also time, especially for postmodern individuals who are characterized by the need for speed and social interaction (Firat, 1991).

One of the probability theories in retail location (Huff, 1963) states that the aspect of distance or time is part of the factors considered in choosing a retail location because, in turn, it affects the probability of consumers visiting the store. Several previous studies have examined the effect of location or proximity on consumer loyalty. The findings of Ramanathan *et al.* (2017) show that store location has a positive effect on loyalty which affects retail sales, as well as Blut, Teller and Floh (2018) who found that proximity, spatial and temporal distance affect patronage intention. Meanwhile, Kaytaz Yigit and Tıgli (2018) examined the effect of time pressure on influencing consumer behavior or consumer loyalty. Unfortunately, research linking distance and time is still limited, while the two variables closely relate to shopping activities. Proximity refers to geographic, temporal, and affective concepts (Gahinet and Cliquet, 2018). On the other hand, proximity is mostly studied with a material approach (geographical/access), while studies with an immaterial approach (social relationship) are still very limited.

In a previous study, Gahinet and Cliquet (2018) found that proximity, consisting of functional, social, and relational proximity, affects loyalty. However, access proximity does not significantly affect loyalty but is mediated by time convenience. Proximity to access will increase loyalty if consumers can manage time or if the store has flexible opening hours. Unfortunately, these studies have not linked immaterial proximity to time convenience. The shorter the travel time to the store or shopping, the more loyal customers are to the store (McGoldrick and Andre, 1997). Meanwhile, Indonesian people have collectivist values (Mangundjaya, 2010), such as liking to be in groups, socializing with someone, or saying hello in a store that can extend shopping time.

This research was conducted on 150 minimarket consumers in Surabaya-Indonesia. Indonesian retail is one of the most promising sectors within Asia, supported by its large population and a growing middle class with higher household purchasing power and increasingly modern shopping habits (Mordor Intelligence, 2021). Research in Asian communities, especially Indonesia, is interesting because it has different socio-cultural conditions, producing findings contributing to the retail proximity literature. Second, this study analyzes the effect of all proximity factors, both material and immaterial (Gahinet and Cliquet, 2018), on time convenience and retail loyalty, which still lacks empirical evidence within the framework of retail location theory.

## **Literature Review**

### **Retail Loyalty**

Store visit frequency and relative volume spent can also be measurements of behavioral characteristics of consumers (Ailawadi, Pauwels and Steenkamp, 2008; Seenivasan, Sudhir and Talukdar, 2016). Loyalty could be defined as an extensively held commitment to repurchase a preferred product or service consistently in the next opportunity (Oliver, 1980); as a result, causing the same repetitive brand or product acquisition regardless of marketing efforts or even situational influences (Chaudhuri and Holbrook, 2001).

Satisfaction and loyalty will always be connected because loyal customers will not return without positive feelings. Researchers claim that satisfaction is the main reason for customer retention in all retail stores (Kim and Kandampully, 2012). Loyalty determines how much effort is put into providing and retaining the best possible service to customers (Irfan, Siddiqui and Ahmed, 2019). Emotional attachment is also a factor in shaping customer loyalty to a particular store (Bouzaabia, van Riel and Semeijn, 2013). Customer loyalty is a key factor that needs to be transformed in the shopping experience (Kim and Kandampully, 2012), as loyalty is a factor that keeps a business running in the form of a sales guarantee by many customers.

Many studies regard the contradictory personality towards store brand consumption and store loyalty, with the identification in which store loyalty connects to trust in the retailer, forward-looking attitudes, and familiarity, which leads to the acceptance and evaluation of its private labels brand (Ailawadi, Pauwels and Steenkamp, 2008). The preceding statements claim that store brand influences store loyalty because the convenient price options and different store brands intrigue price-oriented shoppers.

In the contradictory direction, there is a credible causality where store loyalty could be a predecessor of store brand consumption, in which there is a bigger tendency by loyal customers to select its store brand. That effect originates from the relationship between store loyalty, the familiarity of the customers, and constructive attitudes regarding the store (Ailawadi, Pauwels and Steenkamp, 2008).

### **Proximity**

Boschma (2005) defines that proximity framework is adopted, covering geographic, social, cognitive, organizational, and institutional dimensions of relational proximity. When continuing the study in 2010, Boschma and Frenken proposed five dimensions of proximity: a) geographical proximity, b) organizational proximity, c) social proximity, d) institutional proximity, and e) cognitive proximity. In a study conducted by Gahinet and Cliquet (2018), the material dimension of proximity is divided into two, namely access proximity and functional proximity. Access proximity describes the distance or consumer access and customer mobility. Previous research that discussed proximity stated that proximity access could make it easier for consumers to go to the store (Bergadaà and Del Bucchia, 2009). The study continued by Gahinet and Cliquet (2018) describes that functional proximity as convenience and shopping efficiency has a positive effect on customer loyalty (the research object was convenience stores). Another dimension is relational proximity, which can be transformed into social relationships research (Ingene, 1984).

Nevertheless, other benefits tend to be received by customers, particularly from the main service performed by the company, to maintain a long-term relationship between the service company and the customers (Gwinner, Gremler and Bitner, 1998). As a result of this research background, behaviors of the social network and cultural orientation as the predecessor of store loyalty are investigated in this study. Even if personal proximity and social proximity collaborate with the human factor, it has been considered a similar concept (Boschma, 2005). Other sources disagree and state they are not the same (Caniëls, Kronenberg and Werker, 2014; Werker, Ooms and Caniëls, 2016).

**H1** a) Access Proximity, b) Functional Proximity; c) Relational Proximity; d) Social Proximity has a positive effect on Retail Loyalty.

### **Time Convenience**

Smith (1969) argued that time convenience had been described as having two elements: Chronos and Kairos. According to Greek mythology, Chronos represents a quantitative dimension of time convenience that has been interpreted as time saving. At the same time, Kairos represents a qualitative dimension of time convenience that has been interpreted as time management.

Customer belief systems may perceive easy-to-use systems as valuable because it enables time to be spent doing more constructive things instead of comprehending how the systems work (Bruner and Kumar, 2005). The goods purchased with minimum effort, immediately, and frequently usually minimize travel time to buy 'convenience' by the shoppers (Holton, 1958). Bettman (1979) stated time concept affects how knowledge is processed. Time convenience has a positive effect on the

knowledge-gaining process. In addition, they perceive shopping time primarily as a measure of time saving, especially concerning the physical proximity of the store and duration of checkout (Chronos) and the flexibility to visit these stores at a convenient time (Kairos).

### **Time Management**

Time management as part of time convenience is a major aspect of behavior for self-regulation (Pintrich, 2004). Time allocation drives satisfaction in shopping (Geiger, 2007) and enjoyment (Shannon and Mandhachitara, 2008). Most people occupy about 45 minutes a day for household shopping necessities (Bureau of Labor Statistics, 2020). Most people tend to do grocery shopping for households at particular times and days because workers and students are usually busy on weekday mornings and afternoons (East *et al.*, 1994). Due to time limitations, inconvenient shoppers will be less likely to shop frequently and have a tendency to shop in daylight. This kind of customer has options to dine out or prefer to get ready-to-eat meals.

### **Time Saving**

As one of the aspect forms of time convenience, time saving is the most significant benefit in rising human-less stores equipped with AI systems (Low and Lee, 2021). For example, performing a self-checkout option enables customers to avoid long checkout queues at the cashier. That project can have many benefits such as a) time-saving; b) shopping experience that is safe and secure; c) well-merchandised store; d) better experience on customer service. Long queuing time for checkout is one of the main issues in big-size stores that attract the crowd (Low and Lee, 2021). When accuracy and efficiency are achieved, time saving is doable. When any goods are always available, customers tend to feel pleased. Kunkel and Berry (1968) suggested that people who used time-saving meals and shopping were one aspect of a "time-buying consumer". Mentioned time-saving shopping strategies are using convenience stores, purchasing repacked produce, shortening shopping lists, using catalogs, and ordering goods through email and telephone (Winter *et al.*, 1993). Convenience stores have a characteristic for customers to save their journey time and visiting time (Dunkley, Helling and Sawicki, 2004). Customers can go there whenever they need or want, due to flexible operational hours, and even shopping as a daily activity.

### **Proximity and Time Convenience**

Proximity is the decisive factor whether the customer will visit a store frequently (Fox, Montgomery and Lodish, 2004) and determine roles in customer loyalty (East *et al.*, 1995). Loyal customers are characterized by local shop preference and time-consciousness (Jensen and Drozdenko, 2008). Although, in the convenience store industry, the real factors impacting customer satisfaction are post-benefit convenience, transaction convenience, and access convenience, which illustrates that customers have direct cognition of post-benefit, transaction, and access. In other words, whether the transaction process is quite fast, whether the convenience store location is easily found, and whether the after-sales service can respond in good time mostly affect customer satisfaction. Access convenience, benefit convenience, and transaction convenience directly affect customer loyalty. Implicit that only when managers intensify the cognition of customers' benefit will they transform customer

satisfaction into customer loyalty. Generally presuming that some convenience stores mainly focus on selling fast food and beverage, it is not dispensable for managers to allocate more energy in post-benefit convenience. Material dimensions can include physical access to a store and shopping convenience in a retailer context. Since this material dimension belongs to space-time, thus can be articulated in the matter of the customers' time-based benefits, such as checkout waiting time, visit time, and access time to the store (Douard, Heitz and Cliquet, 2015).

- H2** a) Access Proximity, b) Functional Proximity; c) Relational Proximity; d) Social Proximity has a positive effect on Time Management.
- H3** a) Access Proximity, b) Functional Proximity; c) Relational Proximity; d) Social Proximity has a positive effect on Time Saving.

### **Time Convenience and Retail Loyalty**

McGoldrick and Andre (1997) argued that loyal customers prefer stores with shorter journey times. Creating customer loyalty is even more crucial than just satisfying them, and this is related to how much time they spend on the store (Bielen and Demoulin, 2007). When opening hours are extended, customers can visit the store when they wish, directly improving loyalty (Huddleston, Whipple and VanAuken, 2004). Also, in the qualitative stage, customers' lack of awareness of the proximity process was identified, and differences in perceptions between customers and retailers towards proximity and shopping time were indicated. Functional proximity seems to be the major aspect even more to customers than retailers. Today's customers have realized the value of time and have reduced activities that consume too much time, such as shopping (Gallouj, 2007). Gahinet and Cliquet (2018) argued that within the context of retailing, time is frequently assessed as commodity time (Messinger and Narasimhan, 1997; Tang, Bell and Ho, 2001; Bergadaà and Del Bucchia, 2009).

Nevertheless, time is not mutually interchangeable (Okada and Hoch, 2004). According to Chetthamrongchai and Davies (2000), the time has bounds, cannot be stored, and the value of time is enhanced by its scarcity. Yale and Venkatesh (1986) explained that from the perspective of retailing, time is the element of time convenience, whereas the effort to increase the effectiveness of a store can be reflected.

- H4a** Time Management has a positive effect on Retail Loyalty.
- H4b** Time Saving has a positive effect on Retail Loyalty.

### **Time Convenience as a Mediator**

As previously explained, Time Management and Time Saving are part of Time Convenience and mediate the effect of proximity on Retail Loyalty. Baron and Kenny (1986) called a variable a mediator if the variable influences the relationship between the predictor (independent) and criterion (dependent) variables. Gahinet and Cliquet (2018) proposed that time convenience influences customer loyalty. McGoldrick and Andre (1997) argued that a customer's loyalty is even higher if journey time to the store is shorter. The thing that will prevent retail shoppers from being more satisfied and eventually become loyal customers is when they perceive to waste time while at the store (Bielen and Demoulin, 2007; Gahinet and Cliquet, 2018).

- H5a** Time Management mediates the effect of proximity on Retail Loyalty.  
**H5b** Time Saving mediates the effect of proximity on Retail Loyalty.

## Methodology

### Sample

The sample of this research is minimarket consumers in Surabaya, Indonesia. The sampling technique used in this research is purposive sampling with the criteria of consumers who have shopped in the last month. The number of samples used is 150 consumers. The study used quantitative methods, and data were collected using a closed questionnaire. The questionnaires were randomly generated to avoid general method bias (CMB). The data collected is the perception of one source by distributing a one-time questionnaire. Then the questionnaire was distributed using Google form.

The questionnaire consisted of 30 statement items adapted from (Gahinet and Cliquet, 2018). Respondents were asked to choose the options agree, strongly agree, disagree, and strongly disagree based on a Likert scale. Access proximity is a consumer's perception of the proximity or ease of access to the store (Fox, Montgomery and Lodish, 2004). Functional proximity (FP) is the convenience and efficiency of shopping related to the function of the store as a place to shop (Bergadaà and Del Bucchia, 2009). Relational proximity is an immaterial proximity dimension that refers to the closeness of social relationships with staff, shop consumers, and the store. Social proximity is proximity due to shared values or the social role of the store as a whole. Both were adopted from Schultz (2013), measured by six items and four items, respectively. Time management is an action or process of conscious planning and implementing time for special activities such as shopping, especially to increase effectiveness, efficiency, and productivity (Singh and Jain, 2013). Time saving is the customer's perception of the dimensional time that can be saved in activities, for example, the time it takes to shop (Dunkley, Helling and Sawicki, 2004). Retail loyalty is a deeply held commitment to purchase and re-subscribe to a product or service from minimarket (Kasiri *et al.*, 2017).

This study uses the procedure used by Kleijnen, Ruyter and Wetzels (2007) to test the research instrument, using reflective indicators on all constructs. The reliability test used composite scale reliability and extracted mean variance/AVE (Chin, 1998). Based on the processing results, the AVE is more than the cutoff value of 0.50 (Fornell and Larcker, 1981). In addition, convergent validity was evaluated by examining the standard loading of measures in each construct (Chin, 1998), and all measurements showed standard loadings exceeding 0.500. Next, discriminant validity is carried out. Fornell and Larcker (1981) suggested that the AVE for each construct is greater than the latent quadratic factor correlation between pairs of constructs (Table 2).

**Table 1: Research items, factor loadings, composite reliability, and AVE**

No	Item Questioner	Loading Factor	Reliability	AVE
<i>Access Proximity</i>				
1	This store is well located	0.802	0.863	0.677
2	This store is easily accessible	0.848		
3	This store is on my usual trips	0.817		
<i>Functional Proximity</i>				
1	It took a minimal amount of effort on my part to get what I wanted.	0.732	0.877	0.589
2	I could easily find what I was looking for.	0.779		
3	I found exactly what I wanted	0.808		
4	The store is clear and well-organized	0.761		
5	Opening hours of the store suit me	0.756		
<i>Relational Proximity</i>				
1	In this store I can interact with the staff.	0.776	0.912	0.634
2	I feel welcomed by the staff of this store.	0.787		
3	I feel close to customers in this shop.	0.811		
4	The ambiance of this store is friendly	0.821		
5	Staff at this store is available to me if I need advice or if I need help.	0.759		
6	When I enter into the store, I appreciate being recognized by staff.	0.821		
<i>Social Proximity</i>				
1	This store is important in the life of the neighborhood	0.866	0.913	0.724
2	This store is involved in social and economic life of the quarter	0.810		
3	This store is part of neighborhood life	0.902		
4	It's a neighborhood store	0.824		
<i>Time Management</i>				
1	I can go into the store as often as I want	0.808	0.859	0.604
2	I know how long it takes me to go in this store	0.762		
3	The proximity of the store allows me to choose the best time to do my shopping	0.786		
4	I have no hesitation to patronize this store when I need something quickly	0.751		
<i>Time Saving</i>				
1	I do not have to wait to pay	0.802	0.892	0.674
2	I spend less time doing shopping in this store	0.835		
3	I choose my products quickly.	0.817		
4	The checkout is fast	0.829		
<i>Retail Loyalty</i>				
1	I will be willing to buy goods or products when shopping at the minimarket.	0.874	0.845	0.556
2	I will recommend the mini market to my friends.	0.874		
3	I will repurchase to the shop or minimarket.	0.766		
4	I will be willing to convey to other people or friends in the form of positive words about the shop or minimarket based on my shopping experience	0.800		

**Table 2: Descriptive Statistics and Matrix Correlations**

Research variables	Mean	SD	1	2	3	4	5	6	7	8	9	10
1. AP	4.564	0.549	<b>0.677</b>									
2. FP	4.276	0.572	0.635**	<b>0.589</b>								
3. RP	3.987	0.733	0.516**	0.685**	<b>0.634</b>							
4. SP	4.238	0.672	0.555**	0.650**	0.757**	<b>0.724</b>						
5. TM	4.365	0.570	0.734**	0.803**	0.685**	0.739*	<b>0.604</b>					
6. TS	3.970	0.741	0.516**	0.704**	0.749**	0.684*	0.682**	<b>0.674</b>				
7. RL	4.197	0.683	0.542**	0.700**	0.725**	0.704*	0.742**	0.730*	<b>0.556</b>			
8. Age	1.267	0.672	0.099	0.132	0.157	0.092	0.103	0.168*	0.082	<b>n.a.</b>		
9. Income	1.760	1.246	0.026	-0.025	-0.013	0.015	0.044	-0.008	0.018	0.470*	<b>n.a.</b>	
10. Radius	1.767	0.511	-0.014	-0.054	0.007	0.016	-0.017	0.035	-0.055	0.065	0.059	<b>n.a.</b>

Note: Bold values on the diagonal are AVE. Values below the diagonal are inter-factor correlation.

## Results

This research was conducted using quantitative methods with the help of a closed-ended questionnaire. Questionnaires online were distributed through Google Form or email. There were 150 respondents spread as follows: the majority of respondents aged 17-25 years with a percentage of 82.7%, and ages 26-35 years -10%. Respondents who spend more than 2 times a month are 74.7%. Respondents' income below IDR 3,800,000 by 65.3% to above 5,000,000 by 5.7%.

This study used PLS-Graph Version 3.0, which allows for explicit estimation of latent variable (LV) scores, and a bootstrap resampling method was used to test the proposed model (Chin, 1998). This procedure required the production of 300 randomly selected case sub-samples, with replacement, from the original data. This study uses the Goodness of Fit (GoF) statistical support method. The PLS output results show the GoF index of this research model as follows: SRMR (standardized root mean square residual) = 0.083. SRMR with a value of < 0.1 indicates a good match (Mehmet and Jakobsen, 2016).

### Measurement Models

A two-stage analytical procedure (Hair Jr. *et al.*, 2014) examined measurement models and structural relationships. We tested composite reliability and extracted mean variance (AVE) to assess convergent validity. Table 2 shows Cronbach alpha scores, ranging from 0.734 to 0.974, and AVE scores ranging from 0.556 to 0.724; all

scores are above the acceptance level. In addition, all loading weights and sizes are also above acceptable levels. Finally, following Tsang (2002), we measured the square root of the AVE for each construct to assess discriminant validity (see Table 2).

### Structural Models

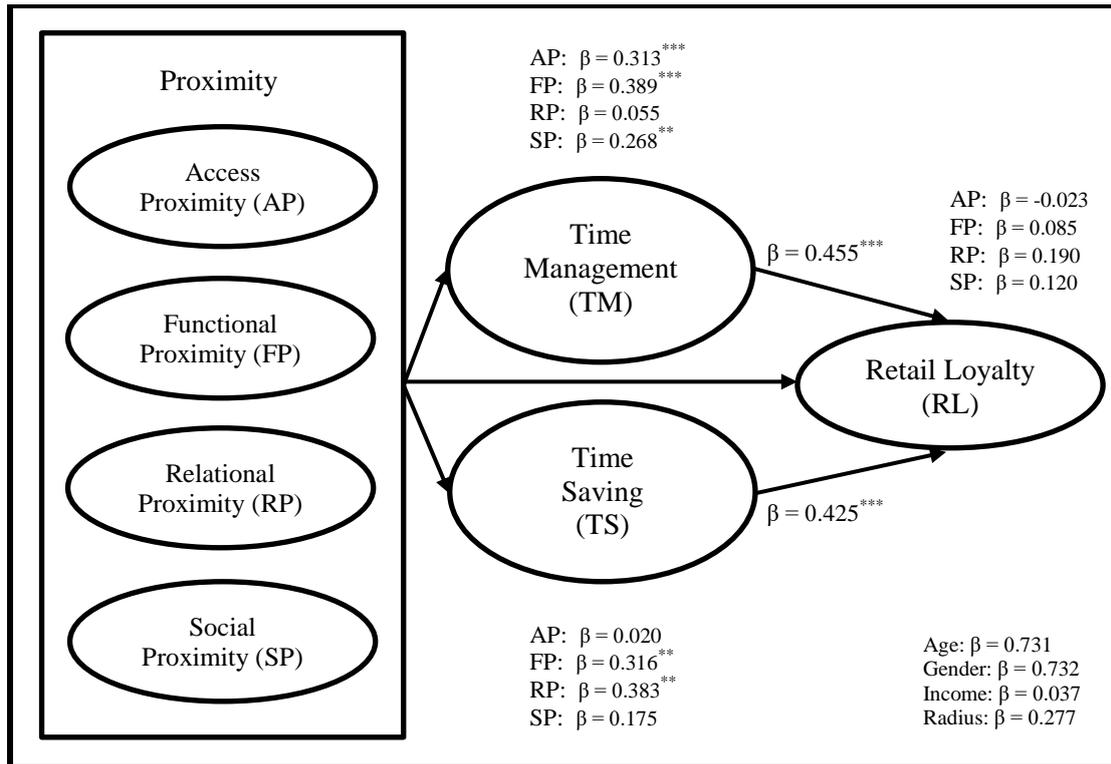
After examining the measurement model, we tested the hypothesis proposed by PLS. The results of the analysis are shown in Figure 1 below. We will discuss the following results: Proximity has no direct effect on Retail loyalty, ( $\beta = -0.140$ ,  $t = 5.624$ ) with  $p = 0.28$ , so H1 is not supported. Proximity has no direct effect on retail loyalty, both AP ( $\beta = -0.023$ ,  $t = 0.299$ ), FP ( $\beta = 0.085$ ,  $t = 0.790$ ), RP ( $\beta = 0.190$ ,  $t = 1.880$ ) and SP ( $\beta = 0.120$ ,  $t = 0.319$ ) so H1a-d is not supported. Hypothesis 2 states that proximity has an influence on time management. After testing, the value of the effect of AP ( $\beta = 0.313$ ,  $t = 5.562$ ), FP ( $\beta = 0.339$ ,  $t = 5.832$ ), RP ( $\beta = 0.055$ ,  $t = 0.769$ ) and SP ( $\beta = 0.268$ ,  $t = 3.656$ ) on time management. Thus, hypotheses 2a, 2b and 2d are supported but hypothesis 2c is not supported. Proximity also affects time saving which is indicated by the value of the effect of each proximity variable as follows: AP ( $\beta = 0.020$ ,  $t = 0.225$ ), FP ( $\beta = 0.136$ ,  $t = 2.905$ ), RP ( $\beta = 0.383$ ,  $t = 3.096$ ) and SP ( $\beta = 0.175$ ,  $t = 1.462$ ) then hypotheses 3b, 3c are supported, but hypotheses 3a and 3d are not supported. Time management and time saving also affect retail loyalty with values of  $\beta = 0.455$  ( $t = 6.404$ ) and  $\beta = 0.425$  ( $t = 6.095$ ), so hypotheses 4a and 4b are supported. The results of our statistical tests are shown in Table 3 below.

**Table 3: Results of statistical test**

	Direct Effect					
	Retail Loyalty		Time Management		Time Saving	
	$\beta$	$t$	$B$	$t$	$\beta$	$t$
Access Proximity	-0.023	0.299	0.313 <sup>***</sup>	5.562	0.020	0.225
Functional Proximity	0.085	0.790	0.389 <sup>***</sup>	5.832	0.136 <sup>**</sup>	2.905
Relational Proximity	0.190	1.880	0.055	0.769	0.383 <sup>**</sup>	3.096
Social Proximity	0.120	0.998	0.268 <sup>**</sup>	3.656	0.175	1.462
Time Management	0.455 <sup>***</sup>	6.404	-	-	-	-
Time Saving	0.425 <sup>***</sup>	6.095	-	-	-	-
Age	0.731	0.343	-	-	-	-
Gender	0.732	0.344	-	-	-	-
Income	0.037	0.531	-	-	-	-
Radius	0.277	1.089	-	-	-	-

Note: + refers to  $p < 0.10$ , \* refers to  $p < 0.05$ , \*\* refers to  $p < 0.01$ , \*\*\* refers to  $p < 0.001$

**Figure 1: Research Model and Analysis Results**



Note: + refers to  $p < 0.10$ , \* refers to  $p < 0.05$ , \*\* refers to  $p < 0.01$ , \*\*\* refers to  $p < 0.001$

Finally, we examine the role of time management and time saving as mediators between proximity and retail loyalty. Using SmartPLS, we perform a mediation analysis for each independent variable (AP, FP, RP, and SP) to the dependent variable. First, we analyze the direct effect of proximity on retail loyalty, which shows that all proximity variables do not directly affect retail loyalty. Then, we analyzed the data to determine the indirect effect of each predictor on retail loyalty through time management and time saving. The results showed that the influence of AP, FP and SP and retail loyalty was mediated by time management with values respectively as follows: AP ( $\beta = 0.142$ ,  $t = 4.220$ ), FP ( $\beta = 0.177$ ,  $t = 4.264$ ), SP ( $\beta = 0.122$ ,  $t = 3.379$ ). Thus H5a, H5b, and H5d are supported, and H5c is not supported. Meanwhile, time saving only mediates the effect of FP ( $\beta = 0.134$ ,  $t = 2.700$ ) and RP ( $\beta = 0.163$ ,  $t = 2.597$ ) on retail loyalty. Thus H6b and H6c are supported, but H6a and H6d are not supported. All mediation variables were tested to have a full mediation effect, as shown in Table 4 below.

**Table 4: Mediation effect**

Path/Hypothesis	Standardized coefficient	t-value	Results
(1) Access Proximity → Time Management → Retail Loyalty	0.142***	4.220	H5a was supported
(2) Functional Proximity → Time Management → Retail Loyalty	0.177***	4.264	H5b was supported
(3) Relational Proximity → Time Management → Retail Loyalty	0.025	0.744	H5c was not supported
(4) Social Proximity → Time	0.122**	3.379	H5d was supported

Management → Retail Loyalty			
(5) Access Proximity → Time Saving → Retail Loyalty	0.009	0.226	H6a was not supported
(6) Functional Proximity → Time Saving → Retail Loyalty	0.134*	2.700	H6b was supported
(7) Relational Proximity → Time Saving → Retail Loyalty	0.163*	2.597	H6c was supported
(8) Social Proximity → Time Saving → Retail Loyalty	0.074	1.471	H6d was not supported

## Discussion

This study gives insights into customer preferences regarding the modern retail sector's proximities by showing the link between proximities and customer loyalty. Moreover, this study highlights customers' perspectives on time convenience offered by modern retail stores, particularly minimarkets. The research conducted also explores the potential cause of different behaviors of Indonesian customers in terms of proximities toward time convenience and loyalty.

Access proximity and functional proximity are the material dimensions of proximity, while relational and social or identity proximity are the immaterial dimensions of the proximity of modern retail (Gahinet and Cliquet, 2018). Accordingly, the research model analyzes the relationship between proximities and time convenience. Customers' ability to manage their visiting time to the store is the qualitative dimension (Kairos); on the other hand, customers' ability to save time during visits is the quantitative dimension (Chronos) of time convenience.

Access proximity addresses customer mobility; it allows customers to visit the store easily because it is located close by in the neighborhood, thus is relatively easy to find, and customers do not need much effort to reach the store (Hérault-Fournier, Merle and Prigent-Simonin, 2012). At the other end of proximity's material dimensions, functional proximity represents convenience and shopping efficiency, including the size and layout of the store and opening hours (Beauchamp and Ponder, 2010). Relational proximity addresses the social relationship between customers and staffs, creating a friendly ambiance at the store. The immaterial characteristic of relational proximity is shared with social or identity proximity, wherein customers acknowledge the shared value and importance of the store (Schultz, 2013).

Specifically, the research shows that access proximity, functional proximity, and social proximity have a significant relationship with time management. These findings suggest that easy access, opening hours, and store layout matter greatly to customers, empowering them to manage their time and visit the store whenever needed. These findings corroborate previous research (Gahinet and Cliquet, 2018). Material dimension, however, is not the only thing that matters to customers in terms of time management. The sense of belongingness makes customers feel more convenient to visit the store whenever needed. Contrasting with Gahinet and Cliquet, this study does not prove that customers attach great importance to social relationships and friendly ambiance at minimarkets when perceiving time management.

On the other hand, the most leading proximities of time saving are functional and relational proximities. These findings suggest that customers can save time during visits to the store mainly due to time-efficient layouts, quick checkout processing times, and good relationships with the staff. The latter can be explained by the social custom in Indonesian big cities. Staff who is familiar with some customers might give special treatment to satisfy them more by addressing them more casually and simultaneously speeding up the service. Another logical explanation is that returning customers might have had repetitive and regular purchases memorized by the staff, enabling a faster checkout process by skipping promotional procedures such as staff offering customers additional products.

Consistent with hypothesis 4, the findings show a significant relationship between time convenience and retail loyalty, suggesting that Chronos (quantitative dimension) and Kairos (qualitative dimension) are important for customers of localized retail stores. This finding does not support previous research by Gahinet and Cliquet (2018), wherein time management seems more impactful to retail loyalty than time saving. Indonesian retail customers' ability to save time during shopping directly increases their loyalty to the store, as it does with time management.

Surprisingly, none of the proximity variables have a significant direct impact on customer loyalty. Consistent with previous research (Hérault-Fournier, Merle and Prigent-Simonin, 2012; Gahinet and Cliquet, 2018), empirical results showed that effortless customer mobility is not sufficient to generate retail loyalty, despite being one of the strong reasons for frequent visits (Fox, Montgomery and Lodish, 2004). Meanwhile, the evidence that social or identity proximity has no apparent effect on loyalty suggests that shared values and the sense of belonging do not immediately increase customers' willingness to visit the store more frequently. The different results with Gahinet and Cliquet (2018) relate to the direct relationship of functional & relational proximities to retail loyalty, which can be explained through the mediating effect analysis on time convenience.

The findings of this study confirm that time management strongly acts as a mediator towards access, proximity, and social proximity on customer loyalty of mini markets in Indonesia. Specifically on access proximity, this result corroborates previous research (Gahinet and Cliquet, 2018). The findings confirm that time saving strongly mediates the impact of functional and relational proximities on retail loyalty, emphasizing the empirical evidence that time convenience is a strong mediator between retail loyalty and functional proximity. This study demonstrated that within the context of retail loyalty, time convenience acts as a strong mediator towards the effect of shopping efficiency. In contrast, the effects of other proximity variables are mediated through either the qualitative or the quantitative dimension of time convenience. In other words, all four proximities proposed in this study are proven to influence customer loyalty of the modern retail sector when time convenience is acknowledged and promoted. Nonetheless, the role of each proximity and its relationship with either dimension of time convenience is distinctive.

## **Implications**

### **Theoretical Implications**

This study recognizes the lack of study on the role of proximities and time convenience towards retail loyalty. Understanding the connections between these variables is essential in predicting customer loyalty outcomes such as repurchase decisions. The main theoretical contributions of this study are threefold. First, this study conceptualized and tested four dimensions of proximities on two dimensions of time convenience in the setting of minimarkets located in residential areas. The findings have mainly filled the research gap in linking immaterial dimensions of proximity and customer loyalty. Social proximity does not affect loyalty, as proven by Gahinet and Cliquet (2018); however, it does affect loyalty through the mediation of time management. In contrast, relational proximity also influences loyalty through the presence of time saving perceived by retail customers.

Second, this study contributes to the body of knowledge in the retail field by demonstrating that all showed indirect effects towards retail loyalty from four variables of proximities. However, only functional proximity was fully mediated by time management and time saving. However, the other proximities were fully mediated by either one of the time convenience dimensions. From a theoretical implication perspective, this result proposes that proximity factors are significant to promote time convenience, especially functional proximity. Functional proximity has been perceived as consistent with functional congruity in the retailing literature (El-Hedhli, Chebat and Sirgy, 2013), where it represents utilitarian factors, including practicality, customer service, shopping convenience, cleanness, and speed (Lee, 2003). Hedonic and utilitarian customers show different types of shopping behavior (Blut, Teller and Floh, 2018). As opposed to hedonic attributes offered by department stores, retail store customers may prefer functional or utilitarian attributes (Lee, 2003); hence functional proximity plays a significant role in the retailing sector (Marshall, 2018).

Third, the empirical findings from the present study contribute to the retail development and consumer behavior literature by suggesting significant associations that time convenience dimensions have with customer loyalty of the modern retail sector, especially mini markets. The findings also posit that both dimensions of time convenience, Chronos (quantitative dimension) and Kairos (qualitative dimension), are strong mediators to encourage each proximity to increase retail loyalty in Indonesia. The mediating effects of time convenience appear to be important for loyal retail customers. Such findings support the retail development and consumer behavior literature, highlighting time convenience in terms of time management and time saving as important for retail store shoppers (Lloyd *et al.*, 2014; Sundström and Radon, 2016).

### **Managerial Implications**

From the managerial point of view, the findings of this paper could serve as a guideline to retail store managers, especially mini markets, to plan for effective store operational strategy and maintain loyal customers. The overall customer loyalty should be improved through improvements in time convenience. Store management is suggested to improve each aspect of proximities, to pursue better time management, and time saving from customers' perspective. Hence, it is critical for store owners to consider location, specifically when opening a new minimarket in a residential

neighborhood. Access proximity could be strengthened by keeping the distance close enough to ensure easy mobility from the neighborhood to the store. Importantly, functional proximity should be prioritized as it appears to be the only proximity fully mediated by both dimensions of time convenience. Functional proximity could be strengthened by reconsidering opening hours, the more flexible, the better. Store layout should be designed effectively and organized so that customers can easily find what they need. Shopping convenience could also be enhanced by providing a faster checkout service through updated POS systems and basic staff training. An enhanced hospitality training program based on how to address customers better will definitely strengthen relational proximity. Prompt and friendly responses from staff will create greater levels of ambiance that shoppers often prefer. More importantly, it is recommended that store managers encourage staff to give prompt checkout service to loyal customers instead of prolonged promotional standards since time saving is proven to mediate the effect of relational proximity towards increasing loyalty. Finally, social proximity is another important factor to be considered. Store managers are recommended to find ways to increase a sense of belonging from neighborhood residents toward the store. However, strengthening social proximity may not be the easiest task due to its strong connection with the culture and local customs of the people in the neighborhood.

### **Limitations & Future Research**

This study has several limitations. First, the respondent's profile shows that the majority of respondents are young people (17-25), so this result cannot be generalized to all ages. Second, this study adopted a survey design to examine causal relationships. Empirical evidence of causal models requires experimental design by manipulating participants. Third, this study used a sample in one country, which requires caution in interpreting the results. Future research that replicates this research in various countries in the Asia Pacific will generalize the current findings. In doing so, it may be useful to compare models across different generations, genders, or cultures. Further research could focus on using a more varied range of respondents. The impact of respondent-specific characteristics on loyalty outcomes may differ.

### **Implications for Asian Business**

Considering that the findings come from Indonesia, whereas the retail market is in position 5 out of 30 developing countries worldwide, according to the Global Retail Index 2019 (Kearney, 2019), the implications are highly relevant for Asian retail business. Particularly in Indonesia, this study presents findings useful for minimarket stores to identify areas of improvement when facing strong competition from other modern retailers. Within the minimarket category, the modern retail sector in Indonesia is dominated by a few players. Most of these store chains employ a franchise strategy, which means this research is relevant to the corporations and the franchisees. The highly competitive Indonesian retail market forces companies to locate more stores in the residential areas, apart from other areas such as highways and office buildings. The findings suggest that store managers need to ensure easy access to stores to cater to the needs of neighboring customers, whereas location strategy plays a significant role. On the other hand, stores with a 24-hours format will increase flexibility and shopping convenience, further enhanced by effective store

layout strategies and faster service.

Since the findings also highlight the indirect influence of proximities' immaterial dimensions toward loyalty, it is important for store managers to put more focus on creating the right ambiance. Staff must be aware of the local custom to avoid any other impression than hospitality. It is also important for staff to guarantee a speedy service as a privilege for loyal customers; this is due to the findings that good social relationships between customers and staff will not affect loyalty unless customers have the ability to save shopping time. Consumers also patronize stores that are congruent with their values. Thus, retailers should be open to interactions and collaborations with residents in the neighborhood to establish a shared value. One example is that retailers could lend space to local business players, such as the parking lot area. This additional section could offer different products at flexible hours, thus strengthening customers' ability to manage visiting time conveniently.

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**1. Bukti submit artikel dan  
artikel yang disubmit  
(5 Januari 2022)**



Elisabeth Supriharyanti &lt;elisabeth-s@ukwms.ac.id&gt;

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**Submission of Article for Publication (AJBR)**

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**Elisabeth Supriharyanti, SE., M.Si.** <elisabeth-s@ukwms.ac.id>  
To: ajbr.magscholar@gmail.com

Thu, Mar 10, 2022 at 6:19 AM

March 10, 2022

**Dr. Hiram Ting**

Sarawak Research Society & UCSI University, Malaysia  
*Managing Director Asian Journal of Business Research*

Dear Prof. Ting,

Hereby, we are submitting an article entitled "Proximity and Retail Loyalty: Mediation of Time Convenience" for possible publication in the "Asian Journal of Business Research".

The manuscript,

- 1) The scientific article based on own research containing all parts of a scientific research (introduction, literature review, objectives and methodology, results, discussion, conclusion).
- 2) The manuscript is original and has not yet been published.
- 3) The author has the copyright including the permission to use it freely.

If there is any question regarding the paper, please don't hesitate to contact us. I am looking forward to hearing from you soon.

Sincerely,

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**Elisabeth Supriharyanti\*)****Deatri Arumsari Agung****Yulika Rosita Agrippina****Febianus Eka Yudha Wibiamto****Budi Pratama**

Faculty of Business, Universitas Katolik Widya Mandala Surabaya, Indonesia

\*) Corresponding Author: [elisabeth-s@ukwms.ac.id](mailto:elisabeth-s@ukwms.ac.id)

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## Proximity and Retail Loyalty: Mediation of Time Convenience

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1	Title	: Assistant Professor
	Authorship Name	: Elisabeth Supriharyanti
	Affiliation (Department/School and University/Institution)	: Faculty of Business, Universitas Katolik Widya Mandala Surabaya
	City or State	: Surabaya
	Country	: Indonesia
	Email address	: <a href="mailto:elisabeth-s@ukwms.ac.id">elisabeth-s@ukwms.ac.id</a>

---

2	Title	: Lecturer
	Authorship Name	: Deatri Arumsari Agung
	Affiliation (Department/School and University/Institution)	: Faculty of Business, Universitas Katolik Widya Mandala Surabaya
	City or State	: Surabaya
	Country	: Indonesia
	Email address	: <a href="mailto:deatri@ukwms.ac.id">deatri@ukwms.ac.id</a>

---

3	Title	: Lecturer
	Authorship Name	: Yulika Rosita Agrippina
	Affiliation (Department/School and University/Institution)	: Faculty of Business, Universitas Katolik Widya Mandala Surabaya
	City or State	: Surabaya
	Country	: Indonesia
	Email address	: <a href="mailto:agrippina@ukwms.ac.id">agrippina@ukwms.ac.id</a>

---

4	Title	: Alumnus
	Authorship Name	: Febianus Eka Yudha Wibiamto
	Affiliation (Department/School and University/Institution)	: Faculty of Business, Universitas Katolik Widya Mandala Surabaya
	City or State	: Surabaya
	Country	: Indonesia
	Email address	: <a href="mailto:febianusekayudha@gmail.com">febianusekayudha@gmail.com</a>

---

5	Title	: Alumnus
	Authorship Name	: Budi Pratama
	Affiliation (Department/School and University/Institution)	: Faculty of Business, Universitas Katolik Widya Mandala Surabaya
	City or State	: Surabaya
	Country	: Indonesia
	Email address	: <a href="mailto:budipmingsan@gmail.com">budipmingsan@gmail.com</a>

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## Proximity and Retail Loyalty: Mediation of Time Convenience

**Elisabeth Supriharyanti**

*Faculty of Business, Universitas Katolik Widya Mandala Surabaya, Indonesia*

**Deatri Arumsari Agung**

*Faculty of Business, Universitas Katolik Widya Mandala Surabaya, Indonesia*

**Yulika Rosita Agrippina**

*Faculty of Business, Universitas Katolik Widya Mandala Surabaya, Indonesia*

**Febianus Eka Yudha Wibiamto**

*Faculty of Business, Universitas Katolik Widya Mandala Surabaya, Indonesia*

**Budi Pratama**

*Faculty of Business, Universitas Katolik Widya Mandala Surabaya, Indonesia*

### Abstract

This study aims to examine the proximity of both material and immaterial proximity to retail loyalty; and the mediating role of time management and time saving (time convenience). A total of 150 responses were collected from minimarket consumers in residential areas in Indonesia using a purposive sampling method. The results show that access, functional and social proximity affect time management, while time saving factors are only functional and relational to proximity. Time management and time saving have a positive effect on retail loyalty. While the mediation test found that time management mediates the effect of access, functional and social proximity mediates retail loyalty. Meanwhile, time saving mediates the effect of functional and relational proximity on retail loyalty. The differences in the findings on each proximity variable provide practical and theoretical implications for further research.

**Keywords:** *Proximity, Time management, Time saving, Retail loyalty, Indonesia.*

## Introduction

Managing retail loyalty is an important managerial challenge in the current environment of an evolving market for organized retailing and increasing global competition (Geetha, 2015). Meanwhile, many retail practitioners state that one of the retail challenges in today's digital era is maintaining consumer loyalty because consumers are faced with many product choices and prices that vary greatly (Reinartz, Wiegand and Imschloss, 2019). However, the Global Retail Development Index 2019 states that Indonesian retailers remained top 10. The Indonesian retail market is in position 5 out of 30 developing countries worldwide, with a 55.9 score (out of the highest score of 100) (Kearney, 2019).

One retail format that survives is the convenience store in the minimarket format, which is widely available in residential areas. Since January 2020, the number of major minimarket chain outlets in Indonesia, Indomaret, franchises as many as 15,526 outlets, while Alfamart franchises as many as 13,522 outlets, and Alfamidi franchises as many as 1478 outlets. Indomaret also continues to grow, franchising 17,681 outlets consisting of 60% self-owned and 40% community-owned businesses (Katadata.co.id, 2019). Different trends occurred with large retail stores, which experienced a decline. The chairman of Aprindo (Indonesian retailer association) stated that the significant decline was felt by their large retail companies in Indonesia, reporting the companies operating income decreased over the previous two years, touching the lowest level in 2018 (Evandio, 2020).

According to AC Nielsen, the decline in large retail stores has become a global trend and is caused by proximity retail, where people prefer to shop in places close to their neighborhoods because goods or products sold in large retail stores can be found in small retail stores (Suhendra, 2017). This consumer behavior is reinforced by data that consumers currently no longer want to shop with a stock system or large quantities, and more consumers are shopping according to short-term needs (Hikam, 2019). Meanwhile, according to Gahinet and Cliquet (2018), the success of convenience stores is not only the distance factor but also time, especially for postmodern individuals who are characterized by the need for speed and social interaction (Firat, 1991).

One of the probability theories in retail location (Huff, 1963) states that the aspect of distance or time is part of the factors considered in choosing a retail location because, in turn, it affects the probability of consumers visiting the store. Several previous studies have examined the effect of location or proximity on consumer loyalty. The findings of Ramanathan *et al.* (2017) show that store location has a positive effect on loyalty which affects retail sales, as well as Blut, Teller and Floh (2018) who found that proximity, spatial and temporal distance affect patronage intention. Meanwhile, Kaytaz Yigit and Tigli (2018) examined the effect of time pressure on influencing consumer behavior or consumer loyalty. Unfortunately, research linking distance and time is still limited, while the two variables closely relate to shopping activities. Proximity refers to geographic, temporal, and affective concepts (Gahinet and Cliquet, 2018). On the other hand, proximity is mostly studied with a material approach (geographical/access), while studies with an immaterial approach (social relationship) are still very limited.

In a previous study, Gahinet and Cliquet (2018) found that proximity, consisting of functional, social, and relational proximity, affects loyalty. However, access proximity

does not significantly affect loyalty but is mediated by time convenience. Proximity to access will increase loyalty if consumers can manage time or if the store has flexible opening hours. Unfortunately, these studies have not linked immaterial proximity to time convenience. The shorter the travel time to the store or shopping, the more loyal customers are to the store (McGoldrick and Andre, 1997). Meanwhile, Indonesian people have collectivist values (Mangundjaya, 2010), such as liking to be in groups, socializing with someone, or saying hello in a store that can extend shopping time.

This research was conducted on 150 minimarket consumers in Surabaya-Indonesia. Indonesian retail is one of the most promising sectors within Asia, supported by its large population and a growing middle class with higher household purchasing power and increasingly modern shopping habits (Mordor Intelligence, 2021). Research in Asian communities, especially Indonesia, is interesting because it has different socio-cultural conditions, producing findings contributing to the retail proximity literature. Second, this study analyzes the effect of all proximity factors, both material and immaterial (Gahinet and Cliquet, 2018), on time convenience and retail loyalty, which still lacks empirical evidence within the framework of retail location theory.

## Literature Review

### Retail Loyalty

The frequency of store visits and the relative volume spent are measures of consumer behavior characteristics (Ailawadi, Pauwels and Steenkamp, 2008; Seenivasan, Sudhir and Talukdar, 2016). Loyalty can be defined as a widely held commitment to repurchase a preferred product or service in the future consistently (Oliver, 1980); consequently, it leads to repeated same brand or product acquisitions regardless of marketing efforts or even situational influences (Chaudhuri and Holbrook, 2001). Dick and Basu (1994) conceptualized customer loyalty based on the relationship between relative attitude and repeat patronage behavior. Customer loyalty can be characterized as one of the important success measures for different businesses in the market (Nyadzayo and Khajezadeh, 2016), including in the context of the retail industry. Customer loyalty includes attitudinal and behavioral dimensions, where relative attitude refers to loyalty and repeat patronage behavior refers to behavioral loyalty. It has been suggested that integrating the attitude dimension into the loyalty model (patronage behavior) will increase its predictive ability (Dick and Basu, 1994). In the current study, we followed the definition of Srinivasan, Anderson and Ponnaveolu (2002), who defined loyalty as consumers' positive attitudinal behavior toward the store that makes successful repurchase intention.

There are three determinants of retail loyalty: individual characteristics, merchandise characteristics, and service/interaction characteristics (Straughan and Albers-Miller, 2001). This study examines predictors of store loyalty based on the aspect of proximity as part of store service. Previous research conducted by Ramanathan et al. (2017) and Blut, Teller and Floh (2018) have tested the effect of location and proximity factors on loyalty and patronage intentions but still look at proximity materially, while research proposes proximity from material and immaterial aspects (Gahinet and Cliquet, 2018).

### Proximity

Boschma (2005) defines that proximity framework is adopted, covering geographic, social, cognitive, organizational, and institutional dimensions of relational proximity. When continuing the study in 2010, Boschma and Frenken proposed five dimensions of proximity: a) geographical proximity, b) organizational proximity, c) social proximity, d) institutional proximity, and e) cognitive proximity. In a study conducted by Gahinet and Cliquet (2018), the material dimension of proximity is divided into two, namely access proximity and functional proximity. Access proximity describes the distance or consumer access and customer mobility. Previous research on proximity stated that proximity access could make it easier for consumers to go to the store (Bergadaà and Del Bucchia, 2009). The study by Gahinet and Cliquet (2018) states that functional proximity as convenience and shopping efficiency positively affects customer loyalty (the research object was convenience stores). Another dimension is relational proximity, which can be transformed into social relationships research (Ingene, 1984). This study uses the dimensions of material and immaterial proximity (Gahinet and Cliquet, 2018), namely access proximity, functional proximity, relational proximity, and social proximity.

### **Time Convenience**

Smith (1969) argued that time convenience had been described as having two elements: Chronos and Kairos. According to Greek mythology, Chronos represents a quantitative dimension of time convenience that has been interpreted as time saving. At the same time, Kairos represents a qualitative dimension of time convenience that has been interpreted as time management. Yale and Venkatesh (1986) explained that from the perspective of retailing, time is the element of time convenience, whereas the effort to increase the effectiveness of a store can be reflected. Customer belief systems may perceive easy-to-use systems as valuable because it enables time to be spent doing more constructive things instead of comprehending how the systems work (Bruner and Kumar, 2005). The goods purchased with minimum effort, immediately, and frequently usually minimize travel time to buy 'convenience' by the shoppers (Holton, 1958). Bettman (1979) stated time concept affects how knowledge is processed. Time convenience has a positive effect on the knowledge-gaining process. The findings of Gahinet and Cliquet (2018) show that convenience store patronage is influenced by relational and functional affinity, as these stores allow them to save time (chronos) and to manage their time better through more appropriate frequencies (kairos).

### **Time Management**

Claessens et al. (2007) define time management as "behaviors that aim at achieving an effective use of time while performing certain goal-directed activities". It focuses on performing an activity with effective use of time. Time management as part of time convenience is a major aspect of behavior for self-regulation (Pintrich, 2004). Time management drives satisfaction in shopping (Geiger, 2007) and enjoyment (Shannon and Mandhachitara, 2008). Most people occupy about 45 minutes a day for household shopping necessities (Bureau of Labor Statistics, 2020). Most people tend to do grocery shopping for households at particular times and days because workers and students are usually busy weekday mornings and afternoons (East et al., 1994).

### **Time Saving**

Yale and Venkatesh (1986) suggest that time saving is the consumer's ability to buy or save time. As a form of time convenience, time saving is the most significant benefit in improving humanless stores equipped with AI systems (Low and Lee, 2021). For example, a self-checkout option allows customers to avoid long checkout queues at checkout counters. Long queueing time for checkout is one of the main problems in large stores that attract large crowds (Low and Lee, 2021). When accuracy and efficiency are achieved, time savings can be made. Time-saving shopping strategies include using convenience stores, buying repackaged products, shortening shopping lists, using catalogs, and ordering items via email and telephone (Winter et al., 1993). Convenience stores have characteristics for customers to save their travel time and visiting time (Dunkley, Helling and Sawicki, 2004). In addition to technology, distance also allows consumers to save time. The underlying assumption is that the buyer travels from home to the nearest store of the selected chain and then returns home. Some literature mentions that retail patronage is influenced by the distance factor (Fox, Montgomery and Lodish, 2004).

### **Proximity and Retail Loyalty**

In retail, proximity in material dimensions can include store access and store convenience (size, relevant options, and opening hours). While proximity with immaterial dimensions includes social or relational, it can be translated into social relations research (Ingene, 1984). Customer loyalty is highly dependent on the ability to personalize services (Ball, Coelho and Vilares, 2006), personal communication management (Jones and Farquhar, 2003), and feelings of enjoyment when shopping (Wong, 2004). Previous research has examined the effect of proximity on loyalty. Bergadaà and Del Bucchia (2009) found the effect of proximity to trust in direct marketing channels and trust can ultimately foster loyalty, even though loyalty is not only based on trust (Sirdeshmukh, Singh and Sabol, 2002). Findings from several studies also show that proximity of access location determines the frequency of visits or loyalty (e.g. Fox, Montgomery and Lodish, 2004; Ramanathan et al., 2017). Channa et al. (2022) found the effect of social benefits and self-confidence, which are part of functional, relational, and social closeness on retail loyalty.

**H1:** a) Access Proximity; b) Functional Proximity; c) Relational Proximity; d) Social Proximity has a positive effect on Retail Loyalty.

### **Proximity and Time Convenience**

Proximity is the decisive factor in whether the customer will frequently visit a store (Fox, Montgomery and Lodish, 2004). Material dimensions of proximities can include physical access to a store and shopping convenience in a retailer context. Since this material dimension belongs to space-time, thus can be articulated in the matter of the customers' time-based benefits, such as checkout waiting time, visit time, and access time to the store (Douard, Heitz and Cliquet, 2015). Gahinet & Cliquet (2018) confirmed that the temporal dimension of proximities, namely access proximity and functional proximity, influence both aspects of time convenience. Customers can access the store whenever needed, thus resulting in better management of their time. Functionality includes finding products easily due to an effective layout, long opening hours, and fast check out, which altogether allow customers to manage their time better and save time simultaneously (Gahinet & Cliquet, 2018). Proximity to staff (stores)

makes consumers save time due to the integration of shopping in daily activities, such as walking or traveling habits (Brooks, Kaufmann and Lichtenstein, 2008).

**H2** a) Access Proximity, b) Functional Proximity; c) Relational Proximity; d) Social Proximity has a positive effect on Time Management.

**H3** a) Access Proximity, b) Functional Proximity; c) Relational Proximity; d) Social Proximity has a positive effect on Time Saving.

### **Time Convenience and Retail Loyalty**

Gahinet and Cliquet (2018) confirmed that time management significantly influenced loyalty. It enables customers to manage time better, reflecting the attitude of postmodern individuals (Ascher, 2005). When opening hours are extended, customers can better manage their visiting time to the store, directly improving loyalty (Huddleston, Whipple and VanAuken, 2004). McGoldrick and Andre (1997) argued that loyal customers prefer stores with shorter journey times. Creating customer loyalty is even more crucial than just satisfying them, and this is related to how much time they spend on the store (Bielen and Demoulin, 2007). Further, customers are more satisfied and eventually more loyal when they waste no time in the store.

**H4a** Time Management has a positive effect on Retail Loyalty.

**H4b** Time Saving has a positive effect on Retail Loyalty.

### **Time Convenience as a Mediator**

As previously explained, Time Management and Time Saving are part of Time Convenience and mediate the effect of proximity on Retail Loyalty. Baron and Kenny (1986) called a variable a mediator if the variable influences the relationship between the predictor (independent) and criterion (dependent) variables. Gahinet and Cliquet (2018) proposed that time convenience influences customer loyalty. McGoldrick and Andre (1997) argued that a customer's loyalty is even higher if journey time to the store is shorter. The thing that will prevent retail shoppers from being more satisfied and eventually becoming loyal customers is when they perceive to waste time while at the store (Bielen and Demoulin, 2007; Gahinet and Cliquet, 2018).

**H5a** Time Management mediates the effect of proximity on Retail Loyalty.

**H5b** Time Saving mediates the effect of proximity on Retail Loyalty.

## **Methodology**

### **Sample**

The sample of this research is minimarket consumers in Surabaya, Indonesia. The sampling technique used in this research is purposive sampling with the criteria of consumers who have shopped in the last month. The number of samples used is 150 consumers. The study used quantitative methods, and data were collected using a closed questionnaire. The questionnaires were randomly generated to avoid general method bias (CMB). The data collected is the perception of one source by distributing a one-time questionnaire. Then the questionnaire was distributed using Google form.

The questionnaire consisted of 30 statement items adapted from (Gahinet and Cliquet, 2018). Respondents were asked to choose the options agree, strongly agree, disagree, and strongly disagree based on a Likert scale. Access proximity is a consumer's perception of the proximity or ease of access to the store (Fox, Montgomery and Lodish, 2004). Functional proximity (FP) is the convenience and efficiency of shopping related to the function of the store as a place to shop (Bergadaà and Del Bucchia, 2009). Relational proximity is an immaterial proximity dimension that refers to the closeness of social relationships with staff, shop consumers, and the store. Social proximity is proximity due to shared values or the social role of the store as a whole. Both were adopted from Schultz (2013), measured by six items and four items, respectively. Time management is an action or process of conscious planning and implementing time for special activities such as shopping, especially to increase effectiveness, efficiency, and productivity (Singh and Jain, 2013). Time saving is the customer's perception of the dimensional time that can be saved in activities, for example, the time it takes to shop (Dunkley, Helling and Sawicki, 2004). Retail loyalty is a deeply held commitment to purchase and re-subscribe to a product or service from minimarket (Kasiri *et al.*, 2017).

This study uses the procedure used by Kleijnen, Ruyter and Wetzels (2007) to test the research instrument, using reflective indicators on all constructs. The reliability test used composite scale reliability and extracted mean variance/AVE (Chin, 1998). Based on the processing results, the AVE is more than the cutoff value of 0.50 (Fornell and Larcker, 1981). In addition, convergent validity was evaluated by examining the standard loading of measures in each construct (Chin, 1998), and all measurements showed standard loadings exceeding 0.500. Next, discriminant validity is carried out. Fornell and Larcker (1981) suggested that the AVE for each construct is greater than the latent quadratic factor correlation between pairs of constructs (Table 2).

**Table 1: Research items, factor loadings, composite reliability, and AVE**

No	Item Questioner	Loading Factor	Reliability	AVE
<i>Access Proximity</i>				
1	This store is well located	0.802	0.863	0.677
2	This store is easily accessible	0.848		
3	This store is on my usual trips	0.817		
<i>Functional Proximity</i>				
1	It took a minimal amount of effort on my part to get what I wanted.	0.732	0.877	0.589
2	I could easily find what I was looking for.	0.779		
3	I found exactly what I wanted	0.808		
4	The store is clear and well-organized	0.761		
5	Opening hours of the store suit me	0.756		
<i>Relational Proximity</i>				
1	In this store I can interact with the staff.	0.776	0.912	0.634
2	I feel welcomed by the staff of this store.	0.787		
3	I feel close to customers in this shop.	0.811		
4	The ambiance of this store is friendly	0.821		
5	Staff at this store is available to me if I need advice or if I need help.	0.759		
6	When I enter into the store, I appreciate being recognized by staff.	0.821		

<i>Social Proximity</i>				
1	This store is important in the life of the neighborhood	0.866	0.913	0.724
2	This store is involved in social and economic life of the quarter	0.810		
3	This store is part of neighborhood life	0.902		
4	It's a neighborhood store	0.824		
<i>Time Management</i>				
1	I can go into the store as often as I want	0.808	0.859	0.604
2	I know how long it takes me to go in this store	0.762		
3	The proximity of the store allows me to choose the best time to do my shopping	0.786		
4	I have no hesitation to patronize this store when I need something quickly	0.751		
<i>Time Saving</i>				
1	I do not have to wait to pay	0.802	0.892	0.674
2	I spend less time doing shopping in this store	0.835		
3	I choose my products quickly.	0.817		
4	The checkout is fast	0.829		
<i>Retail Loyalty</i>				
1	I will be willing to buy goods or products when shopping at the minimarket.	0.874	0.845	0.556
2	I will recommend the mini market to my friends.	0.874		
3	I will repurchase to the shop or minimarket.	0.766		
4	I will be willing to convey to other people or friends in the form of positive words about the shop or minimarket based on my shopping experience	0.800		

**Table 2: Descriptive Statistics and Matrix Correlations**

Research variables	Mean	SD	1	2	3	4	5	6	7	8	9	10
1. AP	4.564	0.549	<b>0.677</b>									
2. FP	4.276	0.572	0.635**	<b>0.589</b>								
3. RP	3.987	0.733	0.516**	0.685**	<b>0.634</b>							
4. SP	4.238	0.672	0.555**	0.650**	0.757**	<b>0.724</b>						
5. TM	4.365	0.570	0.734**	0.803**	0.685**	0.739*	<b>0.604</b>					
6. TS	3.970	0.741	0.516**	0.704**	0.749**	0.684*	0.682	<b>0.674</b>				
7. RL	4.197	0.683	0.542**	0.700**	0.725**	0.704*	0.742	0.730*	<b>0.556</b>			
8. Age	1.267	0.672	0.099	0.132	0.157	0.092	0.103	0.168*	0.082	<b>n.a.</b>		
9. Income	1.760	1.246	0.026	-0.025	-0.013	0.015	0.044	-0.008	0.018	0.470*	<b>n.a</b>	
10. Radius	1.767	0.511	-0.014	-0.054	0.007	0.016	-	0.035	-0.055	0.065	0.059	<b>n.a</b>
							0.017					

Note: Bold values on the diagonal are AVE. Values below the diagonal are inter-factor correlation.

## Results

This research was conducted using quantitative methods with the help of a closed-ended questionnaire. Questionnaires online were distributed through Google Form or email. There were 150 respondents spread as follows: the majority of respondents aged 17-25 years with a percentage of 82.7%, and ages 26-35 years -10%. Respondents who spend more than 2 times a month are 74.7%. Respondents' income below IDR 3,800,000 by 65.3% to above 5,000,000 by 5.7%.

This study used PLS-Graph Version 3.0, which allows for explicit estimation of latent variable (LV) scores, and a bootstrap resampling method was used to test the proposed model (Chin, 1998). This procedure required the production of 300 randomly selected case sub-samples, with replacement, from the original data. This study uses the Goodness of Fit (GoF) statistical support method. The PLS output results show the GoF index of this research model as follows: SRMR (standardized root mean square residual) = 0.083. SRMR with a value of < 0.1 indicates a good match (Mehmet and Jakobsen, 2016).

### Measurement Models

A two-stage analytical procedure (Hair Jr. *et al.*, 2014) examined measurement models and structural relationships. We tested composite reliability and extracted mean variance (AVE) to assess convergent validity. Table 2 shows Cronbach alpha scores, ranging from 0.734 to 0.974, and AVE scores ranging from 0.556 to 0.724; all scores are above the acceptance level. In addition, all loading weights and sizes are also above acceptable levels. Finally, following Tsang (2002), we measured the square root of the AVE for each construct to assess discriminant validity (see Table 2).

### Structural Models

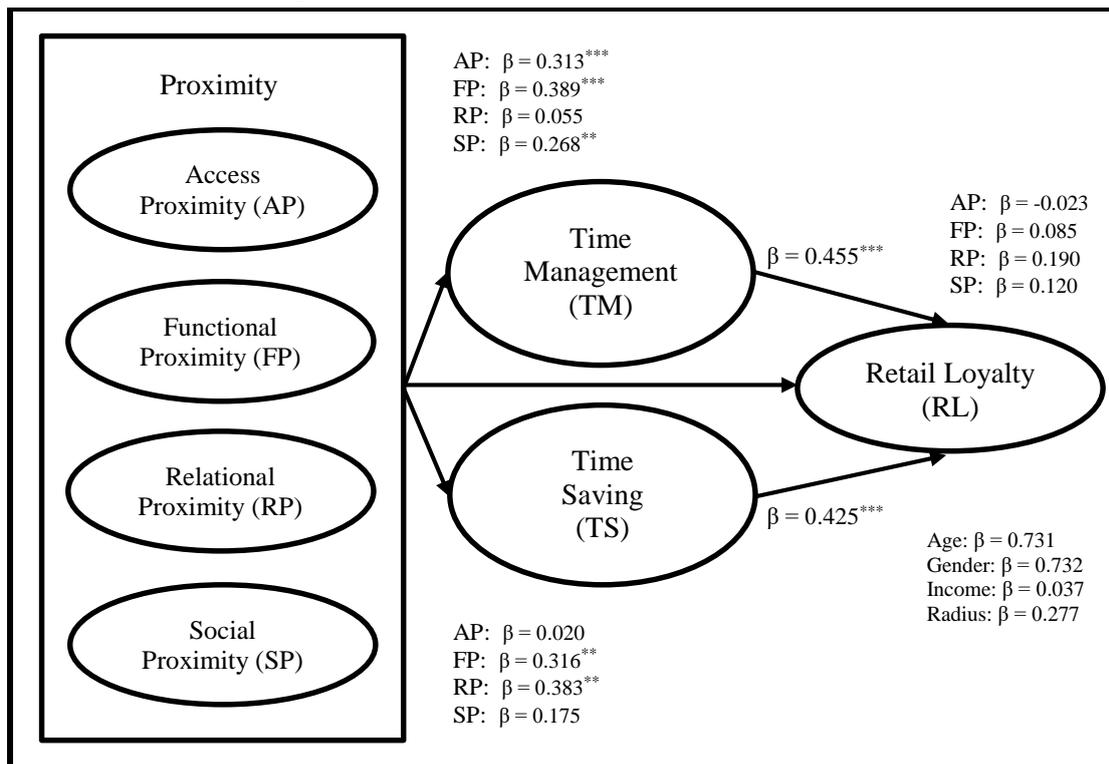
After examining the measurement model, we tested the hypothesis proposed by PLS. The results of the analysis are shown in Figure 1 below. We will discuss the following results: Proximity has no direct effect on Retail loyalty, ( $\beta = -0.140$ ,  $t = 5.624$ ) with  $p = 0.28$ , so H1 is not supported. Proximity has no direct effect on retail loyalty, both AP ( $\beta = -0.023$ ,  $t = 0.299$ ), FP ( $\beta = 0.085$ ,  $t = 0.790$ ), RP ( $\beta = 0.190$ ,  $t = 1.880$ ) and SP ( $\beta = 0.120$ ,  $t = 0.319$ ) so H1a-d is not supported. Hypothesis 2 states that proximity has an influence on time management. After testing, the value of the effect of AP ( $\beta = 0.313$ ,  $t = 5.562$ ), FP ( $\beta = 0.339$ ,  $t = 5.832$ ), RP ( $\beta = 0.055$ ,  $t = 0.769$ ) and SP ( $\beta = 0.268$ ,  $t = 3.656$ ) on time management. Thus, hypotheses 2a, 2b and 2d are supported but hypothesis 2c is not supported. Proximity also affects time saving which is indicated by the value of the effect of each proximity variable as follows: AP ( $\beta = 0.020$ ,  $t = 0.225$ ), FP ( $\beta = 0.136$ ,  $t = 2.905$ ), RP ( $\beta = 0.383$ ,  $t = 3.096$ ) and SP ( $\beta = 0.175$ ,  $t = 1.462$ ) then hypotheses 3b, 3c are supported, but hypotheses 3a and 3d are not supported. Time management and time saving also affect retail loyalty with values of  $\beta = 0.455$  ( $t = 6.404$ ) and  $\beta = 0.425$  ( $t = 6.095$ ), so hypotheses 4a and 4b are supported. The results of our statistical tests are shown in Table 3 below.

**Table 3: Results of statistical test**

	Direct Effect					
	Retail Loyalty		Time Management		Time Saving	
	$\beta$	$t$	$B$	$t$	$\beta$	$t$
Access Proximity	-0.023	0.299	0.313***	5.562	0.020	0.225
Functional Proximity	0.085	0.790	0.389***	5.832	0.136** *	2.905
Relational Proximity	0.190	1.880	0.055	0.769	0.383** *	3.096
Social Proximity	0.120	0.998	0.268**	3.656	0.175	1.462
Time Management	0.455***	6.404	-	-	-	-
Time Saving	0.425***	6.095	-	-	-	-
Age	0.731	0.343	-	-	-	-
Gender	0.732	0.344	-	-	-	-
Income	0.037	0.531	-	-	-	-
Radius	0.277	1.089	-	-	-	-

Note: + refers to  $p < 0.10$ , \* refers to  $p < 0.05$ , \*\* refers to  $p < 0.01$ , \*\*\* refers to  $p < 0.001$

**Figure 1: Research Model and Analysis Results**



Note: + refers to  $p < 0.10$ , \* refers to  $p < 0.05$ , \*\* refers to  $p < 0.01$ , \*\*\* refers to  $p < 0.001$

Finally, we examine the role of time management and time saving as mediators between proximity and retail loyalty. Using SmartPLS, we perform a mediation analysis for each independent variable (AP, FP, RP, and SP) to the dependent variable. First, we analyze the direct effect of proximity on retail loyalty, which shows that all proximity variables do not directly affect retail loyalty. Then, we analyzed the data to determine the indirect effect of each predictor on retail loyalty through time management and time saving. The results showed that the influence of AP, FP and SP and retail loyalty was mediated

by time management with values respectively as follows: AP ( $\beta = 0.142, t = 4.220$ ), FP ( $\beta = 0.177, t = 4.264$ ), SP( $\beta = 0.122, t = 3.379$ ). Thus H5a, H5b, and H5d are supported, and H5c is not supported. Meanwhile, time saving only mediates the effect of FP ( $\beta = 0.134, t = 2.700$ ) and RP ( $\beta = 0.163, t = 2.597$ ) on retail loyalty. Thus H6b and H6c are supported, but H6a and H6d are not supported. All mediation variables were tested to have a full mediation effect, as shown in Table 4 below.

**Table 4: Mediation effect**

Path/Hypothesis	Standardized coefficient	t-value	Results
(1) Access Proximity→Time Management→Retail Loyalty	0.142***	4.220	H5a was supported
(2) Functional Proximity →Time Management→Retail Loyalty	0.177***	4.264	H5b was supported
(3) Relational Proximity →Time Management→Retail Loyalty	0.025	0.744	H5c was not supported
(4) Social Proximity → Time Management→Retail Loyalty	0.122**	3.379	H5d was supported
(5) Access Proximity→Time Saving→Retail Loyalty	0.009	0.226	H6a was not supported
(6) Functional Proximity →Time Saving→Retail Loyalty	0.134*	2.700	H6b was supported
(7) Relational Proximity →Time Saving→Retail Loyalty	0.163*	2.597	H6c was supported
(8) Social Proximity → Time Saving→Retail Loyalty	0.074	1.471	H6d was not supported

## Discussion

This study gives insights into customer preferences regarding the modern retail sector's proximities by showing the link between proximities and customer loyalty. Moreover, this study highlights customers' perspectives on time convenience offered by modern retail stores, particularly minimarkets. The research conducted also explores the potential cause of different behaviors of Indonesian customers in terms of proximities toward time convenience and loyalty.

Access proximity and functional proximity are the material dimensions of proximity, while relational and social or identity proximity are the immaterial dimensions of the proximity of modern retail (Gahinet and Cliquet, 2018). Accordingly, the research model analyzes the relationship between proximities and time convenience. Customers' ability to manage their visiting time to the store is the qualitative dimension (Kairos); on the other hand, customers' ability to save time during visits is the quantitative dimension (Chronos) of time convenience.

Access proximity addresses customer mobility; it allows customers to visit the store easily because it is located close by in the neighborhood, thus is relatively easy to find, and customers do not need much effort to reach the store (Hérault-Fournier, Merle and Prigent-Simonin, 2012). At the other end of proximity's material dimensions, functional proximity represents convenience and shopping efficiency, including the size and

layout of the store and opening hours (Beauchamp and Ponder, 2010). Relational proximity addresses the social relationship between customers and staffs, creating a friendly ambiance at the store. The immaterial characteristic of relational proximity is shared with social or identity proximity, wherein customers acknowledge the shared value and importance of the store (Schultz, 2013).

Specifically, the research shows that access proximity, functional proximity, and social proximity have a significant relationship with time management. These findings suggest that easy access, opening hours, and store layout matter greatly to customers, empowering them to manage their time and visit the store whenever needed. These findings corroborate previous research (Gahinet and Cliquet, 2018). Material dimension, however, is not the only thing that matters to customers in terms of time management. The sense of belongingness makes customers feel more convenient to visit the store whenever needed. Contrasting with Gahinet and Cliquet, this study does not prove that customers attach great importance to social relationships and friendly ambiance at minimarkets when perceiving time management.

On the other hand, the most leading proximities of time saving are functional and relational proximities. These findings suggest that customers can save time during visits to the store mainly due to time-efficient layouts, quick checkout processing times, and good relationships with the staff. The latter can be explained by the social custom in Indonesian big cities. Staff who is familiar with some customers might give special treatment to satisfy them more by addressing them more casually and simultaneously speeding up the service. Another logical explanation is that returning customers might have had repetitive and regular purchases memorized by the staff, enabling a faster checkout process by skipping promotional procedures such as staff offering customers additional products.

Consistent with hypothesis 4, the findings show a significant relationship between time convenience and retail loyalty, suggesting that Chronos (quantitative dimension) and Kairos (qualitative dimension) are important for customers of localized retail stores. This finding does not support previous research by Gahinet and Cliquet (2018), wherein time management seems more impactful to retail loyalty than time saving. Indonesian retail customers' ability to save time during shopping directly increases their loyalty to the store, as it does with time management.

Surprisingly, none of the proximity variables have a significant direct impact on customer loyalty. Consistent with previous research (Hérault-Fournier, Merle and Prigent-Simonin, 2012; Gahinet and Cliquet, 2018), empirical results showed that effortless customer mobility is not sufficient to generate retail loyalty, despite being one of the strong reasons for frequent visits (Fox, Montgomery and Lodish, 2004). Meanwhile, the evidence that social or identity proximity has no apparent effect on loyalty suggests that shared values and the sense of belonging do not immediately increase customers' willingness to visit the store more frequently. The different results with Gahinet and Cliquet (2018) relate to the direct relationship of functional & relational proximities to retail loyalty, which can be explained through the mediating effect analysis on time convenience.

The findings of this study confirm that time management strongly acts as a mediator towards access, proximity, and social proximity on customer loyalty of mini markets in

Indonesia. Specifically on access proximity, this result corroborates previous research (Gahinet and Cliquet, 2018). The findings confirm that time saving strongly mediates the impact of functional and relational proximities on retail loyalty, emphasizing the empirical evidence that time convenience is a strong mediator between retail loyalty and functional proximity. This study demonstrated that within the context of retail loyalty, time convenience acts as a strong mediator towards the effect of shopping efficiency. In contrast, the effects of other proximity variables are mediated through either the qualitative or the quantitative dimension of time convenience. In other words, all four proximities proposed in this study are proven to influence customer loyalty of the modern retail sector when time convenience is acknowledged and promoted. Nonetheless, the role of each proximity and its relationship with either dimension of time convenience is distinctive.

## **Implications**

### **Theoretical Implications**

This study recognizes the lack of study on the role of proximities and time convenience towards retail loyalty. Understanding the connections between these variables is essential in predicting customer loyalty outcomes such as repurchase decisions. The main theoretical contributions of this study are threefold. First, this study conceptualized and tested four dimensions of proximities on two dimensions of time convenience in the setting of minimarkets located in residential areas. The findings have mainly filled the research gap in linking immaterial dimensions of proximity and customer loyalty. Social proximity does not affect loyalty, as proven by Gahinet and Cliquet (2018); however, it does affect loyalty through the mediation of time management. In contrast, relational proximity also influences loyalty through the presence of time saving perceived by retail customers.

Second, this study contributes to the body of knowledge in the retail field by demonstrating that all showed indirect effects towards retail loyalty from four variables of proximities. However, only functional proximity was fully mediated by time management and time saving. However, the other proximities were fully mediated by either one of the time convenience dimensions. From a theoretical implication perspective, this result proposes that proximity factors are significant to promote time convenience, especially functional proximity. Functional proximity has been perceived as consistent with functional congruity in the retailing literature (El-Hedhli, Chebat and Sirgy, 2013), where it represents utilitarian factors, including practicality, customer service, shopping convenience, cleanness, and speed (Lee, 2003). Hedonic and utilitarian customers show different types of shopping behavior (Blut, Teller and Floh, 2018). As opposed to hedonic attributes offered by department stores, retail store customers may prefer functional or utilitarian attributes (Lee, 2003); hence functional proximity plays a significant role in the retailing sector (Marshall, 2018).

Third, the empirical findings from the present study contribute to the retail development and consumer behavior literature by suggesting significant associations that time convenience dimensions have with customer loyalty of the modern retail sector, especially mini markets. The findings also posit that both dimensions of time convenience, Chronos (quantitative dimension) and Kairos (qualitative dimension), are

strong mediators to encourage each proximity to increase retail loyalty in Indonesia. The mediating effects of time convenience appear to be important for loyal retail customers. Such findings support the retail development and consumer behavior literature, highlighting time convenience in terms of time management and time saving as important for retail store shoppers (Lloyd *et al.*, 2014; Sundström and Radon, 2016).

### **Managerial Implications**

From the managerial point of view, the findings of this paper could serve as a guideline to retail store managers, especially mini markets, to plan for effective store operational strategy and maintain loyal customers. The overall customer loyalty should be improved through improvements in time convenience. Store management is suggested to improve each aspect of proximities, to pursue better time management, and time saving from customers' perspective. Hence, it is critical for store owners to consider location, specifically when opening a new minimarket in a residential neighborhood. Access proximity could be strengthened by keeping the distance close enough to ensure easy mobility from the neighborhood to the store. Importantly, functional proximity should be prioritized as it appears to be the only proximity fully mediated by both dimensions of time convenience. Functional proximity could be strengthened by reconsidering opening hours, the more flexible, the better. Store layout should be designed effectively and organized so that customers can easily find what they need. Shopping convenience could also be enhanced by providing a faster checkout service through updated POS systems and basic staff training. An enhanced hospitality training program based on how to address customers better will definitely strengthen relational proximity. Prompt and friendly responses from staff will create greater levels of ambiance that shoppers often prefer. More importantly, it is recommended that store managers encourage staff to give prompt checkout service to loyal customers instead of prolonged promotional standards since time saving is proven to mediate the effect of relational proximity towards increasing loyalty. Finally, social proximity is another important factor to be considered. Store managers are recommended to find ways to increase a sense of belonging from neighborhood residents toward the store. However, strengthening social proximity may not be the easiest task due to its strong connection with the culture and local customs of the people in the neighborhood.

### **Implications for Asian Business**

In the Asian business context, the current study accentuates the significance of minimarket industry as one of the top contributors to the economy. Considering that the findings come from Indonesia, whereas the retail market is in position 5 out of 30 developing countries worldwide, according to the Global Retail Index 2019 (Kearney, 2019), the implications are highly relevant for Asian retail business. Particularly in Indonesia, this study presents findings useful for minimarket stores to identify areas of improvement when facing strong competition from other modern retailers. Based on present findings, Indonesian customers show particular preferences on retail store setting, concerning time saving and time management. As much as their willingness to shop, customers want to make sure that no time is wasted. Within the minimarket category, the modern retail sector in Indonesia is dominated by a few players. Most of these store chains employ a franchise strategy, which means this research is relevant to the corporations and the franchisees. The highly competitive Indonesian retail market

forces companies to locate more stores in the residential areas, apart from other areas such as highways and office buildings.

The findings suggest that store managers need to ensure easy access to stores to cater to the needs of neighboring customers, whereas location strategy plays a significant role. On the other hand, stores with a 24-hours format will increase flexibility and shopping convenience, further enhanced by effective store layout strategies and faster service. Since the findings also highlight the indirect influence of proximities' immaterial dimensions toward loyalty, it is important for store managers to put more focus on creating the right ambiance. Staff must be aware of the local custom to avoid any other impression than hospitality. It is also important for staff to guarantee a speedy service as a privilege for loyal customers; this is due to the findings that good social relationships between customers and staff will not affect loyalty unless customers have the ability to save shopping time. Consumers also patronize stores that are congruent with their values. Thus, retailers should be open to interactions and collaborations with residents in the neighborhood to establish a shared value. One example is that retailers could lend space to local business players, such as the parking lot area. This additional section could offer different products at flexible hours, thus strengthening customers' ability to manage visiting time conveniently.

This study has several limitations. First, the respondent's profile shows that the majority of respondents are young people (17-25), so this result cannot be generalized to all ages. Second, this study adopted a survey design to examine causal relationships. Empirical evidence of causal models requires experimental design by manipulating participants. Third, this study used a sample in one country, which requires caution in interpreting the results. Future research that replicates this research in various countries in the Asia Pacific will generalize the current findings. In doing so, it may be useful to compare models across different generations, genders, or cultures. Further research could focus on using a more varied range of respondents. The impact of respondent-specific characteristics on loyalty outcomes may differ.

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**4. Bukti konfirmasi penerimaan submit Desk  
Review dan artikel yang disubmit  
(11 Maret 2022)**



Elisabeth Supriharyanti <elisabeth-s@ukwms.ac.id>

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## Submission of Article for Publication (AJBR)

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**AJBR MAG Scholar** <ajbr.magscholar@gmail.com>

Fri, Mar 11, 2022 at 7:55 PM

To: "Elisabeth Supriharyanti, SE., M.Si." <elisabeth-s@ukwms.ac.id>

Dear Dr. Elisabeth Supriharyanti,

Greetings from Asian Journal of Business Research (AJBR).

Please be informed that your manuscript, entitled "Proximity and Retail Loyalty: Mediation of Time Convenience" (AJBR9423), is well received. It is now sent to the Managing Editor and Associates for initial review to determine its suitability for AJBR. We will get back to you with an initial decision in due course. Thank you.

Yours Sincerely,

AJBR Editorial Office  
Asian Journal of Business Research  
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**5. Bukti konfirmasi penerimaan desk review  
untuk dilanjutkan ke reviewer  
(18 Maret 2022)**



Elisabeth Supriharyanti &lt;elisabeth-s@ukwms.ac.id&gt;

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**Submission of Article for Publication (AJBR)**

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**AJBR MAG Scholar** <ajbr.magscholar@gmail.com>

Fri, Mar 18, 2022 at 2:59 PM

To: "Elisabeth Supriharyanti, SE., M.Si." &lt;elisabeth-s@ukwms.ac.id&gt;

Dear Dr. Elisabeth Supriharyanti,

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Thank you for submitting your manuscript entitled "Proximity and Retail Loyalty: Mediation of Time Convenience" (AJBR9423) to AJBR for publication consideration.

After careful consideration, we are pleased to inform you that your manuscript has been accepted for review and will be sent to multiple reviewers for the review process. Specifically, your manuscript will be sent to a few reviewers, depending on the content of the manuscript, and each of them will be given two months to review. However, once we receive the comments from two reviewers, and the Editor(s) agrees with them, an Editorial Decision will be made and you will be notified duly.

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**6. Bukti Decision Review 1**  
**(24 Juni 2022)**



elisabeth supriharyanti &lt;elish.2003@gmail.com&gt;

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**Decision from Reviewers\_AJBRXXXX**

2 messages

**AJBR MAG Scholar** <ajbr.magscholar@gmail.com>

Fri, Jun 24, 2022 at 1:57 PM

To: elish.2003@gmail.com

Dear Dr. Elisabeth,

Greetings from Asian Journal of Business Research (AJBR).

Please be informed that your manuscript, entitled “ Proximity and Retail Loyalty: Mediation of Time Convenience” (AJBR9423), has gone through its reviewing process. After reading the comments given by the reviewers, the editorial decision of your manuscript is accepted subject to major revision.

Please find below the comments of the reviewers. Kindly prepare another document to address every comment. You are strongly encouraged to include the revised words/ sentences/paragraphs and their respective page numbers in a tabulated form. You can agree or disagree with the comments but you have to support it with justification to facilitate the next review process and editorial decision.

**Comments from Reviewer 1:**

1. The abstract lacks information on what the key problem the research is trying to provide a solution for. This should be included.
2. In the first paragraph of your introduction, consider changing the single numbers to letters, for example 5 to Five, and 10 to Ten.
3. While there is a clear focus on the Indonesian context in the introduction section, it is good to start with a global view of the investigated concepts and their relationships which should help inform us on why the research is narrowed down to the Indonesian context. This discussion should be provided as the 2nd paragraph.
4. Clearly define and discuss each construct or variable/concept investigated in this study. This should be done in the introduction section.
5. A weak part of the literature review is the lack of very recent literature. Equally, papers from this journal and its corresponding sister journals ought to be considered and cited accordingly.
6. You may want to consider restructuring your hypothesis. Correctly highlight the hypothesis in the H1 such as e.g, H1a. Access proximity has a positive relationship with retail loyalty. Follow a similar approach for all your hypotheses in the paper. Ensure, to avoid making causal claims such as “effects” since your methodology does not reflect that but tests relationships between the constructs.
7. There is a need to justify why purposive sampling was used and what corresponding literature supports your claims and rationale. It seems as though you purposely stopped at 150 samples... What is the sampling frame and what statistical justification was consulted to justify the sample size used?
8. You have used an outdated and highly criticized measure (Fornell and Larcker, 1981) to assess the discriminant validity. Recent literature advocates the use of the HTMT measure. I suggest you provide the HTMT table and values. Consider the following article to know how to more consistently address discriminant validity concerns using the HTMT.

Ogbeibu, S., Senadjki, A., & Gaskin, J. (2018). The moderating effect of benevolence on the impact of organisational culture on employee creativity. *Journal of Business Research*, 90C, 334-346.

9. Strongly consider improving on several grammatical and syntax concerns and ensure your paper has been proofread to correct for such issues.

10. You evidence mediation analysis in your model. Don't you think you should have considered including the effect sizes (v effects) of your specific indirect effects? See the following study for how to execute it regardless of the statistics software for analysis employed.

Ogbeibu, S., Jabbour, C. J., Gaskin, J., Senadjki, A., & Hughes, M. (2021). Leveraging STARA competencies and green creativity to boost green organisational innovative evidence: A praxis for sustainable development. *Bus Strat Env*, 1-20. doi:10.1002/bse.2754

Also see <https://www.youtube.com/watch?v=e-594jcFVxY&t=105s> for a more practical approach.

Your discussion section can be further improved with the use of more recent literature support.

11. Do you think that after examining the suggested literature below your theoretical contributions and implications might be strongly revamped? Would it not be very meaningful to see how your findings challenge, advance and compliment your working theories as the contribution of your manuscript to both theory and practice could be made clearer? To further help in this wise, would you consider the articles below?

- a) 'What constitutes a theoretical contribution?', *Academy of Management Review*, 14, 490-495; and Suddaby, R. (2014). 'Editor's comments: Why theory?', *Academy of Management Review*, 39, 407-411.
- b) Organizational theories: Some criteria for evaluation. *Academy of Management Review*, 14: 496-515.
- c) Research design: Qualitative, quantitative, and mixed methods approaches (4th ed.). Thousand Oaks, CA: Sage.
- d) Daft, R. L. 1995. Why I recommended that your manuscript be rejected and what you can do about it. In L. L. Cummings, & P. J. Frost (Eds.), *Publishing in the organizational sciences*: 164-182. Thousand Islands, CA: Sage.

12. You have mentioned the use of retail location theories... However, it is not clear what exact theory was used to support your investigations, and how this theory undergirds each relationship hypothesized. This needs to be clear to also justify your theoretical contributions.

13. Do you think the review of the above literature may help you provide answers to the questions below?

- What kind of unique contributions have your study been able to make to advance our understanding of the theory used?
- Was the theory challenged by your findings?
- Has the theory been falsified or confirmed or complimented and how?
- How have the changes in your context challenged the theory used?
- Why has the theory worked in another context and not so much or worked so well in your context - given your distinct findings?
- What's so unique about your context that have fostered such positive findings whereas similar studies have presented contrasting results based on their context?

### **Comments from Reviewer 2:**

General:

1. Make your abstract more readable and interesting.
2. Criteria for purposefully selecting samples needs to be added.
3. Abstract needs to be more attractive and indicate research importance and contribution.
4. Discussion parts need to be readable and well justified.

**Detail:****Abstract**

1. The purpose of the research is not clear. Are you developing a model? Filling gaps in research and...
2. Describe your methodology including your analysis ...
3. I recommend the authors add implications of the research at the end of the abstract. It creates value for their work.

**Introduction:**

1. The references and citations in the introduction section are old and need to be updated.

**Methodology**

1. Table 2 caption
2. Since the author(s) used purposive sampling/he/she needs to indicate the criteria for selecting respondents.

**Discussion**

1. The author needs to combine the first three paragraphs into one paragraph.
2. Page 12, Paragraph 4, line 8 correct citation(add year)
- 3-.Since you found no relationship between proximity and retail loyalty which is in the opposite direction of the past research, the authors must strongly be justified why it happened. Perhaps by bringing research context into account.

Thank you for choosing AJBR as the journal for your manuscript. If possible, we look forward to receiving your revised manuscript by **8 July 2022**.

Yours Sincerely,

AJBR Editorial Office  
Asian Journal of Business Research  
Marketing in Asia Group (MAG) Scholar

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**elisabeth supriharyanti** <elish.2003@gmail.com>  
To: deatri arumsari <deatri@ukwms.ac.id>, Agrippina Tan <agrippina@ukwms.ac.id>

Fri, Jun 24, 2022 at 2:52 PM

[Quoted text hidden]

**7. Bukti submit revisi kedua, respon kepada reviewer, dan artikel yang diresubmit**

**(9 Juli 2022)**



Elisabeth Supriharyanti &lt;elisabeth-s@ukwms.ac.id&gt;

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## Submission of article Revision

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**Elisabeth Supriharyanti, SE., M.Si.** <elisabeth-s@ukwms.ac.id>  
To: ajbr.magscholar@gmail.com

Sat, Jul 9, 2022 at 7:49 AM

Dr. Hiram Ting  
Sarawak Research Society & UCSI University, Malaysia  
*Managing Director Asian Journal of Business Research*

Dear Prof. Ting,  
Hereby, we are re submitting an article revision entitled "Proximity and Retail Loyalty: Mediation of Time Convenience" for possible publication in the "Asian Journal of Business Research".

If there is any question regarding the paper, please don't hesitate to contact us. I am looking forward to hearing from you soon.

Sincerely,

---

Elisabeth Supriharyanti\*)  
Deatri Arumsari Agung  
Yulika Rosita Agrippina  
Febianus Eka Yudha Wibiamto  
Budi Pratama  
Faculty of Business, Universitas Katolik Widya Mandala Surabaya, Indonesia

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### 2 attachments

 **Reply editor AJBR-final.docx**  
55K

 **Proximity and Retail Loyalty AJBR -Elisabeth-Revision 1.docx**  
170K

Dear Dr. Elisabeth,

Greetings from Asian Journal of Business Research (AJBR).

Please be informed that your manuscript, entitled “ Proximity and Retail Loyalty: Mediation of Time Convenience" (AJBR9423), has gone through its reviewing process. After reading the comments given by the reviewers, the editorial decision of your manuscript is accepted subject to major revision.

Please find below the comments of the reviewers. Kindly prepare another document to address every comment. You are strongly encouraged to include the revised words/ sentences/paragraphs and their respective page numbers in a tabulated form. You can agree or disagree with the comments but you have to support it with justification to facilitate the next review process and editorial decision.

**Comments from Reviewer 1:**

- 1. The abstract lacks information on what the key problem the research is trying to provide a solution for. This should be included.**

**Answer:** Thank you for your feedback. We have revised Abstract as follows: (Please refer to page 1 of our revised manuscript).

*The success of convenience stores is not only the proximity factor but also time, especially for postmodern individuals who are characterized by the need for speed and social interaction. Research linking proximity and time is still very limited, while the two variables are closely related to shopping activities. This study aims to examine the relationships between both material and immaterial proximity to retail loyalty; and the mediating role of time management and time saving (time convenience). This study used quantitative methods by means of PLS, where a total of 150 responses were collected from minimarket consumers in residential areas in Indonesia using a purposive sampling method. The results show that access, functional and social proximities affect time management, while time saving factors are only functional and relational proximities. Both time management and time saving have a positive relationship with loyalty. The mediation test found that time management mediates the effects of access, functional and social proximities on loyalty. Meanwhile, time saving mediates the effects of functional and relational proximities on loyalty. This finding mainly fills a gap in research that is still limited in linking the immaterial dimensions of intimacy and customer loyalty.-This research enriches the concept of location for the service industry, especially retailers and provides practical implications in store operational management.*

- 2. In the first paragraph of your introduction, consider changing the single numbers to letters, for example 5 to Five, and 10 to Ten.**

**Answer:** Thank you for your feedback. We have added your suggestion in our manuscript (Please refer to page 1 of our revised manuscript).

*Managing retail loyalty is an important managerial challenge in the current environment of an evolving market for organized retailing and increasing global competition (Geetha, 2015). Meanwhile, many retail practitioners state that one of the retail challenges in today's digital era is maintaining consumer loyalty because consumers are faced with many product choices and prices that vary greatly (Reinartz, Wiegand and Imschloss, 2019). However, the Global Retail Development Index 2019 states that Indonesian retailers remained top ten. The Indonesian retail market is five out of 30 developing countries worldwide, with a 55.9 score (out of the highest score of 100) (Kearney, 2019).*

- 3. While there is a clear focus on the Indonesian context in the introduction section, it is good to start with a global view of the investigated concepts and their relationships which should help inform us on why the research is narrowed down to the Indonesian context. This discussion should be provided as the 2nd paragraph.**

**Answer:** Thank you for your kind feedback. We have added your suggestion in our manuscript (Please refer to page 1 of our revised manuscript).

*One of the surviving retail formats is the convenience store in the minimarket format, which is widely available in residential areas. Much of the profit of a convenience store depends on whether the store layout, variety, brand, and location contribute to the store's "comfort" element (Singh et al., 2020). Global retail sales through the convenience store channel totaled US\$3,256 billion in 2017, up 6.7% in 2016, and is projected to reach US\$4,902 billion by 2022 (Reportlinker, 2022). Interestingly, the conditions for retail growth in Indonesia are different between minimarkets (convenience stores) and large retailers. Since January 2020, the number of large minimarket outlets in Indonesia, Indomaret, has 15,526 franchised outlets, 13,522 Alfamart franchised outlets and 1,478 Alfamidi franchised outlets. Indomaret also continues to grow by franchising 17,681 outlets consisting of 60% self-owned and 40% community owned (Katadata.co.id, 2019). A different trend occurred with large retail stores experiencing a decline. The chairman of Aprindo (Indonesian Retailers Association) stated that a significant decline was felt by their large retail companies in Indonesia, reporting that the company's operating income had declined over the previous two years, touching its lowest level in 2018 (Evandio, 2020).*

- 4. Clearly define and discuss each construct or variable/concept investigated in this study. This should be done in the introduction section.**

**Answer:** Thank you for your valuable response. We have revised according your suggestion as follows: (Please refer to page 3 of our revised manuscript)

*Functional proximity refers to practicality and efficiency in conducting shopping activities. It builds the tangible aspect of store image, together with access proximity which exemplifies location and easy access to the store (Hérault-Fournier et al., 2012). Relational proximity*

*characterizes social relationship between customers and staffs. As the second immaterial dimension, social or identity proximity explains shared values and sense of belongingness towards the store*

5. **A weak part of the literature review is the lack of very recent literature. Equally, papers from this journal and its corresponding sister journals ought to be considered and cited accordingly.**

**Answer:** Thank you for your kind suggestion. We have replaced and added some of the latest literature, including the following:

- Blut, M., Teller, C., Loh, A. (2018). ‘Testing retail marketing-mix effects on patronage: a meta-analysis’, *Journal of Retailing*, 94, (2), pp. 113-135
- Hyun-Joo Lee, "Personality determinants of need for interaction with a retail employee and its impact on selfservice technology (SST) usage intentions", *Journal of Research in Interactive Marketing*, pp. 1-28
- Low, F. S. and Lee, W. L. C. (2021), “Developing a humanless convenience store with ai system”, *Journal of Physics: Conference Series*, 1839(1).
- Mowrey, C., Parikh, P. J., and Gue, K. R. (2017), “The impact of rack layout on visual experience in an retail store,” in press, *INFOR: Information Systems and Operational Research*, pp 2-37
- Mumin, S. and Grace, P.I, (2021), “Store-related factors contributing to offline private label brands purchase intention among Gen Y customers”. *Asian Journal of Business Research*, Vol. 11. pp. 61-82
- Ramanathan, U., Subramanian, N., Yu, W., Vijaygopal, R. (2017), “Impact of customer loyalty and service operations on customer behaviour and firm performance: empirical evidence from uk retail sector”, *Production Planning and Control*, 28(6–8), pp. 478–488
- Wilbard, J.G., Mbilinyi, B.D., Maliva, N.S. and Mkwizu, K.H. (2018) “Is location a competitive advantage on retail convenience shopping?” *Inter. J. Res. Methodol. Soc. Sci.*, Vol., 4, No. 2: pp.15-26

6. **You may want to consider restructuring your hypothesis. Correctly highlight the hypothesis in the H1 such as e.g, H1a. Access proximity has a positive relationship with retail loyalty. Follow a similar approach for all your hypotheses in the paper. Ensure, to avoid making causal claims such as “effects” since your methodology does not reflect that but tests relationships between the constructs.**

**Answer:** Thank you for your suggestion. We have revised the Hypothesis as follows: (Please refer to page 5-7 of our revised manuscript).

**H1:** a) Access Proximity, b) Functional Proximity; c) Relational Proximity; d) Social Proximity has a positive relationship with Retail Loyalty.

**H2:** a) Access Proximity, b) Functional Proximity; c) Relational Proximity; d) Social Proximity has a positive relationship with Time Management.

**H3:** a) Access Proximity, b) Functional Proximity; c) Relational Proximity; d) Social Proximity has a positive relationship with Time Saving.

**H4a :** Time Management has a positive relationship with Retail Loyalty.

**H4b :** Time Saving has a positive relationship with Retail Loyalty.

**H5:** Time Management mediates the relationship of proximity (a) Access Proximity, b) Functional Proximity; c) Relational Proximity; d) Social Proximity on Retail Loyalty.

**H6:** Time Saving mediates the relationship of proximity (a) Access Proximity, b) Functional Proximity; c) Relational Proximity; d) Social Proximity on Retail Loyalty.

7. **There is a need to justify why purposive sampling was used and what corresponding literature supports your claims and rationale. It seems as though you purposely stopped at 150 samples.. What is the sampling frame and what statistical justification was consulted to justify the sample size used?**

**Answer:** Thank you for your concerns. We have added your suggestion in our manuscript (Please refer to page 7 of our revised manuscript).

*The sample of this research is minimarket consumers who are in a residential area in Surabaya, Indonesia. The sampling technique used in this research is purposive sampling with the criteria of adult consumers who have had a shopping experience in the last month at least twice to answer the questionnaire questions correctly. These respondents are considered to have in-depth knowledge and experience to provide relevant and accurate responses regarding the minimarket where they shop. The recommended sample size for statistical data analysis is in the range of 30–500 (Sekaran and Bougie, 2013) or 100 or more (Hair et al., 2017). Based on the suggestion from Hair (2009), the minimum sample size required for a 30-item questionnaire is 150.*

8. **You have used an outdated and highly criticized measure (Fornell and Larcker, 1981) to assess the discriminant validity. Recent literature advocates the use of the HTMT measure. I suggest you provide the HTMT table and values. Consider the following article to know how to more consistently address discriminant validity concerns using the HTMT.**

**Ogbeibu, S., Senadjki, A., & Gaskin, J. (2018). The moderating effect of benevolence on the impact of organisational culture on employee creativity. *Journal of Business Research*, 90C, 334-346.**

**Answer:** Thank you for your kindly review. We have added the literature and revised according your review as follows. (Please refer to page 7 of our revised manuscript).

*This study uses the procedure used by Kleijnen, Ruyter and Wetzels (2007) to test the research instrument, using reflective indicators on all constructs. The test used composite scale reliability and extracted mean variance/AVE (Chin, 1998). Cronbach's alpha (CA) and*

Composite Reliability (CR) ranged from 0.753-0.884 and 0.845-0.913 for the seven constructs, respectively. The result exceeds the minimum requirement of 0.7, confirming all constructs' internal consistency and reliability. The AVE for all constructs also exceeds 0.70, which is greater than the threshold of 0.50, thus indicating convergent validity for all constructs (Hair, Sarstedt, Ringle, & Mena, 2012). Heterotrait-Monotrait Ratio (HTMT) was used to test discriminant validity as done by Ogbeibu et al (2018).. The HTMT developed by Henseler, Ringle, and Sarstedt (2015) was adopted as a higher limit criterion to test discriminant validity. As an estimate for factor correlation, the HTMT must be significantly less than one to clearly distinguish between the two factors (Henseler, Hubona, & Ray, 2016). Results Table 2 shows a range of 0.623 to 0.995. This figure is below the 1.0 threshold, indicating that all constructs are explicitly independent of each other and that the discriminant validity criteria have been met.

**Table 2: Measurement model fit and heterotrait-monotrait ratio (HTMT) test.**

Research variables	Mean	SD	1	2	3	4	5	6			
1. AP	4.564	0.549								SRMR	0.083
2. FP	4.276	0.572	0,795							d_ULS	4.313
3. RP	3.987	0.733	0.623	0.807							
4. SP	4.238	0.672	0.675	0.763	0.874						
5. TM	4.365	0.570	0.953	0.995	0.829	0.894					
6. TS	3.970	0.741	0.641	0.848	0.867	0.800	0.840				
7. RL	4.197	0.683	0.701	0.875	0.883	0.850	0.938	0.920			

- 8. Strongly consider improving on several grammatical and syntax concerns and ensure your paper has been proofread to correct for such issues.**

**Answer:** Thank you for your valuable response. We have checked some errors and fixed them.

- 9. You evidence mediation analysis in your model. Don't you think you should have considered including the effect sizes (v effects) of your specific indirect effects? See the following study for how to execute it regardless of the statistics software for analysis employed.**

**Ogbeibu, S., Jabbour, C. J., Gaskin, J., Senadjki, A., & Hughes, M. (2021). Leveraging STARA competencies and green creativity to boost green organisational innovative evidence: A praxis for sustainable development. *Bus Strat Env.*, 1-20.**

**doi:10.1002/bse.2754**

**Also see <https://www.youtube.com/watch?v=e-594jcFVxY&t=105s> for a more practical approach.**

**Your discussion section can be further improved with the use of more recent literature support.**

**Answer:** Thank you for your reading carefully. We have added your suggestion in our manuscript (Please refer to page 11-12 of our revised manuscript).

*Finally, we examine the role of time management and time saving as mediators between proximity and retail loyalty. Using SmartPLS, we performed mediation analysis for each independent variable (AP, FP, RP, and SP) on the dependent variable. First, we analyze the direct effect of proximity on retail loyalty, which shows that all proximity variables do not directly affect retail loyalty. Then, we analyzed the data to find out the indirect effect of each predictor on retail loyalty through time management and time saving. To explain the mediating role, we followed the recommendations of Cohen (1988) and Ogbeibu et al (2018) that the standard  $v$  effect squared should be greater than 0.175 for large effects, 0.075 for moderate and 0.01 for small effects.*

*Therefore, the results of the analysis show that the effect of AP, FP and SP and retail loyalty is mediated by time management with respective values as follows: AP ( $\beta = 0.142$ ,  $t = 4.220$ ,  $p = 0.000$ ,  $v = 0.020$ ), FP ( $\beta = 0.177$ ,  $t = 4.264$ ,  $p = 0.000$ ,  $v = 0.031$ ), SP ( $\beta = 0.122$ ,  $t = 3.379$ ,  $p = 0.001$ ,  $v = 0.015$ ). So H5a, H5b, and H5d are supported, and H5c is not supported. Meanwhile, time saving only mediates the effect of FP ( $\beta = 0.134$ ,  $t = 2.700$ ,  $p = 0.007$ ,  $v = 0.018$ ) and RP ( $\beta = 0.163$ ,  $t = 2.597$ ,  $p = 0.010$ ,  $v = 0.026$ ) on retail loyalty. So H6b and H6c are supported, but H6a and H6d are not. All mediating variables were tested to have a full mediating effect and based on effect size were classified as having a “small effect” as shown in Table 4 below.*

**Table 4: Mediation effect**

Path/Hypothesis	Standardized coefficient	Influence $f^2$ -effect size	Results
(1) Access Proximity → Time Management → Retail Loyalty	0.142***	Small effect	H5a was supported
(2) Functional Proximity → Time Management → Retail Loyalty	0.177***	Small effect	H5b was supported
(3) Relational Proximity → Time Management → Retail Loyalty	0.025	< A small effect	H5c was not supported
(4) Social Proximity → Time Management → Retail Loyalty	0.122**	Small effect	H5d was supported
(5) Access Proximity → Time Saving → Retail Loyalty	0.009	< A small effect	H6a was not supported
(6) Functional Proximity → Time Saving → Retail Loyalty	0.134*	Small effect	H6b was supported
(7) Relational Proximity → Time Saving → Retail Loyalty	0.163*	Small effect	H6c was supported
(8) Social Proximity → Time Saving → Retail Loyalty	0.074	< A small effect	H6d was not supported

**11. Do you think that after examining the suggested literature below your theoretical contributions and implications might be strongly revamped? Would it not be very**

meaningful to see how your findings challenge, advance and compliment your working theories as the contribution of your manuscript to both theory and practice could be made clearer? To further help in this wise, would you consider the articles below?

- a) 'What constitutes a theoretical contribution?', *Academy of Management Review*, 14, 490-495; and Suddaby, R. (2014). 'Editor's comments: Why theory?', *Academy of Management Review*, 39, 407-411.
- b) **Organizational theories: Some criteria for evaluation.** *Academy of Management Review*, 14: 496-515.
- c) **Research design: Qualitative, quantitative, and mixed methods approaches (4th ed.).** Thousand Oaks, CA: Sage.
- d) Daft, R. L. 1995. Why I recommended that your manuscript be rejected and what you can do about it. In L. L. Cummings, & P. J. Frost (Eds.), *Publishing in the organizational sciences: 164-182.* Thousand Islands, CA: Sage.

**Answer:** Thank you for your kind feedback. We have added your suggestion in our manuscript (Please refer to page 14-15 of our revised manuscript).

### ***Theoretical Implications***

*This study answers research questions about the effect of proximity on retail consumer loyalty. Based on the Central Place Theory (Christaller, 1933), which assumes that consumers prefer the nearest centre that offers goods or services needed. Retail proximity affects loyalty, which is mediated by time convenience. The findings of this study enrich the concept of "proximity" in Central Place Theory (Christaller, 1933) by distinguishing proximity in material and immaterial concepts. This study examines four dimensions of proximity (access, functional, relational, social) in a minimarket setting located in a residential area. This finding mainly fills a gap in research that is still limited in linking the immaterial dimensions of intimacy and customer loyalty. The four proximity variables do not directly affect loyalty but through mediation mechanisms.*

*Second, referring to Fox and Lodish (2004) which state that distance and time affect shopping behavior, this study contributes the concept of time (time convenience) as a mediating mechanism for the influence of proximity variables on retail loyalty. Social proximity does not affect loyalty, as evidenced by Gahinet and Cliquet (2018); however, it affects loyalty through time management mediation. On the other hand, relational closeness also affects loyalty through time savings perceived by retail customers. Previous research is still studying the effect of distance and time on shopping behavior separately (Blut et al, 2018; Kaytaz Yigit and Tigli (2018), while the relationship between distance and time in one study is still limited.*

*Third, another theoretical contribution from this research contributes to the development of retail literature and consumer behavior by showing a significant relationship between the dimensions of convenience and customer loyalty in the modern retail sector, especially mini markets. This finding also shows that two dimensions of time convenience, Chronos (quantitative) and Kairos (qualitative), are mediators to encourage proximity to each other to increase retail loyalty in Indonesia. The mediating effect of convenience time seems to be important for loyal retail customers. These findings support the development of the consumer and retail behavior literature, highlighting time convenience in terms of time*

management and time saving as important for retail store buyers (Lloyd et al., 2014; Sundström and Radon, 2016).

### ***Managerial Implications***

*From a managerial aspect, the findings of this paper provide several practical implications. First, research findings can guide retail store managers, especially minimarkets, to plan effective store operational strategies and retain loyal customers. Overall customer loyalty should be increased through increased convenience of time. Store management is advised to improve every aspect of proximity, pursue better time management, and time saving from the customer's perspective. Therefore, shop owners need to consider location, especially when opening a new minimarket in a residential area. The proximity of access can be strengthened by maintaining a sufficiently close distance to ensure easy mobility from the neighborhood to the store. Second, minimarket managers need to pay attention to functional proximity because it seems to be the only proximity fully mediated by the two dimensions of convenience time. Functional proximity can be strengthened by reconsidering opening hours, the more flexible, the better. The store layout should be designed effectively and organized so customers can easily find what they need. Shopping convenience can also be increased by providing faster checkout services through an updated POS system and basic staff training. An enhanced hospitality training program based on how to handle customers better will definitely strengthen the closeness of the relationship. A quick and friendly response from staff will create a greater level of atmosphere that buyers often like. More importantly, it is suggested that store managers encourage staff to provide fast checkout services to loyal customers rather than prolonged standard promotions as time savings were shown to mediate the effect of relational proximity on increasing loyalty. Third, social proximity is another important factor to consider. Store managers are advised to look for ways to increase local residents' sense of belonging to the store. However, strengthening social closeness may not be the easiest task due to its strong relationship with the culture and customs of the local community. Lastly, the results of this study can be applied to the retail industry and similar service industries, where consumers need to come to meet their needs.*

**12. You have mentioned the use of retail location theories... However, it is not clear what exact theory was used to support your investigations, and how this theory undergirds each relationship hypothesized. This needs to be clear to also justify your theoretical contributions.**

**Answer:** Thank you for your valuable response. This study answers research questions about the effect of proximity on retail consumer loyalty. Based on the Central Place Theory (Christaller, 1933), which assumes that consumers prefer the nearest centre that offers goods or services needed.

**13. Do you think the review of the above literature may help you provide answers to the questions below?**

- **What kind of unique contributions have your study been able to make to advance our understanding of the theory used?**
- **Was the theory challenged by your findings?**
- **Has the theory been falsified or confirmed or complimented and how?**
- **How have the changes in your context challenged the theory used?**
- **Why has the theory worked in another context and not so much or worked so well in your context – given your distinct findings?**
- **What's so unique about your context that have fostered such positive findings whereas similar studies have presented contrasting results based on their context?**

**Answer:** Thank you for your feedback. The research's unique contributions and practical implications have been described in the following theoretical and practical contributions. (Please refer to page 14-15 of our revised manuscript).

### ***Theoretical Implications***

*This study answers research questions about the effect of proximity on retail consumer loyalty. Based on the Central Place Theory (Christaller, 1933), which assumes that consumers prefer the nearest centre that offers goods or services needed. Retail proximity affects loyalty, which is mediated by time convenience. The findings of this study enrich the concept of "proximity" in Central Place Theory (Christaller, 1933) by distinguishing proximity in material and immaterial concepts. This study examines four dimensions of proximity (access, functional, relational, social) in a minimarket setting located in a residential area. This finding mainly fills a gap in research that is still limited in linking the immaterial dimensions of intimacy and customer loyalty. The four proximity variables do not directly affect loyalty but through mediation mechanisms.*

*Second, referring to Fox and Lodish (2004) which state that distance and time affect shopping behavior, this study contributes the concept of time (time convenience) as a mediating mechanism for the influence of proximity variables on retail loyalty. Social proximity does not affect loyalty, as evidenced by Gahinet and Cliquet (2018); however, it affects loyalty through time management mediation. On the other hand, relational closeness also affects loyalty through time savings perceived by retail customers. Previous research is still studying the effect of distance and time on shopping behavior separately (Blut et al, 2018; Kaytaz Yigit and Tigli (2018), while the relationship between distance and time in one study is still limited.*

*Third, another theoretical contribution from this research contributes to the development of retail literature and consumer behavior by showing a significant relationship between the dimensions of convenience and customer loyalty in the modern retail sector, especially mini markets. This finding also shows that two dimensions of time convenience, Chronos (quantitative) and Kairos (qualitative), are mediators to encourage proximity to each other to increase retail loyalty in Indonesia. The mediating effect of convenience time seems to be important for loyal retail customers. These findings support the development of the consumer and retail behavior literature, highlighting time convenience in terms of time management and time saving as important for retail store buyers (Lloyd et al., 2014; Sundström and Radon, 2016).*

### ***Managerial Implications***

*From a managerial aspect, the findings of this paper provide several practical implications. First, research findings can guide retail store managers, especially minimarkets, to plan effective store operational strategies and retain loyal customers. Overall customer loyalty should be increased through increased convenience of time. Store management is advised to improve every aspect of proximity, pursue better time management, and time saving from the customer's perspective. Therefore, shop owners need to consider location, especially when opening a new minimarket in a residential area. The proximity of access can be strengthened by maintaining a sufficiently close distance to ensure easy mobility from the neighborhood to the store. Second, minimarket managers need to pay attention to functional proximity because it seems to be the only proximity fully mediated by the two dimensions of convenience time. Functional proximity can be strengthened by reconsidering opening hours, the more flexible, the better. The store layout should be designed effectively and organized so customers can easily find what they need. Shopping convenience can also be increased by providing faster checkout services through an updated POS system and basic staff training. An enhanced hospitality training program based on how to handle customers better will definitely strengthen the closeness of the relationship. A quick and friendly response from staff will create a greater level of atmosphere that buyers often like. More importantly, it is suggested that store managers encourage staff to provide fast checkout services to loyal customers rather than prolonged standard promotions as time savings were shown to mediate the effect of relational proximity on increasing loyalty. Third, social proximity is another important factor to consider. Store managers are advised to look for ways to increase local residents' sense of belonging to the store. However, strengthening social closeness may not be the easiest task due to its strong relationship with the culture and customs of the local community. Lastly, the results of this study can be applied to the retail industry and similar service industries, where consumers need to come to meet their needs.*

### **Comments from Reviewer 2:**

#### **General:**

- 1. Make your abstract more readable and interesting.**
- 2. Criteria for purposefully selecting samples needs to be added.**
- 3. Abstract needs to be more attractive and indicate research importance and contribution.**
- 4. Discussion parts need to be readable and well justified.**

#### **Detail:**

##### **Abstract**

- 1. The purpose of the research is not clear. Are you developing a model? Filling gaps in research and...**
- 2. Describe your methodology including your analysis ...**
- 3. I recommend the authors add implications of the research at the end of the abstract. It creates value for their work.**

**Answer:** Thank you for your feedback. We have revised Abstract as follows: (Please refer to page 1 of our revised manuscript).

*The success of convenience stores is not only the proximity factor but also time, especially for postmodern individuals who are characterized by the need for speed and social interaction. Research linking proximity and time is still very limited, while the two variables are closely related to shopping activities. This study aims to examine the relationships between both material and immaterial proximity to retail loyalty; and the mediating role of time management and time saving (time convenience). This study used quantitative methods by means of PLS, where a total of 150 responses were collected from minimarket consumers in residential areas in Indonesia using a purposive sampling method. The results show that access, functional and social proximities affect time management, while time saving factors are only functional and relational proximities. Both time management and time saving have a positive relationship with loyalty. The mediation test found that time management mediates the effects of access, functional and social proximities on loyalty. Meanwhile, time saving mediates the effects of functional and relational proximities on loyalty. This finding mainly fills a gap in research that is still limited in linking the immaterial dimensions of intimacy and customer loyalty.-This research enriches the concept of location for the service industry, especially retailers and provides practical implications in store operational management.*

## **Introduction:**

### **1. The references and citations in the introduction section are old and need to be updated.**

**Answer:** Thank you for your suggestion. We have revised according your review (Please refer to page 2 of our revised manuscript).

*According to AC Nielsen, the decline in large retail stores has become a global trend and is caused by proximity retail, where people prefer to shop in places close to their neighborhoods because goods or products sold in large retail stores can be found in small retail stores (Suhendra, 2017). This consumer behavior is reinforced by data that consumers currently no longer want to shop with a stock system or large quantities, and more consumers are shopping according to short-term needs (Hikam, 2019). Meanwhile, according to Gahinet and Cliquet (2018), the success of convenience stores is not only the distance factor but also time, especially for postmodern individuals who are characterized by the need for speed and social interaction (Firat, 1991; Alhassan, 2020).*

*Central Place Theory (Christaller, 1933) states that consumers prefer the nearest center that offers the goods or services needed. Meanwhile, Huff (1963) and Fox & Lodish (2004) stated that the aspect of distance or time is part of the factors considered in choosing a retail location because in turn it affects the possibility of consumers visiting the store.*

## **Methodology**

### **1. Table 2 caption**

**Answer:** Thank you for your concerns. We have revised according your suggestion.

2. **Since the author(s) used purposive sampling/he/she needs to indicate the criteria for selecting respondents.**

**Answer:** Thank you for your concerns. We have added your suggestion in our manuscript (Please refer to page 7 of our revised manuscript).

*The sample of this research is minimarket consumers who are in a residential area in Surabaya, Indonesia. The sampling technique used in this research is purposive sampling with the criteria of adult consumers who have had a shopping experience in the last month at least twice to answer the questionnaire questions correctly. These respondents are considered to have in-depth knowledge and experience to provide relevant and accurate responses regarding the minimarket where they shop. The recommended sample size for statistical data analysis is in the range of 30–500 (Sekaran and Bougie, 2013) or 100 or more (Hair et al., 2017). Based on the suggestion from Hair (2009), the minimum sample size required for a 30-item questionnaire is 150.*

### **Discussion**

1. **The author needs to combine the first three paragraphs into one paragraph.**
2. **Page 12, Paragraph 4, line 8 correct citation(add year)**
3. **Since you found no relationship between proximity and retail loyalty which is in the opposite direction of the past research, the authors must strongly be justified why it happened. Perhaps by bringing research context into account.**

**Answer:** Thank you for your valuable response. We have revised according your suggestion. (Please refer to page 13-14 of our revised manuscript).

### **Discussion**

*This study gives insights into customer preferences regarding the modern retail sector's proximities by showing the link between proximities and customer loyalty. Moreover, this study highlights customers' perspectives on time convenience offered by modern retail stores, particularly minimarkets. The research also explores the potential cause of different behaviors of Indonesian customers in terms of proximities toward time convenience and loyalty. Access proximity and functional proximity are the material dimensions of proximity, while relational and social or identity proximity are the immaterial dimensions of the proximity of modern retail (Gahinet and Cliquet, 2018). Accordingly, the research model analyzes the relationship between proximities and time convenience. Customers' ability to manage their visiting time to the store is the qualitative dimension (Kairos); on the other hand, customers' ability to save time during visits is the quantitative dimension (Chronos) of time convenience. Access proximity addresses customer mobility; it allows customers to visit the store easily because it is located close by in the neighborhood, this is relatively easy to find, and customers do not need much effort to reach the store (Hérault-Fournier, Merle and Prigent-Simonin, 2012). At the other end of proximity's material dimensions, functional proximity represents convenience and shopping efficiency, including the size and layout of the store and opening hours (Beauchamp and Ponder, 2010). Relational proximity addresses the social relationship between customers and staffs, creating a friendly ambiance*

*at the store. The immaterial characteristic of relational proximity is shared with social or identity proximity, wherein customers acknowledge the shared value and importance of the store (Schultz, 2013).*

*Specifically, the research shows that access, functional, and social proximity significantly relate to time management. These findings suggest that easy access, opening hours, and store layout matter greatly to customers, empowering them to manage their time and visit the store whenever needed. Customers shop where there is no car trafficking or congestion to the stores (Wilbard et al., 2018). A well-planned store layout would allow retailers to cater to customers' needs to get something quickly, since shopping is perceived as a visual activity that is highly affected by store layout (Mowrey et al., 2017).*

*These findings corroborate previous research (Gahinet and Cliquet, 2018). Material dimension, however, is not the only thing that matters to customers in terms of time management. The sense of belongingness makes customers feel more convenient to visit the store whenever needed. Contrasting with Gahinet and Cliquet (2018), this study does not prove that customers attach great importance to social relationships and friendly ambiance at minimarkets when perceiving time management.*

*On the other hand, the most leading proximities of time saving are functional and relational proximities. These findings suggest that customers can save time during visits to the store mainly due to time-efficient layouts, quick checkout processing times, and good relationships with the staff. The social custom can explain the latter in Indonesian big cities. Staff who is familiar with some customers might give special treatment to satisfy them more by addressing them more casually and simultaneously speeding up the service. Another logical explanation is that returning customers might have had repetitive and regular purchases memorized by the staff, enabling a faster checkout process by skipping promotional procedures such as staff offering customers additional products. A study by Lee (2017) shows that personality traits determine consumers' need to interact with retail employees. Customers with certain traits may have high need for interaction with staffs. The main factor that encourages customers to choose self-service technologies (SSTs) is when they thought that SSTs helped them save time. Therefore it can be inferred that customers expect time saving from relational proximity. Meanwhile, using racks in certain design in a retail layout could enable customers to reduce search time (Mowrey et al., 2017), proving that functional proximities have a relationship with time saving.*

*Consistent with hypothesis 4, the findings show a significant relationship between time convenience and retail loyalty, suggesting that Chronos (quantitative dimension) and Kairos (qualitative dimension) are important for customers of localized retail stores. This finding does not support previous research by Gahinet and Cliquet (2018), wherein time management seems more impactful to retail loyalty than time saving. As it does with time management, Indonesian retail customers' ability to save time during shopping directly increases their loyalty to the store.*

*Surprisingly, none of the proximity variables have a significant direct impact on customer loyalty. Consistent with previous research (Hérault-Fournier, Merle and Prigent-Simonin, 2012; Gahinet and Cliquet, 2018), empirical results showed that effortless customer*

*mobility is not sufficient to generate retail loyalty, despite being one of the strong reasons for frequent visits (Fox, Montgomery and Lodish, 2004). Meanwhile, the evidence that social or identity proximity has no apparent effect on loyalty suggests that shared values and the sense of belonging do not immediately increase customers' willingness to visit the store more frequently. The different results from Gahinet and Cliquet (2018) relate to the direct relationship of functional & relational proximities to retail loyalty, which can be explained through the mediating effect analysis on time convenience.*

*The findings of this study confirm that time management strongly acts as a mediator towards access, proximity, and social proximity on customer loyalty of mini markets in Indonesia. Specifically, on access proximity, this result corroborates previous research (Gahinet and Cliquet, 2018). The findings confirm that time saving strongly mediates the impact of functional and relational proximities on retail loyalty, emphasizing the empirical evidence that time convenience is a strong mediator between retail loyalty and functional proximity. This study demonstrated that within the context of retail loyalty, time convenience acts as a strong mediator towards the effect of shopping efficiency. In contrast, the effects of other proximity variables are mediated through either the qualitative or the quantitative dimension of time convenience. In other words, all four proximities proposed in this study are proven to influence customer loyalty of the modern retail sector when time convenience is acknowledged and promoted. Nonetheless, the role of each proximity and its relationship with either dimension of time convenience is distinctive.*

*The result on the direct effects of proximities towards loyalty is partially in contrast with that on Gahinet and Cliquet (2018). It appears that Indonesian customers prioritize time convenience above store proximity dimensions. Well-organized store layout as a part of functional proximity is not increasing one's loyalty without enabling customers to manage and save time when shopping. Relational proximity where customers feel welcomed and facilitated by staff, is also perceived as unimportant by Indonesian customers, unless it allows them to have a fast checkout and to visit the store whenever they need something quickly. Other factors that are likely to be connected to Indonesian customers' loyalty are promotions and free parking facilities. However, the analysis in this research is limited to time-related factors.*

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## Proximity and Retail Loyalty: Mediation of Time Convenience

**Elisabeth Supriharyanti**

*Faculty of Business, Universitas Katolik Widya Mandala Surabaya, Indonesia*

**Deatri Arumsari Agung**

*Faculty of Business, Universitas Katolik Widya Mandala Surabaya, Indonesia*

**Yulika Rosita Agrippina**

*Faculty of Business, Universitas Katolik Widya Mandala Surabaya, Indonesia*

**Febianus Eka Yudha Wibiamto**

*Faculty of Business, Universitas Katolik Widya Mandala Surabaya, Indonesia*

**Budi Pratama**

*Faculty of Business, Universitas Katolik Widya Mandala Surabaya, Indonesia*

### Abstract

The success of convenience stores is not only the proximity factor but also time, especially for postmodern individuals who are characterized by the need for speed and social interaction. Research linking proximity and time is still very limited, while the two variables are closely related to shopping activities. This study aims to examine the relationships between both material and immaterial proximity to retail loyalty; and the mediating role of time management and time saving (time convenience). This study used quantitative methods by means of PLS, where a total of 150 responses were collected from minimarket consumers in residential areas in Indonesia using a purposive sampling method. The results show that access, functional and social proximities affect time management, while time saving factors are only functional and relational proximities. Both time management and time saving have a positive relationship with loyalty. The mediation test found that time management mediates the effects of access, functional and social proximities on loyalty. Meanwhile, time saving mediates the effects of functional and relational proximities on loyalty. This finding mainly fills a gap in research that is still limited in linking the immaterial dimensions of intimacy and customer loyalty.—This research enriches the concept of location for the service industry, especially retailers and provides practical implications in store operational management.

**Keywords:** *Proximity, Time management, Time saving, Retail loyalty, Indonesia.*

## Introduction

Managing retail loyalty is an important managerial challenge in the current environment of an evolving market for organized retailing and increasing global competition (Geetha, 2015). Meanwhile, many retail practitioners state that one of the retail challenges in today's digital era is maintaining consumer loyalty because consumers are faced with many product choices and prices that vary greatly (Reinartz, Wiegand and Imschloss, 2019). However, the Global Retail Development Index 2019 states that Indonesian retailers remained **top ten**. The Indonesian retail market is **five** out of 30 developing countries worldwide, with a 55.9 score (out of the highest score of 100) (Kearney, 2019).

One of the surviving retail formats is the convenience store in the minimarket format, which is widely available in residential areas. Much of the profit of a convenience store depends on whether the store layout, variety, brand, and location contribute to the store's "comfort" element (Singh et al., 2020). Global retail sales through the convenience store channel totaled US\$3,256 billion in 2017, up 6.7% in 2016, and is projected to reach US\$4,902 billion by 2022 (Reportlinker, 2022). Interestingly, the conditions for retail growth in Indonesia are different between minimarkets (convenience stores) and large retailers. Since January 2020, the number of large minimarket outlets in Indonesia, Indomaret, has 15,526 franchised outlets, 13,522 Alfamart franchised outlets and 1,478 Alfamidi franchised outlets. Indomaret also continues to grow by franchising 17,681 outlets consisting of 60% self-owned and 40% community owned (Katadata.co.id, 2019). A different trend occurred with large retail stores experiencing a decline. The chairman of Aprindo (Indonesian Retailers Association) stated that a significant decline was felt by their large retail companies in Indonesia, reporting that the company's operating income had declined over the previous two years, touching its lowest level in 2018 (Evandio, 2020).

According to AC Nielsen, the decline in large retail stores has become a global trend and is caused by proximity retail, where people prefer to shop in places close to their neighborhoods because goods or products sold in large retail stores can be found in small retail stores (Suhendra, 2017). This consumer behavior is reinforced by data that consumers currently no longer want to shop with a stock system or large quantities, and more consumers are shopping according to short-term needs (Hikam, 2019). Meanwhile, according to Gahinet and Cliquet (2018), the success of convenience stores is not only the distance factor but also time, especially for postmodern individuals who are characterized by the need for speed and social interaction (Firat, 1991; Alhassan, 2020).

Central Place Theory (Christaller, 1933) states that consumers prefer the nearest center that offers the goods or services needed. Meanwhile, Huff (1963) and Fox et al. (2004) stated that distance or time is part of the factors considered in choosing a retail location because it affects the possibility of consumers visiting the store. Several previous studies have examined the effect of location or proximity on consumer loyalty. The findings of Ramanathan et al. (2017) show that store location has a positive effect on loyalty which affects retail sales, as well as Blut, Teller and Floh (2018) who found that proximity, spatial and temporal distance affect patronage intention. Meanwhile, Kaytaz Yigit and Tıgli (2018) examined the effect of time pressure on influencing consumer behavior or consumer loyalty. Unfortunately,

research linking distance and time is still limited, while the two variables closely relate to shopping activities. Proximity refers to geographic, temporal, and affective concepts (Gahinet and Cliquet, 2018). On the other hand, proximity is mostly studied with a material approach (geographical/access), while studies with an immaterial approach (social relationship) are still very limited.

Functional proximity refers to practicality and efficiency in conducting shopping activities. It builds the tangible aspect of store image, together with access proximity which exemplifies location and easy access to the store (Hérault-Fournier et al., 2012). Relational proximity characterizes social relationship between customers and staffs. As the second immaterial dimension, social or identity proximity explains shared values and sense of belongingness towards the store. In a previous study, Gahinet and Cliquet (2018) found that functional, social, and relational proximity, affects loyalty. However, access proximity does not significantly affect loyalty but is mediated by time convenience. Proximity to access will increase loyalty if consumers can manage time or if the store has flexible opening hours. Unfortunately, these studies have not linked immaterial proximity to time convenience. The shorter the travel time to the store or shopping, the more loyal customers are to the store (McGoldrick and Andre, 1997). Meanwhile, Indonesian people have collectivist values (Mangundjaya, 2010), such as liking to be in groups, socializing with someone, or saying hello in a store that can extend shopping time.

This research was conducted on 150 minimarket consumers in Surabaya-Indonesia. Indonesian retail is one of the most promising sectors within Asia, supported by its large population and a growing middle class with higher household purchasing power and increasingly modern shopping habits (Mordor Intelligence, 2021). Research in Asian communities, especially Indonesia, is interesting because it has different socio-cultural conditions, producing findings contributing to the retail proximity literature. Second, this study analyzes the effect of all proximity factors, both material and immaterial (Gahinet and Cliquet, 2018), on time convenience and retail loyalty, which still lacks empirical evidence within the framework of retail location theory.

## **Literature Review**

### **Retail Loyalty**

The frequency of store visits and the relative volume spent are measures of consumer behavior characteristics (Ailawadi, Pauwels and Steenkamp, 2008; Seenivasan, Sudhir and Talukdar, 2016). Loyalty can be defined as a widely held commitment to consistently repurchase a preferred product or service in the future (Oliver, 1980); consequently, it leads to repeated same brand or product acquisitions regardless of marketing efforts or even situational influences (Chaudhuri and Holbrook, 2001). Dick and Basu (1994) conceptualized customer loyalty based on the relationship between relative attitude and repeat patronage behavior. Customer loyalty can be characterized as one of the important success measures for different businesses in the market (Nyadzayo and Khajehzadeh, 2016), including in the context of the retail industry. Customer loyalty includes attitudinal and behavioral dimensions, where relative attitude refers to loyalty and repeat patronage behavior refers to behavioral loyalty. It has been suggested that integrating the attitude dimension into the loyalty model (patronage behavior) will increase its predictive ability (Dick and Basu, 1994).

In the current study, we followed the definition of Srinivasan, Anderson and Ponnnavolu (2002), who defined loyalty as consumers' positive attitudinal behavior toward the store that makes successful repurchase intention. Customers with strong brand loyalty will find it hard to move to another product or brand and are less inclined to look for substitution products or brand (Mumin and Grace, 2021). There are three determinants of retail loyalty: individual characteristics, merchandise characteristics, and service/interaction characteristics (Straughan and Albers-Miller, 2001). This study examines predictors of store loyalty based on the aspect of proximity as part of store service. Previous research conducted by Ramanathan et al. (2017) and Blut, Teller and Floh (2018) have tested the effect of location and proximity factors on loyalty and patronage intentions but still look at proximity materially, while research proposes proximity from material and immaterial aspects (Gahinet and Cliquet, 2018).

### **Proximity**

Boschma (2005) defines that proximity framework is adopted, covering geographic, social, cognitive, organizational, and institutional dimensions of relational proximity. When continuing the study in 2010, Boschma and Frenken proposed five dimensions of proximity: a) geographical proximity, b) organizational proximity, c) social proximity, d) institutional proximity, and e) cognitive proximity. Louis et al. (2021) define process proximity as the significance given by customers to the store's management, which guarantees the quality of the products and services of the store. In a study conducted by Gahinet and Cliquet (2018), the material dimension of proximity is divided into two, namely access proximity and functional proximity. Access proximity describes the distance or consumer access and customer mobility. Previous research on proximity stated that proximity access could make it easier for consumers to go to the store (Bergadaà and Del Bucchia, 2009). The study by Gahinet and Cliquet (2018) states that functional proximity as convenience and shopping efficiency positively affects customer loyalty (the research object was convenience stores). Another dimension is relational proximity, which can be transformed into social relationships research (Ingene, 1984). This study uses the dimensions of material and immaterial proximity (Gahinet and Cliquet, 2018), namely access proximity, functional proximity, relational proximity, and social proximity.

### **Time Convenience**

Smith (1969) argued that time convenience had been described as having two elements: Chronos and Kairos. According to Greek mythology, Chronos represents a quantitative dimension of time convenience that has been interpreted as time saving. At the same time, Kairos represents a qualitative dimension of time convenience that has been interpreted as time management. Yale and Venkatesh (1986) explained that from the perspective of retailing, time is the element of time convenience, whereas the effort to increase the effectiveness of a store can be reflected. Customer belief systems may perceive easy-to-use systems as valuable because it enables time to be spent doing more constructive things instead of comprehending how the systems work (Bruner and Kumar, 2005). The goods purchased with minimum effort, immediately, and frequently usually minimize travel time to buy 'convenience' by the shoppers (Holton, 1958). Bettman (1979) stated time concept affects how knowledge is processed. Time convenience has a positive effect on the knowledge-gaining process. The findings of Gahinet and Cliquet (2018) show that convenience store patronage is

influenced by relational and functional affinity, as these stores allow them to save time (chronos) and to manage their time better through more appropriate frequencies (kairos).

### **Time Management**

Claessens et al. (2007) define time management as "behaviors that aim at achieving an effective use of time while performing certain goal-directed activities". It focuses on performing an activity with effective use of time. Time management as part of time convenience is a major aspect of behavior for self-regulation (Pintrich, 2004). Time management drives satisfaction in shopping (Geiger, 2007) and enjoyment (Shannon and Mandhachitara, 2008). Most people occupy about 45 minutes a day for household shopping necessities (Bureau of Labor Statistics, 2020). Most people tend to do grocery shopping for households at particular times and days because workers and students are usually busy on weekday mornings and afternoons (East et al., 1994).

### **Time Saving**

Yale and Venkatesh (1986) suggest that time saving is the consumer's ability to buy or save time. As a form of time convenience, time saving is the most significant benefit in improving humanless stores equipped with AI systems (Low and Lee, 2021). For example, a self-checkout option allows customers to avoid long checkout queues at checkout counters. Long queueing time for checkout is one of the main problems in large stores that attract large crowds (Low and Lee, 2021). When accuracy and efficiency are achieved, time savings can be made. Time-saving shopping strategies include using convenience stores, buying repackaged products, shortening shopping lists, using catalogs, and ordering items via email and telephone (Winter et al., 1993). Convenience stores have characteristics for customers to save their travel time and visiting time (Dunkley, Helling, and Sawicki, 2004). In addition to technology, distance also allows consumers to save time. The underlying assumption is that the buyer travels from home to the nearest store of the selected chain and then returns home. Some literature mentions that retail patronage is influenced by the distance factor (Fox et al., 2004).

### **Proximity and Retail Loyalty**

In retail, proximity in material dimensions can include store access and store convenience (size, relevant options, and opening hours). While proximity with immaterial dimensions includes social or relational, it can be translated into social relations research (Ingene, 1984). Customer loyalty is highly dependent on the ability to personalize services (Ball, Coelho and Vilares, 2006), personal communication management (Jones and Farquhar, 2003), and feelings of enjoyment when shopping (Wong, 2004). Previous research has examined the effect of proximity on loyalty. Bergadaà and Del Bucchia (2009) found the effect of proximity to trust in direct marketing channels and trust can ultimately foster loyalty, even though loyalty is not only based on trust (Sirdeshmukh, Singh and Sabol, 2002). Findings from several studies also show that proximity of access location determines the frequency of visits or loyalty (e.g. Fox et al., 2004; Ramanathan et al., 2017). Channa et al. (2022) found

the effect of social benefits and self-confidence, which are part of functional, relational, and social proximity on retail loyalty.

**H1:** a) Access Proximity, b) Functional Proximity; c) Relational Proximity; d) Social Proximity has a positive relationship with Retail Loyalty.

### **Proximity and Time Convenience**

Proximity is the decisive factor in whether the customer will frequently visit a store (Fox et al., 2004). Material dimensions of proximities can include physical access to a store and shopping convenience in a retailer context. Since this material dimension belongs to space-time, thus can be articulated in the matter of the customers' time-based benefits, such as checkout waiting time, visit time, and access time to the store (Douard, Heitz and Cliquet, 2015). Gahinet & Cliquet (2018) confirmed that the temporal dimension of proximities, namely access proximity and functional proximity, influence both aspects of time convenience. Customers can access the store whenever needed, thus resulting in better management of their time. Functionality includes finding products easily due to an effective layout, long opening hours, and fast check out, which altogether allow customers to manage their time better and save time simultaneously (Gahinet & Cliquet, 2018). Proximity to staff (stores) makes consumers save time due to the integration of shopping in daily activities, such as walking or traveling habits (Brooks, Kaufmann and Lichtenstein, 2008).

**H2:** a) Access Proximity, b) Functional Proximity; c) Relational Proximity; d) Social Proximity has a positive relationship with Time Management.

**H3:** a) Access Proximity, b) Functional Proximity; c) Relational Proximity; d) Social Proximity has a positive relationship with Time Saving.

### **Time Convenience and Retail Loyalty**

Gahinet and Cliquet (2018) confirmed that time management significantly influenced loyalty. It enables customers to manage time better, reflecting the attitude of postmodern individuals (Ascher, 2005). When opening hours are extended, customers can better manage their visiting time to the store, directly improving loyalty (Huddleston, Whipple, and VanAuken, 2004). McGoldrick and Andre (1997) argued that loyal customers prefer stores with shorter journey times. Creating customer loyalty is even more crucial than just satisfying them, which is related to how much time they spend on the store (Bielen and Demoulin, 2007). Further, customers are more satisfied and eventually more loyal when they waste no time in the store.

**H4a :** Time Management has a positive relationship with Retail Loyalty.

**H4b :** Time Saving has a positive relationship with Retail Loyalty.

### **Time Convenience as a Mediator**

As previously explained, Time Management and Time Saving are part of Time Convenience and mediate the effect of proximity on Retail Loyalty. Baron and Kenny (1986) called a variable a mediator if the variable influences the relationship between the predictor (independent) and criterion (dependent) variables. Gahinet and Cliquet (2018) proposed that time convenience influences customer loyalty. McGoldrick and

Andre (1997) argued that a customer's loyalty is even higher if the journey time to the store is shorter. The thing that will prevent retail shoppers from being more satisfied and eventually become loyal customers is when they perceive to waste time while at the store (Bielen and Demoulin, 2007; Gahinet and Cliquet, 2018).

**H5:** Time Management mediates the relationship of proximity (a) Access Proximity, b) Functional Proximity; c) Relational Proximity; d) Social Proximity on Retail Loyalty.

**H6:** Time Saving mediates the relationship of proximity (a) Access Proximity, b) Functional Proximity; c) Relational Proximity; d) Social Proximity on Retail Loyalty.

## Methodology

### Sample

The sample of this research is minimarket consumers who are in a residential area in Surabaya, Indonesia. The sampling technique used in this research is purposive sampling with the criteria of adult consumers who have had a shopping experience in the last month at least twice to answer the questionnaire questions correctly. These respondents are considered to have in-depth knowledge and experience to provide relevant and accurate responses regarding the minimarket where they shop. The recommended sample size for statistical data analysis is 30–500 (Sekaran and Bougie, 2013) or 100 or more (Hair et al., 2017). Based on the suggestion from Hair (2009), the minimum sample size required for a 30-item questionnaire is 150.

The study used quantitative methods, and data were collected using a closed questionnaire. The questionnaires were randomly generated to avoid general method bias (CMB). The data collected is the perception of one source by distributing a one-time questionnaire. Then the questionnaire was distributed using Google form. The questionnaire consisted of 30 statement items adapted from (Gahinet and Cliquet, 2018). Respondents were asked to choose the options agree, strongly agree, disagree, and strongly disagree based on a Likert scale. Access proximity is a consumer's perception of the proximity or ease of access to the store (Fox et al., 2004). Functional proximity (FP) is the convenience and efficiency of shopping related to the function of the store as a place to shop (Bergadaà and Del Bucchia, 2009). Relational proximity is an immaterial proximity dimension that refers to the closeness of social relationships with staff, shop consumers, and the store. Social proximity is proximity due to shared values or the social role of the store as a whole. Both were adopted from Schultz (2013), measured by six items and four items, respectively. Time management is an action or process of conscious planning and implementing time for special activities such as shopping, especially to increase effectiveness, efficiency, and productivity (Singh and Jain, 2013). Time saving is the customer's perception of the dimensional time that can be saved in activities, for example, the time it takes to shop (Dunkley, Helling and Sawicki, 2004). Retail loyalty is a deeply held commitment to purchase and re-subscribe to a product or service from minimarket (Kasiri et al., 2017).

**Table 1: Research items, factor loadings, composite reliability, and AVE**

No	Item Questioner	Loading Factor	Reliability	AVE
<i>Access Proximity</i>				
1	This store is well located	0.802	0.863	0.677
2	This store is easily accessible	0.848		
3	This store is on my usual trips	0.817		
<i>Functional Proximity</i>				
1	It took a minimal amount of effort on my part to get what I wanted.	0.732	0.877	0.589
2	I could easily find what I was looking for.	0.779		
3	I found exactly what I wanted	0.808		
4	The store is clear and well-organized	0.761		
5	Opening hours of the store suit me	0.756		
<i>Relational Proximity</i>				
1	In this store I can interact with the staff.	0.776	0.912	0.634
2	I feel welcomed by the staff of this store.	0.787		
3	I feel close to customers in this shop.	0.811		
4	The ambiance of this store is friendly	0.821		
5	Staff at this store is available to me if I need advice or if I need help.	0.759		
6	When I enter into the store, I appreciate being recognized by staff.	0.821		
<i>Social Proximity</i>				
1	This store is important in the life of the neighborhood	0.866	0.913	0.724
2	This store is involved in social and economic life of the quarter	0.810		
3	This store is part of neighborhood life	0.902		
4	It's a neighborhood store	0.824		
<i>Time Management</i>				
1	I can go into the store as often as I want	0.808	0.859	0.604
2	I know how long it takes me to go in this store	0.762		
3	The proximity of the store allows me to choose the best time to do my shopping	0.786		
4	I have no hesitation to patronize this store when I need something quickly	0.751		
<i>Time Saving</i>				
1	I do not have to wait to pay	0.802	0.892	0.674
2	I spend less time doing shopping in this store	0.835		
3	I choose my products quickly.	0.817		
4	The checkout is fast	0.829		
<i>Retail Loyalty</i>				
1	I will be willing to buy goods or products when shopping at the minimarket.	0.874	0.845	0.556
2	I will recommend the mini market to my friends.	0.874		
3	I will repurchase to the shop or minimarket.	0.766		
4	I will be willing to convey to other people or friends in the form of positive words about the shop or minimarket based on my shopping experience	0.800		

This study uses the procedure used by Kleijnen, Ruyter and Wetzels (2007) to test the research instrument, using reflective indicators on all constructs. The test used composite scale reliability and extracted mean variance/AVE (Chin, 1998). Cronbach's alpha (CA) and Composite Reliability (CR) ranged from 0.753-0.884 and 0.845-0.913 for the seven constructs, respectively. The result exceeds the minimum requirement of 0.7, confirming all constructs' internal consistency and reliability. The AVE for all constructs also exceeds 0.70, which is greater than the threshold of 0.50, thus indicating convergent validity for all constructs (Hair, Sarstedt, Ringle, & Mena, 2012). Heterotrait-Monotrait Ratio (HTMT) was used to test discriminant validity as done by Ogbeibu et al (2018). The HTMT developed by Henseler, Ringle, and Sarstedt (2015) was adopted as a higher limit criterion to test discriminant validity. As an estimate for factor correlation, the HTMT must be significantly less than one to clearly distinguish between the two factors (Henseler, Hubona, & Ray, 2016). Results Table 2 shows a range of 0.623 to 0.995. This figure is below the 1.0 threshold, indicating that all constructs are explicitly independent of each other and that the discriminant validity criteria have been met.

**Table 2: Measurement model fit and heterotrait-monotrait ratio (HTMT) test.**

Research variables	Mean	SD	1	2	3	4	5	6		
1. AP	4.564	0.549								
2. FP	4.276	0.572	0,795						SRMR	0.083
3. RP	3.987	0.733	0.623	0.807					d_ ULS	4.313
4. SP	4.238	0.672	0.675	0.763	0.874					
5. TM	4.365	0.570	0.953	0.995	0.829	0.894				
6. TS	3.970	0.741	0.641	0.848	0.867	0.800	0.840			
7. RL	4.197	0.683	0.701	0.875	0.883	0.850	0.938	0.920		

Note: Bold values on the diagonal are AVE. Values below the diagonal are inter-factor correlation.

## Results

This research was conducted using quantitative methods with the help of a closed-ended questionnaire. Questionnaires online were distributed through Google Form or email. There were 150 respondents spread as follows: the majority of respondents aged 17-25 years with a percentage of 82.7%, and ages 26-35 years -10%. Respondents who spend more than two times a month are 74.7%. Respondents' income below IDR 3,800,000 by 65.3% to above 5,000,000 by 5.7%.

This study used PLS-Graph Version 3.0, which allows for explicit estimation of latent variable (LV) scores, and a bootstrap resampling method was used to test the proposed model (Chin, 1998). This procedure required the production of 300 randomly selected case sub-samples, with replacements, from the original data. This study uses the Goodness of Fit (GoF) statistical support method. The PLS output results show the GoF index of this research model as follows: SRMR (standardized root mean square residual) = 0.083. SRMR with a value of < 0.1 indicates a good match (Mehmet and Jakobsen, 2016).

### Measurement Models

A two-stage analytical procedure (Hair Jr. *et al.*, 2014) examined measurement models and structural relationships. We tested composite reliability and extracted mean-variance (AVE) to assess convergent validity. Table 2 shows Cronbach alpha scores, ranging from 0.734 to 0.974, and AVE scores ranging from 0.556 to 0.724; all scores are above the acceptance level. In addition, all loading weights and sizes are also above acceptable levels. Finally, following Tsang (2002), we measured the square root of the AVE for each construct to assess discriminant validity (see Table 2).

### Structural Models

After examining the measurement model, we tested the hypothesis proposed by PLS. The results of the analysis are shown in Figure 1 below. We will discuss the following results: Proximity has no direct effect on Retail loyalty, ( $\beta = -0.140$ ,  $t = 5.624$ ) with  $p = 0.28$ , so H1 is not supported. Proximity has no direct effect on retail loyalty, both AP ( $\beta = -0.023$ ,  $t = 0.299$ ), FP ( $\beta = 0.085$ ,  $t = 0.790$ ), RP ( $\beta = 0.190$ ,  $t = 1.880$ ) and SP ( $\beta = 0.120$ ,  $t = 0.319$ ) so H1a-d is not supported. Hypothesis 2 states that proximity has an influence on time management. After testing, the value of the effect of AP ( $\beta = 0.313$ ,  $t = 5.562$ ), FP ( $\beta = 0.339$ ,  $t = 5.832$ ), RP ( $\beta = 0.055$ ,  $t = 0.769$ ) and SP ( $\beta = 0.268$ ,  $t = 3.656$ ) on time management. Thus, hypotheses 2a, 2b and 2d are supported but hypothesis 2c is not supported. Proximity also affects time saving which is indicated by the value of the effect of each proximity variable as follows: AP ( $\beta = 0.020$ ,  $t = 0.225$ ), FP ( $\beta = 0.136$ ,  $t = 2.905$ ), RP ( $\beta = 0.383$ ,  $t = 3.096$ ) and SP ( $\beta = 0.175$ ,  $t = 1.462$ ) then hypotheses 3b, 3c are supported, but hypotheses 3a and 3d are not supported. Time management and time saving also affect retail loyalty with values of  $\beta = 0.455$  ( $t = 6.404$ ) and  $\beta = 0.425$  ( $t = 6.095$ ), so hypotheses 4a and 4b are supported. The results of our statistical tests are shown in Table 3 below.

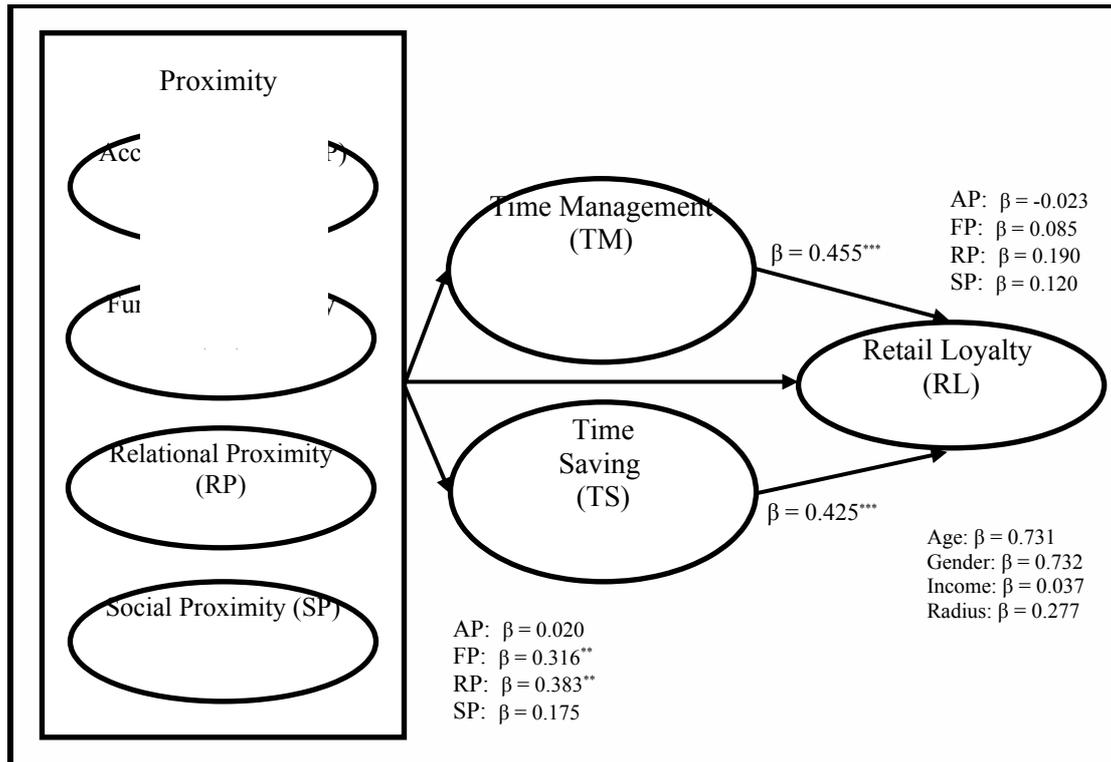
**Table 3: Results of statistical test**

	Direct Effect					
	Retail Loyalty		Time Management		Time Saving	
	$\beta$	$t$	$B$	$t$	$\beta$	$t$
Access Proximity	-0.023	0.299	0.313***	5.562	0.020	0.225
Functional Proximity	0.085	0.790	0.389***	5.832	0.136***	2.905
Relational Proximity	0.190	1.880	0.055	0.769	0.383***	3.096
Social Proximity	0.120	0.998	0.268**	3.656	0.175	1.462
Time Management	0.455***	6.404	-	-	-	-
Time Saving	0.425***	6.095	-	-	-	-
Age	0.731	0.343	-	-	-	-
Gender	0.732	0.344	-	-	-	-
Income	0.037	0.531	-	-	-	-
Radius	0.277	1.089	-	-	-	-

Note: + refers to  $p < 0.10$ , \* refers to  $p < 0.05$ , \*\* refers to  $p < 0.01$ , \*\*\* refers to  $p < 0.001$

AP:  $\beta = 0.313$ \*\*\*  
 FP:  $\beta = 0.389$ \*\*\*  
 RP:  $\beta = 0.055$   
 SP:  $\beta = 0.268$ \*\*

**Figure 1: Research Model and Analysis Results**



Note: + refers to  $p < 0.10$ , \* refers to  $p < 0.05$ , \*\* refers to  $p < 0.01$ , \*\*\* refers to  $p < 0.001$

Finally, we examine the role of time management and time saving as mediators between proximity and retail loyalty. Using SmartPLS, we performed mediation analysis for each independent variable (AP, FP, RP, and SP) on the dependent variable. First, we analyze the direct effect of proximity on retail loyalty, which shows that all proximity variables do not directly affect retail loyalty. Then, we analyzed the data to find out the indirect effect of each predictor on retail loyalty through time management and time saving. To explain the mediating role, we followed the recommendations of Cohen (1988) and Ogbeibu et al. (2018) that the standard v effect squared should be greater than 0.175 for large effects, 0.075 for moderate and 0.01 for small effects.

Therefore, the results of the analysis show that the effect of AP, FP and SP and retail loyalty is mediated by time management with respective values as follows: AP ( $\beta = 0.142$ ,  $t = 4.220$ ,  $p = 0.000$ ,  $v = 0.020$ ), FP ( $\beta = 0.177$ ,  $t = 4.264$ ,  $p = 0.000$ ,  $v = 0.031$ ), SP ( $\beta = 0.122$ ,  $t = 3.379$ ,  $p = 0.001$ ,  $v = 0.015$ ). So H5a, H5b, and H5d are supported, and H5c is not supported. Meanwhile, time saving only mediates the effect of FP ( $\beta = 0.134$ ,  $t = 2.700$ ,  $p = 0.007$ ,  $v = 0.018$ ) and RP ( $\beta = 0.163$ ,  $t = 2.597$ ,  $p = 0.010$ ,  $v = 0.026$ ) on retail loyalty. So H6b and H6c are supported, but H6a and H6d are not. All mediating variables were tested to have a full mediating effect and based on effect size were classified as having a “small effect” as shown in Table 4 below.

**Table 4: Mediation effect**

Path/Hypothesis	Standardized coefficient	Influence f <sup>2</sup> -effect size	Results
(1) Access	0.142***	Small effect	H5a was supported

Proximity→Time Management→Retail Loyalty			
(2) Functional Proximity →Time Management→Retail Loyalty	0.177***	Small effect	H5b was supported
(3) Relational Proximity →Time Management→Retail Loyalty	0.025	< A small effect	H5c was not supported
(4) Social Proximity → Time Management→Retail Loyalty	0.122**	Small effect	H5d was supported
(5) Access Proximity→Time Saving→Retail Loyalty	0.009	< A small effect	H6a was not supported
(6) Functional Proximity →Time Saving→Retail Loyalty	0.134*	Small effect	H6b was supported
(7) Relational Proximity →Time Saving→Retail Loyalty	0.163*	Small effect	H6c was supported
(8) Social Proximity → Time Saving→Retail Loyalty	0.074	< A small effect	H6d was not supported

## Discussion

This study gives insights into customer preferences regarding the modern retail sector's proximities by showing the link between proximities and customer loyalty. Moreover, this study highlights customers' perspectives on time convenience offered by modern retail stores, particularly minimarkets. The research also explores the potential cause of different behaviors of Indonesian customers in terms of proximities toward time convenience and loyalty. Access proximity and functional proximity are the material dimensions of proximity, while relational and social or identity proximity are the immaterial dimensions of the proximity of modern retail (Gahinet and Cliquet, 2018). Accordingly, the research model analyzes the relationship between proximities and time convenience. Customers' ability to manage their visiting time to the store is the qualitative dimension (Kairos); on the other hand, customers' ability to save time during visits is the quantitative dimension (Chronos) of time convenience. Access proximity addresses customer mobility; it allows customers to visit the store easily because it is located close by in the neighborhood, this is relatively easy to find, and customers do not need much effort to reach the store (Hérault-Fournier, Merle and Prigent-Simonin, 2012). At the other end of proximity's material dimensions, functional proximity represents convenience and shopping efficiency, including the size and layout of the store and opening hours (Beauchamp and Ponder, 2010). Relational proximity addresses the social relationship between customers and staffs, creating a friendly ambiance at the store. The immaterial characteristic of relational proximity is shared with social or identity proximity, wherein customers acknowledge

the shared value and importance of the store (Schultz, 2013). Specifically, the research shows that access, functional, and social proximity significantly relate to time management. These findings suggest that easy access, opening hours, and store layout matter greatly to customers, empowering them to manage their time and visit the store whenever needed. Customers shop where there is no car trafficking or congestion to the stores (Wilbard et al., 2018). A well-planned store layout would allow retailers to cater to customers' needs to get something quickly, since shopping is perceived as a visual activity that is highly affected by store layout (Mowrey et al., 2017).

These findings corroborate previous research (Gahinet and Cliquet, 2018). Material dimension, however, is not the only thing that matters to customers in terms of time management. The sense of belongingness makes customers feel more convenient to visit the store whenever needed. Contrasting with Gahinet and Cliquet (2018), this study does not prove that customers attach great importance to social relationships and friendly ambiance at minimarkets when perceiving time management.

On the other hand, the most leading proximities of time saving are functional and relational proximities. These findings suggest that customers can save time during visits to the store mainly due to time-efficient layouts, quick checkout processing times, and good relationships with the staff. The social custom can explain the latter in Indonesian big cities. Staff who is familiar with some customers might give special treatment to satisfy them more by addressing them more casually and simultaneously speeding up the service. Another logical explanation is that returning customers might have had repetitive and regular purchases memorized by the staff, enabling a faster checkout process by skipping promotional procedures such as staff offering customers additional products. A study by Lee (2017) shows that personality traits determine consumers' need to interact with retail employees. Customers with certain traits may have high need for interaction with staffs. The main factor that encourages customers to choose self-service technologies (SSTs) is when they thought that SSTs helped them save time. Therefore it can be inferred that customers expect time saving from relational proximity. Meanwhile, using racks in certain design in a retail layout could enable customers to reduce search time (Mowrey et al., 2017), proving that functional proximities have a relationship with time saving.

Consistent with hypothesis 4, the findings show a significant relationship between time convenience and retail loyalty, suggesting that Chronos (quantitative dimension) and Kairos (qualitative dimension) are important for customers of localized retail stores. This finding does not support previous research by Gahinet and Cliquet (2018), wherein time management seems more impactful to retail loyalty than time saving. As it does with time management, Indonesian retail customers' ability to save time during shopping directly increases their loyalty to the store.

Surprisingly, none of the proximity variables have a significant direct impact on customer loyalty. Consistent with previous research (Hérault-Fournier, Merle and Prigent-Simonin, 2012; Gahinet and Cliquet, 2018), empirical results showed that effortless customer mobility is not sufficient to generate retail loyalty, despite being one of the strong reasons for frequent visits (Fox, Montgomery and Lodish, 2004). Meanwhile, the evidence that social or identity proximity has no apparent effect on loyalty suggests that shared values and the sense of belonging do not immediately

increase customers' willingness to visit the store more frequently. The different results from Gahinet and Cliquet (2018) relate to the direct relationship of functional & relational proximities to retail loyalty, which can be explained through the mediating effect analysis on time convenience.

The findings of this study confirm that time management strongly acts as a mediator towards access, proximity, and social proximity on customer loyalty of mini markets in Indonesia. Specifically, on access proximity, this result corroborates previous research (Gahinet and Cliquet, 2018). The findings confirm that time saving strongly mediates the impact of functional and relational proximities on retail loyalty, emphasizing the empirical evidence that time convenience is a strong mediator between retail loyalty and functional proximity. This study demonstrated that within the context of retail loyalty, time convenience acts as a strong mediator towards the effect of shopping efficiency. In contrast, the effects of other proximity variables are mediated through either the qualitative or the quantitative dimension of time convenience. In other words, all four proximities proposed in this study are proven to influence customer loyalty of the modern retail sector when time convenience is acknowledged and promoted. Nonetheless, the role of each proximity and its relationship with either dimension of time convenience is distinctive.

The result on the direct effects of proximities towards loyalty is partially in contrast with that on Gahinet and Cliquet (2018). It appears that Indonesian customers prioritize time convenience above store proximity dimensions. Well-organized store layout as a part of functional proximity is not increasing one's loyalty without enabling customers to manage and save time when shopping. Relational proximity where customers feel welcomed and facilitated by staff, is also perceived as unimportant by Indonesian customers, unless it allows them to have a fast checkout and to visit the store whenever they need something quickly. Other factors that are likely to be connected to Indonesian customers' loyalty are promotions and free parking facilities. However, the analysis in this research is limited to time-related factors.

## **Implications**

### **Theoretical Implications**

This study answers research questions about the effect of proximity on retail consumer loyalty. Based on the Central Place Theory (Christaller, 1933), which assumes that consumers prefer the nearest center that offers goods or services needed. Retail proximity affects loyalty, which is mediated by time convenience. The findings of this study enrich the concept of "proximity" in Central Place Theory (Christaller, 1933) by distinguishing proximity in material and immaterial concepts. This study examines four dimensions of proximity (access, functional, relational, social) in a minimarket setting located in a residential area. This finding mainly fills a gap in research that is still limited in linking the immaterial dimensions of intimacy and customer loyalty. The four proximity variables do not directly affect loyalty but through mediation mechanisms.

Second, referring to Fox et al. (2004) who state that distance and time affect shopping behavior, this study contributes the concept of time (time convenience) as a mediating

mechanism for the influence of proximity variables on retail loyalty. Social proximity does not affect loyalty, as evidenced by Gahinet and Cliquet (2018); however, it affects loyalty through time management mediation. On the other hand, relational proximity also affects loyalty through time savings perceived by retail customers. Previous research is still studying the effect of distance and time on shopping behavior separately (Blut et al., 2018; Kaytaz Yigit and Tigli, 2018), while the relationship between distance and time in one study is still limited.

Third, another theoretical contribution from this research contributes to the development of retail literature and consumer behavior by showing a significant relationship between the dimensions of convenience and customer loyalty in the modern retail sector, especially mini markets. This finding also shows that two dimensions of time convenience, Chronos (quantitative) and Kairos (qualitative), are mediators to encourage proximity to each other to increase retail loyalty in Indonesia. The mediating effect of convenience time seems important for loyal retail customers. These findings support the development of the consumer and retail behavior literature, highlighting time convenience in terms of time management and time saving as important for retail store buyers (Lloyd et al., 2014; Sundström and Radon, 2016).

### **Managerial Implications**

From a managerial aspect, the findings of this paper provide several practical implications. First, research findings can guide retail store managers, especially minimarkets, to plan effective store operational strategies and retain loyal customers. Overall customer loyalty should be increased through increased convenience of time. Store management is advised to improve every aspect of proximity, pursue better time management, and time saving from the customer's perspective. Therefore, shop owners need to consider location, especially when opening a new minimarket in a residential area. The proximity of access can be strengthened by maintaining a sufficiently close distance to ensure easy mobility from the neighborhood to the store. Second, minimarket managers need to pay attention to functional proximity because it seems to be the only proximity fully mediated by the two dimensions of convenience time. Functional proximity can be strengthened by reconsidering opening hours, the more flexible, the better. The store layout should be designed effectively and organized so customers can easily find what they need. Shopping convenience can also be increased by providing faster checkout services through an updated POS system and basic staff training. An enhanced hospitality training program based on how to handle customers better will definitely strengthen the closeness of the relationship. A quick and friendly response from staff will create a greater level of atmosphere that buyers often like. More importantly, it is suggested that store managers encourage staff to provide fast checkout services to loyal customers rather than prolonged standard promotions as time savings were shown to mediate the effect of relational proximity on increasing loyalty. Third, social proximity is another important factor to consider. Store managers are advised to look for ways to increase local residents' sense of belonging to the store. However, strengthening social closeness may not be the easiest task due to its strong relationship with the culture and customs of the local community. Lastly, the results of this study can be applied to the retail industry and similar service industries, where consumers need to come to meet their needs.

## **Implications for Asian Business**

In the Asian business context, the current study accentuates the significance of minimarket industry as one of the top contributors to the economy. Considering that the findings come from Indonesia, whereas the retail market is in position 5 out of 30 developing countries worldwide, according to the Global Retail Index 2019 (Kearney, 2019), the implications are highly relevant for Asian retail business. Particularly in Indonesia, this study presents findings useful for minimarket stores to identify areas of improvement when facing strong competition from other modern retailers. Based on present findings, Indonesian customers show particular preferences on retail store setting, concerning time saving and time management. As much as their willingness to shop, customers want to make sure that no time is wasted. Within the minimarket category, the modern retail sector in Indonesia is dominated by a few players. Most of these store chains employ a franchise strategy, which means this research is relevant to the corporations and the franchisees. The highly competitive Indonesian retail market forces companies to locate more stores in the residential areas, apart from other areas such as highways and office buildings.

The findings suggest that store managers need to ensure easy access to stores to cater to the needs of neighboring customers, whereas location strategy plays a significant role. On the other hand, stores with a 24-hours format will increase flexibility and shopping convenience, further enhanced by effective store layout strategies and faster service. Since the findings also highlight the indirect influence of proximities' immaterial dimensions toward loyalty, it is important for store managers to put more focus on creating the right ambiance. Staff must be aware of the local custom to avoid any other impression than hospitality. It is also important for staff to guarantee a speedy service as a privilege for loyal customers; this is due to the findings that good social relationships between customers and staff will not affect loyalty unless customers have the ability to save shopping time. Consumers also patronize stores that are congruent with their values. Thus, retailers should be open to interactions and collaborations with residents in the neighborhood to establish a shared value. One example is that retailers could lend space to local business players, such as the parking lot area. This additional section could offer different products at flexible hours, thus strengthening customers' ability to manage visiting time conveniently.

This study has several limitations. First, the respondent's profile shows that the majority of respondents are young people (17-25), so this result cannot be generalized to all ages. Second, this study adopted a survey design to examine causal relationships. Empirical evidence of causal models requires experimental design by manipulating participants. Third, this study used a sample in one country, which requires caution in interpreting the results. Future research that replicates this research in various countries in the Asia Pacific will generalize the current findings. In doing so, it may be useful to compare models across different generations, genders, or cultures. Further research could focus on using a more varied range of respondents. The impact of respondent-specific characteristics on loyalty outcomes may differ.

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**8. Bukti konfirmasi penerimaan Revisi  
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Elisabeth Supriharyanti <elisabeth-s@ukwms.ac.id>

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## Submission of article Revision

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**AJBR MAG Scholar** <ajbr.magscholar@gmail.com>

Wed, Jul 13, 2022 at 9:38 AM

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Greetings from Asian Journal of Business Research (AJBR).

We are pleased to inform you that AJBR Volume 12 Issue 2 2022 has been published. The articles are available at <https://magscholar.com/asian-journal-of-business-research/ajbr-vol-12-issue-2/>.

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## Proximity and Retail Loyalty: Mediation of Time Convenience

Elisabeth Supriharyanti<sup>1\*</sup>; Deatri Arumsari Agung<sup>1</sup>; Yulika Rosita Agrippina<sup>1</sup>; Febianus Eka Yudha Wibiamto<sup>1</sup>; Budi Pratama<sup>1</sup>

<sup>1</sup>Faculty of Business, Universitas Katolik Widya Mandala Surabaya, Indonesia

\*Corresponding author: [elisabeth-s@ukwms.ac.id](mailto:elisabeth-s@ukwms.ac.id)

### Abstract

The success of convenience stores is not only the proximity factor but also time, especially for postmodern individuals who are characterized by the need for speed and social interaction. Research linking proximity and time is still very limited, while the two variables are closely related to shopping activities. This study aims to examine the relationships between both material and immaterial proximity to retail loyalty; and the mediating role of time management and time saving (time convenience). This study used quantitative methods by means of PLS, where a total of 150 responses were collected from minimarket consumers in residential areas in Indonesia using a purposive sampling method. The results show that access, functional and social proximities affect time management, while time saving factors are only functional and relational proximities. Both time management and time saving have a positive relationship with loyalty. The mediation test found that time management mediates the effects of access, functional and social proximities on loyalty. Meanwhile, time saving mediates the effects of functional and relational proximities on loyalty. This finding mainly fills a gap in research that is still limited in linking the immaterial dimensions of intimacy and customer loyalty.-This research enriches the concept of location for the service industry, especially retailers and provides practical implications in store operational management.

**Keywords:** Proximity, Time management, Time saving, Retail loyalty, Indonesia..

## **Introduction**

Managing retail loyalty is an important managerial challenge in the current environment of an evolving market for organized retailing and increasing global competition (Geetha, 2015). Meanwhile, many retail practitioners state that one of the retail challenges in today's digital era is maintaining consumer loyalty because consumers are faced with many product choices and prices that vary greatly (Reinartz, Wiegand and Imschloss, 2019). However, the Global Retail Development Index 2019 states that Indonesian retailers remained top ten. The Indonesian retail market is five out of 30 developing countries worldwide, with a 55.9 score (out of the highest score of 100) (Kearney, 2019).

One of the surviving retail formats is the convenience store in the minimarket format, which is widely available in residential areas. Much of the profit of a convenience store depends on whether the store layout, variety, brand, and location contribute to the store's "comfort" element (Singh et al., 2020). Global retail sales through the convenience store channel totaled US\$3,256 billion in 2017, up 6.7% in 2016, and is projected to reach US\$4,902 billion by 2022 (Reportlinker, 2022). Interestingly, the conditions for retail growth in Indonesia are different between minimarkets (convenience stores) and large retailers. Since January 2020, the number of large minimarket outlets in Indonesia, Indomaret, has 15,526 franchised outlets, 13,522 Alfamart franchised outlets and 1,478 Alfamidi franchised outlets. Indomaret also continues to grow by franchising 17,681 outlets consisting of 60% self-owned and 40% community owned (Katadata.co.id, 2019). A different trend occurred with large retail stores experiencing a decline. The chairman of Aprindo (Indonesian Retailers Association) stated that a significant decline was felt by their large retail companies in Indonesia, reporting that the company's operating income had declined over the previous two years, touching its lowest level in 2018 (Evandio, 2020).

According to AC Nielsen, the decline in large retail stores has become a global trend and is caused by proximity retail, where people prefer to shop in places close to their neighborhoods because goods or products sold in large retail stores can be found in small retail stores (Suhendra, 2017). This consumer behavior is reinforced by data that consumers currently no longer want to shop with a stock system or large quantities, and more consumers are shopping according to short-term needs (Hikam, 2019). Meanwhile, according to Gahinet and Cliquet (2018), the success of convenience stores is not only the distance factor but also time, especially for postmodern individuals who are characterized by the need for speed and social interaction (Firat, 1991; Alhassan, 2020).

Central Place Theory (Christaller, 1933) states that consumers prefer the nearest center that offers the goods or services needed. Meanwhile, Huff (1963) and Fox et al. (2004) stated that distance or time is part of the factors considered in choosing a retail location because it affects the possibility of consumers visiting the store. Several previous studies have examined the effect of location or proximity on consumer loyalty. The findings of Ramanathan et al. (2017) show that store location has a positive effect on loyalty which affects retail sales, as well as Blut, Teller and Floh (2018) who found that proximity, spatial and temporal distance affect patronage intention. Meanwhile, Kaytaz Yigit and Tigli (2018) examined the effect of time pressure on influencing consumer behavior or consumer loyalty. Unfortunately, research linking distance and time is still

limited, while the two variables closely relate to shopping activities. Proximity refers to geographic, temporal, and affective concepts (Gahinet and Cliquet, 2018). On the other hand, proximity is mostly studied with a material approach (geographical/access), while studies with an immaterial approach (social relationship) are still very limited.

Functional proximity refers to practicality and efficiency in conducting shopping activities. It builds the tangible aspect of store image, together with access proximity which exemplifies location and easy access to the store (Hérault-Fournier et al., 2012). Relational proximity characterizes social relationship between customers and staffs. As the second immaterial dimension, social or identity proximity explains shared values and sense of belongingness towards the store. In a previous study, Gahinet and Cliquet (2018) found that functional, social, and relational proximity, affects loyalty. However, access proximity does not significantly affect loyalty but is mediated by time convenience. Proximity to access will increase loyalty if consumers can manage time or if the store has flexible opening hours. Unfortunately, these studies have not linked immaterial proximity to time convenience. The shorter the travel time to the store or shopping, the more loyal customers are to the store (McGoldrick and Andre, 1997). Meanwhile, Indonesian people have collectivist values (Mangundjaya, 2010), such as liking to be in groups, socializing with someone, or saying hello in a store that can extend shopping time.

This research was conducted on 150 minimarket consumers in Surabaya-Indonesia. Indonesian retail is one of the most promising sectors within Asia, supported by its large population and a growing middle class with higher household purchasing power and increasingly modern shopping habits (Mordor Intelligence, 2021). Research in Asian communities, especially Indonesia, is interesting because it has different socio-cultural conditions, producing findings contributing to the retail proximity literature. Second, this study analyzes the effect of all proximity factors, both material and immaterial (Gahinet and Cliquet, 2018), on time convenience and retail loyalty, which still lacks empirical evidence within the framework of retail location theory.

## Literature Review

### Retail Loyalty

The frequency of store visits and the relative volume spent are measures of consumer behavior characteristics (Ailawadi, Pauwels and Steenkamp, 2008; Seenivasan, Sudhir and Talukdar, 2016). Loyalty can be defined as a widely held commitment to consistently repurchase a preferred product or service in the future (Oliver, 1980); consequently, it leads to repeated same brand or product acquisitions regardless of marketing efforts or even situational influences (Chaudhuri and Holbrook, 2001). Dick and Basu (1994) conceptualized customer loyalty based on the relationship between relative attitude and repeat patronage behavior. Customer loyalty can be characterized as one of the important success measures for different businesses in the market (Nyadzayo and Khajehzadeh, 2016), including in the context of the retail industry. Customer loyalty includes attitudinal and behavioral dimensions, where relative attitude refers to loyalty and repeat patronage behavior refers to behavioral loyalty. It has been suggested that integrating the attitude dimension into the loyalty model (patronage behavior) will increase its predictive ability (Dick and Basu, 1994). In the

current study, we followed the definition of Srinivasan, Anderson and Ponnnavolu (2002), who defined loyalty as consumers' positive attitudinal behavior toward the store that makes successful repurchase intention. Customers with strong brand loyalty will find it hard to move to another product or brand and are less inclined to look for substitution products or brand (Mumin and Grace, 2021). There are three determinants of retail loyalty: individual characteristics, merchandise characteristics, and service/interaction characteristics (Straughan and Albers-Miller, 2001). This study examines predictors of store loyalty based on the aspect of proximity as part of store service. Previous research conducted by Ramanathan et al. (2017) and Blut, Teller and Floh (2018) have tested the effect of location and proximity factors on loyalty and patronage intentions but still look at proximity materially, while research proposes proximity from material and immaterial aspects (Gahinet and Cliquet, 2018).

### **Proximity**

Boschma (2005) defines that proximity framework is adopted, covering geographic, social, cognitive, organizational, and institutional dimensions of relational proximity. When continuing the study in 2010, Boschma and Frenken proposed five dimensions of proximity: a) geographical proximity, b) organizational proximity, c) social proximity, d) institutional proximity, and e) cognitive proximity. Louis et al. (2021) defines process proximity as the significance given by customers to the store's management, which guarantees the quality of the products and services of the store. In a study conducted by Gahinet and Cliquet (2018), the material dimension of proximity is divided into two, namely access proximity and functional proximity. Access proximity describes the distance or consumer access and customer mobility. Previous research on proximity stated that proximity access could make it easier for consumers to go to the store (Bergadaà and Del Bucchia, 2009). The study by Gahinet and Cliquet (2018) states that functional proximity as convenience and shopping efficiency positively affects customer loyalty (the research object was convenience stores). Another dimension is relational proximity, which can be transformed into social relationships research (Ingene, 1984). This study uses the dimensions of material and immaterial proximity (Gahinet and Cliquet, 2018), namely access proximity, functional proximity, relational proximity, and social proximity.

### **Time Convenience**

Smith (1969) argued that time convenience had been described as having two elements: Chronos and Kairos. According to Greek mythology, Chronos represents a quantitative dimension of time convenience that has been interpreted as time saving. At the same time, Kairos represents a qualitative dimension of time convenience that has been interpreted as time management. Yale and Venkatesh (1986) explained that from the perspective of retailing, time is the element of time convenience, whereas the effort to increase the effectiveness of a store can be reflected. Customer belief systems may perceive easy-to-use systems as valuable because it enables time to be spent doing more constructive things instead of comprehending how the systems work (Bruner and Kumar, 2005). The goods purchased with minimum effort, immediately, and frequently usually minimize travel time to buy 'convenience' by the shoppers (Holton, 1958). Bettman (1979) stated time concept affects how knowledge is processed. Time convenience has a positive effect on the knowledge-gaining process. The findings of Gahinet and Cliquet (2018) show that convenience store patronage is influenced by

relational and functional affinity, as these stores allow them to save time (chronos) and to manage their time better through more appropriate frequencies (kairos).

### **Time Management**

Claessens et al. (2007) define time management as "behaviors that aim at achieving an effective use of time while performing certain goal-directed activities". It focuses on performing an activity with effective use of time. Time management as part of time convenience is a major aspect of behavior for self-regulation (Pintrich, 2004). Time management drives satisfaction in shopping (Geiger, 2007) and enjoyment (Shannon and Mandhachitara, 2008). Most people occupy about 45 minutes a day for household shopping necessities (Bureau of Labor Statistics, 2020). Most people tend to do grocery shopping for households at particular times and days because workers and students are usually busy on weekday mornings and afternoons (East et al., 1994).

### **Time Saving**

Yale and Venkatesh (1986) suggest that time saving is the consumer's ability to buy or save time. As a form of time convenience, time saving is the most significant benefit in improving humanless stores equipped with AI systems (Low and Lee, 2021). For example, a self-checkout option allows customers to avoid long checkout queues at checkout counters. Long queueing time for checkout is one of the main problems in large stores that attract large crowds (Low and Lee, 2021). When accuracy and efficiency are achieved, time savings can be made. Time-saving shopping strategies include using convenience stores, buying repackaged products, shortening shopping lists, using catalogs, and ordering items via email and telephone (Winter et al., 1993). Convenience stores have characteristics for customers to save their travel time and visiting time (Dunkley, Helling, and Sawicki, 2004). In addition to technology, distance also allows consumers to save time. The underlying assumption is that the buyer travels from home to the nearest store of the selected chain and then returns home. Some literature mentions that retail patronage is influenced by the distance factor (Fox et al., 2004).

### **Proximity and Retail Loyalty**

In retail, proximity in material dimensions can include store access and store convenience (size, relevant options, and opening hours). While proximity with immaterial dimensions includes social or relational, it can be translated into social relations research (Ingene, 1984). Customer loyalty is highly dependent on the ability to personalize services (Ball, Coelho and Vilares, 2006), personal communication management (Jones and Farquhar, 2003), and feelings of enjoyment when shopping (Wong, 2004). Previous research has examined the effect of proximity on loyalty. Bergadaà and Del Bucchia (2009) found the effect of proximity to trust in direct marketing channels and trust can ultimately foster loyalty, even though loyalty is not only based on trust (Sirdeshmukh, Singh and Sabol, 2002). Findings from several studies also show that proximity of access location determines the frequency of visits or loyalty (e.g. Fox et al., 2004; Ramanathan et al., 2017). Channa et al. (2022) found the effect of social benefits and self-confidence, which are part of functional, relational, and social proximity on retail loyalty.

- H1** a) Access Proximity, b) Functional Proximity; c) Relational Proximity; d) Social Proximity has a positive relationship with Retail Loyalty.

### **Proximity and Time Convenience**

Proximity is the decisive factor in whether the customer will frequently visit a store (Fox et al., 2004). Material dimensions of proximities can include physical access to a store and shopping convenience in a retailer context. Since this material dimension belongs to space-time, thus can be articulated in the matter of the customers' time-based benefits, such as checkout waiting time, visit time, and access time to the store (Douard, Heitz and Cliquet, 2015). Gahinet & Cliquet (2018) confirmed that the temporal dimension of proximities, namely access proximity and functional proximity, influence both aspects of time convenience. Customers can access the store whenever needed, thus resulting in better management of their time. Functionality includes finding products easily due to an effective layout, long opening hours, and fast check out, which altogether allow customers to manage their time better and save time simultaneously (Gahinet & Cliquet, 2018). Proximity to staff (stores) makes consumers save time due to the integration of shopping in daily activities, such as walking or traveling habits (Brooks, Kaufmann and Lichtenstein, 2008).

- H2** a) Access Proximity, b) Functional Proximity; c) Relational Proximity; d) Social Proximity has a positive relationship with Time Management.

- H3** a) Access Proximity, b) Functional Proximity; c) Relational Proximity; d) Social Proximity has a positive relationship with Time Saving.

### **Time Convenience and Retail Loyalty**

Gahinet and Cliquet (2018) confirmed that time management significantly influenced loyalty. It enables customers to manage time better, reflecting the attitude of postmodern individuals (Ascher, 2005). When opening hours are extended, customers can better manage their visiting time to the store, directly improving loyalty (Huddleston, Whipple, and VanAuken, 2004). McGoldrick and Andre (1997) argued that loyal customers prefer stores with shorter journey times. Creating customer loyalty is even more crucial than just satisfying them, which is related to how much time they spend on the store (Bielen and Demoulin, 2007). Further, customers are more satisfied and eventually more loyal when they waste no time in the store.

- H4a** Time Management has a positive relationship with Retail Loyalty.

- H4b** Time Saving has a positive relationship with Retail Loyalty.

### **Time Convenience as a Mediator**

As previously explained, Time Management and Time Saving are part of Time Convenience and mediate the effect of proximity on Retail Loyalty. Baron and Kenny (1986) called a variable a mediator if the variable influences the relationship between the predictor (independent) and criterion (dependent) variables. Gahinet and Cliquet (2018) proposed that time convenience influences customer loyalty. McGoldrick and Andre (1997) argued that a customer's loyalty is even higher if the journey time to the

store is shorter. The thing that will prevent retail shoppers from being more satisfied and eventually become loyal customers is when they perceive to waste time while at the store (Bielen and Demoulin, 2007; Gahinet and Cliquet, 2018).

- H5** Time Management mediates the relationship of proximity (a) Access Proximity, b) Functional Proximity; c) Relational Proximity; d) Social Proximity on Retail Loyalty.
- H6** Time Saving mediates the relationship of proximity (a) Access Proximity, b) Functional Proximity; c) Relational Proximity; d) Social Proximity on Retail Loyalty.

## Methodology

### Sample

The sample of this research is minimarket consumers who are in a residential area in Surabaya, Indonesia. The sampling technique used in this research is purposive sampling with the criteria of adult consumers who have had a shopping experience in the last month at least twice to answer the questionnaire questions correctly. These respondents are considered to have in-depth knowledge and experience to provide relevant and accurate responses regarding the minimarket where they shop. The recommended sample size for statistical data analysis is 30–500 (Sekaran and Bougie, 2013) or 100 or more (Hair et al., 2017). Based on the suggestion from Hair (2009), the minimum sample size required for a 30-item questionnaire is 150.

The study used quantitative methods, and data were collected using a closed questionnaire. The questionnaires were randomly generated to avoid general method bias (CMB). The data collected is the perception of one source by distributing a one-time questionnaire. Then the questionnaire was distributed using Google form. The questionnaire consisted of 30 statement items adapted from (Gahinet and Cliquet, 2018). Respondents were asked to choose the options agree, strongly agree, disagree, and strongly disagree based on a Likert scale. Access proximity is a consumer's perception of the proximity or ease of access to the store (Fox et al., 2004). Functional proximity (FP) is the convenience and efficiency of shopping related to the function of the store as a place to shop (Bergadaà and Del Bucchia, 2009). Relational proximity is an immaterial proximity dimension that refers to the closeness of social relationships with staff, shop consumers, and the store. Social proximity is proximity due to shared values or the social role of the store as a whole. Both were adopted from Schultz (2013), measured by six items and four items, respectively. Time management is an action or process of conscious planning and implementing time for special activities such as shopping, especially to increase effectiveness, efficiency, and productivity (Singh and Jain, 2013). Time saving is the customer's perception of the dimensional time that can be saved in activities, for example, the time it takes to shop (Dunkley, Helling and Sawicki, 2004). Retail loyalty is a deeply held commitment to purchase and re-subscribe to a product or service from minimarket (Kasiri et al., 2017).

**Table 1: Research Items, Factor Loadings, Composite Reliability, and AVE**

No	Item Questioner	Loading Factor	Reliability	AVE
<i>Access Proximity</i>				
1	This store is well located	0.802	0.863	0.677
2	This store is easily accessible	0.848		
3	This store is on my usual trips	0.817		
<i>Functional Proximity</i>				
1	It took a minimal amount of effort on my part to get what I wanted.	0.732	0.877	0.589
2	I could easily find what I was looking for.	0.779		
3	I found exactly what I wanted	0.808		
4	The store is clear and well-organized	0.761		
5	Opening hours of the store suit me	0.756		
<i>Relational Proximity</i>				
1	In this store I can interact with the staff.	0.776	0.912	0.634
2	I feel welcomed by the staff of this store.	0.787		
3	I feel close to customers in this shop.	0.811		
4	The ambiance of this store is friendly	0.821		
5	Staff at this store is available to me if I need advice or if I need help.	0.759		
6	When I enter into the store, I appreciate being recognized by staff.	0.821		
<i>Social Proximity</i>				
1	This store is important in the life of the neighborhood	0.866	0.913	0.724
2	This store is involved in social and economic life of the quarter	0.810		
3	This store is part of neighborhood life	0.902		
4	It's a neighborhood store	0.824		
<i>Time Management</i>				
1	I can go into the store as often as I want	0.808	0.859	0.604
2	I know how long it takes me to go in this store	0.762		
3	The proximity of the store allows me to choose the best time to do my shopping	0.786		
4	I have no hesitation to patronize this store when I need something quickly	0.751		
<i>Time Saving</i>				
1	I do not have to wait to pay	0.802	0.892	0.674
2	I spend less time doing shopping in this store	0.835		
3	I choose my products quickly.	0.817		
4	The checkout is fast	0.829		
<i>Retail Loyalty</i>				
1	I will be willing to buy goods or products when shopping at the minimarket.	0.874	0.845	0.556
2	I will recommend the mini market to my friends.	0.874		
3	I will repurchase to the shop or minimarket.	0.766		
4	I will be willing to convey to other people or friends in the form of positive words about the shop or minimarket based on my shopping experience	0.800		

This study uses the procedure used by Kleijnen, Ruyter and Wetzels (2007) to test the research instrument, using reflective indicators on all constructs. The test used composite scale reliability and extracted mean variance/AVE (Chin, 1998). Cronbach's alpha (CA) and Composite Reliability (CR) ranged from 0.753-0.884 and 0.845-0.913 for the seven constructs, respectively. The result exceeds the minimum requirement of 0.7, confirming all constructs' internal consistency and reliability. The AVE for all constructs also exceeds 0.70, which is greater than the threshold of 0.50, thus indicating convergent validity for all constructs (Hair, Sarstedt, Ringle, & Mena, 2012). Heterotrait-Monotrait Ratio (HTMT) was used to test discriminant validity as done by Ogbeibu et al (2018). The HTMT developed by Henseler, Ringle, and Sarstedt (2015) was adopted as a higher limit criterion to test discriminant validity. As an estimate for factor correlation, the HTMT must be significantly less than one to clearly distinguish between the two factors (Henseler, Hubona, & Ray, 2016). Results Table 2 shows a range of 0.623 to 0.995. This figure is below the 1.0 threshold, indicating that all constructs are explicitly independent of each other and that the discriminant validity criteria have been met.

**Table 2: Measurement Model Fit and Heterotrait-Monotrait Ratio (HTMT) Test**

Variables	Mean	SD	1	2	3	4	5	6			
AP	4.564	<b>0.549</b>								SRMR	0.083
FP	4.276	0.572	<b>0.795</b>							d_ULS	4.313
RP	3.987	0.733	0.623	<b>0.807</b>							
SP	4.238	0.672	0.675	0.763	<b>0.874</b>						
TM	4.365	0.570	0.953	0.995	0.829	<b>0.894</b>					
TS	3.970	0.741	0.641	0.848	0.867	0.800	<b>0.840</b>				
RL	4.197	0.683	0.701	0.875	0.883	0.850	0.938	<b>0.920</b>			

Note: Bold values on the diagonal are AVE. Values below the diagonal are inter-factor correlation.

## Results

This research was conducted using quantitative methods with the help of a closed-ended questionnaire. Questionnaires online were distributed through Google Form or email. There were 150 respondents spread as follows: the majority of respondents aged 17-25 years with a percentage of 82.7%, and ages 26-35 years -10%. Respondents who spend more than two times a month are 74.7%. Respondents' income below IDR 3,800,000 by 65.3% to above 5,000,000 by 5.7%.

This study used PLS-Graph Version 3.0, which allows for explicit estimation of latent variable (LV) scores, and a bootstrap resampling method was used to test the proposed model (Chin, 1998). This procedure required the production of 300 randomly selected case sub-samples, with replacements, from the original data. This study uses the Goodness of Fit (GoF) statistical support method. The PLS output results show the GoF index of this research model as follows: SRMR (standardized root mean square residual) = 0.083. SRMR with a value of < 0.1 indicates a good match (Mehmet and Jakobsen, 2016).

## Measurement Models

A two-stage analytical procedure (Hair Jr. *et al.*, 2014) examined measurement models and structural relationships. We tested composite reliability and extracted mean-variance (AVE) to assess convergent validity. Table 2 shows Cronbach alpha scores, ranging from 0.734 to 0.974, and AVE scores ranging from 0.556 to 0.724; all scores are above the acceptance level. In addition, all loading weights and sizes are also above acceptable levels. Finally, following Tsang (2002), we measured the square root of the AVE for each construct to assess discriminant validity (see Table 2).

## Structural Models

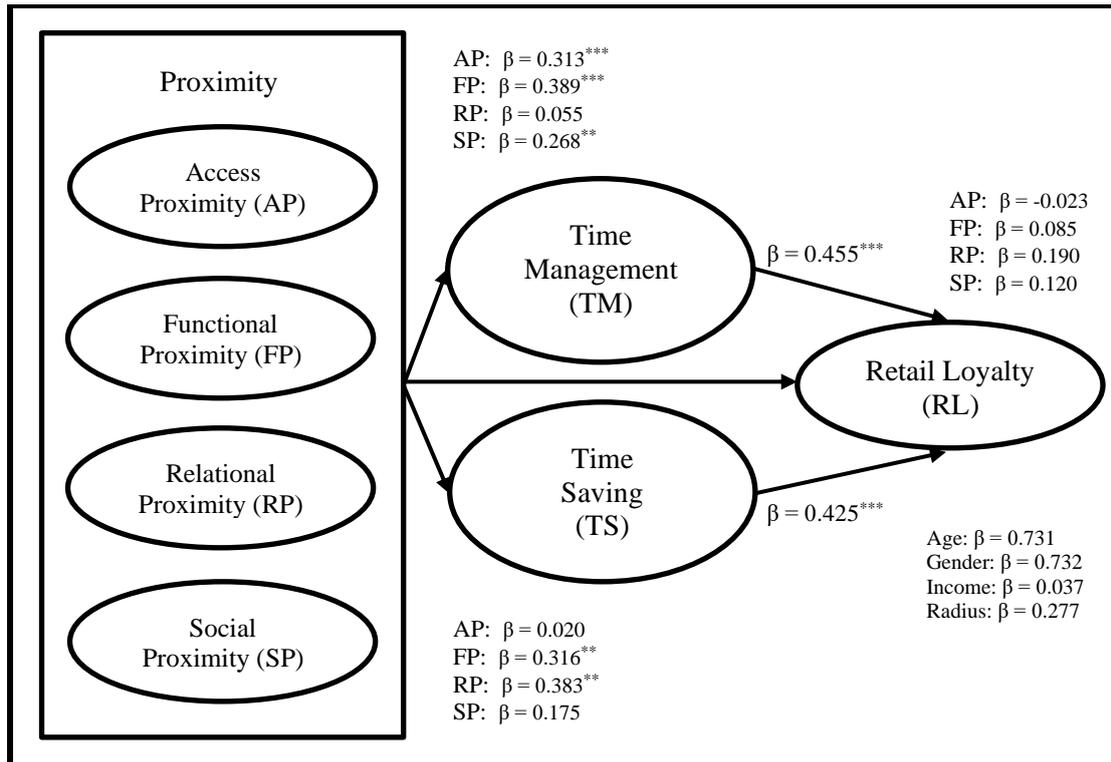
After examining the measurement model, we tested the hypothesis proposed by PLS. The results of the analysis are shown in Figure 1 below. We will discuss the following results: Proximity has no direct effect on Retail loyalty, ( $\beta = -0.140$ ,  $t = 5.624$ ) with  $p = 0.28$ , so H1 is not supported. Proximity has no direct effect on retail loyalty, both AP ( $\beta = -0.023$ ,  $t = 0.299$ ), FP ( $\beta = 0.085$ ,  $t = 0.790$ ), RP ( $\beta = 0.190$ ,  $t = 1.880$ ) and SP ( $\beta = 0.120$ ,  $t = 0.319$ ) so H1a-d is not supported. Hypothesis 2 states that proximity has an influence on time management. After testing, the value of the effect of AP ( $\beta = 0.313$ ,  $t = 5.562$ ), FP ( $\beta = 0.339$ ,  $t = 5.832$ ), RP ( $\beta = 0.055$ ,  $t = 0.769$ ) and SP ( $\beta = 0.268$ ,  $t = 3.656$ ) on time management. Thus, hypotheses 2a, 2b and 2d are supported but hypothesis 2c is not supported. Proximity also affects time saving which is indicated by the value of the effect of each proximity variable as follows: AP ( $\beta = 0.020$ ,  $t = 0.225$ ), FP ( $\beta = 0.136$ ,  $t = 2.905$ ), RP ( $\beta = 0.383$ ,  $t = 3.096$ ) and SP ( $\beta = 0.175$ ,  $t = 1.462$ ) then hypotheses 3b, 3c are supported, but hypotheses 3a and 3d are not supported. Time management and time saving also affect retail loyalty with values of  $\beta = 0.455$  ( $t = 6.404$ ) and  $\beta = 0.425$  ( $t = 6.095$ ), so hypotheses 4a and 4b are supported. The results of our statistical tests are shown in Table 3 below.

**Table 3: Results of Statistical Test**

	Direct Effect					
	Retail Loyalty		Time Management		Time Saving	
	$\beta$	$t$	$B$	$t$	$\beta$	$t$
Access Proximity	-0.023	0.299	0.313***	5.562	0.020	0.225
Functional Proximity	0.085	0.790	0.389***	5.832	0.136***	2.905
Relational Proximity	0.190	1.880	0.055	0.769	0.383***	3.096
Social Proximity	0.120	0.998	0.268**	3.656	0.175	1.462
Time Management	0.455***	6.404	-	-	-	-
Time Saving	0.425***	6.095	-	-	-	-
Age	0.731	0.343	-	-	-	-
Gender	0.732	0.344	-	-	-	-
Income	0.037	0.531	-	-	-	-
Radius	0.277	1.089	-	-	-	-

Note: + refers to  $p < 0.10$ , \* refers to  $p < 0.05$ , \*\* refers to  $p < 0.01$ , \*\*\* refers to  $p < 0.001$

**Figure 1: Research Model and Analysis Results**



Note: + refers to  $p < 0.10$ , \* refers to  $p < 0.05$ , \*\* refers to  $p < 0.01$ , \*\*\* refers to  $p < 0.001$

Finally, we examine the role of time management and time saving as mediators between proximity and retail loyalty. Using SmartPLS, we performed mediation analysis for each independent variable (AP, FP, RP, and SP) on the dependent variable. First, we analyze the direct effect of proximity on retail loyalty, which shows that all proximity variables do not directly affect retail loyalty. Then, we analyzed the data to find out the indirect effect of each predictor on retail loyalty through time management and time saving. To explain the mediating role, we followed the recommendations of Cohen (1988) and Ogbeibu et al. (2018) that the standard  $v$  effect squared should be greater than 0.175 for large effects, 0.075 for moderate and 0.01 for small effects.

Therefore, the results of the analysis show that the effect of AP, FP and SP and retail loyalty is mediated by time management with respective values as follows: AP ( $\beta = 0.142$ ,  $t = 4.220$ ,  $p = 0.000$ ,  $v = 0.020$ ), FP ( $\beta = 0.177$ ,  $t = 4.264$ ,  $p = 0.000$ ,  $v = 0.031$ ), SP ( $\beta = 0.122$ ,  $t = 3.379$ ,  $p = 0.001$ ,  $v = 0.015$ ). So H5a, H5b, and H5d are supported, and H5c is not supported. Meanwhile, time saving only mediates the effect of FP ( $\beta = 0.134$ ,  $t = 2.700$ ,  $p = 0.007$ ,  $v = 0.018$ ) and RP ( $\beta = 0.163$ ,  $t = 2.597$ ,  $p = 0.010$ ,  $v = 0.026$ ) on retail loyalty. So H6b and H6c are supported, but H6a and H6d are not. All mediating variables were tested to have a full mediating effect and based on effect size were classified as having a “small effect” as shown in Table 4 below.

**Table 4: Mediation Effect**

Path/Hypothesis	Standardized Coefficient	Influence f <sup>2</sup> -effect size	Results
Access Proximity → Time Management → Retail Loyalty	0.142***	Small effect	H5a was supported
Functional Proximity → Time Management → Retail Loyalty	0.177***	Small effect	H5b was supported
Relational Proximity → Time Management → Retail Loyalty	0.025	< A small effect	H5c was not supported
Social Proximity → Time Management → Retail Loyalty	0.122**	Small effect	H5d was supported
Access Proximity → Time Saving → Retail Loyalty	0.009	< A small effect	H6a was not supported
Functional Proximity → Time Saving → Retail Loyalty	0.134*	Small effect	H6b was supported
Relational Proximity → Time Saving → Retail Loyalty	0.163*	Small effect	H6c was supported
Social Proximity → Time Saving → Retail Loyalty	0.074	< A small effect	H6d was not supported

## Discussion

This study gives insights into customer preferences regarding the modern retail sector's proximities by showing the link between proximities and customer loyalty. Moreover, this study highlights customers' perspectives on time convenience offered by modern retail stores, particularly minimarkets. The research also explores the potential cause of different behaviors of Indonesian customers in terms of proximities toward time convenience and loyalty. Access proximity and functional proximity are the material dimensions of proximity, while relational and social or identity proximity are the immaterial dimensions of the proximity of modern retail (Gahinet and Cliquet, 2018). Accordingly, the research model analyzes the relationship between proximities and time convenience. Customers' ability to manage their visiting time to the store is the qualitative dimension (Kairos); on the other hand, customers' ability to save time during visits is the quantitative dimension (Chronos) of time convenience. Access proximity addresses customer mobility; it allows customers to visit the store easily because it is located close by in the neighborhood, this is relatively easy to find, and customers do not need much effort to reach the store (Hérault-Fournier, Merle and Prigent-Simonin, 2012). At the other end of proximity's material dimensions, functional proximity represents convenience and shopping efficiency, including the size and layout of the store and opening hours (Beauchamp and Ponder, 2010). Relational proximity addresses the social relationship between customers and staffs, creating a friendly ambiance at the store. The immaterial characteristic of relational proximity is shared with social or identity proximity, wherein customers acknowledge the shared value and importance of the store (Schultz, 2013).

Specifically, the research shows that access, functional, and social proximity significantly relate to time management. These findings suggest that easy access, opening hours, and store layout matter greatly to customers, empowering them to manage their time and visit the store whenever needed. Customers shop where there is no car trafficking or congestion to the stores (Wilbard et al., 2018). A well-planned store layout would allow retailers to cater to customers' needs to get something quickly, since shopping is perceived as a visual activity that is highly affected by store layout (Mowrey et al., 2017).

These findings corroborate previous research (Gahinet and Cliquet, 2018). Material dimension, however, is not the only thing that matters to customers in terms of time management. The sense of belongingness makes customers feel more convenient to visit the store whenever needed. Contrasting with Gahinet and Cliquet (2018), this study does not prove that customers attach great importance to social relationships and friendly ambiance at minimarkets when perceiving time management.

On the other hand, the most leading proximities of time saving are functional and relational proximities. These findings suggest that customers can save time during visits to the store mainly due to time-efficient layouts, quick checkout processing times, and good relationships with the staff. The social custom can explain the latter in Indonesian big cities. Staff who is familiar with some customers might give special treatment to satisfy them more by addressing them more casually and simultaneously speeding up the service. Another logical explanation is that returning customers might have had repetitive and regular purchases memorized by the staff, enabling a faster checkout process by skipping promotional procedures such as staff offering customers additional products. A study by Lee (2017) shows that personality traits determine consumers' need to interact with retail employees. Customers with certain traits may have high need for interaction with staffs. The main factor that encourages customers to choose self-service technologies (SSTs) is when they thought that SSTs helped them save time. Therefore, it can be inferred that customers expect time saving from relational proximity. Meanwhile, using racks in certain design in a retail layout could enable customers to reduce search time (Mowrey et al., 2017), proving that functional proximities have a relationship with time saving.

Consistent with hypothesis 4, the findings show a significant relationship between time convenience and retail loyalty, suggesting that Chronos (quantitative dimension) and Kairos (qualitative dimension) are important for customers of localized retail stores. This finding does not support previous research by Gahinet and Cliquet (2018), wherein time management seems more impactful to retail loyalty than time saving. As it does with time management, Indonesian retail customers' ability to save time during shopping directly increases their loyalty to the store.

Surprisingly, none of the proximity variables have a significant direct impact on customer loyalty. Consistent with previous research (Hérault-Fournier, Merle and Prigent-Simonin, 2012; Gahinet and Cliquet, 2018), empirical results showed that effortless customer mobility is not sufficient to generate retail loyalty, despite being one of the strong reasons for frequent visits (Fox, Montgomery and Lodish, 2004). Meanwhile, the evidence that social or identity proximity has no apparent effect on loyalty suggests that shared values and the sense of belonging do not immediately increase customers' willingness to visit the store more frequently. The different results

from Gahinet and Cliquet (2018) relate to the direct relationship of functional & relational proximities to retail loyalty, which can be explained through the mediating effect analysis on time convenience.

The findings of this study confirm that time management strongly acts as a mediator towards access, proximity, and social proximity on customer loyalty of mini markets in Indonesia. Specifically, on access proximity, this result corroborates previous research (Gahinet and Cliquet, 2018). The findings confirm that time saving strongly mediates the impact of functional and relational proximities on retail loyalty, emphasizing the empirical evidence that time convenience is a strong mediator between retail loyalty and functional proximity. This study demonstrated that within the context of retail loyalty, time convenience acts as a strong mediator towards the effect of shopping efficiency. In contrast, the effects of other proximity variables are mediated through either the qualitative or the quantitative dimension of time convenience. In other words, all four proximities proposed in this study are proven to influence customer loyalty of the modern retail sector when time convenience is acknowledged and promoted. Nonetheless, the role of each proximity and its relationship with either dimension of time convenience is distinctive.

The result on the direct effects of proximities towards loyalty is partially in contrast with that on Gahinet and Cliquet (2018). It appears that Indonesian customers prioritize time convenience above store proximity dimensions. Well-organized store layout as a part of functional proximity is not increasing one's loyalty without enabling customers to manage and save time when shopping. Relational proximity where customers feel welcomed and facilitated by staff, is also perceived as unimportant by Indonesian customers, unless it allows them to have a fast checkout and to visit the store whenever they need something quickly. Other factors that are likely to be connected to Indonesian customers' loyalty are promotions and free parking facilities. However, the analysis in this research is limited to time-related factors.

## **Implications**

### **Theoretical Implications**

This study answers research questions about the effect of proximity on retail consumer loyalty. Based on the Central Place Theory (Christaller, 1933), which assumes that consumers prefer the nearest center that offers goods or services needed. Retail proximity affects loyalty, which is mediated by time convenience. The findings of this study enrich the concept of "proximity" in Central Place Theory (Christaller, 1933) by distinguishing proximity in material and immaterial concepts. This study examines four dimensions of proximity (access, functional, relational, social) in a minimarket setting located in a residential area. This finding mainly fills a gap in research that is still limited in linking the immaterial dimensions of intimacy and customer loyalty. The four proximity variables do not directly affect loyalty but through mediation mechanisms.

Second, referring to Fox et al. (2004) who state that distance and time affect shopping behavior, this study contributes the concept of time (time convenience) as a mediating mechanism for the influence of proximity variables on retail loyalty. Social proximity does not affect loyalty, as evidenced by Gahinet and Cliquet (2018); however, it affects

loyalty through time management mediation. On the other hand, relational proximity also affects loyalty through time savings perceived by retail customers. Previous research is still studying the effect of distance and time on shopping behavior separately (Blut et al., 2018; Kaytaz Yigit and Tigli, 2018), while the relationship between distance and time in one study is still limited.

Third, another theoretical contribution from this research contributes to the development of retail literature and consumer behavior by showing a significant relationship between the dimensions of convenience and customer loyalty in the modern retail sector, especially mini markets. This finding also shows that two dimensions of time convenience, Chronos (quantitative) and Kairos (qualitative), are mediators to encourage proximity to each other to increase retail loyalty in Indonesia. The mediating effect of convenience time seems important for loyal retail customers. These findings support the development of the consumer and retail behavior literature, highlighting time convenience in terms of time management and time saving as important for retail store buyers (Lloyd et al., 2014; Sundström and Radon, 2016).

### **Managerial Implications**

From a managerial aspect, the findings of this paper provide several practical implications. First, research findings can guide retail store managers, especially minimarkets, to plan effective store operational strategies and retain loyal customers. Overall customer loyalty should be increased through increased convenience of time. Store management is advised to improve every aspect of proximity, pursue better time management, and time saving from the customer's perspective. Therefore, shop owners need to consider location, especially when opening a new minimarket in a residential area. The proximity of access can be strengthened by maintaining a sufficiently close distance to ensure easy mobility from the neighborhood to the store. Second, minimarket managers need to pay attention to functional proximity because it seems to be the only proximity fully mediated by the two dimensions of convenience time. Functional proximity can be strengthened by reconsidering opening hours, the more flexible, the better. The store layout should be designed effectively and organized so customers can easily find what they need. Shopping convenience can also be increased by providing faster checkout services through an updated POS system and basic staff training. An enhanced hospitality training program based on how to handle customers better will definitely strengthen the closeness of the relationship. A quick and friendly response from staff will create a greater level of atmosphere that buyers often like. More importantly, it is suggested that store managers encourage staff to provide fast checkout services to loyal customers rather than prolonged standard promotions as time savings were shown to mediate the effect of relational proximity on increasing loyalty. Third, social proximity is another important factor to consider. Store managers are advised to look for ways to increase local residents' sense of belonging to the store. However, strengthening social closeness may not be the easiest task due to its strong relationship with the culture and customs of the local community. Lastly, the results of this study can be applied to the retail industry and similar service industries, where consumers need to come to meet their needs.

## **Practical Implications for Asian Business**

In the Asian business context, the current study accentuates the significance of minimarket industry as one of the top contributors to the economy. Considering that the findings come from Indonesia, whereas the retail market is in position 5 out of 30 developing countries worldwide, according to the Global Retail Index 2019 (Kearney, 2019), the implications are highly relevant for Asian retail business. Particularly in Indonesia, this study presents findings useful for minimarket stores to identify areas of improvement when facing strong competition from other modern retailers. Based on present findings, Indonesian customers show particular preferences on retail store setting, concerning time saving and time management. As much as their willingness to shop, customers want to make sure that no time is wasted. Within the minimarket category, the modern retail sector in Indonesia is dominated by a few players. Most of these store chains employ a franchise strategy, which means this research is relevant to the corporations and the franchisees. The highly competitive Indonesian retail market forces companies to locate more stores in the residential areas, apart from other areas such as highways and office buildings.

The findings suggest that store managers need to ensure easy access to stores to cater to the needs of neighboring customers, whereas location strategy plays a significant role. On the other hand, stores with a 24-hours format will increase flexibility and shopping convenience, further enhanced by effective store layout strategies and faster service. Since the findings also highlight the indirect influence of proximities' immaterial dimensions toward loyalty, it is important for store managers to put more focus on creating the right ambiance. Staff must be aware of the local custom to avoid any other impression than hospitality. It is also important for staff to guarantee a speedy service as a privilege for loyal customers; this is due to the findings that good social relationships between customers and staff will not affect loyalty unless customers have the ability to save shopping time. Consumers also patronize stores that are congruent with their values. Thus, retailers should be open to interactions and collaborations with residents in the neighborhood to establish a shared value. One example is that retailers could lend space to local business players, such as the parking lot area. This additional section could offer different products at flexible hours, thus strengthening customers' ability to manage visiting time conveniently.

This study has several limitations. First, the respondent's profile shows that the majority of respondents are young people (17-25), so this result cannot be generalized to all ages. Second, this study adopted a survey design to examine causal relationships. Empirical evidence of causal models requires experimental design by manipulating participants. Third, this study used a sample in one country, which requires caution in interpreting the results. Future research that replicates this research in various countries in the Asia Pacific will generalize the current findings. In doing so, it may be useful to compare models across different generations, genders, or cultures. Further research could focus on using a more varied range of respondents. The impact of respondent-specific characteristics on loyalty outcomes may differ.

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