Abstract

New technology ideas have continued to change the retail industry landscape spurring innovation across the convenience store industry. Convenience stores (C-stores) are now considered as the fastest-growing retail vertically. Retailers are increasingly challenging the notion that c-stores should not be just mere pit stops. Modern c-stores are becoming convenience destinations. Recent developments witness new C-store chains popping up in Malaysia such as KK Mart, Happy Mart, Orange Mart, Family Mart and Irispay to compete along with conventional ones such as 7-Eleven and those stores subsumed with a petrol station. New C-stores have features beyond standard convenience offerings with digital technology to capture customer attention and drive store traffic. New players are expanding its brick-and-mortar presence, just like how Amazon shook up the C-store sector in 2017 with new checkout-free, ultra-convenient shopping experience. In the wake of this new retail innovation, how will other C-store retailers position themselves one step ahead of the game? This paper examines store image attributes influencing customer satisfaction of C-stores amongst the conventional one. These stores are considered as plain, outdated and at the boredom stage of its business lifecycle. C-stores may need to deliver a new experience that today’s digital consumers are looking for. The methodology utilized a survey questionnaire approach on 255 shoppers together with store observation and personal interview at a C-store franchise chain. Findings found personnel, pricing, merchandising and product assortment as predictors of customer satisfaction of C-stores. Findings had managerial implications for C-store retailers focusing on what innovations in-store image attributes can impact competition. Knowing how quick consumers are embracing technological advances in this C-store sector is imperative to stay ahead in this game.

Keywords - convenience store, customer satisfaction, pricing, personnel, product assortment, store image, merchandising

Introduction

Malaysia has a large and growing food retail market supplying both local and imported products distributed by multiple retailers in different formats. Total retail sales of food and beverages in 2016 totalled US$16 billion. Most retail sales are channelled by traditional stores, such as provision stores, sundry shops and grocery stores (56 per cent) as well as modern stores such as supermarkets, hypermarkets and department stores that make up 43% of the nationwide retail food market. Convenience stores (C-stores) are insignificant, with only about 1% share of the
nationwide retail food market (Retail Food Annual Malaysia, GAIN Report, 2017). Although C-store share is small, it is still regarded as a successful format alongside the traditional and large modern retailers. Ranking of C-stores in the world shows 7-Eleven as the largest and widely recognized iconic franchise chain channel. (See Fig. 1).

![Figure 1: Top Convenience Stores Ranking in the World](Source: CSP Daily News)

Malaysia ranks number 2 after Thailand in the number of 7-Eleven outlets in the ASEAN market. This indicates the importance of the C-store segment and there is the scope of untapped potential growth in this retail segment in the Malaysian market. See Table 1.

![Table 1: Total Number of 7-Eleven Stores in ASEAN](Source: 7-Eleven Japan Co. Ltd (As 31 December 2017), http://www.sej.co.jp/company/en/g_stores.html)

The exact estimation of the Malaysian convenience retailing market is extremely difficult since the majority of C-stores are mixed up with traditional sundry neighbourhood shops also known as shopkeepers or mini-marts that belong to...
independent store owners. Table 2 shows the number of organized C-store chains in Malaysia. The main franchise chain is 7-Eleven as a branded foreign franchise followed by two home-grown large chains namely 99 Speedmart and KK Mart. The proliferation of the C-store industry in Malaysia warrants studies into this retail segment. This study is focused on the organized C-store chains that have recently seen rapid expansion and have been attracting the interest of major new players like FamilyMart and Crispy. These new e-concept C-stores have posed potential threats to the revenues and market share of the conventional C-stores even in the small neighbourhoods. Hence a study into store attributes and consumer behaviour of C-stores is warranted.

<table>
<thead>
<tr>
<th>Convenience stores</th>
<th>Type of Chain</th>
<th>Number stores in Malaysia (2017)</th>
</tr>
</thead>
<tbody>
<tr>
<td>7-Eleven</td>
<td>Foreign Franchise</td>
<td>3336</td>
</tr>
<tr>
<td>MyNews</td>
<td>Local</td>
<td>370</td>
</tr>
<tr>
<td>99 SpeedMart</td>
<td>Local</td>
<td>1000</td>
</tr>
<tr>
<td>FamilyMart</td>
<td>Foreign Franchise</td>
<td>37 (new)</td>
</tr>
<tr>
<td>KK Mart</td>
<td>Local</td>
<td>924</td>
</tr>
<tr>
<td>Treats (Petron)</td>
<td>Local (mused with petrol station)</td>
<td>408</td>
</tr>
<tr>
<td>Mesra (Petronas)</td>
<td>Local (mused with petrol station)</td>
<td>765</td>
</tr>
<tr>
<td>Shell Select (Shell)</td>
<td>Foreign Franchise (mused with petrol station)</td>
<td>575</td>
</tr>
</tbody>
</table>

Source: Statista & Company website

Problem Statement

While hypermarkets and supermarkets are still lucrative, the food and grocery retail industry have witness growth of other smaller formats such as C-store. Alongside these large scale retail formats, C-stores still constitute a successful format not only in developed markets but in developing markets like Malaysia. Store image attributes could significantly affect store loyalty according to retail typesetting (Yoo and Chang, 2005). This relationship, in turn, is the main driver of customer satisfaction. In the retail store environment, satisfaction comes mainly from the store environment and the perceived value according to customers which are then influenced by the retailer's product assortment (Grosso, Castaldo & Grewal, 2018).
Salient store attributes related to the access dimension of convenience such as access to the store, parking facilities and hours of operation determine customer satisfaction of C-store (Bianchi, 2009). As there is paucity in research in the retailing literature and even less is known salient store image attributes and about C-store behaviour in Malaysia and other emerging markets, this study aims to fill the gap of C-store satisfaction and store image attributes.

Modern C-store chains have emerged in Malaysia recently with extended services, trendy atmospheric and e-facilities, thus posing new threats to the conventional store format such as that of 7-Eleven. Based on observation made at new C-store concepts such as FamilyMart and Irispay E-Concept, it was found that these stores are refreshing, new, modern and attractive with wider choices of merchandise, ready-to-eat (RTE) meals and comfortable ambience for shoppers raising the consumer expectations of store image attributes. Old conventional C-stores hence lacked competition in terms of store attributes such as in-store convenience, e-facilities and atmospherics. In-store convenience and atmospherics such as toilet facilities, free Wi-Fi, eating place, international RTE meals, electronic payment options could enhance the attractiveness of modern C-store image in which sophisticated Malaysian consumers are looking for today. Conventional C-store chain had also faced complaints on lack of competitive pricing, lack of product assortment, poor customer service and absence of customer online feedback communication. These are the salient C-store image attributes that consumers today especially among the millennial shoppers, that could influence satisfaction towards C-store.

Changes in lifestyle towards convenience and transition in family roles especially among the millennial shoppers have a direct influence on food and grocery shopping trends among the older generations. They are using food and grocery to contribute to their social images. This has led to competition among retailers and the need to relook into store attributes to win shoppers. Conventional C-store could likely be considered as plain, outdated and at the boredom stage of its business lifecycle. (See Fig. 2). There is a need for C-store to step up the game and look into what shoppers are buying and what captures their attention and provide opportunities to deliver an experience to satisfy consumers especially among the Millennial shoppers (the oldest are about 35 years old now) who already parents and have direct consumer discretionary purchasing power. This study attempts to
determine the influence of store attributes on store patronage in terms of personnel, atmospherics, merchandising and product assortment on customer satisfaction of a C-store franchise chain operating throughout Malaysia. Based on the model of customer satisfaction (CS) towards C-store by Theodoridis & Chatzipanagiotou (2009), this study aims to provide a better understanding of consumer satisfaction and thereby expectations on store image attributes of C-stores in a more Asian context.

The study is of significance as it provides knowledge of the store attributes that drive CS towards a C-store. This enables customers to consider what attribute/s to be most important when making choices of visiting C-store (e.g. merchandising type, price competitiveness, product assortment, courtesy of personnel, atmospheric and in-store facilities). The study has marketing strategy implications for C-store retailers that operate in the Malaysian convenience retail market. More notably for the C-store franchise chain, strategy recommendations are suggested and evaluated to assist the store chain to manage customer expectations on store attributes. As competition in this retail sector continues to evolve and consumer demographics change within the Malaysian market, understanding the store image and CS linkage will be critical to retailer performance in the industry.

Figure 2: Lifecycle of Grocery Retailers
Source: Who will win the battle for the millennial grocery shopper?
https://www.bizjournals.com/bizjournals/how-to/marketing/2014/04/grocery-stores-battle-for-millennials.html
Literature Review

Convenience Store

Reimers (2014) defines store convenience consisting of all those attributes that minimise the time and effort involved in patronising. A C-store is defined as a small retail store ranging from 800 to 2,800 square feet in size. C-stores fill the convenience retail gap by providing round the clock and quick access to food and beverages rather than the supermarket and a range of other merchandise for daily convenience and travellers’ shopping needs. The c-store operation today is facing a crossover revolution with the need to provide not only daily fresh foods and groceries but multiple services for example café, ticketing and courier (Lee, Shih & Chen, 2012). Like all retailing business regardless of size, C-store environment is hypercompetitive. Hence their presence can influence customer food choice and consumption. C-stores are now operating in an anticipatory mode to recognize customers’ satisfaction. They have been offering goods or services but there is a severe lack of confirmation to establish that customers are not completely satisfied (Gomez et. al., 2004). This is because the concern now as highlighted by Yuen & Chan (2010), is competition in the C-store segment has begun to intensify as customers’ demands are bound to rise, time after time due to the growth of service quality comparable with multiplicities of products and progress of service industry in which the retailing segment takes up an important position.

Store Image Attributes

Store image attributes have been regarded as important antecedents on store preference in past studies based on the view of customers regarding how store image features affect their store preferences (Bloemer & de Ruyter, 1998; Thang & Tan, 2003; Nilsson, Gärling, Marell & Nordvall, 2015). The store image is “how a given retailer is perceived by consumers and others” (Berman & Evans, 2007). If the store image is good, it will cause customers to react to their store differently and even encourage the purchase of products and services from the store. The store image attributes are formed by various attributes including personnel, price, product assortment, in-store convenience, atmospheric and merchandising as suggested by Theodoridis & Chatziapanagiotou (2009).
Retail Store Customer Satisfaction

Satisfaction is a crucial issue for both customers and store management. Several recent studies have ignited the importance of store satisfaction in managing experiences in the F & G retailing (for example Fuentes-Blasco, Moliner-Velázquez, Servera-Francés, Gil-Saura, 2017; Hsu, Huang, Swanson, 2010) and analyzing on store attributes and store satisfaction (Martínez-Ruiz, Jiménez-Zarco & Cascio, 2011). These recent studies could imply that store experiences have evolved that could be attributed to new marketing and technological innovation that has transformed the way stores are being managed today.

Pricing

Price appears to be one of the main attributes affecting convenience stores’ customers on top of product variety, customer service and convenience (Panigyrakis et al., 2009). Pricing has been classified as one of the sub-section under merchandising dimensions of store image (Burlinson & Oe, 2017). However other literature found pricing as one of the main dimensions of store image attributes (Theodoridis & Chatzipanagiotou, 2009). As a store image attribute, pricing has a critical source of influence over shopper purchase behaviour, and the pricing decisions you make directly affect category sales, inventory positions, and category profitability. Most importantly, the pricing strategy with small price adjustments could have a profound impact on profitability and the bottom line of a convenience store (Nicholls, 2017). Research shows that price has been rated as an attractive attribute in grocery store choice although it is more important for consumers spending less money (Nilsson et al., 2015). Although it has been proven that price influences supermarket consumers’ satisfaction (Helgesen et al. (2010); Huddleston et al. (2009). However, whether pricing could influence customer satisfaction in a C-store needs to be investigated given that purchase involvement is usually low when buying convenience goods.

Atmospheric

Atmospheric describes the art of designing a store, such that it increases the sensory feeling of customer’s experiences or satisfaction of the customers. The store atmosphere refers to the environment created by combining a set of visual elements in the physical space of the store which are colours, displays and other decorative
elements. The senses stimulation includes smell, air-condition, music, clarity, (Theodoridis & Chatzipanagiotou, 2009; Oh, Fiorito, Cho & Hofacker, 2008). In an experience-oriented economy and experience-seeking consumption in retailing, retailers, as well as consumers, are relating more and more to in-store experiences (Bäckström & Johansson, 2006). Stores with a pleasant atmosphere are susceptible to increase the positive experience of purchasing and customers’ satisfaction (Koo, 2003; Orth & Green, 2009) and the perception of the quality of products (Oh, Fiorito, Cho & Hofacker, 2008). Research supported that interior atmospheric factors such as music, scent and light have a significant impact on the consumer purchasing behaviour of self-serving C-stores (Ishar Ali, Kaldeen, Shameem, 2017). Shoppers are becoming more sensitive and sensuous to store atmosphere as retail innovation takes centre stage on improving service experience. New C-store chains that have recently popped up such as FamilyMart and Irispay has built on store atmospherics as store concept.

Retail Store Personnel

Personnel plays an important role in creating social cues in a store. They are found to improve the evaluation of store image that can influence customer satisfaction. Personnel is considered as an asset to a store when service staff make a strong relationship with customers and increase their satisfaction (Oppewal and Timmermans, 2008). The appearances of employees, the interaction of store employees, friendly and knowledgeable personnel are important determinants for customers to have good store experience.

Product Assortment

The perception of product variety influences the store image attribute and customers satisfaction (Anselmsson, 2006). Literature has indicated that elements of the "product mix" are captured by the quality and assortment of goods as well as their presentation (Lindquist, 1974). Wide product variety along with low prices and high-quality services are considered as selection criteria for C-store choice (Zairis & Evangelos, 2014).

In-store Convenience

In-store convenience is an important factor to stimulate store patronage and it is the key benefit sought by shoppers in the modern environment (Pan & Zinkhan,
2006). It refers to the layout and design of the store and it is an attribute that facilitates the guidance and direction of the consumer when making purchases. Customers' perceptions regarding in-store convenience have a positive influence on satisfaction with the service (Berry, Seiders & Grewal, 2002). Customer evaluation of in-store convenience factor for a C-store includes store hours or the opening and closing time that can give customer satisfaction. Research study shows that in-store convenience as a store image attribute was significantly related to customer satisfaction (Theodoridis and Chatzipanagiotou, 2009). Salient in-store convenience dimensions of significance to C-store were quick to access to the store, payment options and parking availability (Bianchi, 2009).

Merchandising

Merchandising as activities which contribute to the sale of products to the consumers for their end-use helps in the attractive store display of products to increase sale and generate revenues for a retail store (Vahie and Paswan, 2006). According to Collins-Dodd and Lindley (2002), as well as Thang and Tan (2002), merchandising is considered the most important factor contributing to store image attribute. However past study on C-store attributes has shown that merchandising that did not have a very important impact on customer satisfaction (Theodoridis and Chatzipanagiotou, 2009). A study on C-store behaviour in Japan found young consumers demand constant innovation and high-quality products along with merchandising and promotional policies. As visits to C-store are usually purposeful and expedient, with relatively little time being spent in or around the store, the choice of the store appears to be not only about the location but also about the merchandise (Marshall, 2016).

Based on the above literature from past studies on store image attributes, the following hypotheses were postulated.

H1: Pricing has a direct positive influence on customer satisfaction of C-store.
H2: Atmospherics has a direct positive influence on customer satisfaction of C-store.
H3: Retail store personnel has a direct positive influence on customer satisfaction of C-store.
H4: Product Assortment has a direct positive influence on customer satisfaction of C-store.

H5: In-store convenience has a direct positive influence on customer satisfaction of C-store.

H6: Merchandising has a direct positive influence on customer satisfaction of C-store.

Methodology

The methodology utilized mixed methods with a qualitative and quantitative study to obtain generalized responses from C-store shoppers. Personal interviews were conducted with the staff and manager of C-store chain located at Shah Alam, who had volunteered to be interviewed upon prior arrangement with the store manager. Purpose of personal interviews was to help build the statement of purpose of this study and subsequently to identify the situational analysis of the C-store chain. Store observations were made at several outlets of the C-store chain to help establish the issues of the study. Similarly, store visits were made to new C-stores that have popped up recently such as Family Mart and Irispay E-concept for comparison purposes. These two stores were selected for observation based on their latest Japanese C-store concept (konbini concept) and proximity of store location. Family Mart entered Malaysia in 2016 while Irispay started in 2018.

Subsequently, a primary survey was conducted to garner responses on store image attributes and customer satisfaction towards C-stores chain. Respondents comprise customers who had visited and purchased at C-store outlets. The research instrument was adopted and adapted from a scale by Theodoridis & Chatzipanagiotou (2009) that measured store image attributes within the supermarket sector with a screening question on a visit to C-store. Using a survey questionnaire approach, data were collected via a self-administered approach through face-to-face or online access. Shah Alam was selected as the location of study as it is one of the major urban cities in the Klang Valley with potential growth in housing development and commercial centres (Inevitable growth in Shah Alam, 2016). In the face-to-face method, questionnaires were distributed to outlets of the C-store franchise chain located at 15 housing sections at Shah Alam. Using convenience and purposive sampling with different distribution between genders, questionnaires were distributed to customers at each of the 7-Eleven stores located...
at 15 housing sections of Shah Alam. A total of 105 respondents participated in the face-to-face survey. Customers who had visited the stores were approached to answer the questionnaire. The survey took place over two weeks in January 2018.

The same set of questionnaires was also distributed online via Google Form. This study adopted an online survey due to the rapid growth of internet use and mobile communication. The link of the questionnaires was shared through Facebook and WhatsApp to reach out to a wider group of target respondents. 150 respondents answered the online survey with a screening question on being a shopper at C-store. The sample size for multiple regression analysis was utilized to determine sample size sufficiency based on Green’s (1991) criteria of $104 + k$, where $k$ is the number of predictors. Since this study aimed to test six predictors then a minimum sample size of $104 + 5 = 109$ respondents, is required. The number of respondents surveyed totalled 255 and hence it met sample size criteria. Data analysis utilized Smart PLS to analyze predictor influence of variables, with path analysis. Reliability and validity results were also evaluated.

**Analysis and Findings**

Demographic characteristics of the respondents obtained showed more female (66.5%) than male, mainly in the age range of 15-27 years old (85.5%) and were Malays (84.5%). 58% were students because the location of C-store outlets in Shah Alam is in the vicinity of universities and colleges. 27.5% worked in private sectors and single (83.5%) who had a higher tendency to visit C-stores for daily needs rather than supermarkets. This is due to their busy lifestyle with more time constraints and hence a greater affinity for convenience (Busy consumers open to new ways of grocery shopping, 2018). In terms of C-store consumption pattern, 58% of the respondents prefer to shop as C-stores due to location and 24-hour accessibility. 42.5% indicated the frequency of weekly visit to these stores. Another 39% and 37% indicated spending an average of RM10 and RM20 per visit to a C-store.

With the use of SmartPLS (Ringle et al., 2005), data were analyzed with path analysis involving partial least squares to evaluate the hypotheses. Both measurement and structural models were assessed for its reliability and validity as shown in Table 3. Scales were reliable and acceptable with Cronbach alpha above 0.7 (Nunnally, 1978), all items achieved composite reliability (CR) $> 0.7$ and Average Variance Estimated (AVE) above 0.5 (Hair et al., 2017).
Table 3: Construct Reliability and Validity Results

<table>
<thead>
<tr>
<th>Variable</th>
<th>Cronbach’s Alpha</th>
<th>Composite Reliability</th>
<th>Average Variance Extracted (AVE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Atmospheric (IVE)</td>
<td>0.928</td>
<td>0.946</td>
<td>0.777</td>
</tr>
<tr>
<td>Customer Satisfaction</td>
<td>0.816</td>
<td>0.879</td>
<td>0.644</td>
</tr>
<tr>
<td>In-Store Convenience (IVS)</td>
<td>0.846</td>
<td>0.907</td>
<td>0.764</td>
</tr>
<tr>
<td>Merchandising (IVH)</td>
<td>0.900</td>
<td>0.926</td>
<td>0.715</td>
</tr>
<tr>
<td>Personnel (IVD)</td>
<td>0.922</td>
<td>0.941</td>
<td>0.763</td>
</tr>
<tr>
<td>Pricing (IVG)</td>
<td>0.926</td>
<td>0.945</td>
<td>0.774</td>
</tr>
<tr>
<td>Product Assortment (IVF)</td>
<td>0.909</td>
<td>0.932</td>
<td>0.734</td>
</tr>
</tbody>
</table>

Table 4 presents the discriminant validity results using heterotrait-monotrait (HTMT) ratio of correlation. Correlation values are below 0.9 (Henseler et al., 2015) indicating that discriminant validity has been established except for merchandising with in-store convenience (0.947) but still below 1. Figure 1 on the structural model shows all items from the variables had factor loadings above the threshold value of 0.5 (Hulland, 1999). Test on multicollinearity using variance inflation factor (VIF) as shown in Table 4 indicates no strong multicollinearity was detected (VIF<5) and effect size (f²) of 0.05 to 0.2 was obtained (Cohen, 1988).

Table 4: Discriminant Validity (HTMT)

<table>
<thead>
<tr>
<th>Variable</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Atmospheric (IVE)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer Satisfaction (CS)</td>
<td>0.661</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>In Store Convenience (IVS)</td>
<td>0.682</td>
<td>0.754</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Merchandising (IVH)</td>
<td>0.684</td>
<td>0.815</td>
<td>0.947</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel (IVD)</td>
<td>0.779</td>
<td>0.832</td>
<td>0.771</td>
<td>0.704</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pricing (IVG)</td>
<td>0.416</td>
<td>0.693</td>
<td>0.686</td>
<td>0.692</td>
<td>0.536</td>
<td></td>
</tr>
<tr>
<td>Product Assortment (IVF)</td>
<td>0.726</td>
<td>0.827</td>
<td>0.797</td>
<td>0.806</td>
<td>0.761</td>
<td></td>
</tr>
</tbody>
</table>

Table 5 presents the path results. Path analysis was performed to determine beta coefficients to determine the predictor influence of atmospherics (IVE), in-store convenience (IVS), merchandising (IVH), personnel (IVD), pricing (IVG) and product assortment (IVF) on customer satisfaction (CS). Further analysis using bootstrapping procedure of 500 runs of construct-level changes was operated to obtain t statistics.
and p values of the path coefficients. 4 predictors yielded significant results. Personnel (IVD) with (β=0.412, t=5.963, p=0.0001) followed by merchandising (IVH) with (β=0.305, t=3.778, p=0.001) showed relatively strong influence towards customer satisfaction of C-store. Product assortment (IVF) yielded significant influence on CS with (β=0.236, t=3.162, p=0.002) followed by pricing factor with (β=0.147, t=2.364, p=0.018). However, two factors namely in-store convenience and atmospherics were not significant. Overall, the model explains 67.1% of the variation in CS. Hence only four hypotheses were supported and statistically significant at the level of 5% significance. Figure 3 presents the path results.

<table>
<thead>
<tr>
<th>Relationship</th>
<th>β</th>
<th>t</th>
<th>p</th>
<th>f²</th>
<th>VIF</th>
<th>R²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Atmospherics (IVE) -&gt; CS</td>
<td>-0.055</td>
<td>0.809</td>
<td>0.419</td>
<td>0.004</td>
<td>2.501</td>
<td></td>
</tr>
<tr>
<td>In Store Convenience (IVS) -&gt; CS</td>
<td>-0.115</td>
<td>1.512</td>
<td>0.131</td>
<td>0.011</td>
<td>3.747</td>
<td></td>
</tr>
<tr>
<td>Merchandising (IVH) -&gt; CS</td>
<td>0.305</td>
<td>3.778</td>
<td>0.001***</td>
<td>0.071</td>
<td>3.964</td>
<td>0.671</td>
</tr>
<tr>
<td>Personnel (IVD) -&gt; CS</td>
<td>0.412</td>
<td>5.963</td>
<td>0.001***</td>
<td>0.185</td>
<td>2.788</td>
<td></td>
</tr>
<tr>
<td>Pricing (IVG) -&gt; CS</td>
<td>0.147</td>
<td>2.364</td>
<td>0.018**</td>
<td>0.032</td>
<td>2.067</td>
<td></td>
</tr>
<tr>
<td>Product Assortment (IVF) -&gt; CS</td>
<td>0.236</td>
<td>3.084</td>
<td>0.002***</td>
<td>0.052</td>
<td>3.27</td>
<td></td>
</tr>
</tbody>
</table>

**Discussion and Implications**

This is a limited study confined to a franchise chain C-store in Malaysia and drawing on the store image attributes that could influence customer satisfaction. The study is accompanied by a personal interview with a C-store manager to establish the current situation of this retail sector followed by a convenience survey on shoppers who have shopped or experience C-store atmosphere. The survey provided some insights into how consumers perceive and react to store image attributes of the C-store chain.

Based on the findings, salient store image attributes that contributed to store satisfaction of the franchised C-store chain are merchandising, personnel, pricing and product assortment. Similar trends on personnel, pricing and product assortment were also observed in a study on C-store satisfaction (Theodoridis &
Chatzipanagiotou, 2009; Thang & Tan, 2003) while another study posited that the dimension of in-store convenience determined customer expectations of what C-store should have (Bianchi, 2009). Atmospheric and in-store convenience were not significant to C-store franchise chain under this study as C-stores investigated were the more conventional stores which did not provide much ambience such as Wi-Fi, eat-in seating facilities, vending kiosks and/or quick payment system that existed in modern C-store concept. This implies the need for traditional C-stores such as 7-Eleven to focus on modernizing in-store facilities and atmosphere.

Pricing and personnel were significant influencers of store satisfaction given that Malaysian consumers tend to be price-sensitive (Malaysian shoppers most price-sensitive in Southeast Asia, 2011). Even though items sold at C-stores are usually low involvement and frequently bought goods, pricing is still important to factor. Hence it could be inferred that consumers would choose convenience stores for the provision of low priced products combined with high-quality services while saving time on their daily buys. Similar observations were made at C-stores in Greece by Zairis & Evangelos, 2014). Overall, customers patronize convenience stores primarily because of relational and functional proximity (Gahinet & Cliquet, 2018).

Personnel is tied mainly to service quality delivered in C-store and staff still plays a role as store image attribute given that conventional C-stores in Malaysia like 7-Eleven are still manned. However recent new C-store concept is towards self-service, with e-payment and unmanned. Hence retail innovation in C-store may require old stores to adopt and explore a human-less shopping experience like new C-store Amazon Go and Irispay E-concept.

In Malaysia currently, it has been found that, though 7-Eleven is the most popular convenience store player, other players like KK Super Mart and 99 Speed Mart are giving a tough competition to 7-Eleven. According to the Malaysia Convenience Store Market Outlook 2020 (Market Analysis Report, 2016), the convenience store industry of the country is witnessing fast developments and presents huge potential for convenience store players. The number of the convenience store in Malaysia is growing at a CAGR of 2.5% during 2014-2020. Conventional C-stores could be at a 'boredom' stage of the business lifecycle and if lack of retail innovation could lead to 'divorce' or decline stage (Fromm, 2014). C-
store companies must build up operating efficiencies and scale to compete in a competitive market place.

Findings had significant managerial implications for C-store retailers focusing on what innovations in-store image attributes that are making an impact and how to muscle their way to compete. Knowing how quick consumers are embracing technological advances in this C-store sector is imperative to stay ahead in this game. As iterated, the demand for constant innovation and high-quality products along with the recent interest in fresh and even healthy products and foods is changing the perception of the convenience store more generally (Marshall, 2016).

Figure 3: Path Results

Limitation, Future Research and Conclusion

Regarding research limitations, the study was confined to selected foreign franchised C-store chain located in a specific locality. However, the C-store chain currently has the most outlets in Malaysia. Hence, it is proposed that further research could extend to local C-store chain that is also expanding rapidly such as
99Speed Mart and even C-store mused with a petrol station to compare on store attributes, store satisfaction, store patronage and shopping behaviour. There have been no documented studies on C-stores in the Malaysian context. Future research may also focus on convenience stores in the context of loyalty and food shopping (Gahinet & Cliquet). As C-stores appear to be an integral part of the shopping experience for all groups of consumers and more notably among the young Millennial shoppers who are tech-savvy and early adopters of new innovative retail formats, future research should explore on retail innovation in C-stores. New technologies are proving equally disruptive and are giving traditional convenience stores the tools with which to compete against new players, hence focus of future studies should on the readiness, adoption and acceptance.

Due to the growing intensity in the level of competition in the retailing industry worldwide, it is important to understand consumer's expectations and satisfaction of C-stores in different countries. Overall, this study attempts to provide a better understanding of the most salient store image attributes for consumers in a Malaysian context when shopping at C-stores. Emphasizing these salient attributes can be essential for retailers to increase store satisfaction and thereby increase patronage and achieve loyalty from consumers.

References
Busy consumers open to new ways of grocery shopping (2018, March 10),


