THE EFFECT ANALYSIS OF MARKETING MIX ON PURCHASE DECISIONS AND CUSTOMER LOYALTY USING STRUCTURAL EQUATION MODELING METHOD

(Case Study: Lollypop Shop Surabaya)

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Absract

Distros have been known by the general public especially millennial who are fond of the brand or brand image of a product. The number of very tight competition makes Lollypop Shop Surabaya as one of the distributions that are in need of designing the right marketing strategy. The purpose of this study was to determine the effect of 4P marketing mix variables consisting of products, price, place and promotion of purchasing decisions and customer loyalty as a consideration of business owners in determining marketing strategies. Data analysis was performed using the Structural Equation Modeling (SEM) method which involved 120 respondents obtained from the purposive sampling method. The results of the analysis show that product and promotion variables have a positive and significant effect on purchasing decisions. Price and place variables have a positive but not significant effect on product purchasing decisions. Product variable is the variable that most influences the purchasing decision of Lollypop Shop Surabaya products with product variants as the indicators most desired by consumers.

Keywords: marketing mix, purchasing decisions, customer loyalty, structural equation modeling

1. INTRODUCTION

Clothing is one of the three basic human needs, namely clothing, food, and shelter. The term clothing comes from the Sanskrit language which has the connotation of "good or beautiful" that is beautiful clothing, comfortable to wear, pleasing to the eye, and suitable for the wearer. It is undeniable that
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every day all humans must need clothes for daily activities (Komunda and Osarenkhoe, 2012). Starting from the age of toddlers to seniors both in terms of men or women must assume the same clothing needs with food needs that can not be left anytime and anywhere. But in the statement certainly not all have the same priority measures in terms of clothing. Some think clothes aren't too important and some others might think clothes are very important.

In this study not all of the people described were used as research objects. Here the researchers intend to take one or a certain age range as an object of research (Gummesson, 2011). The choice of age range is intended to make this study more targeted. The intended age range is that researchers have chosen millennial or better known as young people as the object of research. Because in this day and age who are more concerned with the need for clothing for daily activities are the millennial (Prabowo and Setiawan, . Because millennials prioritize the interests of fashion over other functions of clothing. Moreover, a stronger reason is that young people will feel proud if the clothes used are not well-known or unbranded (Bendapudi & Leonard, 2007). From this statement it is certainly a great opportunity for entrepreneurs in clothing outlets for young people, better known as distributions. Every month in one year the sales that occur are unstable or always experience ups and downs that are even more likely to fall (Zineldin, 2006). This is what drives researchers to analyze the place with the aim to increase sales through marketing.

LITERATURE REVIEW

1. Marketing, Purchasing Decision and Customer Loyalty

The marketing mix according to Sivakumar and Raj (2016) is the marketing mix, the set of tactical marketing tools that the firm blends to produce the response it wants in the target market, which means a set of marketing tools integrated to process the responses desired by the target market (Bloemer, *et al*, 2009).

Purchase Decisions explained that the purchasing decision indicators are as follows (Anderson and Narus, 2014): (a) Interest in buying because of a need or desire; (b) Buying decisions on the basis of information and related sources; (c) The decision to buy after making an assessment and selection of various alternatives; (d) Purchase decisions from recommendations of others.

According to Roig, *et al* (2006) customer loyalty is defined as the loyalty shown by customers. Some indicators used to measure customer loyalty variables are (Ovidiu & Brad, 2010): (a) make regular repurchases (makes regular repeat purchases); (b) make purchases outside the product / service line; (c) recommend products (referred to other); (d) demonstrate immunity from the attractiveness of similar products from competitors (Lindgreen, *et al*, 2004).

2. Structural Equation Modeling (SEM)

According to Johanudin, *et al* (2016) structural equation modeling is a common and very useful multivariate analysis technique which includes special versions in a number of other analytical methods as special cases. The next definition says that structural equation modeling is a statistical technique used to build and test statistical models that are usually in the form of causal models (Dwyer, *et al*, 2017).

Table 1. Goodness of Fit Index Parameter

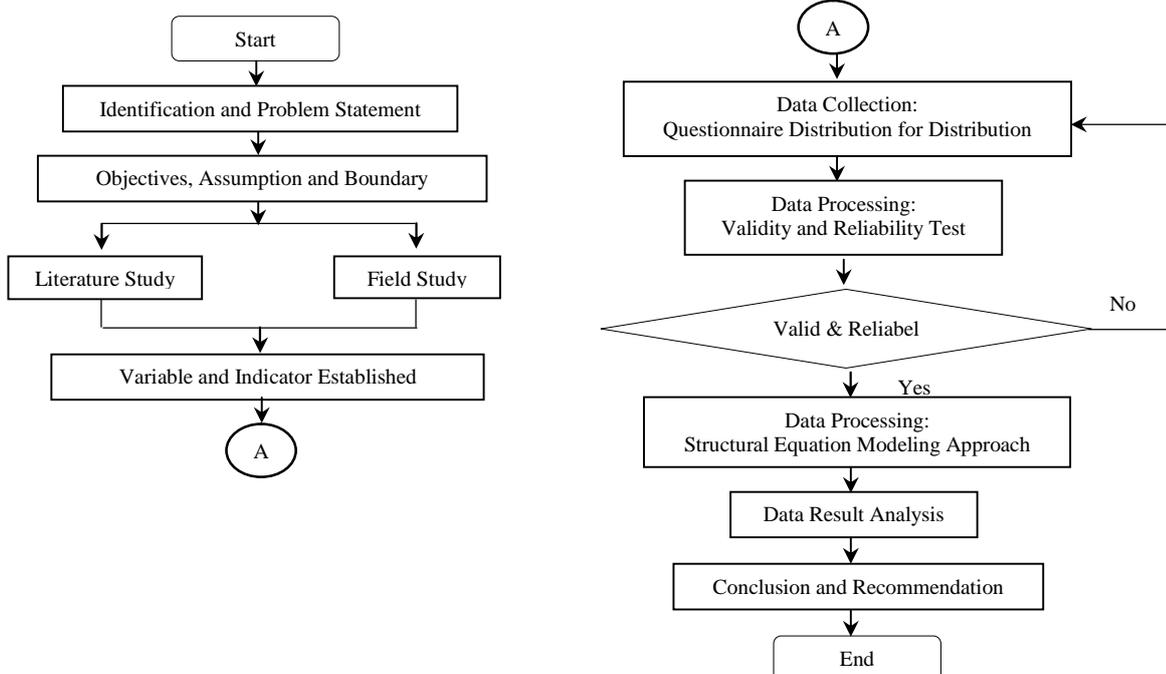| No.	Goodness of Fit Index	Cut Off Value
1.	Chi-Square	Expected to be small
2.	Significance Probability	0,05
3.	RMSEA	0,08
4.	GFI	0,90
5.	AGFI	0,90
6.	CMIN or DF	2,00
7.	TLI	0,95
8.	CFI	0,95

3. METHODOLOGY

Figure 1. Methodology Research

4. RESULT AND DISCUSSION

From the results of distributing questionnaires to respondents, 120 questionnaires were completed completely and correctly.

Table 2. Profile of Respondent

Profile of Respondent		Number of Respondent	Percentage (%)
Gender	Male	78	65 %
	Female	42	35 %
Total		120	100 %
Usia	20 old	53	44 %
	> 20 old	67	56 %
Total		120	100 %
Status	Student	39	33 %
	Employee	81	67 %
Total		120	100 %

Validity test measurements on the results of the questionnaire that has been distributed are carried out to ascertain whether the questionnaire is valid or not. In addition, a validity test was used to ascertain whether the questionnaire distributed was sufficiently understood by the respondents or not.

The reliability test of each variable is measured using Cronbach's alpha. Decision making criteria to determine whether the data is reliable or not. If r count (Cronbach's alpha value) is greater than or equal to 0.600, then the data is declared reliable. Meanwhile, if the r count (Cronbach's alpha value) is smaller than 0.600 then the item is declared unreliable.
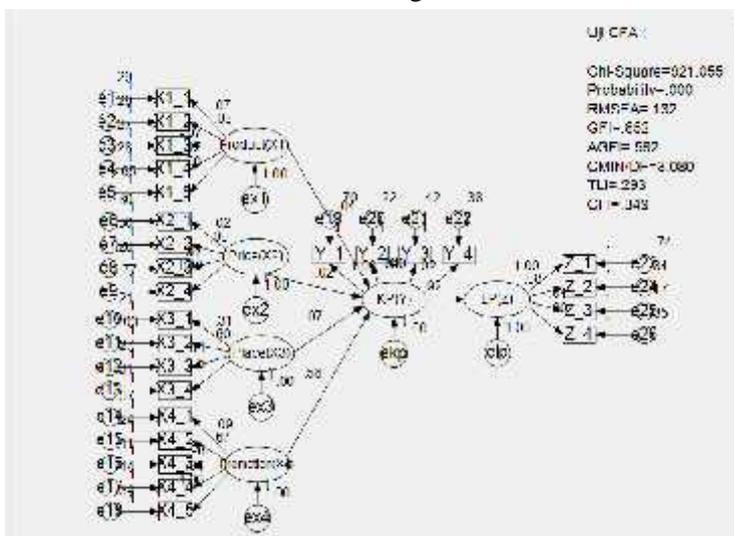
Overall SEM Model Processing

Figure 3. Overall SEM Running Model

The following are the results of the validity and reliability tests of distributing questionnaires to respondents using SPSS Version 17.0, which are presented in the table below:

Table 3. Results of Validity Test

Indicator	r Table	Conclusion
Variable of Product (X_1)	> 0,179	Valid
Variable of Price (X_2)	> 0,179	Valid
Variable of Place (X_3)	> 0,179	Valid
Variable of Promotion (X_4)	> 0,179	Valid
Variable of Purchasing Decision (Y)	> 0,179	Valid
Variable of Customer Loyalty (Z)	> 0,179	Valid

Table 4. Result of Reliability Test

Indicators	Cronbach's Alpha	r Table	Conclusion
Variable of Product (X_1)	0,663	> 0,600	Reliable
Variable of Price (X_2)	0,857	> 0,600	Reliable
Variable of Place (X_3)	0,742	> 0,600	Reliable
Variable of Promotion (X_4)	0,779	> 0,600	Reliable
Variable of Purchasing Decision (Y)	0,754	> 0,600	Reliable
Variable of Customer Loyalty (Z)	0,660	> 0,600	Reliable

Then the evaluation stage is carried out to test the suitability of the model. The model is said to be good if the conformity value of the model (goodness of fit) meets all the criteria. Goodness of fit values for the entire SEM model will be presented in the table below:

Table 5. Overall Goodness of Fit SEM Model

Goodness of Fit Index	Cut Off Value	Model's Result	Conclusion
Chi-Square (2)	Expected to be Small	921,055	Not Feasible
Probability	0,05	0,000	Not Feasible
RMSEA	0,08	0,132	Not Feasible
GFI	0,90	0,652	Not Feasible
AGFI	0,90	0,592	Not Feasible
CMIN/DF	2,00	3,080	Not Feasible
TLI	0,95	0,293	Not Feasible
CFI	0,95	0,349	Not Feasible

Based on the table it can be concluded that the value of Goodness of fit index produced by the structural model has not met the criteria. So that modifications are needed to the model that aims to get a better model. Modification of the

model is carried out by correlating between residual indicators and discarding variables that have no effect or variables that have the smallest effect shown in the figure below:
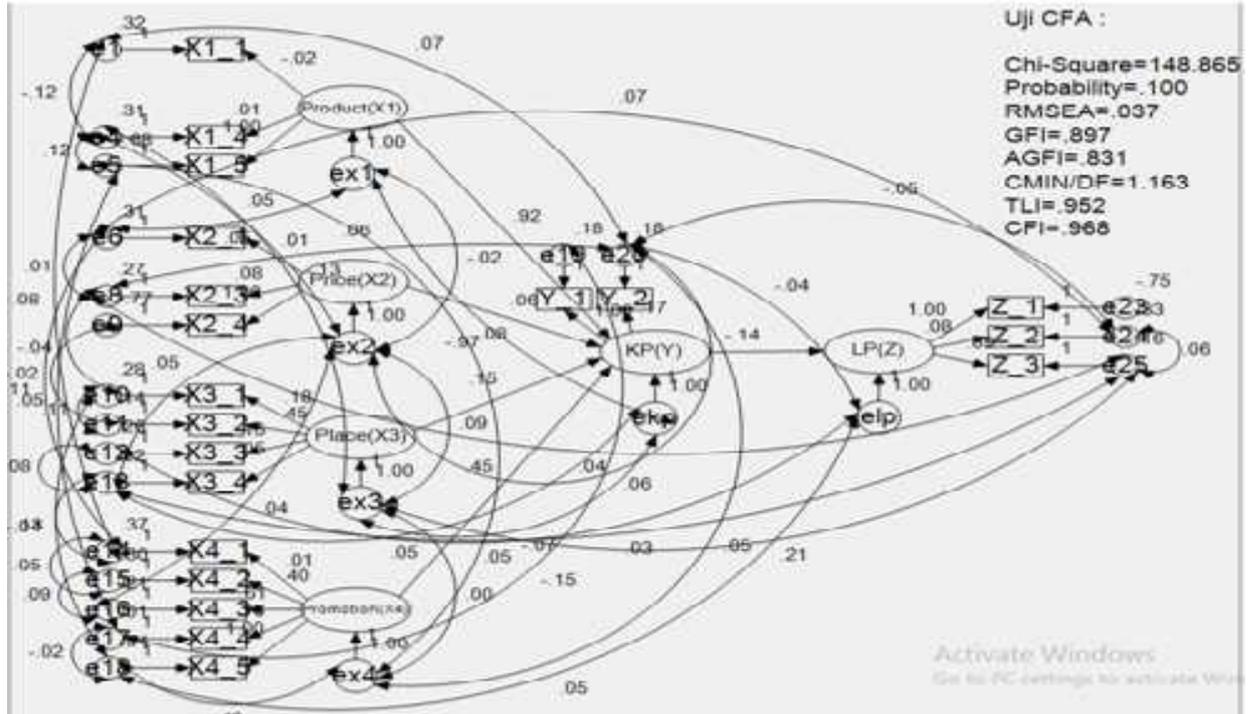

Figure 4. Overall SEM Running Model after Modification

From the overall SEM model image we get the following goodness of fi index results:

Table 6. Overall SEM Goodness of Fit Models after Modification

Goodness of Fit Index	Cut Off Value	Model Result	Conclusion
Chi-Square (χ^2)	Expected to be Small	148,865	Fit Model
Probability	0,05	0,100	Fit Model
RMSEA	0,08	0,037	Fit Model
GFI	0,90	0,897	Fit Model
AGFI	0,90	0,831	Fit Model
CMIN/DF	2,00	1,163	Fit Model
TLI	0,95	0,952	Fit Model
CFI	0,95	0,968	Fit Model

Table 7. Estimation of Overall SEM Model Parameters

	Estimation	S.E.	C.R.	P - Value
KP (Y) <---- Product (X_1)	0,924	0,067	13,766	***
KP (Y) <---- Price (X_2)	0,057	0,036	1,556	0,120
KP (Y) <---- Place (X_3)	0,152	0,097	1,564	0,118
KP (Y) <-- Promotion (X_4)	0,449	0,065	6,927	***
LP (Z) <---- KP (Y)	-0,138	0,080	1,714	0,187

Note: KP = Purchase Decision, LP = Customer Loyalty

Based on the overall SEM model table on the second modification. Goodness of fit index value meets the criteria. This shows that the indicators used in measuring each latent variable are appropriate.

Furthermore, testing of the loading factor produced to determine the magnitude of the influence of indicators in measuring latent variables. It is said to have a significant effect if the p-value produced is less than α = 0.05 (5%). The following table shows the calculated T-value, loading factor, error

Based on the results of the AMOS estimate that has been presented in the table. Therefore, structural equations can be arranged as follows:

KP (Y) = 0,924 Product (X_1) + 0,057 Price (X_2) + 0,152 Place (X_3) + 0,449 Promotion (X_1)

LP (Z) = -0,138 KP (Y)

Next will be analyzed about the causal relationship that is assessing whether the research hypothesis is accepted or rejected, the study is based on CR values and loading

factors as shown in the table which shows that the overall SEM model meets the Goodness of fit index criteria. This means that the indicators used in measuring each latent variable are appropriate. The following conclusions from testing 5 hypotheses proposed in this study:

Table 8. Hypothesis Testing

Testing to	Hypothesis	Relation
1	H_0 Rejected	Product factors significantly influence the purchase decision factor
2	H_0 Accepted	The price factor does not significantly influence the purchase decision factor
3	H_0 Accepted	The place factor does not significantly influence the purchase decision factor
4	H_0 Rejected	Promotion factor significantly influences the purchase decision factor
5	H_0 Accepted	The purchase decision factor does not significantly influence customer loyalty

5. CONCLUSION

Based on the results of data processing that has been done and also based on the results of data analysis that has been done. So the conclusions obtained in this study include the following:

1. Product Factor has a significant influence on the Purchasing Decision factor at Lollypop Shop Surabaya of 13,766 with a significance level of $= 5\%$.
2. The Price factor does not have an influence on the Purchase Decision factor at Lollypop Shop Surabaya of 1.556 with a significance level of $= 5\%$.
3. The Place factor has no influence on the Purchase Decision factor at Lollypop Shop Surabaya of 1.564 with a significance level of $= 5\%$.
4. Promotion factor has a significant influence on the Purchasing Decision factor at Lollypop Shop Surabaya of 6.927 with a significance level of $= 5\%$.
5. The Purchase Decision Factor has no influence on the Customer Loyalty factor

at the Surabaya Lollypop Shop of -1,714 with a significance level of $= 5\%$.

The suggestions that can be given in this study include the following:

1. Adding a variant of the product so that it can attract new customers and retain old customers so that it helps increase purchasing decision factors and customer loyalty at Lollypop Shop Surabaya.
2. Promoting more often both online and offline media so that new consumers and old customers know more about Lollypop products in order to increase purchasing decision factors and customer loyalty at Lollypop Shop Surabaya.
3. Maintaining products that have been in great demand by consumers and establishing the best possible relationships with new and old customers when conducting promotions in order to create customer loyalty or loyalty at the Lollypop Shop Surabaya.

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