

CHAPTER II

LITERATURE REVIEW

2.1 Literature Review

2.1.1. Retailing Mix

Retailing mix as the amalgamation of retailing elements crafted to fulfill the demands and desires of intended consumers. On the other hand, it highlighted the retailing mix as an assemblage of marketing strategies harnessed by retailers to bestow value upon patrons and attain corporate objectives. Consistent with Kotler (2016), the retailing mix represents an array of manageable, strategic marketing instruments wielded by enterprises to elicit the sought-after response within the target market. Kotler also expounded that the retail mix encompasses various constituents including product, price, promotion, service, store atmosphere, and location (Kotler & Keller, 2016)

2.1.1.1. Product

1. Definition

In the context of retailing, the term "product" refers to the tangible goods or intangible services that a retailer offers to its customers. These products are the fundamental offerings through which the retailer meets the needs and desires of its target market. They can encompass a wide range of items, from physical goods such as clothing, electronics, and groceries, to services like hairstyling, repair services, and entertainment experiences (Fay et al., 2015).

The product component of the retailing mix involves decisions related to product assortment, quality, branding, packaging, and innovation (Fałkowski & Chlebicka, 2021).

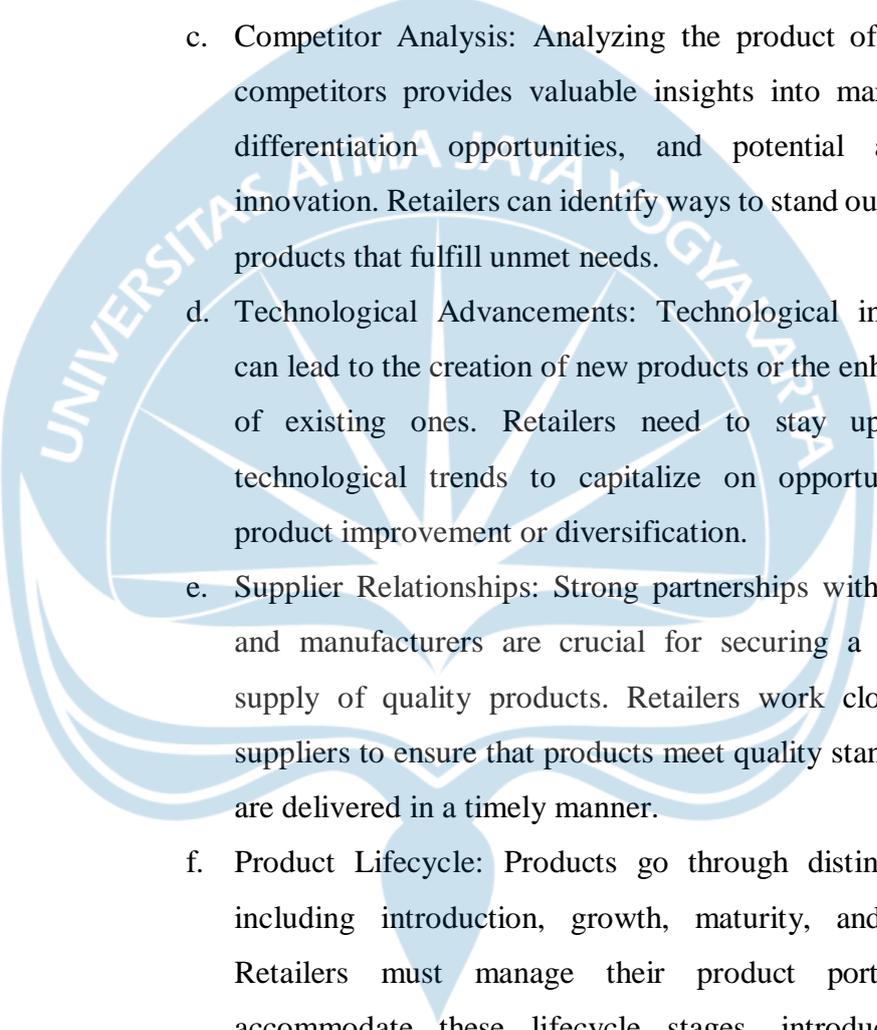
Retailers need to carefully curate their product offerings to align with the preferences and demands of their target customers, ensuring that the products meet or exceed their expectations.

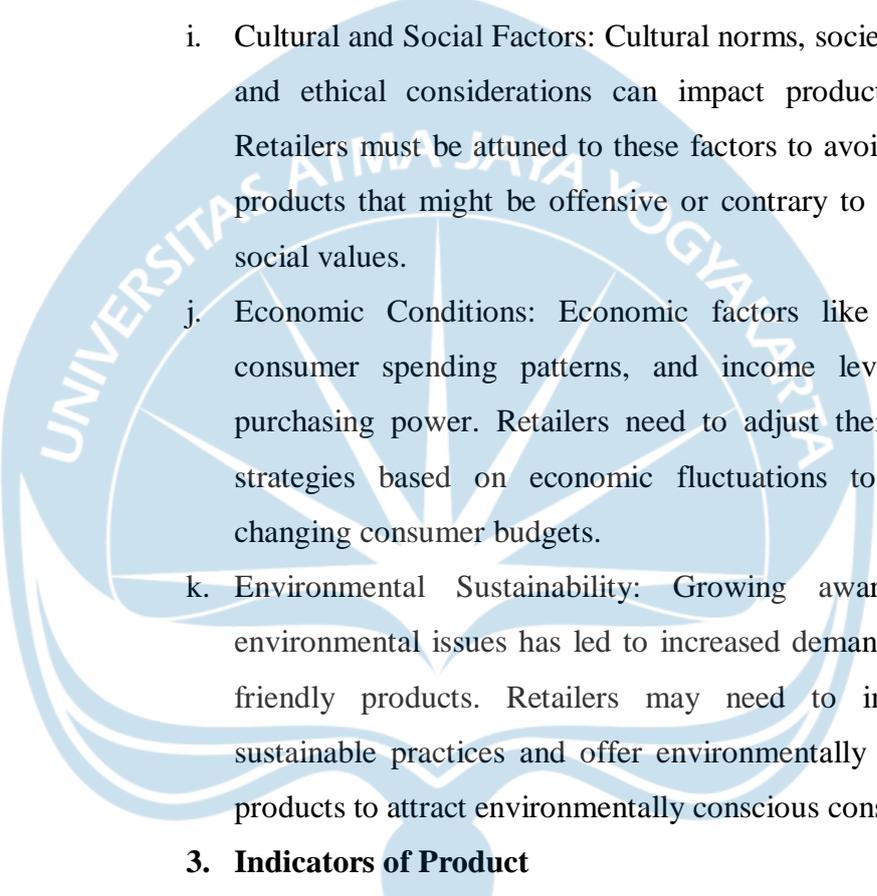
Furthermore, aspects like product positioning, differentiation, and unique selling propositions are crucial considerations within the product component. Retailers must continually evaluate and adapt their product offerings to remain competitive, capture market share, and cater to evolving consumer trends and preferences (Kotler & Armstrong, 2018). By effectively managing the product aspect of the retailing mix, retailers can create a distinct identity, build customer loyalty, and ultimately drive sales and business growth.

2. Factors That Influence Product in Retail Mix

The product component of the retail mix is influenced by a variety of factors that play a pivotal role in shaping a retailer's product offerings and strategies. These factors impact how retailers select, develop, and present their products to meet the preferences and needs of their target customers. There are some key factors that influence the product component (Kotler & Armstrong, 2018):

- a. **Customer Preferences and Demands:** Understanding the preferences, tastes, and changing demands of customers is paramount. Retailers need to conduct thorough market research to identify trends, consumer behaviors, and emerging preferences. This insight guides the selection and development of products that align with customer expectations.

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- b. **Market Segmentation:** Effective market segmentation involves categorizing the target audience into distinct groups based on shared characteristics and preferences. By tailoring products to these segments, retailers can better address the unique needs of different customer groups.
 - c. **Competitor Analysis:** Analyzing the product offerings of competitors provides valuable insights into market gaps, differentiation opportunities, and potential areas for innovation. Retailers can identify ways to stand out and offer products that fulfill unmet needs.
 - d. **Technological Advancements:** Technological innovations can lead to the creation of new products or the enhancement of existing ones. Retailers need to stay updated on technological trends to capitalize on opportunities for product improvement or diversification.
 - e. **Supplier Relationships:** Strong partnerships with suppliers and manufacturers are crucial for securing a consistent supply of quality products. Retailers work closely with suppliers to ensure that products meet quality standards and are delivered in a timely manner.
 - f. **Product Lifecycle:** Products go through distinct stages, including introduction, growth, maturity, and decline. Retailers must manage their product portfolios to accommodate these lifecycle stages, introducing new products, rejuvenating existing ones, and phasing out outdated offerings.
 - g. **Regulations and Compliance:** Different industries are subject to various regulations, standards, and certifications. Retailers must ensure that their products meet legal and industry-specific requirements, ensuring customer safety and satisfaction.

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- h. **Brand Image and Positioning:** The brand image and positioning of a retailer influence the types of products that are associated with the brand. Retailers need to align their product offerings with their brand identity to maintain consistency and reinforce customer perceptions.
 - i. **Cultural and Social Factors:** Cultural norms, societal trends, and ethical considerations can impact product choices. Retailers must be attuned to these factors to avoid offering products that might be offensive or contrary to prevailing social values.
 - j. **Economic Conditions:** Economic factors like inflation, consumer spending patterns, and income levels affect purchasing power. Retailers need to adjust their product strategies based on economic fluctuations to cater to changing consumer budgets.
 - k. **Environmental Sustainability:** Growing awareness of environmental issues has led to increased demand for eco-friendly products. Retailers may need to incorporate sustainable practices and offer environmentally conscious products to attract environmentally conscious consumers.

3. Indicators of Product

There are five indicators that reflect the effectiveness and performance of the product component within the retail mix (Fay et al., 2015):

- a. **Sales Volume:** The quantity of products sold is a direct indicator of customer demand and acceptance. High sales volumes suggest that the products offered align well with customer preferences, while low sales might indicate a need for product refinement or reevaluation.
- b. **Customer Satisfaction:** Feedback, reviews, and surveys from customers provide valuable insights into how well products

meet their expectations. Positive customer satisfaction ratings indicate that products are delivering value and fulfilling their intended purposes.

- c. **Product Return Rate:** The rate at which customers return products can indicate issues such as quality problems, mismatched expectations, or inadequate product descriptions. A higher return rate might prompt retailers to address these concerns and make necessary adjustments.
- d. **Market Share:** The portion of the market that a retailer's products occupy compared to competitors is a measure of the product's competitiveness and appeal. Gaining market share often signifies successful product positioning and differentiation.
- e. **Product Innovation Rate:** The frequency at which new and improved products are introduced to the market reflects a retailer's commitment to staying relevant and meeting evolving customer needs. A high rate of product innovation suggests adaptability and responsiveness to changing market trends.

2.1.1.2. Price

1. Definition

Within the retailing context, "price" refers to the monetary value assigned to a product or service that customers must pay in exchange for acquiring it. It is a critical component of the retailing mix, influencing consumer perceptions, purchase decisions, and overall market positioning. The price of a product encompasses not only its numerical value but also the perceived worth and value proposition it offers to customers (Yao & Liu, 2005).

The price component of the retail mix involves strategic decisions related to setting the initial price, pricing

strategies, discounts, promotions, and dynamic pricing adjustments (Van Den Poel et al., 2004). Retailers must carefully balance the need to cover costs, generate profits, and remain competitive in the market while also considering customer affordability and willingness to pay.

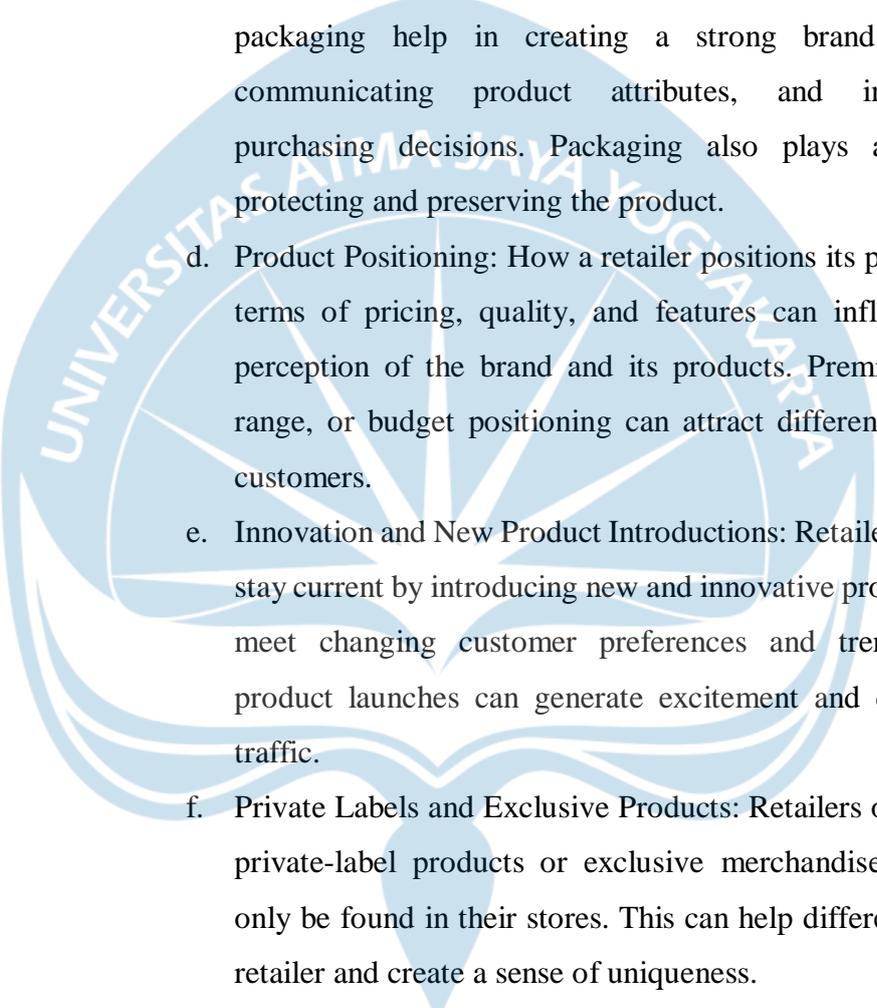
Pricing strategies can vary widely, including cost-plus pricing, value-based pricing, penetration pricing, premium pricing, and more. The chosen pricing strategy aligns with the retailer's overall business goals and market positioning. Effective pricing can help retailers attract target customers, maximize revenue, create perceived value, and build customer loyalty (Littlefield, 1993).

Moreover, pricing decisions are interconnected with other components of the retail mix, such as product quality, promotion, and positioning. Retailers need to consider how their pricing strategy complements these other elements to deliver a cohesive and compelling offering to their customers.

2. Factors That Influence Price in Retail Mix

The retail mix, also known as the marketing mix or the 6 Ps, encompasses various elements that retailers use to create a comprehensive marketing strategy for their products and services. These elements collectively influence consumer behavior and shape the overall retail experience. The factors that influence the product aspect of the retail mix include (Yao & Liu, 2005):

- a. **Product Range and Assortment:** The variety of products and brands offered by a retailer can impact the perceived value and attractiveness of the store. A well-curated assortment that meets the needs and preferences of the target customers enhances the overall shopping experience.

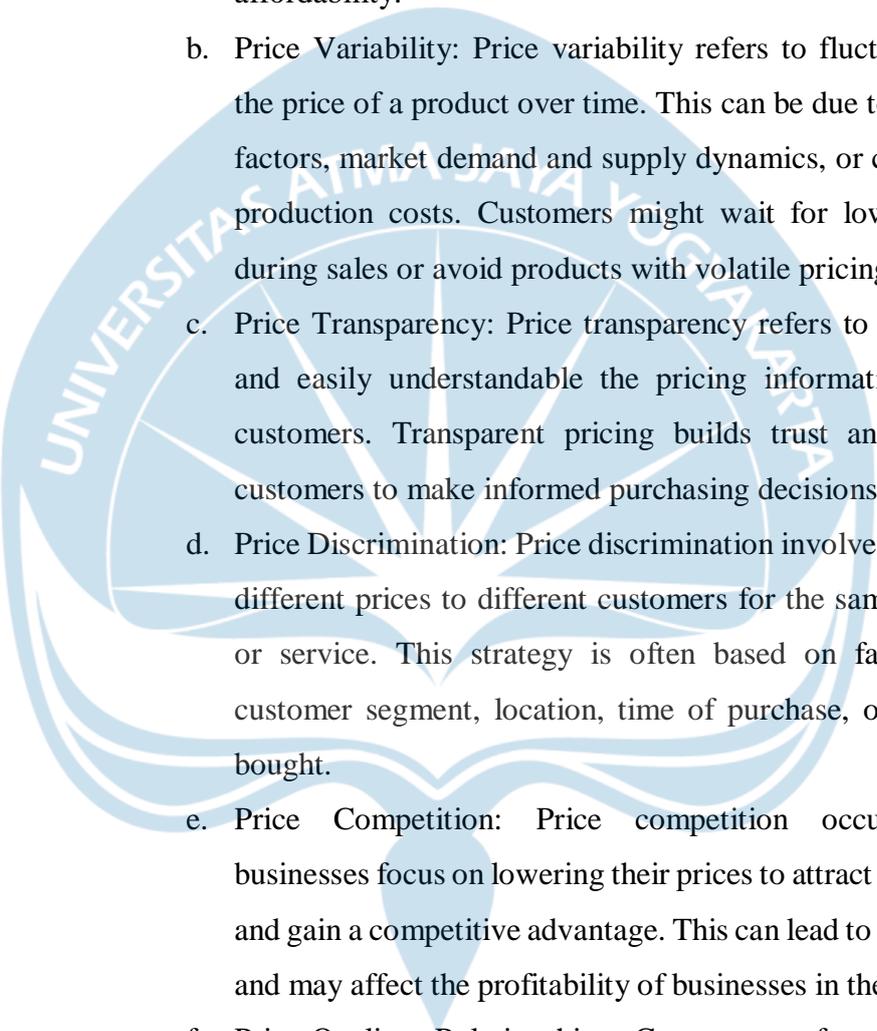
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- b. **Product Quality:** The quality of the products offered is crucial in building customer trust and loyalty. High-quality products can differentiate a retailer from competitors and lead to repeat business.
 - c. **Branding and Packaging:** Effective branding and appealing packaging help in creating a strong brand identity, communicating product attributes, and influencing purchasing decisions. Packaging also plays a role in protecting and preserving the product.
 - d. **Product Positioning:** How a retailer positions its products in terms of pricing, quality, and features can influence the perception of the brand and its products. Premium, mid-range, or budget positioning can attract different types of customers.
 - e. **Innovation and New Product Introductions:** Retailers need to stay current by introducing new and innovative products that meet changing customer preferences and trends. New product launches can generate excitement and drive foot traffic.
 - f. **Private Labels and Exclusive Products:** Retailers often offer private-label products or exclusive merchandise that can only be found in their stores. This can help differentiate the retailer and create a sense of uniqueness.
 - g. **Product Life Cycle:** Retailers should consider where a product is in its life cycle (introduction, growth, maturity, or decline) and adjust their strategies accordingly. For example, promotional efforts might differ based on the stage of the product's life cycle.
 - h. **Merchandising and Store Layout:** How products are displayed, organized, and promoted within the store can

influence customer browsing and purchasing behavior. Effective merchandising can lead to higher sales.

- i. Seasonal and Trend-based Products: Retailers often offer seasonal products or capitalize on current trends to attract customers looking for products relevant to specific times or themes.
- j. Customer Preferences and Demographics: Understanding the preferences, needs, and demographics of the target customer base is essential in selecting and offering the right products. Tailoring products to the specific interests of customers can boost sales.
- k. Sustainability and Ethics: As consumer awareness of environmental and ethical issues grows, offering sustainable and ethically produced products can be a strong selling point for retailers.
- l. Product Availability and Stock Management: Ensuring that products are consistently available and well-stocked helps prevent customer frustration and lost sales due to out-of-stock situations.
- m. Cross-Selling and Upselling: Retailers can strategically offer complementary products or encourage customers to upgrade to higher-value items, thereby increasing the overall purchase amount.
- n. Online and Offline Integration: In an omnichannel retail environment, the consistency of product offerings across online and offline channels is important for a seamless customer experience.

3. Indicators of Price

There are six indicators of price that businesses and consumers commonly consider (Yokoyama et al., 2022):

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- a. **Price Level:** This refers to the actual numerical value assigned to a product or service. It's the amount customers pay to acquire the product. The price level influences perceptions of product quality, brand positioning, and affordability.
 - b. **Price Variability:** Price variability refers to fluctuations in the price of a product over time. This can be due to seasonal factors, market demand and supply dynamics, or changes in production costs. Customers might wait for lower prices during sales or avoid products with volatile pricing.
 - c. **Price Transparency:** Price transparency refers to how clear and easily understandable the pricing information is for customers. Transparent pricing builds trust and enables customers to make informed purchasing decisions.
 - d. **Price Discrimination:** Price discrimination involves charging different prices to different customers for the same product or service. This strategy is often based on factors like customer segment, location, time of purchase, or quantity bought.
 - e. **Price Competition:** Price competition occurs when businesses focus on lowering their prices to attract customers and gain a competitive advantage. This can lead to price wars and may affect the profitability of businesses in the long run.
 - f. **Price-Quality Relationship:** Customers often associate higher prices with higher quality. The perception of value for money depends on whether customers believe the price matches the quality of the product. Businesses need to find the right balance to avoid underpricing or overpricing.

2.1.1.3. Promotion

1. Definition

Promotion encompasses a wide range of actions that effectively convey a product's value and convince potential customers to make a purchase decision. Promotion, in the context of marketing, refers to the set of activities, strategies, and communication efforts undertaken by businesses to inform, persuade, and influence target audiences about their products, services, or brands (Kotler & Keller, 2016). The primary objective of promotion is to create awareness, generate interest, encourage desire, and ultimately prompt action, such as making a purchase or taking a specific course of action.

Promotion involves various tools and channels, both traditional and digital, to effectively reach and engage the intended audience. These tools include advertising, public relations, sales promotions, personal selling, direct marketing, social media marketing, content marketing, influencer collaborations, and more (Kotler & Armstrong, 2018). The goal is to convey the value, benefits, and unique selling points of a product or service in a compelling way that resonates with consumers and encourages them to engage with the offering.

2. Factors That Influence Promotion in Retail Mix

In the retail mix, promotion refers to the strategies and activities that businesses employ to communicate the value of their products or services to the target audience. These strategies aim to create awareness, generate interest, and persuade customers to make a purchase. Several factors influence the promotion aspect of the retail mix (Van Den Poel et al., 2004):

- a. Target audience: Successful promotion depends on a thorough understanding of the target audience. This includes

demographics, psychology, behaviors, and interests. Knowing who the customer is allows retailers to effectively tailor their messaging and choose the right communication channels. For example, younger audiences may respond better to social media campaigns, while older audiences may prefer traditional media such as newspapers.

- b. Nature of the product or service: The characteristics of the promoted product or service have a significant impact on advertising strategies. Complex products may require detailed explanations through informative content, while emotion-driven products may focus on creating a feeling of longing or desire. Combining promotional methods with product features will ensure that the message is engaging and relevant.
- c. Competitive landscape: To stand out in a competitive market, retailers need to understand their competition well. By analyzing competitors' strengths and weaknesses, companies can uniquely position their products. The promotion then emphasizes what sets them apart, whether it's price, quality, innovation, or a specific value proposition that their competitors lack.
- d. Marketing goal: Clear marketing objectives guide advertising efforts. If the goal is to increase sales, promotions can focus on discounts or special offers. For brand awareness, promotions can focus on storytelling and interaction. Clearly defined goals ensure that promotion strategies align with larger business goals.
- e. Budget: The resources allocated for promotion have a significant impact on the strategies that can be employed. Larger budgets can accommodate a wide variety of activities and advertising channels, while smaller budgets require

careful selection of high-impact tactics. It's important to find a balance between budget constraints and ad performance.

- f. **Promotion mix:** Various promotional tools, such as advertising, personal selling, sales promotion, public relations and direct marketing, create the promotional mix. The ratio and combination of these tools determine how the message reaches the audience. Finding the right combination depends on factors such as the nature of the product, audience preferences, and available resources.
- g. **Seasonality and trends:** Tailoring promotions to trends and seasonal events can capitalize on consumer spending habits. Back-to-school discounts, holiday promotions, or summer sales align with customer behavior, create a sense of urgency, and drive sales during specific times. Staying on top of trends ensures the relevance and timeliness of promotions.

3. Indicators of Promotion

There are five indicators that often suggest an employee is being considered for a promotion (Van Den Poel et al., 2004):

- a. **Consistent High Performance:** Employees who consistently meet or exceed their job expectations, deliver high-quality work, and achieve their goals are strong candidates for promotions.
- b. **Leadership and Initiative:** Those who take the initiative to lead projects, mentor colleagues, or propose innovative ideas demonstrate leadership qualities that are often sought in higher positions.
- c. **Adaptability and Learning:** Employees who demonstrate a willingness to learn new skills, adapt to changing situations,

and take on additional responsibilities show that they are capable of handling more complex roles.

- d. **Positive Attitude and Collaboration:** Having a positive attitude, fostering collaboration, and effectively working with team members and across departments indicates the ability to handle increased responsibility.
- e. **Consistent Development:** Employees who actively engage in professional development, seek out training opportunities, and demonstrate growth over time are often seen as potential candidates for higher-level positions.

2.1.1.4. Store Atmosphere

1. Definition

As per Kotler & Keller (2016), "store atmosphere" refers to the comprehensive impression that a store's physical arrangement, interior design, and surroundings collectively create. This includes the visual appeal, layout, and ambiance of the store, as well as the emotional and psychological responses triggered by the sensory cues emanating from these elements (Basu et al., 2022).

In essence, store atmosphere encapsulates the holistic experience that customers undergo when they enter and interact within a retail space (Kotler & Armstrong, 2018). It encompasses how the store's layout and design elements are orchestrated to influence customer perceptions, emotions, and behaviors. The visual aesthetics, lighting, color schemes, music, scents, and even the spatial arrangement all contribute to shaping the store's atmosphere.

The goal of crafting a compelling store atmosphere is to evoke specific feelings, moods, and responses that align with the brand's identity and the desired customer experience. A well-designed and thoughtfully managed store

atmosphere has the potential to create a distinct and memorable shopping environment, enhancing customer satisfaction, engagement, and loyalty. It recognizes the power of sensory cues in influencing purchasing decisions and fostering a lasting connection between consumers and the brand (Kotler & Keller, 2016).

2. Factors That Influence Store Atmosphere in Retail Mix

There are seven factors that influence store atmosphere, along with explanations for each factor (Kotler & Armstrong, 2018):

- a. **Interior Design and Layout:** The arrangement of displays, aisles, and furniture, as well as the flow of the store, impacts how customers navigate and engage with products. An organized and aesthetically pleasing layout can enhance the overall shopping experience.
- b. **Lighting:** Lighting levels, color temperatures, and direction of light sources influence the store's visual appeal. Bright and well-distributed lighting can create an inviting and vibrant atmosphere, while softer lighting might encourage relaxation.
- c. **Music and Sound:** The choice of background music and sound effects sets the tone for the store. Upbeat music can energize shoppers, while calming melodies may create a more relaxed ambiance.
- d. **Color Scheme and Decor:** Colors evoke emotional responses, and the store's color palette contributes to the atmosphere. Warm colors like red and orange can evoke excitement, while cool colors like blue and green may provide a sense of tranquility.
- e. **Scent:** Scent marketing can trigger memories and emotions. Pleasant scents can enhance the atmosphere and influence

customers' perceptions of product quality and the store's environment.

- f. **Temperature and Air Quality:** Maintaining a comfortable temperature and good air quality ensures that customers feel physically at ease while browsing. An uncomfortable environment can negatively impact the shopping experience.
- g. **Employee Behavior and Interaction:** The behavior and demeanor of store staff directly influence the atmosphere. Friendly and helpful staff can contribute to a positive atmosphere by creating a welcoming environment (Fałkowski & Chlebicka, 2021).

3. Indicators of Store Atmosphere

There are five indicators of store atmosphere, such as (Basu et al., 2022):

- a. **Customer Engagement:** The level of customer interaction, such as browsing time and engagement with displays, reflects the store's ability to captivate shoppers through its ambiance.
- b. **Emotional Response:** Observing customers' emotional reactions, such as smiles, relaxed postures, or enthusiastic conversations, indicates how well the store's atmosphere resonates with their feelings.
- c. **Dwell Time:** The amount of time customers spend inside the store suggests their comfort and interest in the atmosphere, as well as the effectiveness of the store's design in keeping them engaged.
- d. **Repeat Visits and Loyalty:** If customers return to the store repeatedly, it indicates that the store's atmosphere has left a positive impression, fostering loyalty and a desire to experience it again.

- e. Purchase Behavior: Analyzing the types of products customers buy and the quantity of their purchases can reveal how the store's atmosphere influences their buying decisions.

2.1.1.5. Service

1. Definition

A service refers to an intangible offering provided by one party (usually a business or an individual) to another (Othman et al., 2021). Unlike physical products, services are not tangible objects that can be held or touched. Instead, services encompass a wide range of activities, skills, expertise, or experiences that are performed to meet a particular need or desire of the recipient. Services are often characterized by their perishability (they cannot be stored), variability (they can vary in quality from one instance to another), and inseparability (they are often produced and consumed simultaneously).

In the context of the marketing mix (4Ps or 7Ps), services are an integral part of the overall offering that businesses provide to customers (Yokoyama et al., 2022). The management of services involves considerations of quality, customer experience, pricing, and service delivery processes. Additionally, services often involve interactions between service providers and customers, making customer service and relationship management crucial components of successful service-oriented businesses.

2. Factors That Influence Service in Retail Mix

In the retail mix, the "service" component refers to the various customer service elements and experiences that a retailer offers to enhance the overall shopping experience. These factors play a significant role in shaping customer satisfaction, loyalty, and the perception of the retailer's

brand. There are factors that influence the service aspect of the retail mix (Jebarajakirthy et al., 2021):

- a. Customer Service Quality: The level of assistance, support, and responsiveness that customers receive from staff significantly impacts their overall experience.
- b. Staff Training: Well-trained employees who possess product knowledge and interpersonal skills can provide superior service.
- c. Personalization: Offering personalized recommendations and tailored experiences based on customer preferences enhances engagement.
- d. Convenience: Convenient services like easy returns, multiple payment options, and efficient checkout processes improve customer satisfaction.
- e. Technology Integration: Utilizing technology, such as self-checkout kiosks or mobile apps, can streamline service delivery.
- f. Communication Channels: Providing various communication channels for customers to ask questions or seek assistance ensures accessibility.
- g. Post-Purchase Support: Offering support after the sale, such as installation guidance or troubleshooting, builds long-term customer relationships.
- h. Feedback Collection: Actively seeking and acting on customer feedback demonstrates a commitment to improvement.
- i. Cultural Sensitivity: Being aware of and respecting cultural differences in service expectations fosters inclusivity.
- j. Omnichannel Consistency: Maintaining consistent service quality across physical and online channels creates a cohesive customer experience.

3. Type of Service

In the context of the retail mix, the two main types of services are (Arenas-Gaitán et al., 2021):

- a. Core Services: Core services refer to the fundamental services or benefits that customers expect when they purchase a product or visit a retail establishment. These services are closely tied to the main offering and are essential for meeting customer needs. They are often the primary reason customers choose a particular retailer. Examples of core services in the retail context include:
 - 1) Product Availability: Ensuring that the desired products are in stock and readily accessible to customers.
 - 2) Product Information: Providing accurate and detailed information about products to help customers make informed purchasing decisions.
 - 3) Checkout Process: Offering an efficient and smooth checkout process that minimizes waiting times and hassle for customers.
 - 4) Returns and Exchanges: Allowing customers to easily return or exchange products in case of dissatisfaction or issues.
- b. Augmented Services: Augmented services go beyond the core offerings and provide additional value-added services or experiences to customers. These services enhance the overall shopping experience and differentiate a retailer from its competitors. Examples of augmented services in the retail context include:
 - 1) Personalized Assistance: Offering personalized recommendations and assistance to customers based on their preferences and needs.

- 2) Home Delivery: Providing the option for customers to have their purchases delivered to their homes for added convenience.
- 3) Extended Warranty: Offering extended warranty plans to provide customers with peace of mind regarding the durability of their purchases.
- 4) Loyalty Programs: Implementing loyalty programs that offer rewards, discounts, or special offers to repeat customers.
- 5) In-Store Events: Hosting events, workshops, or demonstrations that engage customers and create a unique in-store experience.

4. Indicators of Service

There are six indicators that are commonly used to measure and assess the quality and effectiveness of services (Othman et al., 2021):

- a. Customer Satisfaction: This indicator measures how satisfied customers are with the service they received. It can be assessed through surveys, feedback forms, or online reviews.
- b. Service Quality: Service quality encompasses various dimensions such as responsiveness, reliability, assurance, empathy, and tangibles. It assesses how well the service meets or exceeds customer expectations.
- c. Service Recovery: This indicator evaluates how well a business handles and resolves customer complaints, issues, or problems. Effective service recovery can turn a negative experience into a positive one.
- d. Customer Loyalty: Customer loyalty measures the likelihood of customers to continue patronizing a business and recommending it to others. Loyal customers contribute to repeat business and positive word-of-mouth.

- e. **Service Delivery Speed:** This measures the speed at which services are provided to customers. For example, in the context of fast-food restaurants, it could measure the time taken from placing an order to receiving the food.
- f. **Employee Satisfaction and Engagement:** The satisfaction and engagement level of employees can impact their interactions with customers and, in turn, affect the quality of service. Satisfied and engaged employees are more likely to deliver exceptional service.

2.1.1.6. Location

1. Definition

In the context of retailing, Kotler & Armstrong (2018) defines "location" as the place where the product is made available to the target market. This highlights the importance of choosing strategic locations for retail businesses to ensure that their products are easily accessible to their intended customers (Fischer et al., 2019).

Location in the context of retailing can be defined as the place where a retailer conducts its business activities. This encompasses both the physical store locations and the broader distribution channels through which the retailer makes its products or services available to consumers (Littlefield, 1993). The choice of location can greatly influence a retailer's success by impacting factors such as visibility, foot traffic, and convenience for customers.

Both of these definitions emphasize the critical role of location in retailing. The selection of an appropriate location can directly affect a retailer's ability to attract customers, generate sales, and build a strong brand presence in the market.

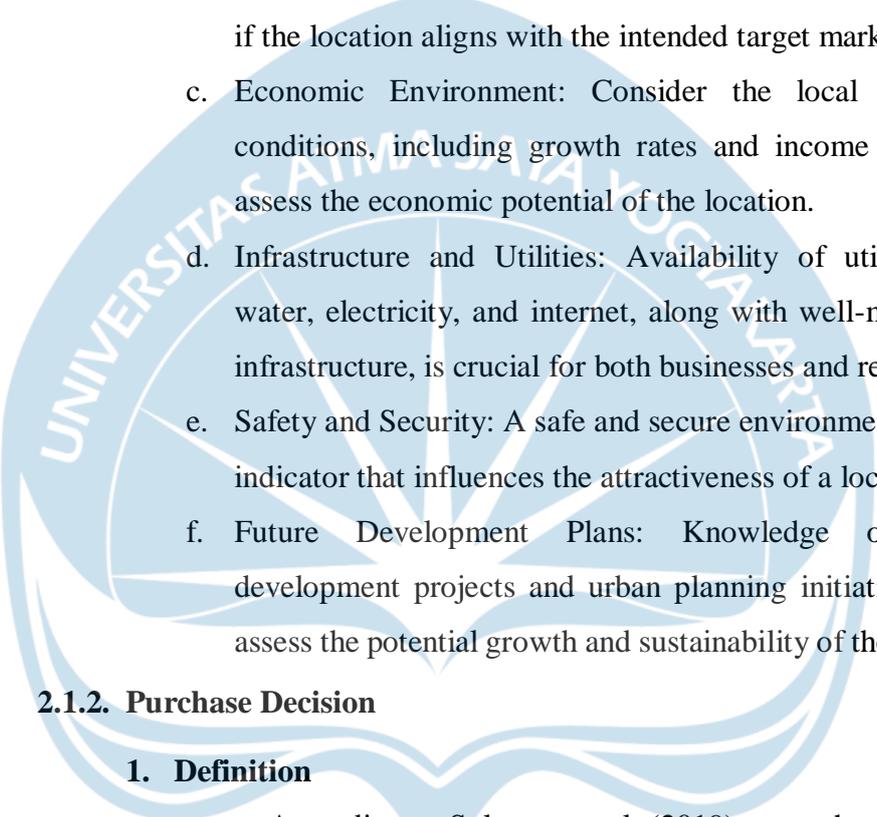
2. Types of Location

In the context of retailing, "location" can be categorized into two primary concepts: retail location and retail site location. These terms refer to different aspects of where a retail business operates and the strategic decisions involved in choosing the right place for business activities (Fischer et al., 2019).

- a. **Retail Location:** Retail location refers to the broader concept of where a retail business chooses to establish its operations. It involves considering factors such as the region, city, neighborhood, and general environment in which the business will operate. This decision impacts the overall market reach, customer base, and competition that the business will face. Choosing the right retail location involves a deep understanding of the target market, demographic trends, and economic conditions in the area.
- b. **Retail Site Location:** Retail site location refers to the specific physical address or spot where a retail store or outlet is situated within the chosen retail location. It's the detailed decision of where, within a given area, the retail business will set up shop. Factors influencing retail site location include foot traffic, proximity to competitors, accessibility, visibility, parking availability, and the local infrastructure. The goal is to identify a location that maximizes customer convenience and exposure.

3. Indicators of Location

Indicators of location refer to the factors that help determine the suitability and desirability of a specific geographical area for a particular purpose, such as establishing a business or residence. There are some key indicators of location (Littlefield, 1993):

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- a. **Accessibility and Transportation:** The ease of reaching a location and the availability of transportation options (roads, public transit, airports) are essential indicators.
 - b. **Demographics and Target Market:** Understanding the local population's demographics and preferences helps determine if the location aligns with the intended target market.
 - c. **Economic Environment:** Consider the local economic conditions, including growth rates and income levels, to assess the economic potential of the location.
 - d. **Infrastructure and Utilities:** Availability of utilities like water, electricity, and internet, along with well-maintained infrastructure, is crucial for both businesses and residents.
 - e. **Safety and Security:** A safe and secure environment is a key indicator that influences the attractiveness of a location.
 - f. **Future Development Plans:** Knowledge of future development projects and urban planning initiatives helps assess the potential growth and sustainability of the location.

2.1.2. Purchase Decision

1. Definition

According to Solomon et al. (2019), a purchase decision is the process of making a choice or selection among different available options. As per Kotler (2021), a purchase decision is the process through which individuals or groups choose, buy, use, and dispose of goods, services, ideas, or experiences to fulfill their needs and desires. In Engel's perspective (2019), a purchase decision involves the act of making a choice among alternatives based on a cognitive process that encompasses identifying needs, seeking information, evaluating alternatives, and selecting the most suitable option.

Collectively, these three viewpoints depict the purchase decision as a crucial step within the consumption process.

Solomon et al. highlight the significance of choosing from numerous available options. Kotler emphasizes the broader aspects of choosing, including acquisition, utilization, and disposal, to satisfy needs and wants. Meanwhile, Engel's viewpoint underscores the cognitive dimension in decision-making, with the identification of needs, information search, alternative evaluation, and selection of the most suitable option as key elements in this process.

From these diverse perspectives, it can be discerned that a purchase decision involves conscious and rational selection based on available information, with the ultimate goal of meeting consumers' needs and desires. These viewpoints underscore the complexity and psychological as well as cognitive involvement that take place in each step of the purchase decision process.

2. Indicators of Purchase Decision

According to Kotler & Keller (2016), the purchase decision can be identified through various indicators as follows:

- a. **Product Choice:** Consumers determine which product to purchase, typically selecting products that hold value for them. In this context, companies should focus on the product options they provide, as well as the alternatives considered by consumers, to influence purchase decisions.
- b. **Brand Choice:** Consumers make decisions about which brand to buy. Each brand carries its own unique differentiators, and consumers tend to choose their preferred brand. Brand plays a significant role for companies, as well-reputed brands are more likely to be chosen by consumers.
- c. **Channel Choice:** Consumers must decide which distribution channel to visit. There are two options: offline channels

(conventional stores) and online channels (e-commerce and e-marketplaces). Consumers may choose different channels due to factors such as ease of access, competitive pricing, product availability, shopping convenience, and more.

- d. Quantity Purchased: Consumers decide how much of a product to purchase at a given time. Companies need to prepare the quantity of products they offer, as consumer purchase quantities can vary from one individual to another.
- e. Timing of Purchase: Consumers decide when to make a purchase. Timing can differ among consumers, such as weekends, early months, and more.
- f. Payment Method: Consumers determine the payment method to use after deciding to make a purchase. With evolving technology, companies offer various payment methods like debit, credit cards, bank transfers, and more.

2.2 Previous Studies

Table 2. 1 Previous Studies

No	Title/Author(s)	Variables	Research method(s)	Results
1	Measuring The Retail Mix on Purchase Decisions During Covid-19 Pandemic (Barca et al., 2021)	<ul style="list-style-type: none"> 1. Product 2. Price 3. Service 4. Promotion 5. Location 6. Store Atmosphere 	<p>The Respondent: Students who have made purchases at Pramuka Mart</p> <p>There are 140 respondents</p>	<p>The result of the study prove that:</p> <ul style="list-style-type: none"> 1. Products have a positive and significant effect on purchasing decisions 2. Price has a positive and significant effect on purchasing decisions

			<p>Sampling method used: Accidental Sampling</p> <p>Using Electronic Questionnaire made using Google Form</p> <p>Analytical Tool: multiple linear regression in SPSS 23 Program</p>	<p>3. Service have a positive but not significant effect on purchasing decisions</p> <p>4. Promotion have a positive and significant effect on purchasing decisions</p> <p>5. Location have a positive and significant effect on purchasing decisions</p> <p>6. Store atmosphere have a positive but not significant effect on purchasing decisions</p>
2	<p>The Effect of Retailing Mix on Customer Purchase Decision (Nurtanto et al., 2022)</p>	<ol style="list-style-type: none"> 1. Price 2. Product Diversity 3. Communication Mix 4. Location 5. Customer Service 6. Retail Display 	<p>The Respondent: CG Mart consumers</p> <p>There are 100 respondents</p> <p>Sampling method used: Cluster sampling</p>	<p>The result of this research:</p> <ol style="list-style-type: none"> 1. Price has a significant effect on consumer purchasing decisions for CG Mart Supermarkets in Kampar Regency

			<p>Using questionnaire</p> <p>Analytical Tool: Multiple Linear Regression using SPSS 2021</p>	<p>2. Product diversity has a significant effect on consumer purchasing decisions for CG Mart Supermarkets in Kampar Regency</p> <p>3. Communication Mix has no significant effect on consumer purchasing decisions for CG Mart Supermarkets in Kampar Regency</p> <p>4. Location has no significant effect on consumer purchasing decisions for CG Mart Supermarkets in Kampar Regency</p> <p>5. Customer Service has a significant effect on consumer</p>
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				<p>purchasing decisions for CG Mart Supermarkets in Kampar Regency</p> <p>6. Retail mix has no significant effect on consumer purchasing decisions for CG Mart Supermarkets in Kampar Regency</p>
3	<p>The Effect of Retail Mix on Purchase Decisions at Indomaret Banyumanik Semarang City (Rizky et al., 2021)</p>	<ol style="list-style-type: none"> 1. Product 2. Price 3. Location 4. Promotion 5. Service 6. Store Atmosphere 	<p>The Respondent: All consumers from Indomaret Ngesrep Branch, Banyumanik, Semarang</p> <p>There are 100 respondents</p>	<p>The result of this study showed that:</p> <ol style="list-style-type: none"> 1. The product variables has a positive and significant influence on the purchasing decision variable at Indomaret Banyumanik 2. The price variables has a positive and significant

			<p>Sampling method used: Purposive sampling</p> <p>Using questionnaire</p> <p>Analytical Tool: Multiple Linear Regression using SPSS</p>	<p>influence on the purchasing decision variable at Indomaret Banyumanik</p> <p>3. The location variables has a positive and significant influence on the purchasing decision variable at Indomaret Banyumanik</p> <p>4. The promotion variables has a positive and significant influence on the purchasing decision variable at Indomaret Banyumanik</p> <p>5. The service variables has a positive and significant influence on the purchasing decision variable at Indomaret Banyumanik</p>
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				6. The store atmosphere variables has a positive and significant influence on the purchasing decision variable at Indomaret Banyumanik
4	The Effect of Promotion, Store Atmosphere, and Service Quality on Purchase Decision: The COVID-19 Pandemic (Tjahjaningsih et al., 2022)	<ol style="list-style-type: none"> 1. Promotion 2. Store Atmosphere 3. Service Quality 	<p>The Respondent: Consumers who make purchases at Superindo Supermarkets, Semarang, Indonesia</p> <p>There are 100 respondents.</p> <p>Sampling method used: Purposive sampling</p> <p>Using questionnaire</p>	<p>The result of this study shows that</p> <ol style="list-style-type: none"> 1. Promotion has an effect on Purchase Decisions 2. Store Atmosphere has an effect on Purchase Decisions 3. Service Quality has an effect on Purchase Decisions

			Analytical Tool: Multiple Regression using SPSS	
5	The Influence of Retail Mix (Merchandise, Price, Promotion, Service and Physical Facilities) on Purchasing Decisions (Study on Visitors of Mr D.I.Y. at Suncity Mall Sidoarjo) (Ahmadi, 2019)	<ol style="list-style-type: none"> 1. Merchandise 2. Price 3. Promotion 4. Service 5. Physical Facility 	<p>The Respondent: The visitors who have shopped at the Mr D.I.Y Suncity Sidoarjo</p> <p>There are 100 respondents</p> <p>Sampling method used: Non Probability Sampling</p> <p>Using questionnaire</p> <p>Analytical Tool: Multiple Regression using SPSS</p>	<p>The result showed that:</p> <ol style="list-style-type: none"> 1. Merchandise had a significant effect on purchasing decisions at MR D.I.Y. Suncity Sidoarjo 2. Price had a significant effect on purchasing decisions at MR D.I.Y. Suncity Sidoarjo 3. Promotion had a significant effect on purchasing decisions at MR D.I.Y. Suncity Sidoarjo 4. Services had a significant effect on purchasing decisions at MR D.I.Y. Suncity Sidoarjo

				5. Physical Facilities had a significant effect on purchasing decisions at MR D.I.Y. Suncity Sidoarjo
6	The Effect of Retailing Mix On Consumer Decisions To Shopping At Maimart Shop, Bima City (Yulianti & Nurdin, 2022)	<ol style="list-style-type: none"> 1. Location 2. Product 3. Price 4. Promotion 5. Service 	<p>The respondent: Customer of Maimart Shop</p> <p>There are 50 respondents</p> <p>Sampling method used: accidental sampling</p> <p>Using questionare</p> <p>Analytical Tool: Multiple Regression</p>	The result of the study shows that location, product, price, promotion, service has a significant effect on consumer decisions.
7	The Influence of Price, Store Atmosphere and Service Quality	<ol style="list-style-type: none"> 1. Price 2. Store Atmosphere 	The respondent: people who visited and	The result concluded that the prize had positive and significant effect on

	<p>on Purchase Decisions (Yuana & Wahyuati, 2018)</p>	<p>3. Service Quality</p>	<p>made purchased at the Matchbox café</p> <p>There are 100 respondents.</p> <p>Sampling method used: Accidental Sampling</p> <p>Using questionnaire</p> <p>Analytical Tool: Multiple Regression</p>	<p>the purchase decision. While the atmosphere store and service quality had positive and significant effect on purchase decision. So three variables (price, store atmosfer and quality service) have significant to purchase decision in the Matchbox café in Surabaya.</p>
8	<p>Influence of Product Quality, Price, and Promotion Purchase Decision of Philip Products (Firmansyah, 2021)</p>	<p>1. Product Quality 2. Price 3. Promotion</p>	<p>There are 47 respondent</p> <p>Sampling method used: Cluster Sampling</p> <p>Using questionnaire</p>	<p>The results of this study:</p> <p>1. product quality affects purchasing decisions</p> <p>2. price has a significant effect on purchasing decisions.</p>

			Analytical Tool Multiple Linear Regression	3. The promotion does not effect purchasing decisions
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2.3 Hypotheses Development

2.3.1. Effect of Product Variables on Customer Purchase Decision

Drawing upon the outcomes of the prior study conducted by Barca et al. (2021), it was evident that the nature of a product yields a positive and noteworthy influence on the choices individuals make in their purchasing decisions. Similarly, a distinct examination performed by Nurtanto et al. (2022) affirmed the consequential impact of product assortment diversification on the decision-making process of consumers. This observation echoes that of the investigation undertaken by Firmansyah (2021), which disclosed that the caliber of a product significantly shapes the decisions made when purchasing.

This correlation is further substantiated by the corroborative studies of Rizky et al. (2021), Ahmadi (2019), and Yulianti et al. (2022). As a cumulative consequence of the aforementioned body of research, the researcher is inclined to propose the subsequent hypotheses for exploration:

H1: Product Variables have a significant effect towards customer purchase decision.

2.3.2. Effect of Price Variables on Customer Purchase Decision

Derived from the findings of prior scholarly investigations by Barca et al. (2021), it was apparent that the pricing factor yields a constructive and statistically significant effect on the decision-making process pertaining to purchases. Parallel insights were gleaned from a comprehensive study carried out by Edy et al (2022),

reinforcing the pronounced influence of pricing on the choices made by consumers in their purchase transactions.

A synchronous trend is evident in the studies of Rizky et al. (2021), Ahmadi (2019), Yulianti & Nurdin (2022), Yuana & Wahyuati (2018), and Firmansyah (2021). As an amalgamation of the collective research insights, the researcher is inclined to advance the ensuing hypotheses for potential exploration:

H2: Price variables have a significant effect towards customer purchase decision.

2.3.3. Effect of Promotion Variables on Customer Purchase Decision

Emanating from the outcomes of prior research undertaken by Barca et al. (2021), it becomes evident that promotional activities manifest a favorable and statistically substantial influence on the dynamics of purchasing decisions. Aligning with this trajectory, a notable study conducted by Tjahjaningsih et al. (2022) underscores the discernible effect of promotions on the contours of purchase choices. Converging views in this vein are discernible in the inquiries conducted by Ahmadi (2019), Yulianti & Nurdin (2022), as well as Firmansyah (2021).

Reflecting upon this collective corpus of research, the researcher is inclined to postulate the ensuing hypotheses for potential exploration:

H3: Promotion variables have a significant effect towards customer purchase decision.

2.3.4. Effect of Store Atmosphere on Customer Purchase Decision

In light of the conclusions drawn from the antecedent research undertaken by Barca et al. (2021), it emerges distinctly that the ambiance within a store exerts a favorable and statistically significant influence on the intricate fabric of purchasing decisions. This trajectory aligns seamlessly with the insights gleaned from a notable inquiry conducted by Rizky et al. (2021), further

underscoring the tangible effect of store atmosphere on the contours of purchase choices. This collective convergence of perspectives is also discernible in the explorations pursued by Rizky et al. (2021), Tjahjaningsih et al. (2022), Yuana & Wahyuati (2018).

Building upon the foundation of this cumulative body of research, the researcher is inclined to posit the subsequent hypotheses for prospective examination:

H4: Store atmosphere have a significant effect towards customer purchase decision.

2.3.5. Effect of Service Variables on Customer Purchase Decision

Based on the outcomes unearthed in the antecedent research by Barca et al. (2021), a conspicuous pattern emerges wherein the provision of services manifests a constructive and statistically substantial effect on the intricate landscape of purchasing decisions. This trajectory harmoniously aligns with the findings underscored by a noteworthy inquiry led by Nurtanto et al. (2022), thereby fortifying the tangible imprint of service quality on the contours of purchase preferences. A unified chorus echoing these sentiments is distinctly discernible in the comprehensive investigations pursued by Ahmadi (2019), Rizky et al. (2021), Tjahjaningsih et al. (2022), Yuana & Wahyuati (2018), Yulianti & Nurdin (2022)

Drawing upon the bedrock of this comprehensive body of research, the researcher is inclined to present the ensuing hypotheses for prospective exploration:

H5: Service variables have a significant effect towards customer purchase decisions.

2.3.6. Effect of Location Variables on Customer Purchase Decisions

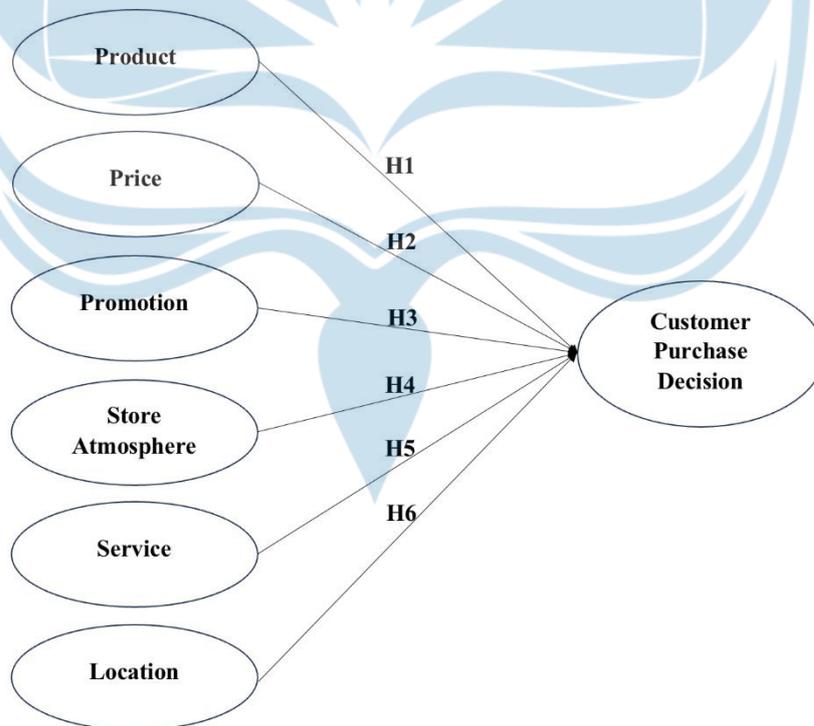
Drawing from the findings elucidated in the preceding research conducted by Barca et al. (2021), it becomes conspicuously clear that the selection of location exerts a beneficial and statistically noteworthy influence on the intricate fabric of purchasing decisions.

This trajectory seamlessly resonates with the conclusions underscored in a noteworthy study undertaken by Nurtanto et al. (2022), further corroborating the palpable sway of location on the landscape of purchase choices. A chorus of parallel views harmoniously echoes in the investigations pursued by Rizky et al. (2021), Yulianti & Nurdin (2022).

Guided by the bedrock of this cumulative research foundation, the researcher is inclined to present the ensuing hypotheses for prospective exploration:

H6: Location variables have a significant effect towards customer purchase decision.

2.4 Research Model



Source: Barca et al. (2021)

Figure 2. 1 Research Framework