

# The Effect Of Effect Of Store Image And Store Location On Purchase Decision And Customer Loyalty Of Modern Retailers In The City Of Samarinda

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**Abstract:** This study aims to prove the significance of store location and store image effect on purchase decision and customer loyalty of modern retail customers in Samarinda. In this study the population is the people in the city of Samarinda who had bought the product and visited the modern retail in three locations namely Matahari Big Mall, MatahariPlasamulia and Matahari Mall Lembusuana. The research sample is 160 people. Data collection method used is by distributing questionnaires to respondents who have made a purchase. Data analysis using Structural Equation Model (SEM). The results showed that store image, store location both have a significant effect both on customer loyalty directly and through purchase decision.

**Keywords:** store image, store location, purchase decision, customer loyalty.

## 1 INTRODUCTION

One important factor for companies to increase their sales volume growth is by creating their customers' willingness to make sustainable purchases. This can only be done by loyal customers. Loyal customers will not only buy over and over again but will also bring other customers to make purchases at the company. The importance of loyal customers resulting from purchase decisions as well as other factor such as Store Image, and Store Location has been researched by various previous researchers. [18] stated that store image gives a significant influence on purchase decision. Furthermore, [11] uses store locations variable as an exogenous factor to purchase decision, and indicates that store location has a significant influence on purchase decision. Other research on the effect of store image and store location on customer loyalty is done among others by [14] stated that store image has significant influence to customer loyalty. Furthermore [8] states that store location has a significant influence on customer loyalty, as well as purchase decision significant effect on customer loyalty.

## 2 LITERATURE

### 2.1. Retailing

According to [9] retailing is a series of business activities to increase the value of goods and services sold to consumers for personal or household consumption ". So consumers who become the target of retailing is the final consumer who buys products for his own consumption. According to [2] retailing is a business that seeks to market goods and services to end consumers who use it for personal and household purposes ". The products sold in the retailing business are goods, services and combined from both.

### 2.1. Store Image

[15]states that "stores or outlets have the image of the store or the company itself that helps affect the perceived quality and consumer decisions regarding product purchases". According to [17] store image is the impression consumers receive from stores selling products, measured on the perceived quality of retailers where branded products are available. According to [12]store image is "something consumers think about a store including the perceptions and attitudes felt in the sensation of stimuli associated with stores received through the five senses. A store image dimension according to [7] consists of 5 indicators, namely: 1) Characteristic is the differentiator of something else, characteristic is defined as quality or nature. Characteristic is something that is typical or striking of something; 2) Number of service offered, is the service provided to the customer, the amount of service and what benefits are received is a key to building a good image store; 3) Product line width, the diversity of products available also makes the image store better in the hearts of customers so they no longer need to look for products that exist in other stores; 4) Relative set price, the price set does not matter to the customer because the price here is relative which means it can be expensive at a time can be cheap also at other times; 5) Organized retail store, a good and organized store is something that should and will be the benchmark of how well the store's image is in the hearts of customers, because a well-organized store will make its customers a good view.

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## 2.2 Store Location

Location is a very important factor in the retail marketing mix. At the right location, an outlet will be more successful than other outlets located less strategically, although both sell the same product, same salesperson, and both have a good setting / ambience. According to [20] the location is where a business or business activity is conducted. Locations according to [10] relate to where companies should be headquartered and conduct operations or activities. [5] states there are 4 (four) indicators to measure Store Location, namely: 1) Easy to find, store position is easy to find by the customer, easily seen from a distance and not difficult to mark where the location of the store; 2) Closeness, the store location is near the settlement and is not far from the center of the crowd, so the consumer is very easy to visit; 3) Transportation, easy to be handled by vehicles, both public and private vehicles, and shops are on public transportation; 4) Near to the other store, Shops are close to other shops and usually shop in shopping centers like malls, plazas, and others

## 2.3 Purchase Decision

Almost every day, even in a matter of time we always make decisions. What is done today, or at the present time, it is the result of a time-consuming process of thinking because of many considerations in other words, a particular action is a decision. A decision can be made only if there are several alternatives selected. If no choice alternatives exist then the action taken without the option can not be said to make a decision. According to [6] consumer buying behavior is influenced by four factors, as follows: 1) Cultural Factor; 2) Social Factors; 3) Personal; 4) Psychological. [3] proposed three indicators namely Product Selection, Store Selection, and Brand Selection. While [6] stated that the purchase decision indicator is: 1) Choosing a product, in this case the consumer determines and chooses what products are purchased; 2) Select type, consumers are faced with the decision to determine what type of goods and what type of goods to buy; 3) Time of purchase, consumers determine the right time to buy products, in this case consumers already know the product you want to buy; 4) Total of Purchase, How many products are purchased by consumers and how much they spend is determined by the customer before going to a store.

## 2.4 Customer Loyalty

This loyalty arises without coercion, but arises from its own consciousness in the past. Efforts made to create consumer satisfaction are more likely to influence consumer attitudes. While the concept of consumer loyalty is more emphasis on buying behavior. Customer loyalty is one of the core goals sought in modern marketing. This is because with loyalty is expected the company will get long-term benefits over the relationship mutualism interwoven within a certain time. According to [22], customer loyalty is a customer's commitment to a brand, store, or supplier, based on a very positive attitude and reflected in consistent repeat purchases. Loyalty can be grouped into two groups namely brand loyalty (Brand Loyalty) and store loyalty (Customer Loyalty). According to [1] customer loyalty is defined as people who buy, especially who buy regularly and repeatedly. Customer is someone who continuously and repeatedly come to the same place to satisfy his desire by having a product or get a service and pay for the product or service. According to [11] the

dimensions of Consumer Loyalty consist of three namely Recommend Other People to Buy, Visiting Frequency, and Repeat Purchase. [23] states there are three indicators of customer loyalty are: 1) Say positive thing, consumers will say what advantages the store has in the store's storefronts and this can reflect that the customer is loyal; 2) Recommend friends, consumers who are loyal tend to recommend friends or others to buy or shop at the store, this is something that is expected to continue to happen because the recommendation is one factor that can make others believe; 3) Continue purchasing, consumers will continue to shop in a store in the near future or in the future to the point from this consumer will continue to shop or use the services of a store. This illustrates that on the previous occasion consumers are satisfied that makes consumers loyal to a store.

## 3 RESEARCH METHODS

Data collection in this research is done by using semi survey method. The data used in this study is the primary data, the data obtained directly by way of interviewing, face to face, telephone or letter. In this study the population is the people in the city of Samarinda who had visited and bought the products the modern retail in three different locations namely Matahari Big Mall, Matahari Plasa Mulia and Matahari Mall Lembusuaana. 160 respondents were as sample in this study. The sample is part of the population taken for examination. Sampling method is done by Accidental sampling that is the form of sampling based on coincidence where, anyone who meet with the researcher and considered suitable to be the source of data that will be the sample of this research. The analysis of this research using multiple regression analysis with structural equation model (SEM) with the following equation:

$$Y_1 = f(X_1, X_2) \quad (1)$$

$$Y_2 = f(X_1, X_2, Y_1) \quad (2)$$

Where:  $X_1$  is Store Image;  $X_2$  is Store Location;  $Y_1$  Purchase Decision and;  $Y_2$  is Customer Loyalty. Based on the above functional model, then formed the regression equation as follows:

$$Y_1 = \alpha_0 + \alpha_1 X_1 + \alpha_2 X_2 + \mu_1 \quad (1.1)$$

$$Y_2 = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 Y_1 + \mu_2 \quad (2.1)$$

Furthermore, the indicators of the above variables are described in the following equation:

$$X_{1\#1} = \lambda_1 X_1 + e_1$$

$$X_{1\#2} = \lambda_2 X_1 + e_2$$

$$X_{1\#3} = \lambda_3 X_1 + e_3$$

$$X_{1\#4} = \lambda_4 X_1 + e_4$$

$$X_{1\#5} = \lambda_5 X_1 + e_5$$

$$X_{2\#1} = \lambda_6 X_2 + e_6$$

$$X_{2\#2} = \lambda_7 X_2 + e_7$$

$$X_{2\#3} = \lambda_8 X_2 + e_8$$

$$X_{2\#4} = \lambda_9 X_2 + e_9$$

$$Y_{1\#1} = \lambda_{10} Y_1 + e_{10}$$

$$Y_{1\#2} = \lambda_{11} Y_1 + e_{11}$$

$$Y_{1\#3} = \lambda_{12} Y_1 + e_{12}$$

$$Y_{1\#4} = \lambda_{13} Y_1 + e_{13}$$

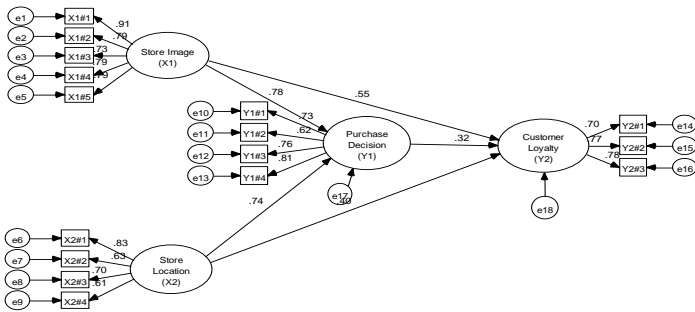
$$Y_{2\#1} = \lambda_{14} Y_2 + e_{14}$$

$$Y_{2\#2} = \lambda_{15} Y_2 + e_{15}$$

$$Y_{2\#3} = \lambda_{16} Y_2 + e_{16}$$

**4 DISCUSSION**

Based on the data analysis and testing of the research model can be described as follows:



**Figure 1. Data Analysis Model**

Then the results of the analysis can also be described in table 1 below:

**Table 1. Regression Weights Structural Equation Model**

		Estimate	S.E.	C.R.	P	Label
Purchase_Decision_(Y1)	<--- Store_Image_(X1)	.658	.059	11.222	***	par_13
Purchase_Decision_(Y1)	<--- Store_Location_(X2)	.863	.110	7.851	***	par_14
Customer_Loyalty_(Y2)	<--- Store_Location_(X2)	.392	.116	3.372	***	par_15
Customer_Loyalty_(Y2)	<--- Store_Image_(X1)	.392	.093	4.197	***	par_16
Customer_Loyalty_(Y2)	<--- Purchase_Decision_(Y1)	.270	.131	2.066	.039	par_17
X1#5	<--- Store_Image_(X1)	1.000				
X1#4	<--- Store_Image_(X1)	1.009	.091	11.068	***	par_1
X1#3	<--- Store_Image_(X1)	.888	.088	10.071	***	par_2
X1#2	<--- Store_Image_(X1)	1.035	.094	11.065	***	par_3
X1#1	<--- Store_Image_(X1)	1.167	.087	13.400	***	par_4
X2#4	<--- Store_Location_(X2)	1.000				
X2#3	<--- Store_Location_(X2)	1.242	.172	7.237	***	par_5
X2#2	<--- Store_Location_(X2)	1.050	.158	6.636	***	par_6
X2#1	<--- Store_Location_(X2)	1.530	.189	8.097	***	par_7
Y1#4	<--- Purchase_Decision_(Y1)	1.000				
Y1#3	<--- Purchase_Decision_(Y1)	1.002	.088	11.351	***	par_8
Y1#2	<--- Purchase_Decision_(Y1)	.796	.091	8.713	***	par_9
Y1#1	<--- Purchase_Decision_(Y1)	.927	.086	10.748	***	par_10
Y2#1	<--- Customer_Loyalty_(Y2)	1.000				
Y2#2	<--- Customer_Loyalty_(Y2)	1.159	.123	9.453	***	par_11
Y2#3	<--- Customer_Loyalty_(Y2)	1.208	.127	9.482	***	par_12

From the analysis of direct effect seen that the magnitude of direct influence between the variable store image ( $X_1$ ) to the variable purchase decision ( $Y_1$ ) is equal to 0.779. The direct influence of store location ( $X_2$ ) to the variable purchase decision ( $Y_1$ ) is 0.735. The direct effect of store image ( $X_1$ ) variable to customer loyalty ( $Y_2$ ) is 0.554. The direct influence between store location ( $X_2$ ) to customer loyalty ( $Y_2$ ) is 0.398. The direct influence between purchase decisions ( $Y_1$ ) on customer loyalty ( $Y_2$ ) is 0.323. In terms of influence on customer loyalty, the image store has a dominant influence on customer loyalty of modern retail customers in Samarinda city when compared with store image and purchase decision.

**4.1 Influence Store Image On Purchase Decision**

Modern retail customers in Samarinda city decide to shop based on characters that retailers are able to distinguish with other retailers. Characters that is superior in comparison to their competitors. In addition to characters, factors that can enhance the modern retail image are the services provided to customers, the amount of service and what benefits are received is a key to building a good image store. The better and more types of services provided will have an effect on purchasing decisions or purchases in modern retailers. The diversity of products provided in modern retailing is also a decisive factor in customer spending. The more types of products sold, the customer simply comes to the retail and buys a variety of products in one place without going anywhere to buy the product that the customer wants. So also with the determination of the price of products sold to be a determinant of a person's decision (customers) to shop at modern retail. The store image built by the characteristics of a retail itself, the quality and quantity of services provided, the diverse products and relatively affordable prices and always adjusting to market prices will have a major impact on customer decisions in shopping at modern retailers in Samarinda. Overall store image consisting of dimensions: characteristic, number of service offered, product line width and relative set of modern retail price in Samarinda city gives the perception that the better the quality of the five indicators then the more customers who shop at modern retail in Samarinda city. The results of this study support previous researchers who stated that the relationship between image store and purchase decision made by [18] to get results that store image significant effect on purchase decision.

**4.2 Store Location Influence on Purchase decision**

Modern retail customers in the city of Samarinda decide to shop based on whether or not a retail location can be found. If the retail location is easy to find then customers will be willing to shop at the retail, and vice versa, if the retail location is difficult to reach then customers will choose to shop at other retail. In addition to the ease of finding retail locations, factors that can influence customers to make purchases in modern retail are near or not to retail locations from domicile. If the retail location is too far away, then customers will tend to choose to shop at a store close to home and do not need to spend more to get to the retail location. Therefore, the distance between the retail location and the house also influences the customer's decision to shop at a modern retail in Samarinda City. Retail locations that can be reached by various types of vehicles, especially public transportation. To be able to reach the retail location, the customer needs a means of transportation, so the retail location should be in a place easily accessible by vehicle. In addition, not all customers have private vehicles so that transportation is also a determining factor of customers decide to shop in modern retail. If a modern retail location is not traversed by public transport then customers who do not own a private vehicle will choose to shop where transport is going. The selection of retail locations close to other stores is also able to influence the interest of customers to shop. If the retail placement is close to the shopping center, then customers who did not intend to shop at retail will impulsively buy or shop at retail in the shopping center. Overall store location consisting of dimensions: easy to find, closeness, transportation and near to the other stores modern retail in the city of Samarinda gives

the perception that the easier the customer to modern retail then more and more customers who shop at modern retail in Samarinda city. The results of this study support previous researchers who stated that the relationship between image store and purchase decision conducted by [11] to get results that store location significant effect on purchase decision.

#### 4.3 Influence Store Image to Customer Loyalty

The loyalty of modern retail customers in Samarinda city is based on the character built by retail able to differentiate with other retail. Characters that is superior in comparison to their competitors. If a retailer has a good character in the eyes of the customer, the customer will tell the family, friends and co-workers. In addition to the characters, factors that can enhance the modern retail image are services provided to customers, the amount of service and what benefits are received is a key to building a good store image. The better and more types of services provided will have an effect on the customer's desire to shop back in the modern retail. The diversity of products provided in modern retailing is also a determinant of customer loyalty. The more types of products sold, the customer simply comes to the retail and buys a variety of products in one place without going anywhere to buy the product that the customer wants. So also with the determination of the price of products sold to be a determinant of customer loyalty to shop at modern retail, if the price is affordable and its relative to adjust the market price customers who buy will feel satisfied and loyal so will speak positively about the retail to others (positive word of mouth). The image of the company built by the characteristics of retail itself, the quality and quantity of services provided, the diverse products and prices that are relatively affordable and always adjust to market prices will greatly affect customer loyalty in shopping at modern retail in Samarinda city. Overall store image which consists of dimensions: characteristic, number of service offered, product line width and relative set of modern retail price in Samarinda city gives the perception that the better the quality of the five indicators, the more loyal modern retail customers in Samarinda city. The results of this study support previous researchers who stated that the relationship between image store and customer loyalty conducted by [8] get the result that store image has a significant effect on customer loyalty. But this study rejected the results of previous research conducted by [21] which states that store image has no significant effect on customer loyalty.

#### 4.4 Influence Store Location to Customer Loyalty

The loyalty of modern retail customers in Samarinda city is influenced by the ease or location of a retail can be found. If the retail location is easy to find then the customer will tend to be loyal, and vice versa, if the retail location is difficult to reach then the customer will not be loyal and choose to shop in other store. In addition to the ease in finding retail locations, the factors that can influence customer loyalty are near or not the retail location of the place of domicile. If the retail location is too far away, then customers will not make repeat purchases and tend to choose to shop at stores close to home and do not need to spend more to get to retail locations. Therefore, the distance between retail location and home also affects customer loyalty to shopping at modern retail in Samarinda City. Retail location that can be reached by various types of vehicles, especially public transportation. To be able to reach the retail location, the customer needs a means of

transportation, so the retail location should be in a place easily accessible by vehicle. In addition, not all customers have a private vehicle so that transportation is also a determinant of customer loyalty and continuous shopping in modern retail. If a modern retail location is not traversed by public transport then customers who do not own a private vehicle will choose to shop where transport is going. The selection of retail locations close to other stores is also able to influence the interest of customers to shop. If the retail placement is close to the shopping center, then customers will be happy to shop to modern retailers while spending time with family. Overall store location consisting of dimensions: easy to find, closeness, transportation and near to the other modern retail stores in the city of Samarinda gives the perception that the easier the customer to the modern retailer, the more loyal modern retail customers in the city of Samarinda. The results of this study support previous researchers who stated that the relationship between image store and customer loyalty conducted by [8] to get results that store location significant effect on customer loyalty.

#### 4.5 Effect of Purchase Decision on Customer Loyalty

The loyalty of modern retail customers in Samarinda city is based on customer's decision to decide what product to buy. The more the number of purchased products will be closer to the level of customer loyalty by buying on a continuous basis. The behavior that loyal customers show is to buy continuously and repeatedly, invite others to shop in modern retail and always speak positively about modern retail to others. Therefore, loyalty is very important for retailers because it will provide high revenue for retail. Overall purchase decision consisting of dimensions: choosing a product, select type, time of purchase and total of purchase gives the perception that the better the quality of the five indicators the more loyal modern retail customers in the city of Samarinda. The results of this study support previous researchers who stated that the relationship between purchase decision and customer loyalty conducted by [11] get the result that the purchase decision has a significant effect on customer loyalty.

### 5 REKOMENDATION

From the results of research that has been done and has been described in the previous chapter then the researcher can provide suggestions to the company are as follows: The results of the analysis show that the store image has a significant effect on customer loyalty. This means that the company must be able to create a good retail image in the eyes of customers so customers are willing to shop and loyal to modern retailers in the city of Samarinda. The analysis shows that store location has significant effect to customer loyalty. This means that companies must position retail in a location that is easy to reach by customers so that customers are willing to shop and loyal to modern retail in Samarinda city.

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