



The Influence of Price, Location and Service Quality on Purchasing Decisions with Purchase Interest as an Intervening Variable at Transmart Padang

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Abstract

This study aims to determine and analyze the influence of price, location, and service quality on purchasing decisions, with purchasing interest as an intervening variables at Transmart Padang. There are some variables that need to be ensured in this study. They influence price, location, and service quality and interest at Transmart Padang. Another one is the influence of purchasing interest on purchasing decisions at Transmart Padang City. Besides, price, location, and service quality influence purchasing decisions at Transmart Padang through purchasing interest as an intervening variable. This research was conducted using a descriptive and causal research design and samples were taken using a non-probability-silling sample design using accidental sampling technique. In this study, the number of samples was 100 people. In contrast, the research instrument was a questionnaire using a Likert scale. This study used structural Equation Modeling (SEM) analysis as data analysis technique. The results showed that location had no significant effect on consumer purchasing interest at Transmart Padang, while price and service quality had a significant effect on consumer buying interest at Transmart Padang. Service quality had no significant effect on purchasing decisions at Padang City Transmart, while price, location and purchasing intention significantly affected purchasing decisions at Transmart Padang. Location had no significant effect on purchasing decisions at Transmart Padang through purchasing intention, while price and service quality had a significant effect on purchasing decisions at Transmart Padang through purchase intention.

Keywords: Purchasing Decision, Puchasing Intention, Price, Locations and Quality of Service

1. Introduction

The public has become increasingly familiar with the retail business in today's rapidly developing economy. (Kotler, 2018) retailing includes all activities selling goods or services directly to the final consumer for personal use, not for business purposes.

Companies in the retail industry must be able to develop effective strategies to win against their competitors. They need to analyze consumers' current needs and desires while also working to attract and convince them to purchase the products offered. The products purchased daily by the public are essentials such as vegetables, meat, fruit, and other household necessities (Saraswati, 2020).

Nowadays, many retail businesses operate in the hypermarket sector, such as Transmart Carrefour, Hypermart, Lotte Mart, Giant, and others. They offer a wide variety of daily necessities.

Table 1. Hypermarket Category 2018 -2022

Merek	2018	2019	2020	2021	2022
Transmart	32.30	33.40	33.60	39.80	39.3
Carrefour	%	%	%	%	%
Hypermart	24.60	19.60	21.40	26.20	26.7
	%	%	%	%	%
Giant	14.50	19.20	21.30	-	-
	%	%	%		
Lotte Mart	4.40	2.30	1.40	5.30	5.90
	%	%	%	%	%

Source : Top Brand Award

Based on Table 1 above, Transmart has ranked first in the Top Brand Index (TBI) for five consecutive years. Several other hypermarket companies have adopted specifications similar to Transmart's, but none have been able to displace its position as number one. In fact, some hypermarkets, such as Giant, were unable to sustain their operations and ultimately closed down in mid-2021.

Transmart is a new retail entity formed after Carrefour was acquired by CT Corp., owned by Chairul Tanjung, in April 2010. Following the acquisition, Carrefour Indonesia was renamed Trans Carrefour. Eventually, after the five-year acquisition period, the Carrefour brand was completely phased out. Transmart rebranded its concept to "5 in 1," offering shopping, dining, entertainment, cinema, and hotel services, evolving from the previous "4 in 1" concept, which included shopping, dining, entertainment, and cinema in one area (Sularso, 2020).

Transmart Padang was officially opened on May 19, 2017, by Nasrul Abit, then Deputy Governor of West Sumatra, and Mahyeldi, then Mayor of Padang. The opening was positively received by the public, attracting a large number of visitors during the first three days from Friday to Sunday. Transmart Padang achieved a daily sales turnover of IDR 1.4 billion, while Transmart Pekanbaru recorded a turnover of IDR 1.3 billion. This had a positive impact on the economy of West Sumatra (Prayitno, 2017).

The rapid growth of the retail business year after year requires companies, including Transmart, to implement effective strategies to lead the market. One effective strategy for a company to lead the market is to utilize the marketing mix strategy. Implementing a well-designed marketing mix strategy can increase buying interest and positively affect purchasing decisions (Saraswati, 2020)

Previous research by (Syamnarila et al., 2022) concluded that service quality positively influences buying interest and service quality positively influences buying interest through customer satisfaction.

Additionally, a study by (Ayumi & Budiarmo, 2021) found a positive and significant effect of price on buying interest and purchasing decisions. The results of the indirect effect test showed a positive and significant influence of price on purchases through buying interest.

Similarly, (Yanti & Budiarmo, 2020) found that price influences buying interest and purchasing decisions. The mediation test results indicated that buying interest serves as a partial intervening variable in mediating the influence of price on purchasing decisions.

Furthermore, (Pradini & Hardini, 2021) concluded that location positively and significantly affects purchasing decisions. This is supported by research from (Cheah et al., 2020) which stated that price influences purchasing decisions, and (Walean et al., 2020), who indicated that price positively affects buying interest.

Based on the explanations above, this study aims to measure purchasing decisions using price, location, service quality, and buying interest at Transmart in Padang City. This research aims to analyze the impact of price, location, service quality, and buying interest on purchasing decisions at Transmart Padang. The results of this measurement can be used as a consideration for developing marketing strategies and as a reference for Transmart Padang in making decisions related to increasing customer purchasing decisions.

2. Methods

2.1 Population and Sample

A population is a generalized region consisting of objects/subjects that are studied but includes all the characteristics or traits possessed by the subject or object (Sugiyono, 2017) The population in this research comprises people who shop at Transmart Padang, which is approximately 19,145 individuals.

According to (Sugiyono, 2017), a sample is a portion of the number and characteristics possessed by the population. Non-probability sampling is used to determine the sample, which is a sampling technique where not all members of the population have an equal chance of being selected. The sampling method used is accidental sampling, a technique in which the sample is selected by using anyone encountered by chance as the sample. In this research, the researcher selected 100 respondents who are customers of Transmart Padang.

Determination of the sample size was carried out using the Slovin formula as follows:

$$n = \frac{N}{1 + (N e)^2}$$

Explanations :

n = number of samples

N = populasi size

e = error (%)

In this research the error level (e) is 10%.

$$n = \frac{19.145}{1 + 19.145 (0,1^2)}$$

$$n = \frac{19.145}{192,45}$$

n = 99,48 is rounded up to 100

2.2 Method of Collecting Data

The data collection techniques used in this research are as follows:

a. Field Research

A field study involves searching for and obtaining data from several consumers who shop at Transmart Padang, and this data will be used in the research.

b. Questionnaire

A questionnaire is prepared by presenting a series of written questions along with multiple-choice answers that will be distributed to the respondents.

c. Literature Study

Literature study involves gathering information from books and other literature, which will be used as references to compile the literature review or theories for the research.

2.3 Data Analysis Techniques

2.3.1 Analisis Structural Equation Modeling (SEM)

In this research, the analysis tool used is **Structural Equation Modeling (SEM)** with the **Partial Least Square (PLS)** program. SEM is a multivariate statistical analysis method. Data processing using SEM differs from regression or path analysis. SEM data processing is more complex because SEM is built on both measurement models and structural models.

Structural Equation Modeling (SEM) is a set of statistical techniques that allows for testing a relatively complex series of relationships that linear regression equations cannot resolve. SEM can also be considered a combination of regression analysis and factor analysis, as both are specific types of SEM. These relationships can be built between one or several dependent and independent variables (Ghozali, 2021).

2.3.2 Measurement Model Test (Outer Model)

2.3.2.1 Validity Test

Validity testing is a measure that indicates the level of validity of an instrument. Validity testing is used to determine the validity of the research questionnaire instrument used in data collection (Ghozali, 2021). The validity testing criteria in Smart PLS measurement include: **Convergent validity** and **Discriminant validity**.

2.3.2.2 Reliability Test

After conducting the construct validity test, the next step is to perform the construct reliability test, which is measured using composite reliability and Cronbach's Alpha from the indicator blocks that measure the construct. The indicators used for the construct are considered reliable if the composite reliability and Cronbach's Alpha values are greater than 0.70. The reliability test is performed using PLS (Partial Least Square).

2.3.3 Structural Model Test (Outer Model)

The structural model or inner model describes the relationship model between latent variables which is formed based on the substance of the theory. Inner model analysis can be evaluated using:

2.3.3.1 R-Square

The structural model in PLS for dependent constructs uses R-Square, Stone Geisser Q-Square test for predictive relevance and t-test as well as the significance of the structural path parameter coefficients. Evaluating the inner model with PLS starts by looking at the R-square to see each dependent latent variable. The higher the R-square value means the better the prediction model of the proposed research model. The R-square values are 0.75, 0.50 and 0.25, so it can be concluded that the model is strong, moderate and weak. (Ghozali, 2021)

2.3.3.2 Hypothesis Testing

The structural model in PLS is evaluated using R-square to determine the extent of the influence received by the exogenous constructs. It is also used to measure the degree of variation in changes in the exogenous variables on the endogenous variables. For hypothesis testing of the path or inner model, a T-table value of 1.96 is used with a 5% alpha level (error in rejecting the data).

- If the T-statistic > 1.96 , the hypothesis is accepted.
- If the T-statistic < 1.96 , the hypothesis is rejected.

In hypothesis testing, the T-statistic value and probability value are considered. The T-statistic value of 1.96 is used for a 5% alpha level for hypothesis testing using statistical values. Therefore, the criteria for accepting or rejecting the hypothesis are: **H_a** is accepted, and **H₀** is rejected when the T-statistic > 1.96 . To accept or reject the hypothesis based on probability, **H_a** is accepted if the **p-value** < 0.05 . (Ghozali, 2021).

3. Result and Discussion

3.1 Research Data Analysis

The data processing technique in this research uses the SEM method based on Partial Least Square (PLS) which requires 2 stages for assessing a research model, namely the outer model and the inner model. These stages are as follows:

A. Measurement Model

There are three criteria in using data analysis techniques to assess the outer model: convergent validity, discriminant validity, and composite reliability. In the study, the limit of the convergent validity value is above 0.6. The model description can be presented in Figure 1.

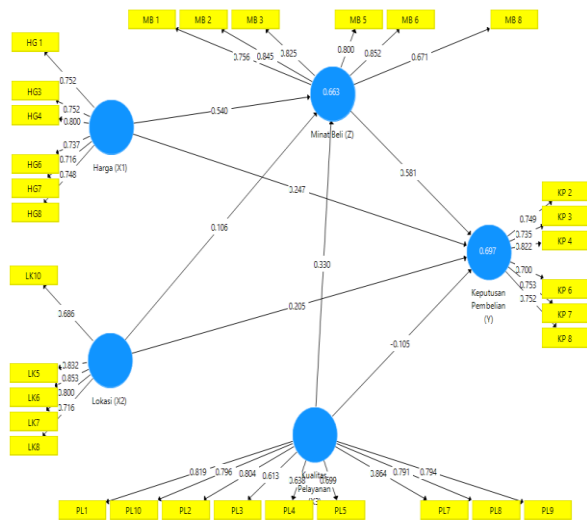


Figure 1. Outer Loadings Final

From the picture above, it can be seen that all indicators are above the 0.6 limit for convergent validity. Apart from the image above, we can see the following outer loading values:

Table 2 Loading Factor

Variabel	Item Code	Loading Factor	
Price	HG1	0.752	
	HG3	0.752	
	HG4	0.800	
	HG6	0.737	
	HG7	0.716	
	HG8	0.748	
	Location	LK5	0.832
		LK6	0.853
LK7		0.800	
LK8		0.716	
LK10		0.686	
Quality of Service		PL1	0.819
	PL2	0.796	
	PL3	0.804	
	PL4	0.613	
	PL5	0.638	
	PL7	0.699	
	PL8	0.864	
	PL9	0.791	
	PL10	0.794	
	Purchasing Decision	KP 2	0.794
KP 3		0.735	
KP 4		0.822	
KP 6		0.700	
KP 7		0.753	
KP 8		0.752	
Purchasing Intention		MB1	0.756
		MB2	0.845
	MB3	0.825	
	MB5	0.800	
	MB6	0.852	
	MB8	0.671	

Source: SmartPLS Inner Model Test Results, 2023

B. Average Variance Extracted (AVE)

The validity criteria for a construct or variable can also be assessed through the Average Variance Extracted (AVE) value of each construct or variable. A construct can be said to have high validity if its value is above 0.50. Testing the Average Variance Extracted (AVE) value in table 3 below:

Table 3 Average Variance Extracted (AVE)

Variable	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Price (X1)	0.845	0.849	0.886	0.564
Location (X2)	0.838	0.858	0.885	0.608
Quality of Service (X3)	0.908	0.913	0.925	0.581
Purchasing Decision (Y)	0.847	0.850	0.887	0.567
Purchasing Intention (Z)	0.881	0.887	0.901	0.630

Source: SmartPLS Inner Model Test Results, 2023

C. Reliability

Table 4. Cronbach's Alpha and Composite

Variable	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Price (X1)	0.845	0.849	0.886	0.564
Location (X2)	0.838	0.858	0.885	0.608
Quality of Service (X3)	0.908	0.913	0.925	0.581
Purchasing Decision (Y)	0.847	0.850	0.887	0.567
Purchasing Intention (Z)	0.881	0.887	0.901	0.630

Source: SmartPLS Inner Model Test Results, 2023

After the level of data validity is known, the next step is to find out the level of data reliability or the level of reliability of each construct or variable. This assessment is by looking at the composite reliability value and the Cronbach alpha value. The value of a construct is said to be reliable if it provides a composite reliability value > 0.70. The results of the test are in table 4 above.

3.2 Inner Model (Structural Model)

The next testing process is testing the inner model or structural model which aims to determine the relationship between constructs as hypothesized. The structural model is evaluated by considering the R-square value for the endogenous construct from the influence it receives from the exogenous construct. The following structural model of the test results is shown in the figure below.

Based on the figure below, the structural model can be formed into a model equation as equation model I, which is the magnitude of the influence of the price, location and service quality constructs on purchasing interest with a coefficient added to the error rate which is an estimation error or which cannot be explained in the research model $Z = 0.540 X1 + 0.106 X2 + 0.330 X3 + e$.

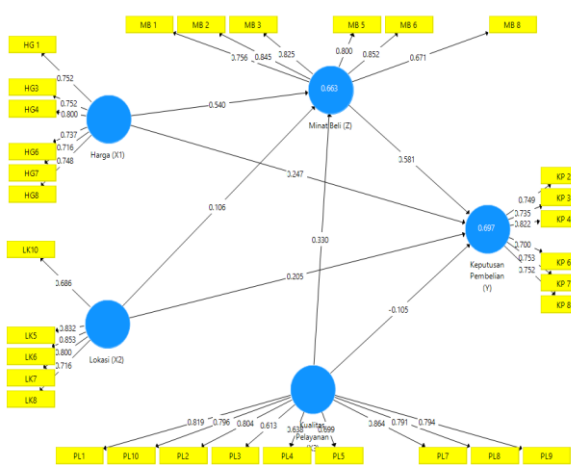


Figure 2. Inner Model

Equation Model II, is a description of the magnitude of the influence of the price, location, service quality, and purchase interest constructs on purchasing decisions with each coefficient for each construct plus an error which is an estimation error $Y = 0.247 X1 + 0.205 X2 - 0.105 X3 + 0.581 Z + e$.

Next, as explained previously, the inner model assessment is evaluated through the R-Square value, to assess the influence of certain exogenous latent constructs on endogenous latent constructs whether they have a substantive influence. In addition to the image above, to see the R Square value, it can also be seen in the following table:

Table 5. R-Square

Variabel	R Square	R Square Adjusted
Purchasing Decision (Y)	0.697	0.684
Purchasing Intention (Z)	0.663	0.653

Source : Inner Model Test SmartPLS, 2023

Table 5 shows that the R-Square of the purchase decision construct is 0.697 or 69.7% which describes the magnitude of the influence received by the purchase decision construct from the price, location, service quality and purchase interest constructs and the remaining 30.3% is influenced by other variables not in this study. After that, the R-Square of the purchase interest construct is 0.663 or 66.3% which describes the magnitude of the influence given by price, location and service quality, the remaining 33.7% is influenced by other variables not in this study.

3.3 Hypothesis Testing

Hypothesis testing aims to answer the problems in this study, namely the influence of certain exogenous latent constructs with certain endogenous latent constructs either directly or indirectly through mediating variables. Hypothesis testing in this study can be assessed from the magnitude of the t-statistic or t-count

compared to the t-table 1.96 at alpha 5%. If the t- alpha 5%, then Ha is accepted. The following are the statistic/t-count <t-table 1.96 at alpha 5%, then Ho is SmartPLS output results, which describe the estimation rejected and if the t-statistic/t-count> t-table 1.96 at output for testing the structural model:

Table 6. Hypothesis Testing

	Variabel	Original Sample	Sample Mean	Standar Deviation	T Statistics	P Value
H₁	Price (X_1) -> Purchasing Intention (Z)	0.540	0.532	0.078	6.958	0.000
H₂	Location (X_2) -> Purchasing Intention (Z)	0.106	0.103	0.064	1.650	0.100
H₃	Quality of Service (X_3) -> Purchasing Intention (Z)	0.330	0.338	0.091	3.633	0.000
H₄	Price (X_1) -> Purchasing Decision (Y)	0.247	0.249	0.088	2.805	0.005
H₅	Location (X_2) -> Purchasing Decision (Y)	0.205	0.201	0.072	2.839	0.005
H₆	Quality of Service (X_3) -> Purchasing Decision (Y)	(0.105)	(0.101)	0.094	1.113	0.266
H₇	Purchasing Intention (Z)-> Purchasing Decision (Y)	0.581	0.579	0.099	5.881	0.000

Source: Data processed by authors, 2023

Based on the results of the SmartPLS test in table 6, the results of the first to seventh hypothesis tests are shown, which are the direct influence of the constructs of price, location and service quality on purchasing interest as well as price, location, service quality and purchasing interest on purchasing decisions.

Tabel 7. Hypothesis Result

	Variabel	Original Sample	Sample Mean	Standar Deviation	T Statistics	P Value
H₈	Price(X_1) -> Purchasing Intention (Z) -> Purchasing Decision (Y)	0.313	0.307	0.066	4.733	0.000
H₉	Location (X_2) -> Purchasing Intention (Z) -> Purchasing Decision (Y)	0.061	0.060	0.039	1.588	0.113
H₁₀	Quality of Service (X_3) -> Purchasing Intention (Z) -> Purchasing Decision (Y)	0.192	0.197	0.066	2.913	0.004

Source: Data processed by authors, 2023

Based on the path diagram, the t-statistic or t-count value is useful for assessing whether the hypothesis is accepted or rejected by comparing the t-statistic or t-count value with the t-table at 1.96 (at a data rejection error of 5%).

4. Conclusions

From the discussion in the previous chapters, several conclusions can be drawn as follows; there is a significant influence between price and purchase interest in Transmart Padang, there is no significant influence between location and purchase interest in Transmart Padang, there is a significant influence between service quality and purchase interest in Transmart Padang, there is a significant influence between price and purchase decision in Transmart

Padang, there is a significant influence between location and purchase decision in Transmart Padang, there is no significant influence between service quality and purchase decision in Transmart Padang, there is a significant influence between purchase interest and purchase decision in Transmart Padang, there is a significant influence between price and purchase decision through purchase interest as an intervening variable in Transmart Padang, there is no significant influence between location and purchase decision through purchase interest as an intervening variable in Transmart Padang, there is a significant influence between service quality and purchase decision through purchase interest as an intervening variable in Transmart Padang.

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