Retail Strategy Adaptation across B2B and B2C segments: Evidence from Indonesian Frozen Food Retailers

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ABSTRACT

As frozen food retailers in Indonesia face mounting pressure from both economic challenges and competitive alternatives, strategic adaptation across different customer segments becomes increasingly essential. This research investigates the adaptive strategies of "FrozenMart" in addressing foot traffic fluctuations and enhancing customer engagement in both B2B and B2C markets. A mixed-methods approach was employed, including quantitative surveys across 10 branches (n=300) and qualitative inputs from stakeholders. The study explores product display preferences, promotional effectiveness, and membership adoption using descriptive statistics, importance-performance analysis (IPA), and K-Means clustering. Financial simulations were conducted using ROI, CPA, BEP, NPV, and IRR to assess strategic viability. Findings reveal a strong preference among B2C customers for categorized product displays and direct discount schemes. Although only 23.7% are members, over 90% acknowledge membership influence on purchasing behavior. B2B respondents emphasized the importance of delivery services and exclusive pricing. Hybrid strategies—bundling, segmented membership, and localized events—showed the highest ROI and consumer retention potential. The study highlights that personalized experience and localized engagement are key to sustaining competitiveness in Indonesia's frozen food retail landscape.
Keywords: *Retail strategy adaptation, B2B and B2C segment, Indonesian frozen food industry, Specialty store chain, Customer loyalty*

ABSTRAK

Seiring dengan meningkatnya tekanan yang dihadapi oleh para peritel makanan beku di Indonesia—baik dari tantangan ekonomi maupun alternatif kompetitor—adaptasi strategi yang disesuaikan dengan berbagai segmen pelanggan menjadi semakin penting. Penelitian ini menyelidiki strategi adaptif yang diterapkan oleh "FrozenMart" dalam merespons fluktuasi kunjungan pelanggan (foot traffic) serta meningkatkan keterlibatan pelanggan di pasar B2B dan B2C. Pendekatan mixed-methods digunakan, mencakup survei kuantitatif di 10 cabang (n=300) serta masukan kualitatif dari para pemangku kepentingan. Studi ini mengeksplorasi preferensi tampilan produk, efektivitas promosi, dan adopsi keanggotaan menggunakan statistik deskriptif, analisis importance-performance (IPA), dan K-Means clustering. Simulasi keuangan dilakukan menggunakan metode ROI, CPA, BEP, NPV, dan IRR untuk menilai kelayakan strategis. Temuan mengungkapkan preferensi kuat dari pelanggan B2C terhadap tampilan produk yang dikategorikan dan skema diskon langsung. Meskipun hanya 23,7% yang menjadi anggota, lebih dari 90% mengakui bahwa keanggotaan memengaruhi perilaku pembelian mereka. Responden B2B menekankan pentingnya layanan pengantaran dan harga eksklusif. Strategi hibrida—seperti bundling, keanggotaan tersegmentasi, dan event lokal—menunjukkan potensi ROI dan retensi pelanggan tertinggi. Studi ini menegaskan bahwa pengalaman yang dipersonalisasi dan keterlibatan yang bersifat lokal adalah kunci untuk mempertahankan daya saing dalam lanskap ritel makanan beku di Indonesia.
Kata kunci: *Adaptasi strategi ritel, Segmen B2B dan B2C, Industri makanan beku Indonesia, Rantai toko khusus, Loyalitas pelanggan.*

INTRODUCTION

Retail businesses in Indonesia, especially those in niche categories such as frozen food, are undergoing pressure from digital marketplaces, shifting consumer behavior, and operational cost fluctuations. Frozen food retailers must cater to both B2B (resellers, small food businesses) and B2C (end consumers) segments with distinct needs and behaviors. This paper focuses on the strategic adaptation undertaken by "FrozenMart" to manage those challenges while maximizing store footfall and consumer loyalty. Previous studies on retail adaptation in Indonesia often focus on supermarket chains or e-commerce. However, little research has been done on specialty stores, particularly those operating dual-channel segments (B2B-B2C). This study contributes by bridging that gap with a case-driven, mixed-methods approach that reflects actual implementation and performance.

Note: The real name of the company has been replaced with "FrozenMart" in this study to protect confidentiality. FrozenMart is a medium-sized frozen food retailer located in Bandung, West Java, with 10 outlet branches.

THEORETICAL FRAMEWORK

Consumer Behavior in Specialty Retail
Consumer behavior in specialty retail is shaped by factors such as demographic profiles, purchase habits, and product involvement levels. Huddleston et al. (2009) emphasize that specialty store shoppers seek unique product selections and personalized service. In the frozen food retail context, most products fall into the utilitarian and low-involvement categories (Lotfizadeh & Lotfizadeh, 2015), indicating that price sensitivity, convenience, and product accessibility are key drivers of decision-making.

Product Display Strategy
Strategic in-store product display plays a vital role in shaping customer experience. According to Cornelius et al. (2010), visual merchandising enhances the perceived image of a store and improves navigability. Garrido-Morgado et al. (2021) further argue that utilitarian products benefit more from clear category-based arrangements rather than brand-based displays. For frozen food retailers, category-based planograms improve shopping efficiency and influence basket size positively.

Promotion and Traffic-Building Strategy
Sales promotion is a widely used tool to boost short-term purchases and influence store visits (Chandon et al., 2000). However, over-reliance on price cuts can harm brand perception (DelVecchio et al., 2006). Effective retail promotions should balance value creation and cost-efficiency, leveraging bundling or "traffic builder" products to increase store visits while maintaining margins (Shimp & Andrews, 2013).

Membership and Customer Retention Programs
Membership programs are crucial in driving customer loyalty and retention. Yi and Jeon (2003) suggest that personalized benefits, reward mechanisms, and perceived exclusivity increase member engagement. Lemon and Verhoef (2016) highlight the role of emotional connection and relevance in sustaining long-term participation. For B2B customers, loyalty schemes must consider repeat buying patterns, purchase volume, and delivery expectations.

Community-Based and Offline Marketing

Offline marketing, particularly at the community level, is a powerful approach to generate foot traffic and local engagement. Kotler and Keller (2016) underscore the importance of local activation in brand building. Events like local bazaars, cooking demos, and collaboration with community organizations can enhance visibility and strengthen emotional ties between consumers and the store (Ryu & Feick, 2007).

METHOD

This research adopts a mixed-methods design:

Quantitative: Survey data collected from 300 respondents across 10 branches (Likert scale and multiple choice). Variables include display preferences, promo influence, service expectations, and perceived store value.

Qualitative: Open-ended responses and observational field notes to capture deeper customer sentiment.

Analytical Tools:

- Descriptive Statistics (SPSS)

- Importance-Performance Analysis (IPA)

- K-Means Clustering

- Financial Analysis: ROI, CPA, BEP, NPV, IRR simulations

The segmentation between B2B and B2C respondents was made clear during the questionnaire phase, enabling tailored analysis and interpretation.

RESULT AND DISCUSSION
Result

This study analyzed customer responses from 228 B2C and 50 B2B respondents across 10 branches of FrozenMart. The findings are presented using representative figures and synthesized data to reflect core insights from the field.

B2C Segment

The majority of B2C respondents were women (over 70%) aged between 25 and 35 years, residing within close proximity to store branches. This affirms that FrozenMart's consumer reach is largely local.
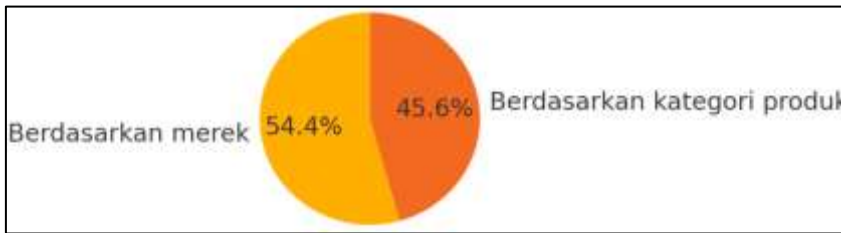
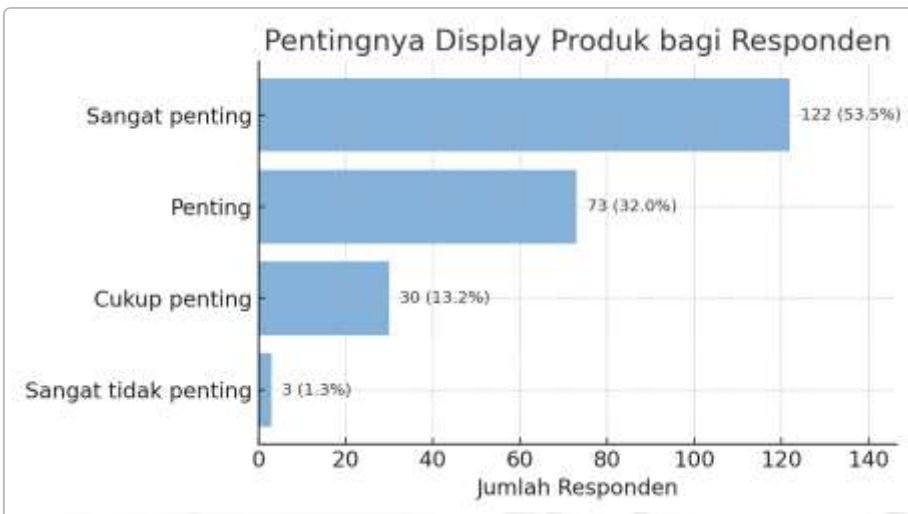**Figure 1**: Preferences for product arrangement in stores according to respondents

Figure 2: The importance of neatness and attractiveness of product displays.

Product Display Preferences

As shown in Figure 1, 54.4% of respondents preferred product arrangement by brand, while 45.6% favored grouping by product category. Moreover, Figure 2 illustrates that 85.5% of respondents rated neat and attractive displays as important in their shopping experience.
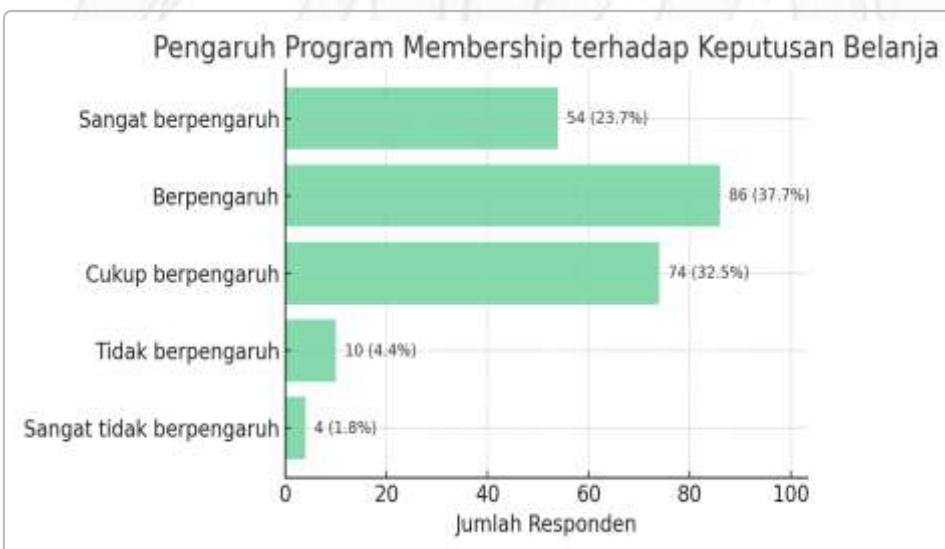

Figure 3: How much influence does membership have on shopping decisions?

Membership Program

Only 23.7% of respondents were members of FrozenMart, but as Figure 3 shows, 93.9% admitted that the membership program influences their shopping decisions. This highlights a gap in awareness and the opportunity to expand the program's reach.
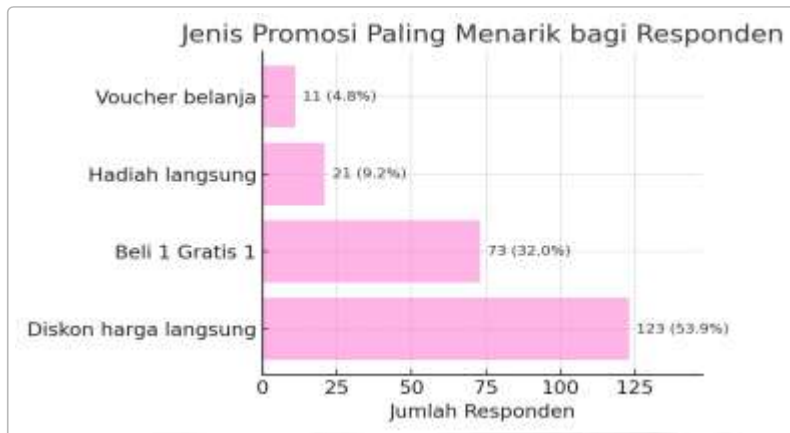

Figure 4.: The preference for the type of promotion is most appealing to customers.

Promotional Behavior

Approximately 77% of respondents reported occasionally buying promotional products. Direct price discounts were the most favored type of promotion (53.9%), followed by Buy 1 Get 1 (32.0%) (Figure 4).

Figure 5: The level of interest comes to the store after seeing the offline event.

Offline Event Awareness

Despite only 38.6% of respondents knowing about FrozenMart's offline events,an overwhelming 98.6% expressed interest in visiting if events were well-publicized (Figure 5), indicating strong potential for traffic generation through event marketing.

Customer Suggestions

Open-ended feedback revealed suggestions to improve product variety, lighting, staff hospitality, and visibility of in-store promotions. .

B2B Segment

B2B respondents were mostly micro-entrepreneurs such as street food vendors and small shop owners. About 77% had operated their business for over 4 years, with 52% purchasing fewer than 5 cartons per month.

Indikator	Mean	Std. Dev	Min	Max
Harga grosir atau diskon pembelian dalam jumlah besar	4.596	0.528	3	5
Ketersediaan stok produk setiap saat	4.154	0.717	3	5
Variasi produk yang lengkap (sosis, nugget, bakso, dll)	4.308	0.694	3	5
Kemudahan mencari produk (layout rapi, signage jelas)	4.404	0.687	3	5
Konsistensi kualitas produk	4.500	0.537	3	5
Program loyalitas atau reward untuk pedagang	4.404	0.714	2	5
Kemudahan komunikasi (order by WA, hotline pemesanan)	4.577	0.567	3	5
Adanya promo spesifik B2B (paket grosir, bundling hemat)	4.385	0.788	2	5
Opsi pengantaran pesanan ke tempat usaha	4.365	0.735	2	5
Edukasi produk (produk mana yang laku/strategi jualan)	4.192	0.680	2	5

Figure 6: The average score of respondents on various aspects of Havana's B2B services (scale 1-5).
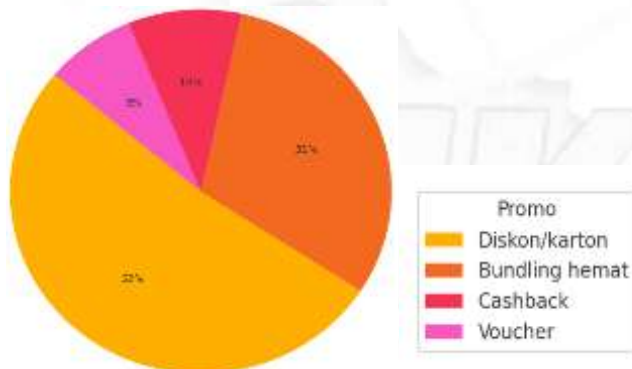

Figure 7: Preference for your favorite promo type.

According to Figure 6, B2B customers prioritized wholesale pricing (avg. score 4.60), order communication (4.58), and product quality (4.50). Display preferences leaned toward product category (36%) and visibility of promotions (25%), with direct discounts per carton being the most preferred promotion type (52%) (Figure 7). Delivery services and B2B membership programs were positively received by 90% and 87% of respondents, respectively.

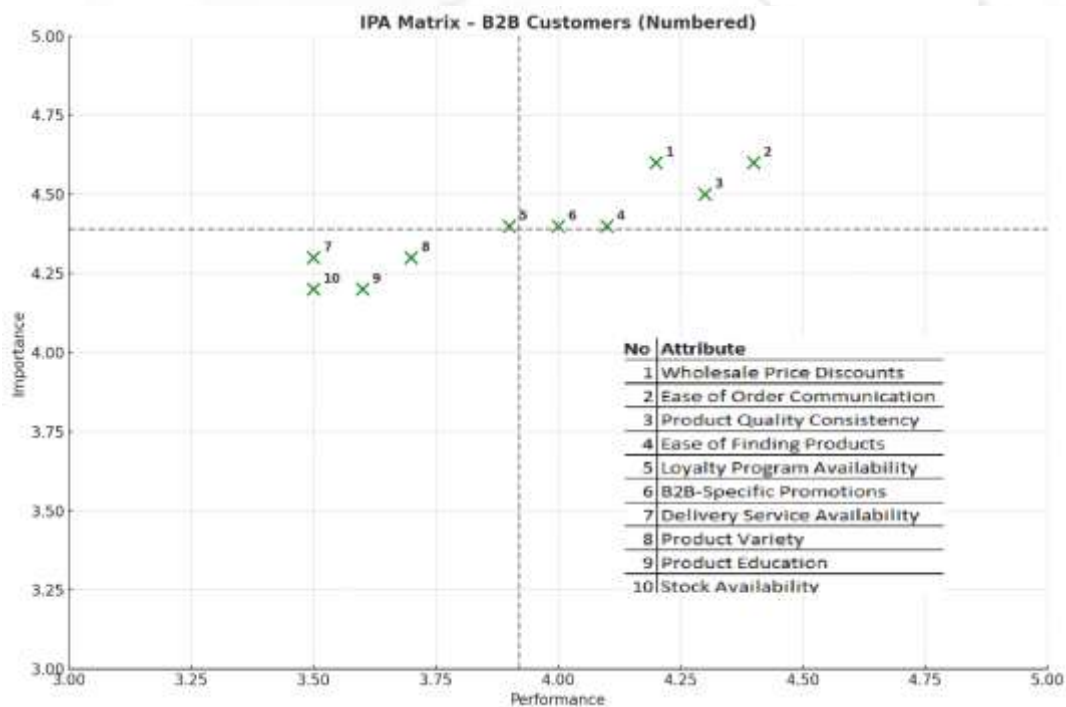**Figure 8**: Importance-Performance Analysis (IPA) -B2C Segment

Figure 9: Importance-Performance Analysis (IPA) -B2B Segment

Importance-Performance Analysis (IPA)

IPA revealed critical areas for improvement: membership, offline events, and promo visibility in the B2C segment; delivery, stock availability, and loyalty programs in the B2B segment. These were plotted in Quadrant I of the IPA matrices for both segments.

Discussion

These findings reinforce the hypothesis that in-store experience, clear communication of benefits, and personalized engagement strategies significantly affect shopping behavior. The contrast between low membership uptake and high influence indicates that the issue lies in under-promotion, not lack of customer interest—highlighting an urgent need for communication via signage and cashier outreach.

The strong preference for direct, immediate rewards (e.g., discounts and bundling) over deferred incentives like cashback or vouchers aligns with the practical, price-sensitive nature of Indonesian consumers. Both B2C and B2B segments show responsiveness to transparent, tangible value offerings.

High interest in offline events and delivery services emphasizes the importance of community-based interaction and operational convenience. For B2B, tiered pricing, efficient delivery, and loyalty appreciation programs offer high potential to increase volume and retention—especially given that most are long-standing micro-businesses.

The IPA outcomes serve as a strategic roadmap: for B2C, enhance membership awareness, in-store promo visibility, and event publicity; for B2B, prioritize logistics, reliable stock, and loyalty incentives.

CONCLUSION

This study explored strategies to address declining foot traffic in FrozenMart's offline stores during non-peak months by analyzing customer preferences and behaviors across B2C and B2B segments in 10 branches. The findings highlight several strategic insights that can guide managerial actions for improving customer engagement and loyalty.

The B2C analysis indicates that most customers are women aged 25–35 living nearby, reinforcing FrozenMart's strong local positioning. While participation in the membership program is still low, the majority of respondents acknowledged its influence on their shopping decisions. Customers prefer direct promotional incentives such as discounts and Buy 1 Get 1 offers, and place high importance on product display neatness, proper lighting, and visible promotional signage. Although awareness of offline events is limited, the high interest in attending such events points to a communication gap that can be addressed with more proactive outreach.

On the B2B side, micro-businesses such as street food vendors and small outlets expressed strong preferences for consistent stock availability, competitive wholesale pricing, delivery services, and functional store layouts. Many are open to joining a loyalty program if the benefits are clear and tangible. Statistical analysis confirms the reliability of the survey and suggests potential regional differences that merit further exploration.

Based on these findings, several strategic actions are recommended. First, FrozenMart should enhance visibility of membership and promotional programs through in-store signage, digital content, and scheduled broadcasts via WhatsApp. Second, store layout should be optimized by grouping products by category and improving lighting conditions using LED fixtures. Third, a structured B2B membership and delivery system should be implemented, complete with volume-based discounts and region-specific bundling options. Fourth, staff responsiveness and service quality should be improved through monthly training, SLA enforcement, and a mystery shopper program. Finally, FrozenMart should empower local branches to tailor strategies based on regional consumer preferences, ensuring relevance and effectiveness.

Future research is encouraged to apply Customer Lifetime Value (CLV) analysis, expand comparative studies across different retail categories, and experiment with A/B testing to

identify the most effective promotional formats and layouts. In conclusion, a segmented, data-driven, and locally responsive retail strategy is essential for sustaining customer loyalty and increasing store visits in the frozen food retail sector.

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