

# **ANALYSIS OF THE INFLUENCE OF STORE ATMOSPHERE, LOCATION, AND PRODUCT DIVERSITY ON PURCHASE DECISIONS**

**(Case Study on Consumers at Indomaret Sentul Jaya V Harapan Jaya)**

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**Abstract** - *This study aims to determine the analysis of the effect of store atmosphere, location, product diversity on purchasing decisions at Indomaret Sentul Jaya V Harapan Jaya.*

*The strategy used in this research is associative research. The method used in this research is a survey method. The population in this study are consumers who shop at Indomaret Sentul Jaya V Harapan Jaya. The sample in this study were 100 respondents. The data collection method used a questionnaire. The data sources of this research are primary and secondary data. The analysis method used in this research is PLS with the SmartPLS version 3.0 program evaluated with an outer model and an inner model.*

*The results of this study indicate that store atmosphere has a positive and significant effect on purchasing decisions at Indomaret Sentul Jaya V, location has a positive and significant effect on purchasing decisions at Indomaret Sentul Jaya V, and product diversity has a positive and significant effect on purchasing decisions at Indomaret Sentul Jaya V. The R square value of 0.619 indicates that the purchase decision is influenced by the store atmosphere, location and product diversity of 60.8%, while the remaining 39.2% is influenced by other variables.*

*The conclusion in this study shows that all independent variables in the study, namely store atmosphere, location and product diversity affect purchasing decisions at Indomaret Sentul Jaya V.*

**Keywords:** *store atmosphere, location and product diversity, purchasing decisions*

**Abstrak** - Penelitian ini bertujuan untuk mengetahui analisis pengaruh store atmosphere, lokasi, keanekaragaman produk terhadap keputusan pembelian pada Indomaret Sentul Jaya V Harapan Jaya.

Strategi yang digunakan dalam penelitian ini adalah penelitian asosiatif. Metode yang digunakan dalam penelitian ini adalah metode survei. Populasi dalam penelitian ini adalah konsumen yang berbelanja di Indomaret Sentul Jaya V Harapan Jaya. Sampel dalam penelitian ini sebanyak 100 responden. Metode pengumpulan data menggunakan kuesioner. Sumber data penelitian ini merupakan data primer dan sekunder. Metoda analisis yang digunakan dalam penelitian ini adalah PLS dengan program SmartPLSversi 3.0 dievaluasi dengan outer model dan inner model.

Hasil penelitian ini menunjukkan bahwa store atmosphere berpengaruh positif dan signifikan terhadap keputusan pembelian pada Indomaret Sentul Jaya V, lokasi berpengaruh positif dan signifikan terhadap keputusan pembelian pada Indomaret Sentul Jaya V, dan keanekaragaman produk berpengaruh positif dan signifikan terhadap keputusan pembelian pada Indomaret Sentul Jaya V. Nilai  $R^2$  sebesar 0,619 menunjukkan bahwa keputusan pembelian dipengaruhi oleh store atmosphere, lokasi dan keanekaragaman produk sebesar 60,8% sedangkan sisanya sebanyak 39,2% dipengaruhi oleh variabel lain.

Kesimpulan dalam penelitian ini menunjukkan bahwa semua variabel bebas dalam penelitian yaitu store atmosphere, lokasi dan keanekaragaman produk mempengaruhi keputusan pembelian pada Indomaret Sentul Jaya V.

**Kata Kunci** : store atmosphere, lokasi dan keanekaragaman produk, keputusan pembelian.

## **I. INTRODUCTION**

The first modern retail in Indonesia was established on 23 April 1963 with the opening of the Sarinah building on Jalan MH Thamrin, Jakarta. The idea of this first retail development was initiated by President Soekarno at that time, who adopted the concept of sales in Western countries and Japan. Entering the era of the 1990s, the development of retail business in Indonesia has also increased very rapidly. Modern retail according to its form classification is divided into three, namely Minimarket, Supermarket and Hypermarket. With the development of the retail industry, the competition for the retail industry in Indonesia is getting tougher, because every company is always trying to increase its market share. This can be seen from the growth in the retail industry in 2018 of 9% - 10%, this figure is bigger than last year's growth of only 7%. Data in 2018 shows that economic growth is still ongoing and has not decreased and has contributed to all economic industries in Indonesia (aprimo.co.id, 2019: accessed November 21, 2019).

The development of minimarket retail in Indonesia reached 43,826 stores in 2017. From year to year, this growth increased by about 3.2%. This increase is motivated by the growth of the middle class and increasingly busy people's lives, this is what causes proximity and comfort to be so important for consumers (aprimo.co.id, 2019: accessed November 21, 2019).

***Analysis of the Influence of Store Atmosphere, Location, and Product Diversity on Purchase Decisions (Case Study on Consumers at Indomaret Sentul Jaya V Harapan Jaya)***

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Indomaret minimarket is one of the fastest growing modern retailers in Indonesia, with the right location in residential areas. Indomaret was founded in 1988 in Ancol, Central Jakarta. In 1997, Indomaret began to develop its business using a franchise system. By creating a business with a franchise system, Indomaret can provide opportunities for the general public to be able to work together and earn income. To date, Indomaret's franchise system has more than 10,000 outlets and stores spread across most regions in Indonesia. Of all Indomaret outlets that have been operating, 32% of them are owned by individuals or franchises. So, only about 62% of Indomaret outlets are owned by PT. Indomarco Prismatama. The Indomaret franchise mini market business is managed by the company PT. Indomarco Prismatama. The company PT. Indomarco is a subsidiary of PT. Indoritel Makmur International Tbk. Indomaret ownership was initially in the hands of Sudono Salim, who was the founder of the Salim Group. The Salim Group is the core of various giant companies in Indonesia, including PT. Indoritel Makmur International Tbk. However, ownership of the Indomaret franchise business has now been handed over to Sudono Salim's son, Anthoni Salim. So, for now, the Indomaret franchise is owned by Anthoni Salim, who was named the 4th richest person by Forbes in 2017 (aprindo.co.id, 2019: accessed November 21, 2019). The President Director of PT Indoritel Makmur International Tbk revealed that the number of Indomaret outlets reached 16,366 units by May 2019 (Bisnis.com, 2019: accessed November 21, 2019).

Chairman of the Indonesian Retail Companies Association (Aprindo) Roy N. Mandey said that the opportunities for minimarkets to grow are still very large compared to other types of retail such as supermarkets or hypermarkets. Indomaret has become a necessity for the community to fulfill their needs efficiently and as a lifestyle in shopping (aprindo.co.id, 2019: accessed November 21, 2019).

Indomaret, which is located at Jalan Sentul Jaya V Harapan Jaya, Bekasi City, opened in 2017, is one of the minimarket outlets that experienced ups and downs in sales. Sales report data and visitor data present in 2018 can be seen as follows:

**Table 1.1.** Sales and Visitors Report at Indomaret 2018

Months	Visitors	Sales
January	229 peoples	Rp 47.451.839,-
February	202 peoples	Rp 48.331.417,-
March	193 peoples	Rp 46.127.313,-
April	210 peoples	Rp 42.335.671,-
May	330 peoples	Rp 59.986.751,-
June	500 peoples	Rp 71.171.215,-
July	359 peoples	Rp 60.153.417,-
August	198 peoples	Rp 52.319.455,-
September	345 peoples	Rp 49.321.457,-
October	188 peoples	Rp 45.445.751,-
November	297 peoples	Rp 64.378.891,-
December	401 peoples	Rp 69.170.341,-

Source: Indomaret Sentul Jaya, 2019

Based on table 1.1 that in June and December the number of visitors increased and sales results increased, but in other months it was seen that the number of visitors fluctuated resulting in sales that fluctuated as well.

Winardi (2016: 3473) that the sales volume of a product or service is directly proportional to the purchase decision because if a product or service has a high sales volume, it means that the level of the purchase decision for a product or service is also high, and vice versa. Therefore, companies are expected to be able to increase the sales volume of the products or services they offer because with the increase in the sales volume of a company, many customers decide to buy the product or service.

Kotler and Keller (2016: 194) argue that purchasing decisions is an important thing to pay attention to because this will be a marketing strategy that will be carried out by the company for its business success. Kotler and Keller (2016: 194) state that consumer purchasing decisions are part of consumer behavior, namely the study of how goods, services, ideas or experiences satisfy their needs and desires. Based on research that has been conducted by Supirman (2016: 32) and Agustina (2017: 39), purchasing decisions are influenced by several factors, namely product diversity, price, location, and *store atmosphere*.

*The Store Atmosphere* is another element in completing the shop. Each store has a physical appearance and layout that can make it difficult or easier for people to move Kotler and Keller (2016: 561). Consumers will feel comfortable which has an impact on feeling happy because of the atmosphere that the store creates, so that it will have an impact on the possibility of consumers to make a purchase.

Kotler and Armstrong (2018: 92) argue that location is a variety of business activities to make products produced or sold affordable and available in the target market. A strategic business location is close to the crowd, has easy access, and is easy to reach. Can provide benefits in the form of time, cost and energy efficiency so that it will have an impact on consumer decisions to make purchases.

Ogi, *et al*; (2018) and Prambudi and Rachmi (2017) that the higher the level of product diversity offered in a store, the higher the level of purchasing decisions made on the products offered at that store. Conversely, the lower the level of product diversity offered in a store, the lower the level of purchasing decisions made on the products offered at the store.

### **Problem Formulation**

Based on the background described above, sales experienced by Indomaret throughout 2018 can be seen in table 1.1. experience fluctuation. So the formulation of the research problem is how *store atmosphere*, location and product diversity influence purchasing decisions at Indomaret. Based on the problem formulation above, several research questions arise as follows:

1. Does the *store atmosphere* influence purchasing decisions at Indomaret?
2. Does location influence purchasing decisions at Indomaret?
3. Does product diversity affect purchasing decisions at Indomaret?

## **II. BASIS THEORY**

### **Definition of *Store Atmosphere***



Kotler and Keller (2016: 561) state that a *store atmosphere* is a description of the overall atmosphere of a shop created by physical elements (*exterior, interior, layout, display*) and psychological elements (comfort, service, cleanliness, availability of goods, creativity, promotion, technology).

### **Definition of Location**

Kotler and Armstrong (2018: 51) state that location is a variety of company activities to make products produced or sold affordable and available to target markets, in this case related to how the product or service is delivered to consumers and where is the strategic location . Meanwhile, Alma (2016: 103) states that location is where companies carry out activities to produce goods and services that are important to their economic aspects.

### **Definition of Product Diversity**

According to Kotler and Armstong (2018: 358), product diversity is a collection of all products and goods offered by businesses to consumers. Therefore, business actors must make the right decisions regarding the variety of products being offered, because the diversity of products will make it easier for consumers to choose and make purchasing decisions according to the needs and desires of consumers.

### **Definition of Purchase Decisions**

According to Buchari Alma (2016: 96), a purchase decision is a consumer decision that is influenced by the financial economy, technology, politics, culture, products, prices, locations, promotions, *physical evidence, people, process*. So as to form attitudes towards consumers to process all information and draw conclusions in the form of responses that emerge what products to buy.

### **Relationship between Variables**

#### **The Influence of Store Atmosphere on Purchase Decisions**

*Store atmosphere* is one of the factors that can attract consumer attention. According to Kotler and Keller (2016: 561) *store atmosphere* is a description of the overall atmosphere of a shop created by physical elements (*exterior, interior, layout, display*) and psychological elements (comfort, service, cleanliness, availability of goods, creativity, promotion, technology). ). *The store atmosphere* aims to attract consumers to visit, keep them in the store for a long time, motivate them to make purchases. This is in accordance with the research conducted by Winmarsyah and Fuadati (2017: 13) which states that *store atmosphere* affects purchasing decisions.

#### **The Influence of Location on Purchase Decisions**

Location is the most profitable shop location which can be seen from the average number of audiences who pass through the store every day. Kotler and Armstrong (2018: 92) state that location is a variety of company activities to make products produced or sold affordable and available to target markets, in this case related to how to deliver products or services to consumers and where the location is strategic. Therefore, the better and more precise the location of a store is, the higher the effect it will have in increasing consumer purchasing decisions. This is in accordance with research conducted by Winmarsyah and Fuadati (2017: 13) and Supirman (2016: 24) which states that location affects purchasing decisions.

## **The Influence of Product Diversity on Purchase Decisions**

According to Kotler and Armstrong (2014: 358), product diversity is a collection of all products and goods offered by businesses to consumers. Therefore, business actors must make the right decisions regarding the variety of products being offered, because the diversity of products will make it easier for consumers to choose and make purchasing decisions according to the needs and desires of consumers. Types of products in terms of product completeness starting from the brand, size, quality and availability of these products at any time in a store. The more product variations in a store, the greater the incentive for consumers to make purchasing decisions at the store to satisfy their wants and needs. This is consistent with research conducted by Agustina (2017: 39) that product diversity affects purchasing decisions.

## **Hypothesis Development**

According to Sugiyono (2017: 64) the hypothesis is a temporary answer to the formulation of research problems. Based on the formulation and research objectives, a research hypothesis can be formulated as follows:

H<sub>1</sub>: there is an effect of *store atmosphere* (X<sub>1</sub>) on purchasing decisions at Indomaret (Y).

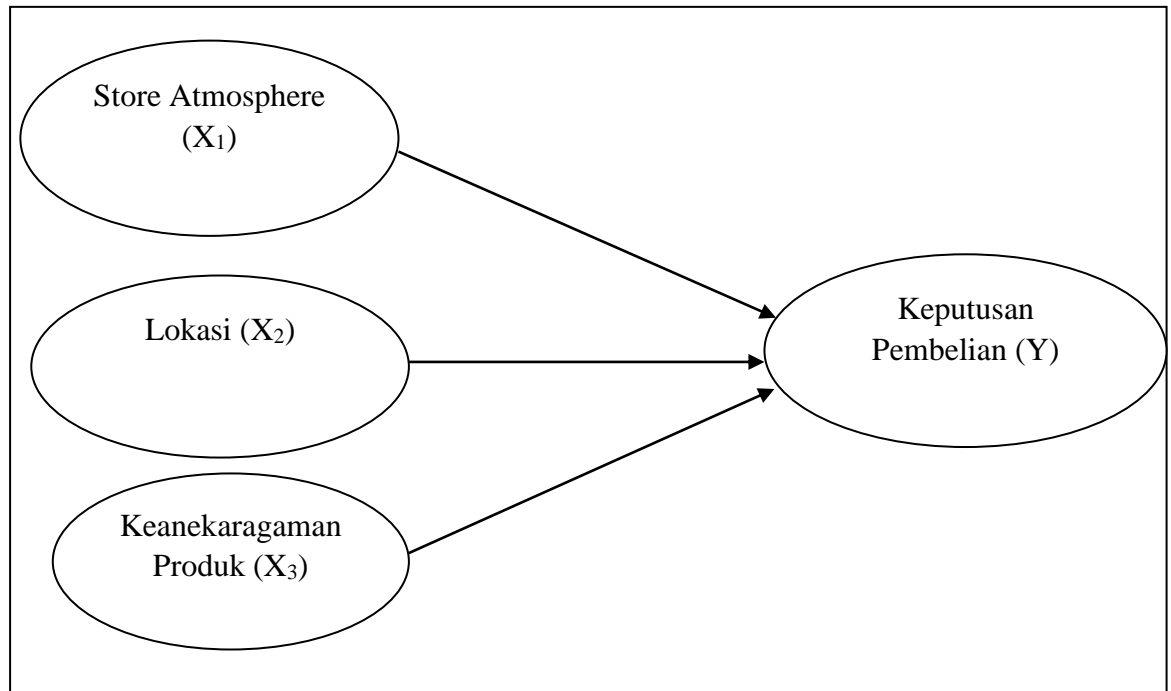
H<sub>2</sub>: there is an effect of location (X<sub>2</sub>) on purchasing decisions at Indomaret (Y).

H<sub>3</sub>: there is an effect of product diversity (X<sub>3</sub>) on purchasing decisions at Indomaret (Y).

## **Research Conceptual Framework**

This study uses 4 variables, namely *store atmosphere*, location, product diversity and purchasing decisions, where the variables that affect the *store atmosphere* (X<sub>1</sub>), location (X<sub>2</sub>), product diversity (X<sub>3</sub>). The variable that is affected is the purchase decision (Y). Based on the results of the literature review and the results of previous research, the conceptual model of this study is presented in an image model as follows:

**Picture 2.1** Theoretical Framework



Source: Developed for this research, 2020

### **III. RESEARCH METHODS**

#### **Research Strategy**

Based on the objectives and form of the research conceptual framework, the strategy used in this study is an associative research strategy, namely a research strategy that aims to determine the relationship between two or more variables (Sugiyono, 2017: 35). Where this study aims to provide an explanation whether there is an influence between each variable, namely *Store atmosphere* (X<sub>1</sub>), *Location* (X<sub>2</sub>), *Product Diversity* (X<sub>3</sub>) is an exogenous variable and *Purchase Decision* (Y) is an endogenous variable.

This study uses a quantitative approach. Creswell (2016: 28) states that quantitative approaches are methods for testing certain theories by examining the relationship between variables. The quantitative approach strategy used in this research is a *survey*. *Survey* is to describe quantitatively the tendency, attitude, or opinion of a certain population by examining a sample of that population. This method includes cross-sectional and longitudinal studies using questionnaires or planned interviews in data collection, with the aim of generalizing the population based on a predetermined sample.

#### **Population and Sample**

##### **Research Population**

General population: All consumers who make purchases at Indomaret Sentul Jaya Bekasi.

Target population: All consumers who make purchases at Indomaret Sentul Jaya Bekasi in July 2020.

### Sample

Sample is a subgroup of the population selected by the researcher, this sample is expected to represent the population to be generalized (Sekaran and Bougie, 2017: 64). If the population is large and it is impossible for researchers to study everything in the population, for example, because of limited data, energy and time. Then the researcher can use a sample taken from that population. Furthermore, because analysis using PLS requires a maximum sample of 100 respondents, the number of samples taken is 100 respondents (Ghozali, 2014: 34).

The sampling technique is a sampling technique to determine the sample to be used in the study, there are various sample techniques used (Sugiyono, 2017: 81). Sampling in this study used *accidental sampling* during the month of July 2020. *Accidental sampling* is a technique based on chance, that is, anyone who accidentally or accidentally meets the researcher can be used as a sample, if it is considered that the person who happened to be met is suitable with the data source (Sugiyono, 2017: 60). People who match the data source referred to here are consumers who have purchased at Indomaret Sentul Jaya.

### Data and Data Collection Methods

#### Data

##### 1. Primary Data

Primary data is a data source that directly provides data to data collectors. Primary data in this study about *store atmosphere*, location, product diversity and purchasing decisions.

##### 2. Secondary Data

Secondary data is some data that does not directly provide data to data collectors. This secondary data is data that supports primary data needs such as books, literature, journals, *websites* and reading related to and to support this research.

### Data Collection Methods

The data collection technique used in this study was a questionnaire. The research questionnaire used in this study used open questions, for example the name of the respondent, where the respondent lived, the age of the respondent and used closed questions, namely asking the respondent to choose one of the answers provided from each question (Sugiyono, 2017: 142). Each question relates to a problem discussed in this study. Questions are made in the form of a questionnaire using a scale *Likert*. The *Likert* scale is a scale that has a gradient from very positive to very negative which is used to measure a person's attitudes, opinions and perceptions (Sugiyono, 2017: 93). Answers to respondents' questions (qualitative) were converted into quantities in the form of numbers or scores (Sugiyono, 2017: 93).

### Data Analysis Techniques

#### Partial Least Square Analysis (PLS)

In this research data processing using PLS (*Partial Least Square*) using statistical software SmartPLS (3.0). According to Wold in Ghozali (2014: 34) PLS (*Partial Least Square*) is a powerful analysis method because it is not based on many assumptions. This model is suitable for use in this study because of the limited data (number of samples) studied, including the number of studies (samples) only small or small (less than 100).

#### Outer Model Analysis

To ensure that the measuring instrument used is suitable for measurement (valid and reliable). Analysis of the outer model for reflective indicators can be tested through several indicators:



1. Convergent Validity

The value of convergent validity is the value of the loading factor on the latent variable with its indicators. Convergent validity shows the degree to which the measurement results of a concept are correlated with the measurement results of other concepts which theoretically must be positively correlated. An indicator is said to have good reliability, if the value is outer loading above 0.70. While the value of outer loading can still be tolerated up to 0.50 and below the value of 0.50 can be dropped from the analysis (Ghozali, 2014: 38). In addition to seeing the value outer loading, the convergent validity test can also be done by looking at the AVE value. If the AVE value is above 0.5 then an indicator has fulfilled good convergent validity.

2. Discriminant cross loading

It is a useful value to find out whether a construct has sufficient discriminant, namely by comparing the loading value of the intended construct must be greater than the loading value of other constructs. The requirement to meet this discriminant validity requirement is that the results in view combined loading and cross-loadings show that loading to other constructs is lower than loading to variable constructs (Ghozali, 2014: 39).

3. Composite Reliability dan Cronbach's Alpha

Composite Reliability are parts used to test the reliability value of indicators on a variable. A variable can be declared to meet composite reliability if it has a value composite reliability  $> 0.7$  (Ghozali, 2014: 39). The reliability test with the composite reliability above can be strengthened by using the Cronbach's alpha value. A variable can be declared reliable or fulfills cronbach's alpha if it has a cronbach's alpha value  $> 0.6$  (Ghozali, 2014: 39).

**Inner Model Analysis**

Inner model analysis is also known as structural model analysis, which is performed to ensure that the structural model built is robust and accurate. Inner model evaluation can be seen from several indicators which include (Vicenzo, 2016: 55):

1.  $Q^2$  Predictive Relevance

In PLS analysis (Partial Least Square),  $Q^2$  shows the predictive power of the model.  $Q^2$  value of 0.02 indicates the model has predictive relevance weak, the value of  $Q^2$  models of 0.15 indicates the model has moderate predictive relevance and value of  $Q^2$  models of 0.35 indicate the model has predictive relevance stronger. The closer to number 1, the better the predictive value.

2. Model Fit

Uji *model fit* ini digunakan untuk mengetahui suatu model memiliki kecocokan dengan data. Pada uji kecocokan model dapat dilihat dari nilai SMRM model. Model PLS dinyatakan telah memenuhi kriteria uji *model fit* jika nilai  $SMRM < 0.10$  dan model dinyatakan *perfect fit* jika nilai  $SRMR < 0.08$ .

1. *Effect Size* ( $f^2$ )

Nilai  $f^2$  yang diperoleh dapat dikategorikan dalam kategori berpengaruh kecil ( $f^2 = 0,02$ ), berpengaruh menengah ( $f^2 = 0,15$ ) dan berpengaruh besar ( $f^2 = 0,35$ ).

2. Koefisien Determinasi ( $R^2$ )

Digunakan untuk mengetahui seberapa besar pengaruh variabel eksogen mempengaruhi variabel endogen.

**Hypothesis Test**

After conducting various evaluations, both the outer model and the inner model, the next step is to do hypothesis testing. Hypothesis testing is used to explain the direction of the relationship

between the independent variable and the dependent variable. This test is carried out using PLS (Partial Least Square) on the model that has been created. The results of the correlation between constructs are measured by looking at the path coefficient and the level of significance which is then compared with the research hypothesis.

The hypothesis used in this study are:

1.  $H_0: \beta = 0$ , meaning that the store atmosphere variable has no significant effect on the purchasing decision variable.
2.  $H_1: \beta \neq 0$ , meaning that the store atmosphere variable has a significant effect on the purchasing decision variable.
3.  $H_0: \beta = 0$ , meaning that the location variable has no significant effect on the purchasing decision variable.
4.  $H_1: \beta \neq 0$ , meaning that the location variable has a significant effect on the purchasing decision variable.
5.  $H_0: \beta = 0$ , meaning that the product diversity variable has no significant effect on the purchasing decision variable.
6.  $H_1: \beta \neq 0$ , meaning that the product diversity variable has a significant effect on the purchasing decision variable.

The basis for decision making (Ghozali, 2015: 85):

1. By comparing the value of t count with t table ( $\alpha = 5\%$ ).
  - a. If t count > t table, then  $H_0$  is rejected and  $H_1$  is accepted.
  - b. If t count < t table, then  $H_0$  is accepted and  $H_1$  is rejected.
2. By using the probability of significance.
  - a. If the significance value < 0.05, then  $H_0$  is rejected and  $H_1$  is accepted.
  - b. If the significance value is > 0.05 then  $H_0$  is accepted and  $H_1$  is rejected.
3. By looking at the parameter coefficient.

An exogenous variable can be said to have a positive or negative effect on endogenous variables by looking at the number of parameter coefficients. If the parameter coefficient value shows a positive number, then the exogenous variable is declared to have a positive effect on the endogenous variable, and vice versa.

## **IV. RESULTS AND DISCUSSION**

### **Company Profile Description**

Starting from the idea of facilitating the provision of basic daily needs, in 1988 an outlet named Indomaret was established. In line with the development of store operations, the company is interested in exploring and understanding the various needs and behaviors of consumers in shopping. And knowing that people tend to choose shopping at modern outlets based on the reasons for the completeness of the choice of quality products, certain and competitive prices, and a comfortable atmosphere.

Armed with knowledge of consumer needs, shop operation skills and a shift in people's shopping behavior to modern outlets, Indomaret was founded, with the legal entity PT. Indomaret Prisma which has a vision "to be a superior retail network" and the motto is "easy and economical".

In the beginning, Indomaret formed the concept of operating outlets located near consumers' homes, providing various basic and daily necessities, serving a diverse general public, and having a shop area of around 200 m<sup>2</sup>.

Along with the passage of time and market needs, Indomaret continues to add outlets in various residential areas, offices, commerce, towns and apartments. In this case there is a learning process for the operation of a large-scale retail network, complete with a variety of complex and varied experiences.

Indomaret's franchise business concept is the first and a pioneer in the minimarket sector in Indonesia. The public response has been very positive, as evidenced by the increase in the number of Indomaret franchisees from time to time, the concept of corporate franchising has also been recognized by the government through the award given to Indomaret as "2003 Superior Franchise Company". This kind of award is the first time given to a minimarket company in Indonesia and until now only Indomaret has received it.

#### **Vision and Mission of Indomaret**

Indomaret's vision is:

"To become a national asset in the form of a franchise retail network that excels in global competition".

Indomaret's missions IS:

"Improving the best service so that customer satisfaction is the main target that must be met".

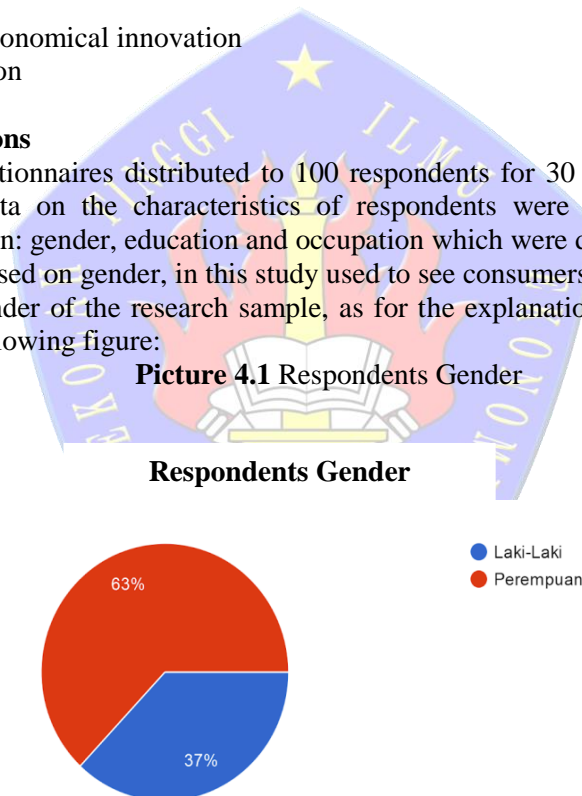
The company's vision and mission are also supported by Indomaret's motto, which is "easy and economical" and a corporate culture, namely, "In our work we uphold the values":

1. Honesty, Truth, and Justice
2. Teamwork
3. Progress through economical innovation
4. Customer satisfaction

#### **Respondent Descriptions**

From 100 questionnaires distributed to 100 respondents for 30 days to Indomaret Sentul Jaya V consumers, data on the characteristics of respondents were obtained which included respondent data based on: gender, education and occupation which were described as follows:

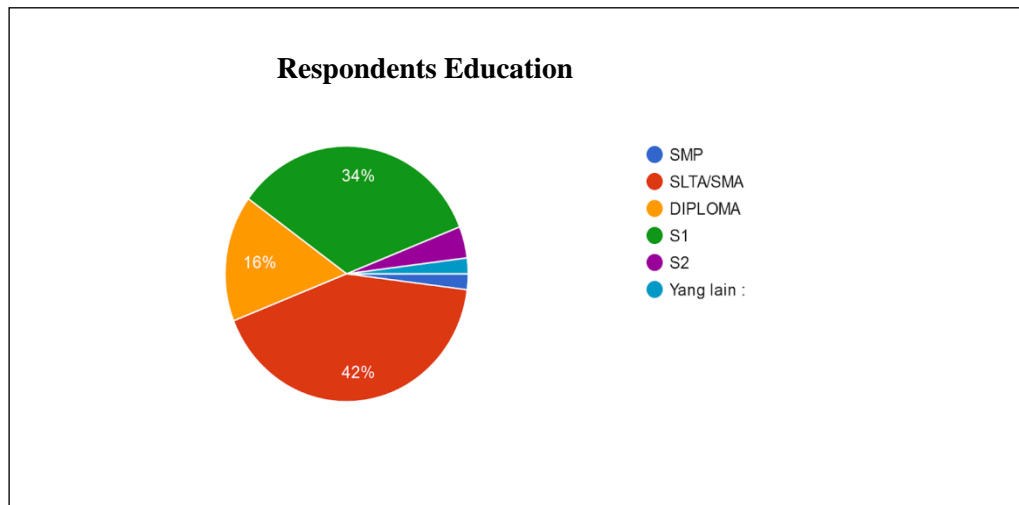
1. Respondent data based on gender, in this study used to see consumers of Indomaret Sentul Jaya V based on the gender of the research sample, as for the explanation of identification can be explained in the following figure:



Source: Processing Data, 2020

2. Respondent data based on education, is used to see Indomaret Sentul Jaya V consumers who are the samples of the study, as for the explanation of identification can be explained in the following figure:

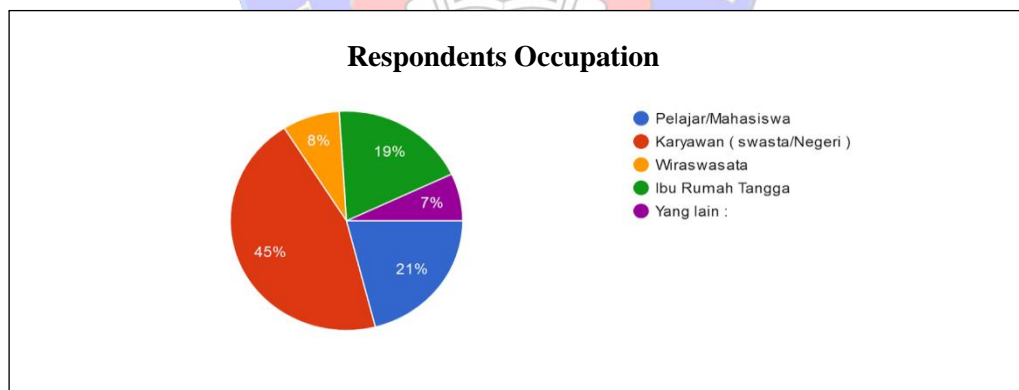
**Picture 4.2** Respondents Education



Source: Processing Data, 2020

- Respondent data based on occupation, is used to see Indomaret Sentul Jaya V consumers who are the samples of the study, as for the explanation of identification can be explained in the following figure:

**Picture 4.3** Respondent's Occupation

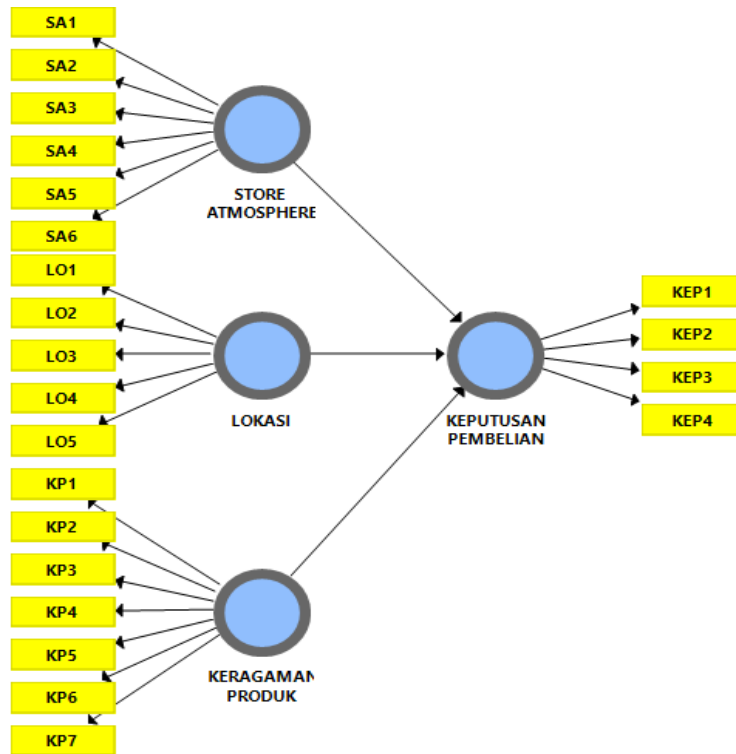


Source: Processing Data, 2020

### PLS Analysis

In this study, the analysis of the effect of store atmosphere, location and product diversity on purchasing decisions for Indomaret products will be analyzed using the Partial Least Square (PLS) analysis technique. Based on the number of indicators for each variable and the design of the hypothesis in this study, the PLS model specifications to be estimated in this study are as follows:

Picture 4.4 PLS Model Specifications



Based on the PLS model specification image in the image above, it can be seen that all constructs are first order constructs, so the stages in this PLS analysis include the outer model testing phase, goodness of fit model testing and inner model testing.

### Outer Model Testing

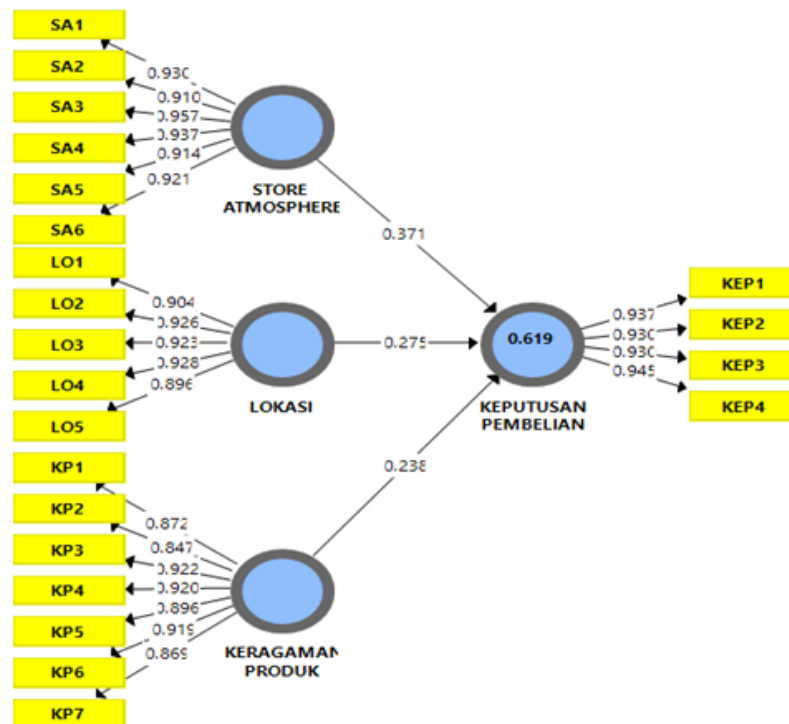
The testing phase of the measurement model includes Convergent Validity, Discriminant Validity and Composite Reliability testing. The results of the PLS analysis can be used to test the research hypothesis if all indicators in the PLS model have met the requirements of convergent validity, discriminant validity and composite reliability.

#### 1. Convergent Validity Test

Convergent validity is related to the principle that the gauges (manifest variables) of a construct should be highly correlated, the convergent forex test can be seen from the factor loading value for each construct indicator (Ghozali, 2014: 74).



Picture 4.5 The Estimation Results of the PLS Model (Algorithm)



An indicator is said to have good reliability if the outer loading value is above 0.70 (Ghozali, 2014: 38). Then the loading factor limit used to test the convergent validity of each indicator is 0.70.

Based on the results of the model estimation in Figure 4.5. the following results are obtained:

1. That all store atmosphere indicators have a loading factor value above 0.70. The third store atmosphere indicator has the highest loading factor value of 0.957, and the second store atmosphere indicator has a low loading factor value of 0.910.
2. That all location indicators have a loading factor value above 0.70. The fourth location indicator has the highest loading factor value of 0.928, and the fifth location indicator has a low loading factor value of 0.896.
3. That all indicators of product diversity have a loading factor value above 0.70. The third product diversity indicator has the highest loading factor value of 0.922, and the second product diversity indicator has a low loading factor value of 0.847.
4. That all indicators of purchasing decisions have a loading factor value above 0.70. The fourth purchase decision indicator has the highest loading factor value of 0.945, and the second and third purchasing decision indicators have a low loading factor value of 0.930.

Apart from looking at the loading factor value of each indicator, convergent validity must also be assessed from the AVE value of each construct, all constructs in the PLS model are declared to have met the convergent validity if the AVE value of each construct is  $> 0.5$ . The complete AVE value of each construct can be seen in the following table:

**Table 4.5.** AVE Value

	Average Variance Extracted (AVE)
Purchase Decisions	0,875
Product Diversity	0,796
Location	0,838
Store Atmosphere	0,862

Source: Processing Data, 2020

The results of the analysis are in table 4.5. shows that the purchase decision construct has an AVE value of 0.875, the product diversity construct has an AVE value of 0.796, the location construct has an AVE value of 0.838, the store atmosphere construct has an AVE value of 0.862, which means that each construct has met validity. convergent good.

1. Discriminant Validity Test

Discriminant validity is carried out to ensure that each concept of each latent variable is different from other variables (Ghozali, 2014: 39). The model has good discriminant validity if the AVE square value of each exogenous construct exceeds the correlation between this construct and other constructs. The results of discriminant validity testing were obtained as follows:

**Table 4.6.** Discriminant Validity

	Purchase Decisions	Product Diversity	Location	Store Atmosphere
Purchase Decisions	0,936			
Product Diversity	0,690	0,892		
Location	0,684	0,691	0,916	
Store Atmosphere	0,721	0,707	0,661	0,928

Source: Processing Data, 2020

The results of the discriminant validity test are in table 4.6. shows that the purchase decision construct has an AVE square root value of 0.936, the product diversity construct has an AVE square root value of 0.892, the location construct has an AVE square root value of 0.916, and the store atmosphere construct has an AVE square root value of 0.928. All constructs have a square root value of AVE above the correlation value with other constructs so that it can be concluded that the model has fulfilled good discriminant validity.

## 2. Composite Reliability and Cronbach's Alpha

Construct reliability can be assessed from Cronbach's alpha and the composite reliability value of each construct. The construct is said to have high reliability if the Cronbach's alpha value exceeds 0.7 and the composite reliability value exceeds 0.70 (Ghozali, 2014: 41). The cronbach's alpha value and the composite reliability value can be seen in table 4.7:

**Table 4.7.** Composite Reliability Test Results

	<b>Cronbach's Alpha</b>	<b>Composite Reliability</b>
Purchase Decisions	<b>0.953</b>	<b>0.966</b>
Product Diversity	<b>0.957</b>	<b>0.965</b>
Location	<b>0.952</b>	<b>0.963</b>
Store Atmosphere	<b>0.968</b>	<b>0.974</b>

Source: SmartPLS Processing Data, 2020

Based on the results of the reliability test in table 4.7. the value of Cronbach's alpha for the construct of purchasing decision  $0.953 > 0.7$ , the composite reliability value of the purchase decision construct was  $0.966 > 0.7$ . This shows that the purchase decision construct has met the reliability of the good construct. The Cronbach's alpha value for product diversity construct was  $0.957 > 0.7$ , the composite reliability value for the product diversity construct was  $0.965 > 0.7$ . This shows that the product diversity construct has fulfilled good construct reliability. The Cronbach's alpha value for the location construct was  $0.952 > 0.7$ , the composite reliability value for the location construct was  $0.963 > 0.7$ . This shows that the location construct has met good construct reliability. The value of Cronbach's alpha store atmosphere construct was  $0.968 > 0.7$ , the composite reliability value of the store atmosphere construct was  $0.974 > 0.7$ . This shows that the store atmosphere construct has met good construct reliability.

## Inner Model Analysis

The inner model test includes the direct effect significance test, the indirect effect test and the measurement of the influence of each exogenous variable on the endogenous variable. All of these tests will be used to test the research hypothesis.

### 1. Q<sup>2</sup> Predictive Relevance

In PLS (Partial Least Square) analysis, Q<sup>2</sup> shows the predictive power of the model. The Q<sup>2</sup> value of the model of 0.02 indicates that the model has a weak predictive relevance, the Q<sup>2</sup> value of the model is 0.15 which indicates that the model has moderate predictive relevance and the Q<sup>2</sup> value of the model is 0.35 indicating that the model has a strong predictive relevance. The closer to number 1, the stronger the predictive value is. The value of Q<sup>2</sup> can be seen in the following table:

**Table 4.8.** Q<sup>2</sup>Predictive Relevance

	<b>SSO</b>	<b>SSE</b>	<b>Q<sup>2</sup> (=1- SSE/SSO)</b>
<b>KEP</b>	420.000	200.074	0.524
<b>KP</b>	735.000	735.000	
<b>LO</b>	525.000	525.000	
<b>SA</b>	630.000	630.000	

Source: SmartPLS Processing Data, 2020

The analysis results are in table 4.8. indicates that the Q2 value of the model with endogenous variables of purchase decisions is 0.524, this indicates that the PLS (Partial Least Square) model has a strong predictive relevance.

2. Goodness of Fit Model Test

After fulfilling the validity and reliability of the construct at the testing stage of the outer model, the test continues on the Goodness of fit model testing. The fit of the PLS model can be seen from the SRMR model value. The PLS model is declared to have met the goodness of fit model criteria if the SRMR value is  $<0.10$  and the model is declared perfect fit if the SRMR value is  $<0.08$ .

**Table 4.9.** Goodness of fit Model

GOF Criteria	Saturated Model	Estimated Model
SRMR	0,061	0,061

Source: SmartPLS Processing Data, 2020

The results of the PLS model goodness of fit test are in table 4.9. The following shows that the SRMR value in the estimated model is 0.061. Because the SRMR model value is good in the estimated model below 0.10, the PLS model estimated in this study is declared perfect fit so that it is feasible to use it to test the research hypothesis.

3. Effect Size ( $f^2$ )

In the PLS (Partial Least Square) analysis, the value of  $f^2$  shows the size of the partial influence of each predictor variable on the endogenous variable. The  $f^2$  value obtained can then be categorized into the category of low effect ( $f^2 = 0.02$ ), medium effect ( $f^2 = 0.15$ ) and has a large effect ( $f^2 = 0.35$ ). The following is the  $f^2$  value of each exogenous variable for endogenous variables:

**Table 4.10.** F Square Value

	Purchase Decisions
Store Atmosphere	0,160
Location	0,092
Product Diversity	0,061

Source: SmartPLS Processing Data, 2020

Based on table 4.10. Obtained several results that the store atmosphere of 0.160 is the variable that most influences purchasing decisions. The location results are 0.092 and product diversity with the results of 0.061, which means that each variable has a moderate effect on purchasing decisions.

4. The Coefficients of Determination ( $R^2$ )

The coefficient of determination in the PLS analysis shows the influence of all exogenous variables on the endogenous. The coefficient of determination in a model with 1 exogenous variable is seen from the  $R^2$  value, while for models with more than 1 exogenous variable, the coefficient of determination is seen from the adjusted R-Square value.

**Table 4.11** The Coefficients of Determination

	R Square	R Square Adjusted
Purchase Decisions	0,619	0,608

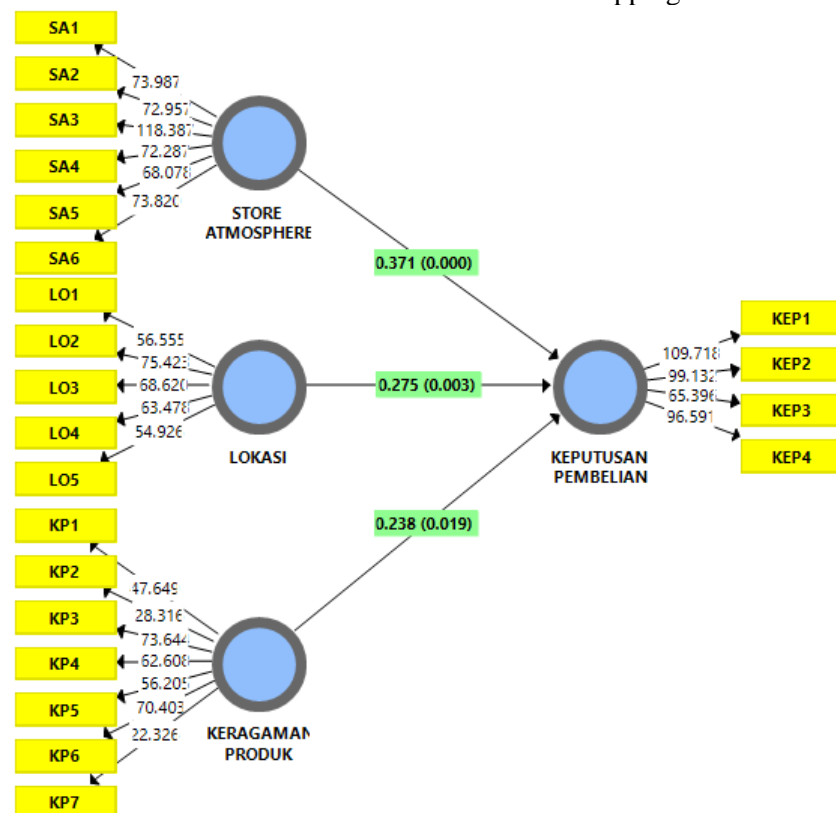
Source: SmartPLS Processing Data, 2020

Based on the results of the analysis in table 4:11. above, the analysis results show that the adjusted R-square model value is 0.608. This shows that changes in purchasing decision variables can be explained by store atmosphere, location and product diversity of 60.8%, while the remaining 39.2% is explained by variables other than store atmosphere, location and product diversity.

### Hypothesis Test

The results of the model estimation as a reference for testing the hypothesis in this study can be seen in the following figure:

**Picture 4.6** Estimation Results of the PLS Bootstrapping Model



Source: SmartPLS Processing Data, 2020

Meanwhile, the calculation results can be seen based on the direct effect.

**Tabel 4.12.** Pengaruh Langsung

	Koefisien Parameter	T Statistics	P Values
Store Atmosphere -> Keputusan Pembelian	0,371	3,848	0,000
Lokasi -> Keputusan Pembelian	0,275	3,025	0,003
Keanekaragaman Produk -> Keputusan Pembelian	0.238	3,848	0,019

Source: SmartPLS Processing Data, 2020



Based on table 4.12. It can be seen that the significant effect of each variable on brand image, service quality, and electronic word of mouth by looking at the value of the parameter coefficient:

1. The p value of the effect of store atmosphere on purchasing decisions (SA  $\square$  KEP) is 0.000 with a T statistic of 3.848 and the path coefficient is positive at 0.371. Therefore, the p value  $<0.05$ , T statistic  $> 1.96$  and the positive path coefficient, it can be concluded that the store atmosphere has a positive and significant effect on Indomaret consumer purchasing decisions. This shows that the better the store atmosphere Indomaret, the higher the purchasing decisions of Indomaret consumers.
2. The p value of the effect of location on purchasing decisions (LO  $\square$  KEP) is 0.003 with a T statistic of 3.025 and the path coefficient is positive at 0.275. Because the p value  $<0.05$ , T statistic  $> 1.96$  and the positive path coefficient, it can be concluded that Indomaret's location has a positive and significant effect on Indomaret consumer purchasing decisions. This shows that the better the Indomaret location, the higher the purchasing decisions of Indomaret consumers.
3. The p value of the effect of product diversity on purchasing decisions (KP  $\square$  KEP) is 0.019 with a T statistic of 2.352 and the path coefficient is positive at 0.238. Therefore, the p value  $<0.05$ , T statistic  $> 1.96$  and the positive path coefficient, it can be concluded that product diversity has a positive and significant effect on Indomaret consumer purchasing decisions. This shows that the more diversity of Indomaret products, the higher the purchasing decisions of Indomaret consumers.

## **Discussions**

### **1. The Influence of Store Atmosphere on Purchase Decisions**

Based on the results of research that has been done, it can be concluded that the store atmosphere has a positive and significant effect on purchasing decisions, with the store name board indicator can be seen clearly. Make consumers give positive responses from the 100 respondents studied. Alma (2016: 201) states that store atmosphere is one of the marketing mixes in outlets that play an important role in attracting buyers, making them comfortable and pleasant in choosing groceries, so that the better the management of the store atmosphere, the better consumer perceptions of the store atmosphere, and the greater the incentive for consumers to make purchases at the store. This is also supported by previous researchers conducted by Agustina (2017) who stated that the store atmosphere variable has a positive and significant effect on purchasing decisions.

### **2. The Influence of Location on Purchase Decisions**

Based on the results of the research that has been done, it can be concluded that location has a positive and significant effect on purchasing decisions, with indicators that Indomaret stores are easily accessible to consumers. Make consumers give positive responses from the 100 respondents studied. Alma (2016: 103) states that in the problem of determining store locations, managers must try to determine a location that can maximize profits and sales. Therefore, the better and more precise the location of a store is, the higher the influence it will have in attracting consumers to make purchases at the store. This was also supported by previous researchers conducted by Fikri and Mulazid (2018) who stated that location variables had a positive and significant effect on purchasing decisions.

### **3. The Influence of Product Diversity on Purchase Decisions**

Based on the results of the research that has been done, it can be concluded that product diversity has a positive effect on purchasing decisions. with an indicator of the product being sold stating the expiration date. Make consumers give positive responses from the 100 respondents studied. This is also supported by previous researchers conducted by Rofiqoh and Nurtjahjani (2019) who state that product diversity variables have a positive and significant effect on purchasing decisions.

## **V. CONCLUSIONS AND SUGGESTIONS**

### **Conclusions**

Based on the results of the research that has been carried out and data analysis as described in the previous chapter, the following conclusions are presented from the research results as follows:

1. Store atmosphere has a positive and significant effect on consumer purchasing decisions Indomaret. This shows that the better the store atmosphere Indomaret, the higher the purchasing decisions of Indomaret consumers.
2. Indomaret location has a positive and significant effect on consumer purchasing decisions Indomaret. This shows that the better the Indomaret loaction, the higher the purchasing decisions of Indomaret consumers.
3. Product diversity has a positive and significant effect on consumer purchasing decisions Indomaret. This shows that the more diversity of Indomaret products, the higher the purchasing decisions of Indomaret consumers.

### **Suggestions**

Based on the results of the research and the conclusions described above, the suggestions that can be put forward for Indomaret Sentul Jaya V relating to this research are as follows:

1. From the results of the study, it can be seen that the store atmosphere has a positive effect on purchasing decisions at Indomaret Sentul Jaya V. Researchers provide suggestions for Indomaret to continue to improve the atmosphere of a good shop which in the respondents' assessment of wall paint at Indomaret stores needs to be considered. So that consumers can feel comfortable when making purchases and can encourage their purchasing decisions.
2. From the research results, it can be seen that location has a positive effect on purchasing decisions at Indomaret Sentul Jaya V. The strategic location of Indomaret Sentul Jaya V is an advantage for Indomaret, because it can encourage consumers to visit and make purchases at the store. Researchers suggest that Indomaret stores should further improve vehicle entry and exit access at Indomaret stores by implementing a valet parking system so that consumers are comfortable shopping.
3. From the results of the study, it can be seen that product diversity has a positive effect on purchasing decisions at Indomaret Sentul Jaya V. With the Indomaret store that sells a wide variety of products, the researchers suggest that Indomaret needs to pay attention to the installation of product hints at Indomaret stores to make it easier for consumers to find products which are desired.

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