

# THE ROLE OF LOCATION MEDIATION ON PURCHASE INTEREST TOWARDS CONSUMER PURCHASE DECISION IN RETAIL INDUSTRY

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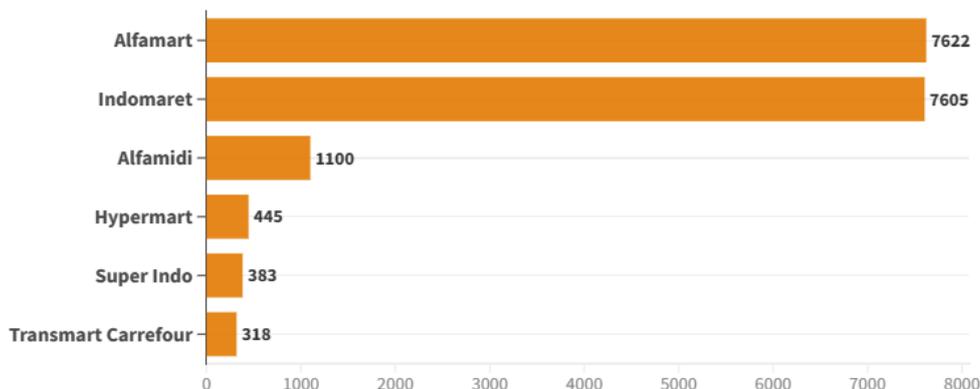
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**Abstract:** Not all purchase interest will lead to a purchasing decision, one of the keys to success in the retail industry is through the role of location (captive market). This study aimed to explore the role of location (captive market) in mediating the linkage between purchase interest and purchase decision of minimarket consumers in Kediri City. The current study uses quantitative methods by collecting data accidentally through surveys of Indomaret and Alfamart minimarkets consumers in Kediri City. Using Hair et al.'s theory, the sample was determined to be 150 respondents. All data obtained were analyzed using path analysis via the SPSS and AMOS applications. The study results indicate that the role of location (captive market) is able to mediate the linkage between purchase interest and consumer purchase decision. Partially, purchase interest and location have a positive and significant impact on consumer purchase decision. Thus, these results enhance the understanding that location (captive market) plays an important role for purchase interest in the consumer purchase decision process, particularly in the context of the retail industry.

**Keywords:** Location, Purchase Interest, Purchase Decision, Retail Industry

## 1. Introduction

The retail industry, including the food retail sector, still seems to dominate the modern retail market. Based on data from of the United States Department of Agriculture (USDA) the July 2023 edition, Alfamart and Indomaret, which are classified as minimarkets, will still lead the modern retail store market in Indonesia until 2022 compared to larger modern retail stores.



**Figure 1: Retail Company with the Largest Sales Value in Indonesia Throughout 2022**  
Sources: United States Department of Agriculture (USDA) Juli 2023

The report presents a comparison of the sales figures of the most popular modern retail stores in Indonesia. It is evident that Alfamart and Indomaret have sales that are significantly higher than their competitors. This is likely due to the fact that Alfamart and Indomaret operate in a high-demand captive market and have a strong emotional connection with their customers. It can even be seen as an indication of the high level of consumer loyalty that has been established towards their products and brand names. The strategic location of these minimarkets, their widespread presence throughout Indonesia, and the availability of ample parking space are potential advantages for Alfamart and Indomaret.

Each consumer has different purchasing behaviors, consumer behavior demonstrates how consumers form their purchase decisions as a result of their sacrifices of time, money, and effort to obtain specific products or services (Schiffman & Kanuk, 2007). In this concept, purchase interest plays a crucial role in influencing consumer purchase decisions in minimarkets. When consumers express an interest in buying something and visit a minimarket, it is generally expected that they will make a purchase. However, there are instances where consumers who are interested in buying something and visit a minimarket do not always make a purchase (Nuraeni & Hadita, 2022). When consumers are in the process of making a purchase decision, their purchase interest plays a crucial role in determining whether they proceed with the purchase or not (Karimi et al., 2018). This suggests that purchase interest can vary depending on the consumer's relationship with the minimarket and their previous purchasing behavior (Amanah & Harahap, 2018).

In this decision-making process, various factors come into play, and one of them is the location of the purchase. The location can act as a captive market and influence consumer considerations when they are interested in making a purchase (Hafizi & Ali, 2021). Furthermore, Multi-channel marketing which involves using multiple channels to reach consumers, can enhance purchase interest. As purchase interest increases, consumers are more likely to make purchasing decisions, and the location of the minimarket can play a role in this process. In other side, the presence of a strong purchase interest can be a driving force behind the establishment of minimarkets in a particular area, as potential consumers are located in that area (Bakewell & Mitchell, 2003). Also, The convenience and accessibility of the location were found to significantly impact consumers' decision to make a purchase (Rachmawati et al., 2019). This suggests that when consumers have a high level of purchase interest, they are more likely to consider factors such as location when making their purchasing decisions. Consistently, current studies strive to provide significant practical and theoretical contributions and empirically present the linkage between purchase interest and consumer purchase decisions. The present research will contribute to the theoretical marketing literature by examining the mediating role of location between the dependent and independent variables.

## **2. Literature Review**

### **Location as a Captive Market for Minimarket**

The location of a minimarket plays a crucial role in influencing consumer purchasing decisions. Several factors related to the location, such as accessibility, parking convenience, visibility, traffic conditions, and the presence of public facilities, can significantly impact consumer behavior (Sutanto & Keni, 2021; Baker et al., 2002; Xu & Hu, 2022). A minimarket that is easily accessible and has convenient parking facilities can enhance the convenience for consumers, making it easier for them to make purchases. When a minimarket is located in a convenient location with ample parking space, consumers are more likely to choose it over other options due to the ease of access and the convenience of parking their vehicles. This convenience factor can positively influence consumer satisfaction and loyalty towards the minimarket (Sutanto & Keni, 2021). The convenience of a minimarket's location can also act

as a barrier for consumers to switch to other minimarkets. When a minimarket is situated in a convenient location that meets consumers' needs and preferences, they may develop a habit of shopping at that particular minimarket and become less likely to explore other options. This can create a sense of loyalty and attachment towards the minimarket, leading to repeat purchases and increased customer retention (Baker et al., 2002). Furthermore, a minimarket's location that is visible, has low traffic congestion, and offers public facilities can significantly impact consumer purchasing decisions. A visible location increases the exposure of the minimarket to potential customers, attracting their attention and increasing the likelihood of them choosing to shop there. Additionally, a minimarket located in an area with low traffic congestion provides a hassle-free shopping experience for consumers, making it more appealing and convenient. The presence of public facilities, such as restrooms or seating areas, can also enhance the overall shopping experience and contribute to consumer satisfaction and loyalty (Xu & Hu, 2022). Therefore, the indicators of location include visibility, heavy traffic, public facilities, access, and available market potential (Guswai, 2009). Consumers are more likely to choose a minimarket that offers these location-related advantages, and they may develop a habit of shopping at that particular minimarket, making it difficult for them to switch to other options.

### **Purchase Decision**

Consumer behavior demonstrates how consumers form their purchase decisions as a result of their sacrifices of time, money, and effort to obtain specific products or services (Schiffman & Kanuk, 2007). Consumers consider factors such as product features, quality, price, and suitability to their needs and preferences when making a product selection. The perceived quality of a product and its alignment with consumer preferences play a significant role in influencing purchase decisions (Pascucci et al., 2022). Consumers often have brand preferences based on factors such as brand reputation, perceived quality, brand loyalty, and brand image (Sen & Bhattacharya, 2001). Brand perception and associations can significantly impact consumer decision-making, as consumers tend to choose brands that align with their values and meet their expectations. Furthermore, consumers consider factors such as convenience, availability, reputation, and trustworthiness of the supplier when making their choice (Rachmawati et al., 2019; Wan et al., 2022). The location and accessibility of the supplier, as well as the availability of online and offline channels, can also influence consumer decisions (Wan et al., 2022). Consumers may consider factors such as bulk discounts, package deals, or the need to stock up on certain products when determining the quantity of their purchase. Price sensitivity and budget constraints can also play a role in determining the purchase quantity (Rosyid & Pratiwi, 2022). On the other hand, the timing of visits to a supplier or retailer is also a factor that can influence consumer purchase decisions. Consumers may consider factors such as sales promotions, seasonal discounts, or personal preferences when deciding when to make their purchase (Rosyid & Pratiwi, 2022). The timing of visits can be influenced by factors such as availability of time, convenience, and the desire to take advantage of specific offers or discounts. Also, the method of payment is another factor that can be measured in consumer purchase decisions. Consumers may consider factors such as convenience, security, and personal preferences when choosing a payment method. The availability of various payment options, such as cash, credit cards, mobile payments, or installment plans, can impact consumer decisions (Rachmawati et al., 2019).

### **Purchase Interest and Purchase Decision**

When consumers are in the process of making a purchase decision, their purchase interest plays a crucial role in determining whether they proceed with the purchase or not (Karimi et al., 2018). The level of interest or intention to buy a product or service can strongly influence the

final decision to make a purchase (Lee & Lin, 2005; Zheng et al., 2020; Yucha et al., 2022). This suggests that purchase interest can vary depending on the consumer's relationship with the minimarket and their previous purchasing behavior (Amanah & Harahap, 2018). Furthermore, the preferences and interests of consumers in terms of where they want to make their purchases can guide minimarket owners in selecting the most advantageous locations (Feldmann & Hamm, 2015; Stranieri et al., 2022). Consumer perceptions and preferences for local products can influence the decision-making process of minimarket owners when choosing a strategic location. If consumers have a strong preference for locally produced goods, minimarkets may opt to establish their stores in areas where local products are readily available and in high demand. This alignment with consumer preferences can attract a loyal customer base and contribute to the success of the minimarket (Feldmann & Hamm, 2015). Several indicators measuring purchase intention are: firstly, transactional interest, when consumers are interested in making purchases on a product. Secondly, referential interest, when consumers tend to want to provide references or recommend a product to other consumers. Thirdly, preferential interest, when consumers are interested in making a product the first choice in shopping activities. Fourthly, explorative interest, when consumers are interested in finding out more about a purchased product (Hui, 2017).

### **3. Method**

This research is designed to a causal research design with quantitative approach, which tests the linkage between purchase interest and consumer purchase decision mediated by location. The study was conducted in Alfamart and Indomaret minimarket in Kediri city. The population consisted of Alfamart and Indomaret consumer in Kediri city, The current study uses quantitative methods by collecting data accidentally through surveys of Indomaret and Alfamart minimarkets consumers in Kediri City. Using Hair et al.'s theory, the sample was determined to be 150 respondents. Data collection was carried out by distributing questionnaires consisting of indicators that form the research variables, using a Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). All data obtained were analyzed using path analysis via the SPSS and AMOS applications. Hypotesis will be applied for this research are:

H1: Purchase interest has a direct effect on location

H2: Location has a direct effect on purchase decision

H3: Purchase interest has a direct effect on purchase decision

H4: Purchase interest has an indirect effect on purchase decision through location mediation

### **4. Result and Discussion**

#### **Direct Effect**

Based on the results of path analysis using SPSS, significant relationships were found between purchase interest (X) and location (Z), as well as between location (Z) and purchase decision (Y). However, a non-significant relationship was observed between purchase interest (X) and purchase decision (Y). These findings suggest that the indirect influence of purchase interest on purchase decision may potentially be better mediated through the factor of location, rather than a direct influence of purchase interest on purchase decision.

**Table 1. Linierity and t-Statistic Test Results**

Influence	Path Coefficient	T-Statistic	Sig.	Result
Purchase Interest (X) → Location (Z)	0.358	3.139	0.002	Significant
Purchase Interest (X) → Purchase Decision (Y)	0.149	1.665	0.098	Not Significant
Location (Z) → Purchase Decision (Y)	0.205	3.488	0.001	Significant

Sources: Data Processed

The table demonstrates that the path coefficients for all three effects are positive, and the t-statistic values are above 1.97 for the effect of purchase interest on location, as well as location on purchase decision. However, the t-statistic value is below 1.97 for the effect of purchase interest on purchase decision. Similarly, the significance values are also below the threshold. Therefore, it can be concluded that the three hypotheses regarding direct effects are accepted, indicating that Hypotheses 1, 2, and 3 are accepted.

**Table 2. R Square Test Result**

Effect	R <sup>2</sup>
Purchase Interest → Location	0,055
Purchase Interest, Location → Purchase Decision	0,101

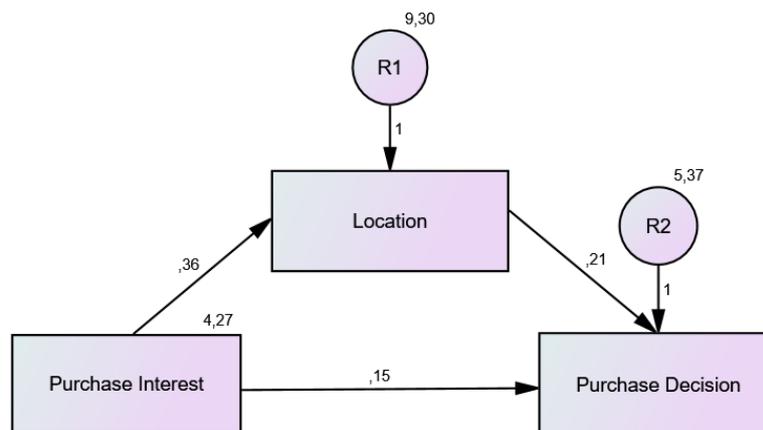
Sources: SPSS Output

The following conclusions can be drawn as the table above: 1) The purchase interest affects the location by 5,5%, while 94,5% is influenced by other variables. 2) the purchase interest and location affect the purchase decision by 10,1%, while the remaining 89,9% is influenced by other variables.

**Indirect Effect**

The Sobel test is used to examine the indirect effect of purchase interest on purchase decision through location. The Sobel test statistic obtained was 2.32978752, which is greater than 1.97, and the probability value was 0.00990869, which is smaller than 0.05. These results indicate that location can serve as a strong mediating variable between purchase interest and purchase decision. Therefore, H4 is supported and accepted.

Based on the testing results using SPSS and the Sobel test, the research model can be illustrated in AMOS as depicted below.



**Figure 2: Path Model**

Sources: AMOS Output

These findings given us a new understanding that purchase interest could not stand alone to effecting the consumer purchase decision in Alfamart and Indomaret minimarket in Kediri city. By location help, purchase interest will increse consumer purchase decision. Its true if consumers who are interested in buying something and visit a minimarket do not always make a purchase (Nuraeni & Hadita, 2022). The location can act as a captive market and influence consumer considerations when they are interested in making a purchase (Hafizi & Ali, 2021). When consumers of Alfamart and Indomaret minimarket have a high level of purchase interest, they are more likely to consider factors such as location when making their purchasing decisions.

## 5. Conclusions

The main findings of current research conclude that purchase interest has a direct effect on location, location has a direct effect on purchase decision, purchase interest has no a direct effect on purchase decision, and purchase interest has an indirect effect on purchase decision through location mediation in Alfamart and Indomaret minimarket in Kediri city. The current implication shown that as a form of captive market strategy of Alfamart and Indomaret minimarket in Kediri city, the convenience location plays an important role to influence consumer considerations in making a purchase. As a limitation, the wider research area and more respondents involvement should be applied in the future.

## Acknowledgements

Hopefully, this research can be an empirical evidence by Alfamart and Indomaret as a superior minimarket in Kediri city in which successfully implemented such a location strategy as a captive market to influence consumer purchasing decisions.

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