

THE FACTOR ANALYSIS ON PURCHASING DECISION MAKING IN STORES X

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ABSTRACT

This study examined the factors that made up customers' purchasing decisions in Store X. The purpose of this study was to analyze the factors that determine customers' purchasing decisions in store X. One hundred respondents who purchased the products in store X became the samples of this study. The analytical technique used in this study is confirmatory analysis (2nd Confirmatory Factor Analysis) using the program of smart PLS version 3.0. This study found there were eight factors that determined customers' purchasing decisions in store X including location, merchandise, pricing, communication mix, customer service, store design and display, internal (psychological), external (socio-cultural).

Keywords: *Merchandise, Pricing, Communication Mix, Store Design and Display,*

Internal (Psychology), External (Social Culture).

INTRODUCTION

Retail business in Indonesia has made great progress in the last few years in Indonesia. This can be seen from numbers of shops, offices, the growth of Industry, Small and Medium Enterprises (SMEs), and other types of business. The progress of existing retail business in Indonesia is due to the development of manufacturing business and the market opportunity which is quite open due to the impact of the speed of society condition. These developments have resulted in changes that affect people's lives, one of which is the place of public spending.

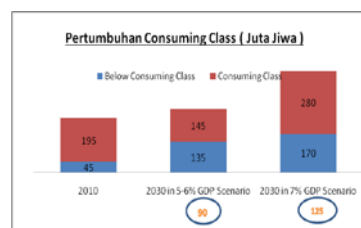


Figure 1. The Graphic of *consuming class* Growth
Source: KEN, Indonesia's Economic Projection 2011-2045

The projection of the growth of Indonesia's consumption class in Figure 1 is projected from 2010 to 2030: there will be an increase in income of 5-6%. As a result, potential consuming class will be 90 million. If the income increase is about 7%, there will 125 million people who become consuming class. The increase in income will be accompanied by a change in people's lifestyle standards.

Kediri City as the city of Karesidenan with various facilities and potential become the destination of the surrounding buffer city as seen in Table 1. Based on these data, this city has visible potential for tourism that surrounding community need.

Table 1. Total Population and Area Size of Kediri and Surrounding

Area	Size in Km	Population
Kediri City	63.40	293,282
Kediri Regency	963.21	1,475,000
Kertosono, Nganjuk	1,182.64	1,017,030
Jombang	1,159.50	1,201,557
Tulung Agung	1,055.65	1,024,034
Blitar	1,588.79	1,116,639
Trenggalek	1,261.40	769,966

Source: Population and Civil Registration Data of Kediri City 2015

Along with the development, Kediri with comfortable and modern economic has facilitated the needs of the residents and tourists who visit. Table 2 describes the development of the modern market in Kediri

Table 2. Modern Market of Kediri City until the End of 2015

Nama Outlet	Alamat
HYPERMART Town Square	Jl. Hasanudin, Kediri
GOLDEN Swalayan	Jl. Hayam Wuruk, Kediri
RAMAYANA Supermarket	Jl. Jend. Sudirman, Kediri
SUPERINDO Supermarket	Jl. Brigjen Katamso, Kediri
BOROBUDUR Supermarket	Jl. Panglima Sudirman, Kediri
APOLLO Supermarket	Jl. Doho, Kediri

Source: 2015 Statistics Center Data

X store which is also present in Kediri Mall has participated in fulfilling the shopping needs of Kediri people and surrounding areas as a means of family shopping in the mid of 2015. X store hopes it can serve good service to customers, employees, and suppliers. This store is presenting a new concept of making the store a better place for his community and his partner, a better place to shop with better service and execution as well. With the presence of X shop in Kediri, this store offers new jobs and increases income of the surrounding community.

Based on these rationales, it is necessary to do further analysis to improve consumer purchasing decisions. The results of a survey from 10 customers have offered data about factors that determine customers' consideration in making purchases (Table 3). There are 11 factors (1) location, (2) promotion, (3) facilities, (4) price, (5) shop atmosphere, (6) product sold, (7) service, (8) needs, (9) Shopping convenience, (10) word of mouth, (11) lifestyle

Table 3. Survey Results from 10 consumers

No	Factors	%
1	Location	
2	Promotion	
3	Price	
4	Price	
5	Shop Atmosphere	
6	Product sold	

7	Service	
8	Need	
9	Shopping convenience	
10	Word of Mouth	
11	Lifestyle	

Source: Primary Data 2016

This study aims to analyze the factors that make up the purchase decision in store "X".

LITERATURE REVIEW

Renfist (2012) studied factor analysis that influenced customers' shopping behavior in supermarkets in Padang. This study was descriptive that aimed to describe the nature of something that has been going on. Stratified random sampling was used as a sampling technique (random sampling of easy-to-use population members) and Factor Analysis was used for data analysis. There were some factors affecting consumers' shopping behavior at the supermarket in Padang: demographic, promotion, merchandising, room, facility, location, cultural and employees. About one hundred fifty six people were involved as the respondents.

Herlley (2013) studied factors that influenced consumers' purchasing decisions in J.CO Donuts, West Jakarta. Using a quantitative approach, his study used a questionnaire for a data collection method. In the questionnaires, there were 25 questions to measure 7 variables. The samples of the study were selected using purposive sampling method. The respondents should be the customers who had purchased one time at least, and they should be 17 years old. Validity and reliability tests were also employed to examine the quality of the instrument. Factor analysis was used for data analysis (to observe a pattern). Herlley (2013) found there were eight factors influencing customers' purchasing decisions: determination of prices, a lot of variations, menu, eating standards, Jabuka J.co Donuts, discounts, employees' uniforms, crowd and overall good service. The most dominant factor was menu variations. The number of samples involved 100 respondents.

Avurry Avijeet (2013) in his study "A study on the Factors Influencing Consumer's Purchase Decision towards Smartphones in Indore" concluded that prices did not play an important role for people to buy smartphones. However, Brand, Social Image, Technology and endurance were the most important factors that influenced their intentions to purchase the products.

Michael Levy and Burton A.Weitz (2013) stated that, "Retailing is the set of business activities that adds value to the products and services sold to consumers for their personal or family use". Meanwhile, according to Berman & Evans (2010), retailing is a business activity involved in the sale of goods and services to consumers for personal use, family and household. According to Berman and Evans (2010), retailing is a business activity involved in the sale of goods and services to consumers for personal, family and household use

According to Lukmanuddin (2014), retail is one or more activities that add value products and services to consumers either for family needs or for personal use

RETAIL MIX

According to Levy and Weitz (2009: 6), "Retailing is a set of business activities that add values to the products and services sold to consumers for their personal or family use". In other words, retailing is a series of business activities that add value to products and services sold to consumers for personal or family use.

According to Berman and Evans in Munir and Dirgantara (2010:4), "Retailing encompasses the business activities involved in selling goods and services to consumers for their personal, family, or household use." This means retailing includes business activities involved in the sale of goods and services to consumers for their personal, family, or household use. According to

Levy and Weitz (2009: 21) elements in the retail mix consists of location, merchandise assortments, pricing, customer service, store design and display, and communication mix.

Location (location)

According Ma'ruf (2006), a location is a very important factor for customers to choose a store. Stores at the right location will be more successful than those located at other less strategic places although they sell the same products or service.

Merchandise

Merchandise is a product retailers sell in their stores. Merchandising is a procurement of goods in accordance with the shop's business (food-based products, clothing, home items, general products, etc., or combination) to be supplied in a store at appropriate amount, time, and price in order to reach the goals of store or retailer (Ma'ruf, 2006). .

According to Barbara Farfan - Retail Expert (2016), merchandising is a part of a retail industry specific terminology that describes an aspect of retailing. This concept is much larger than a mere definition of the term can explain. The meaning of the term "merchandising" and examples should be explored in retail glossary explanation. Merchandising is any practice which contributes to the sale of products to a retail consumer. At a retail in-store level, merchandising refers to a variety of products available for sale. The products are displayed in such a way that they are able to stimulate customers' interest to make a purchase.

Merchandising is important because it is not just about what products are available in retail stores for customers. Retail stores must be able to sell their merchandise. By using best practice of merchandise, retailers or retail stores can motivate customers and consumers to spend more money in the sense that customers can shop more than usual.

Pricing (price)

It is a perceived value and the ratio received by consumers. Pricing is a crucial part of the retail marketing mix because it will bring either profit or loss to the retailer, and it affects consumers' perceptions as well.

According to Levy (2013: 414), there are 4 factors that affect retailers in setting prices: customers' price sensitivity and cost, cost of the merchandise and services, competition Laws that limit pricing, retailers' need to comply with legal regulations and ethical issues in price fixing.

According Jobber (2010: 18), price affects the value customers perceive from buying products. Pricing is an important element that customers put into consideration when making a purchase decision. Price is a key element of the marketing mix because it represents, on a unit basis, what the company receives for the product or service that is being marketed. It is the only element of the marketing mix that creates revenue; meanwhile, all of the other elements represent costs.

Communication Mix (Communication mix)

A communication mix is an activity people use in order to communicate to others about the products or services they offer while convincing those who are offered. According to Levy and Weitz (2013: 183), the methods of communicating information to consumers in Edwin's research (2013) include (1) Advertising, (2) Sales promotion,) 3) Web site, (4) Community building, (5). Store atmosphere, (6) Personal selling, (7) Direct mail, (8) Word of mouth

Store design and display

According to Dunne, Lusch and Griffith (2002) in Edwin's research (2013), store design and display elements are important in the planning of a store. Strategies for store design and display elements include (a) layout, an interesting store arrangement, is to provide convenience for

consumers, (b) signage and Graphics, ie signage boards and images such as paintings or photographs, (c) theme setting showing product offerings in available environments and atmospheres in store, (d) space management or arrangement of in-store items facilitating consumers (E) visual merchandising or a presentation of a store and merchandise in a way that attracts potential customers, (f) temperature, (g) colors and Lightning and (h) music

Customer service (service)

According to Levy and Weitz (2013: 220), customer service is a collection of programs and activities provided by the store or retailer to produce a better shopping experience. There are 5 perceptions used by consumers to evaluate customer service: by using service quality: tangibility focusing on physical appearance of facilities, equipment, personnel, and communication materials; empathy referring to concern and attention given to consumers such as personal recognition by name; Reliability providing consistent and accurate service as promised and in accordance with specified delivery time; responsiveness or willingness to help consumers and provide their services quickly and accurately such as calling back and sending e-mails immediately; and assurance (certainty) in the form of knowledge, ability and ethics of employees to convey trust and confidence

Internal factors (personal psychological)

According to Sumawan (2015), individual differences are the internal factors of individuals that arise from within the consumer and its psychological processes such as motivation, personality, self concept, management information and perception, and learning process

External Factors (Socio-Cultural)

According to Urfana and Sembiring (2013), socio-cultural factors can be interpreted as a means to do interaction between people in society. It has functions to regulate actions and actions as raised by individuals as members in a community

According to Sangaji and Sopiah (2013), socio-cultural factors influencing customers' purchasing decisions such as culture, demographic, social and economic characteristics, family, reference group, and technology

Consumer behavior

According to Schiffman and Khanuk (2010) in Suryani (2014: 14), consumer behavior is everything that they show in searching, buying, evaluating and spending products and services they expect to satisfy their needs.

According to Hawkins and Mothersbaugh (2013) in Suryani (2014: 6), consumer behavior is a study about how individuals, groups and organizations and processes are undertaken to select, secure, use and discontinue products, services, experiences or ideas to satisfy their needs and impact to consumers and society.

Consumer behaviour, according to James F.Engel et al. (2014), is defined as "the acts of the individuals directly involved in obtaining and using economic good services. This means that consumer behavior is defined as the actions of individuals directly involved in the business of obtaining and using economic services including the process of decision-making that precedes and determines those actions.

Consumer behavior is a process that involves thinking, feelings people experience and the actions they take in the process of consumption. The American Marketing Association defines consumer behavior as the dynamic of the interaction between influence and awareness, behavior and the environment in which humans engage in aspects of life (Peter and Oslon, 2014: 6)

Buying Decision

According to Peter and Olson (2010: 160), purchasing decision making is an integrated process that is a combination of knowledge used to evaluate two or more behavioral alternatives and then choose one of them. Urfana and Sembiring (2013: 3) say consumer purchase decision is

defined as a stage in the buying process where consumers finally actually make a purchase of a product or service.

From these views, it can be concluded that consumers' purchasing decision is a stage in the purchase process where consumers evaluate two or more alternatives in accordance with the value of significance of the purchase

According to Adibowo *et. al.*, (2012: 4), purchasing decisions can be measured by five indicators: purchasing decisions based on previous experience, Interest-based purchasing decisions, purchase decisions based on perceived risk, purchasing decisions based on the situation, purchasing decisions based on social outlook

RESEARCH METHODS

This research used a second order confirmation factor (CFA) model. Population in the research was infinite population, involving all visitors of shop X. Sampling method used was Convenience Sampling, Amirin, Tatang (2011), giving questionnaire to consumers who shopped in modern market X. For data analysis, this study used a Confirmatory factor Analysis second order.

In this study, there were (Sugiyono, 2013) eight variables, namely, Location (X1), Merchandise (X2), Pricing (X3), Communication Mix (X4), Store Design and Display (X5), Customer Service (X6), Internal-Psychological (X7), External-Social Culture (X8). The eight research variables were formed based on the formulation of the problem and the theoretical basis

ANALYSIS AND DISCUSSION

Data analysis

The test was performed on a latent formative second order construct by using t-statistic test through bootstrapping method. If the value of t-count was greater than the value of t-table (t-table = 1.96 with $\alpha = 5\%$) then the hypothesis was acceptable. Factors proposed in this study were as many as 8 factors, and the results are as follows

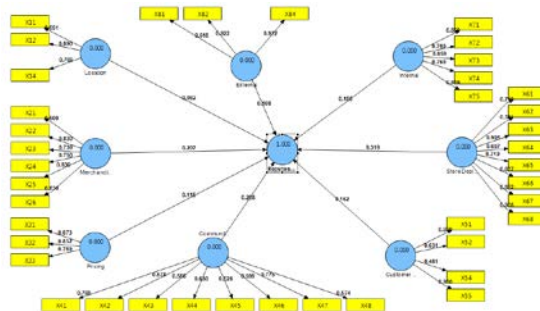


Figure 2.
Model 2nd Order CFA
Table 4. Path Coefficients

Relations	T Statistics (O/STERR)	Description
Communitation Mix -> purchahing decision	5.786.122	Significant
Customer Service -> purchahing decision	8.528.166	Significant
Eksternal -> purchahing decision	6.548.637	Significant
Internal -> purchahing decision	4.863.127	Significant
Location -> purchahing decision	3.338.332	Significant

Merchandise Assortment -> purchasing decision	6.210.565	Significant
Pricing -> purchasing decision	6.784.854	Significant
Store Design dan Display -> purchasing decision	8.058.903	Significant

Source: Primary Data

Table 4 shows all the first order constructs significantly affected purchasing second order with T-statistics > 1.96. The dominant factors were customer service, store design and display, pricing, external, merchandise, communication mix and last internal

The conclusion of the analysis is that all first order construct has significantly effected second order decision construct where T-statistic value generated for all first order construct was bigger than 1.96. This means that all first order collisions were construct-dimensional constructing purchasing decisions of the second order.

Discussion

Location Forming a Purchase Decision

In line with study by Arum (2016); Autami and Atmosphere (2015), location has a significant effect on purchasing decisions.

Based on the results of the datam, location variables can improve the weaknesses that exist in the company which can be done through cooperation with Advertising and Public Transportation.

Merchandise Forming a Purchase Decision

The wide range of product categories and brands offered are Merchandise to make purchasing decisions. The wide range of products and brands range from food, fruits, household necessities, carpentry, clothing, item types (Retail Business, 2016). Strategies undertaken are to conduct a survey, benchmark and continuous evaluation. In so doing, the consumers' perception about complete goods can give impacts on the stock management as well. So far, the range of all products has been uniformed based on groups of stores. This uniformly is likely to become the strength for being complete variety and range of products.

However, in certain region, it is also necessary to deepen certain variety of products. Meanwhile, other categories need to be evaluated: which basic products are needed or not needed by the community. Based on this study, on average, employees have with expenditures below Rp. 800,000 per month. Their expenditures are usually arranged by their mothers. This condition will affect the turnover of merchandise in the store.

Merchandise Flexibility and Promotion Merchandising is a thing worth noticing in a store. Sustainability in the store affects customers' purchasing decisions. Customers may not purchase products at the first time. However, when displayed in interesting ways with good promotions (such as clearance sale, birthday, school holidays), this may affect their decisions to buy. In the meantime, this procedure has been implemented. However, this procedure has not been consistently carried out.

Pricing Forming a Purchase Decision

Facts has shown that little attention is given to Legal Rule that definitely affects people to purchase products. People often cancel their purchases. For that reason, it is important to do

things certain measures such as Review Pricing, Price Image and analyze the implementation of Price Changing

Communication Mix Forming Purchase Decision

Facts known in the field about Communication Mix is still inconsistently carried out. Community Building is sometimes done as seen in the schedule of activities. The contrary is also true where people often neglect this program. However, when continuously conducted, Communication Mix can affect people's purchasing behavior in the long term. Other indicators also need to be improved and developed again.

Customer Service Forming a Purchase Decision

Tangible factor is related to tidiness and cleanliness of employees. This procedure has been standardized and maintained during the training. Emphaty, Realiability and Assurance are still the general standards of service, and they can solve problems and foster sustainable relationships.

Store Design and Display Forming Purchase Decision

With regard to Store Design and Display Lay Out, the overall areas of the distance between the aisles need to be freed. In so doing, people can move with two trolleies. With the rest of the body size of normal people, consumers are free to shop. Goods should be neatly arranged in a group of similar areas in every aisle with accompanying board, helping consumers to read the notice from a distance.

The music aspect in the store is calculated according to the theme. People also need to pay attention to the volume. Setting the temperature and well adjusted lighting during the morning, noon, and night are also the necessity. When consumers are crowded or quiet, the arrangement of the retailer side ahouls be appropriately arranged. Lighting and temperature effect to the costs incurred for electricity for lighting at peak loads. For exposure lighting in some areas, the light should be directly shone into the display products. It is good to make the product look fresh. This image should be consistently turned on. Similarly, the temperature is set in hours and hours of quiet hours, visual merchandising, and space management, signing and graphics. eme Setting is not maximal because it has not been set.

Internal (Personal Psychology) Determining Customers' Purchasing Decision

This research is in line with the study by Arum (2016); Autami and Atmosphere (2015) who have proved Internal has a significant influence on purchasing decisions.

The prevailing promotions have not been successful at motivating people to buy all products. They buy them because of their needs, capabilities, and interests due to the promotions of certain products such as rice, oil, sugar. As a result, X store should perform program evaluation in accordance with the needs and capabilities of consumers, and conduct further shopping survey as a mirror of personality and self-concept

External (Socio-Cultural) Forming a Purchase Decision

The study was conducted by Arum (2016); Autami and Atmosphere (2015) proves that External variables have a significant influence on purchasing decisions. There has been a shopping lifestyle trend in the modern market that people come to visit stores because of their friend's invitation/social gathering clubs (arisan). These people have given references about stores. The need for kosher assurance to consume is also necessary to note which store X has not given much attention to.

For that store X should expose existing products to display halal logo from MUI. This logo can be a guarantee to consumers, and it is likely to increase customers' confidence to buy products.

Conclusions and Recommendations

From the result of discussion, it is concluded that 8 factors consist of customer service, store and design, pricing, external (social culture), merchandise, communication mix, internal (psychological), location factor shaping consumer decision in making a purchase.

It is recommended further studies conduct periodic evaluations of eight factors. If there is a weakness of these 8 factors, immediate measures can be taken. Otherwise, the negligence will impact on the sales of stores X. Other researchers are also recommended to examine other variables such as brand awareness factor, loyalty factor that can determine customers' purchasing decision.

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