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THE EFFECT OF PRICE, SERVICE, AND LOCATION OF TRADITIONAL MARKETS ON CONSUMER LOYALTY IN WARU MARKET, SIDOARJO

Andy Noer Adiansyah[1]
Muhammad Firdaus[2]
Nanda Widaninggar[3]

Management Student at the Institute of Technology and Sciences Mandala, Jember[1]
Lecturer in Master of Management Institute of Technology and Sciences Mandala, Jember[2]
Students at Doctoral Program in Accounting Brawijaya University, Malang[3]

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Corresponding authors:
Name: Nanda Widaninggar
E- mail : nanwiedha@gmail.com

ABSTRACT

This study aims: (1) to determine the effect of price, service, and traditional market location to consumer loyalty in the Waru Sidoarjo market. (2) to know the most dominant dimension of its influence to consumer loyalty in the Waru Sidoarjo market. In this study using primary data. Primary data in this study was conducted through interviews using questionnaires. By using the accidental sampling technique, 60 respondents were involved in this study. This research conducted the data analysis test (validity test and reliability test), classical assumption test (multicollinearity test, heteroscedasticity test and normality test), multiple linear regression analysis and hypothesis test (t test and F test). The results of this study show that the variables price, service and location have a positive effect on consumer loyalty.

Keywords: Price, Service, Location and Consumer Loyalty

INTRODUCTION

One of the manifestations of changes in the economic sector is the growing development of modern markets which have begun to penetrate and become competitors to traditional markets which have long been carrying out their economic activities. Along with the times, the existence of traditional markets began to be rivaled or even displaced by the existence of modern retail businesses. The retail business or commonly referred to as a retail trader is increasingly being felt in everyday life. Various kinds of retail shopping centers have sprung up with all shapes and sizes. In order for traditional markets to survive and develop in a business world that is full of competition in getting consumers, it must be able to understand consumers as a whole, because consumers are the target market for a product. Whether or not the product is accepted depends on the consumer's perception of the product. If consumers feel that the product can meet their needs and desires, consumers will definitely buy the product.

Considering that the existence of consumers is an important factor to achieve goals, the company realizes how central the role of consumers is. This shows that to face the risk of losing customers by ignoring complaints and factors that can influence people to buy in traditional markets, even quarreling over minor issues cannot be taken lightly. However, there are some of them who have very high loyalty.

Table 1. Differences between Modern Markets and Traditional Markets

No	Information	Modern market	Traditional market
1.	Price	Permanent	Negotiable
2.	Items for sale	Quality (Fresh)	Quickly wither
3.	The place	Neat, organized and clean	Dirty, hot, claustrophobic and muddy
4.	Facility	Ac, elevator, escalator	Ladder
5.	Salesman character	Middle and above	Middle down
6.	Selling time	Morning to night	Dawn to noon or even night

Source: https://travel.idntimes.com/destination/yoshi/pasar-tradisional-vs-pasar-modern/ful

In Table 1. it can be seen that the prices offered by the modern market are fixed, meaning that the prices offered cannot be negotiated at any price. While prices in traditional markets can be negotiated, depending on the cleverness of the buyer to bid. Goods sold in modern markets are of high quality, for example vegetables which are always fresh because they are put in a cold room, while traditional markets do not provide a cold room, so they wilt quickly. In modern markets the place is neat, orderly and clean. Because it is arranged in the best way. Meanwhile, traditional markets are not regular, hot, muddy, and dirty because the place is sober. In modern markets there are air conditioning, elevator and *escalator facilities* , while in traditional markets only ordinary stairs. In modern markets, the sellers are mostly from the upper middle class, meaning that they have a lot of capital to provide various facilities and merchandise, while in traditional markets, most of the sellers come from the lower middle class. This can be seen from the various items that are sold alone.

Many factors influence consumer loyalty to the traditional market Waru market in Sidoarjo, such as price, service and location. Therefore, this study intends to discuss consumer loyalty to the existence of the Waru market in Sidoarjo from several types of brands. In addition, the time for selling in modern markets is limited, from morning to night, however, in traditional markets the time for selling is not limited, namely from dawn to noon or evening and even at night. One of the traditional markets that has many consumers is the Waru market in Sidoarjo. Although the Waru market in Sidoarjo has many competitors from other traditional markets, the Waru market in Sidoarjo is relatively large, has a large area and many visitors. Even though they have many loyal customers, the emergence of supermarkets in Sidoarjo such as Transmart, Ramayana, Lippo Plaza, Matahari, Indomart 1, Indomart 2, Alfamart 1, Alfamart 2, can result in customers at the Waru market in Sidoarjo, a small number of customers change shopping places. . Therefore this study aims to determine the effect of price, service and location on consumer loyalty at the Waru Traditional Market in Sidoarjo. In addition, this study aims to determine the dimensions that have the most dominant influence on consumer loyalty at the Waru market in Sidoarjo.

RESEARCH METHODS

Research Sites

This research is quantitative, conducted using primary data collection. The primary data in this study were conducted through interviews using a questionnaire. This data collection technique was carried out by giving a set of questions/written statements to the respondent to answer. The population referred to in this study is all consumers of the Sidoarjo Waru market located at the address Jalan Raya Waru No.2.

Sampling Method

This study used 60 respondents as a sample. The sampling method used was *accidental sampling* , which is a random sampling technique to facilitate research.

Method of Collecting Data

The type of data in this research is primary data. Primary data is data obtained from the first source either from individuals or individuals, such as from interviews or filling out questionnaires conducted by researchers.

1. Questionnaire, is a data collection technique that is carried out by giving a set of questions or written questions to respondents to answer (Sugiyono, 2014: 183) how to provide a list of questions given to respondents to answer regarding the effect of price, service and location on consumer loyalty in the Waru market Sidoarjo.
2. Interviews , which are ways to collect information materials which are carried out by asking questions either verbally, unilaterally face to face, or with a predetermined direction and purpose (Yaumi, 2014: 101). Interviews are also seen as conversations in which the interviewer asks questions to the participants. The process of asking questions directly from Waru market consumers in Sidoarjo to obtain the required data,
3. Observation, which is a complex process, a process composed of various biological and psychological processes. This technique is used when research deals with human behavior, work processes, symptoms, and when the observed respondents are not too large. (Sugiyono, 2013; 310)

4. Library Studies, namely by reading and studying the literature related to this as well as studying the results of the research to be examined.

Data Analyst Method

Validity Test

Validity is a measure that shows the level of validity of an instrument (Arikunto , 2006: 168). An instrument is said to be valid if it is able to measure what is desired and can reveal data from the variables studied appropriately. The tool to measure validity used is the Pearson Product Correlation technique. An indicator is said to be valid, if n = 100 and α = 0.05, then t table = 0.30 with the following conditions:

Result of t count α > t table (0 ,30) = **Valid**

The result of t count α < t table (0 ,30) = **Invalid**

Reliability Test

Reliability is an instrument that can be trusted enough to be used as a data collection tool because the instrument is good (Arikunto , 2006: 178). So the qualification requirement for a measuring instrument is consistency, stability or not changing. Tool to measure reliability using *Cronbach's Alpha* . A variable is said to be Reliable, if:

Results α ≥ 0.60 = Reliable

Resultα ≤ 0.60 = Not reliable

Multiple Linear Regression Analysis

Multiple Linear Regression Analysis is used to determine the effect of the independent variables on the dependent variable for changes in each increase or decrease in the independent variable which will affect the dependent variable.

The multiple linear regression equation in general form is formulated as follows:

$$\mathbf{Y = a + b_1 X_1 + b_2 X_2 + \ldots\ldots + b_n X_n + e}$$

Where : Y = dependent variable

a = Constant (Y value if $X_1, X_2, \ldots X_n = 0$)

b = Regression Coefficient (value increases or decreases)

X = Independent variable

e = error

In this study using three independent variables, namely the effect of price, service, and location on the dependent variable, namely consumer loyalty with the basic formula model can be written as follows:

$$Y = a + B_1X_1 + B_2X_2 + B_3X_3$$

Information :
Y = Consumer Loyalty
a = Constant
b_1 = Price regression coefficient
X_1 = Price
b_2 = Service regression coefficient
X_2 = Service
b_3 = Location regression coefficient
X_3 = Location

Classical Assumption Testing

a) Normality test

In this study the normality test was carried out aiming to find out whether or not a data distribution is normal. In this normality test, testing is carried out on the variable price (X1), service (X2), location (X3) and consumer loyalty (Y). This study uses *the Kolmogrov - Sminov Goodness of Fit Test* to see whether the data is normally distributed or not, besides that, according to Singgih Santoso (2012: 393) the basis for decision making can be based on probability (*Asymtotic Significance*), namely: The criteria in this Normality Test is :

1) sig. Kolmogrov -*Sminov test* > 0.05 then normal distribution.
2) The sig . *Kolmogrov-Sminov test* < 0.05 means that the distribution is not normal.

b) Heteroscedasticity Test

The heteroscedasticity test aims to test whether in the regression model there is an inequality of variance or residuals from one observation to another. According to Gujarati (2012: 406) to test whether there is heteroscedasticity, the rank-Spearman test is used, namely by correlating the independent variables to the absolute value of the residual (error). To detect symptoms of the heteroscedasticity test, a regression equation is made with the assumption that there is no heteroscedasticity then determines the absolute value of the residual, then regresses the absolute value of the residual obtained as the dependent variable and performs regression of the independent variables. If the value of the correlation coefficient between the independent variables and the absolute value of the residual is significant, then the conclusion is that there is heteroscedasticity (the variance of the residual is not homogeneous).

c) Multicollinearity Test

Multicollinearity is a perfect or definite linear relationship between some or all of the independent variables of the regression model. The multicollinearity test aims to test whether a regression model finds a correlation between the independent variables. If there is a correlation, then it is called a multicollinearity problem. A good regression model should not have a correlation between the independent variables. If it is proven that there is multicollinearity, it is better if one of the independent variables is removed from the model, then the regression model is built again (Singgih Santoso, 2012: 234). To detect whether there is multicollinearity, it can be seen from the Variance Inflation Factor (VIF) and Tolerance. The guideline for a regression model that is free of multicollinearity is to have a tolerance number close to 1. The VIF limit is 10, if the VIF value is below 10, then there are no symptoms of multicollinearity (Gujarati, 2012: 432). According to Singgih Santoso (2012:) the formula used is as follows:

$$VIF = \frac{1}{Tolerance} \; atau \; Tolerance = \frac{1}{VIF}$$

Hypothesis Test

To prove the hypothesis in this study whether the independent variable affects the dependent variable, several tests are used, namely the F-test and t-test

a. F-test

To test whether each independent variable has an effect on the dependent variable simultaneously . Testing steps :

1) Determine the formulation of the null alternative hypothesis and the alternative hypothesis
2) Limit F count
   Ho : cannot be rejected if sig, > α = 0.05
   Ho: rejected if sig, ≤ α = 0.05

b. t-test

test is to determine the effect of each independent variable on the dependent variable partially, whether it has a significant effect or not. Testing steps :

1) Determine the formulation of the null alternative hypothesis and the alternative hypothesis
   Ho: there is no partially significant effect of the independent variable on the dependent variable
   Ho : there is a partially significant effect of the independent variable on the dependent variable.
2) Determine the formulation of the null alternative hypothesis and the alternative hypothesis
   Ho: there is no partially significant effect of the independent variable on the dependent variable.
   Ho : there is a partially significant effect of the independent variable on the dependent variable.
3) Limit t count
   Ho : cannot be rejected if sig, > α = 0.05
   Ho : rejected if sig , ≤ α = 0.05

c. Coefficient of Determination (R^2)

This test is intended to determine how much influence all the dependent variables have and the magnitude of the influence caused by other variables cannot be explained. This is indicated by the magnitude of the determinant coefficient (R^2) which ranges from 0 to 1 or $0 \leq R^2 \leq 1$. If R^2 is close to 1, then the independent variable influences the dependent variable perfectly or to a perfect match (the independent variable used can explain the dependent variable well). However, if the coefficient of determination is zero (0), it means that the independent variable has no effect on the dependent variable,

The coefficient of determination in this study is to measure the contribution of the variable price (X1), service (X2), location (X3), to consumer loyalty (Y). In this

study, the SPSS (Statistical Package for Social Science) tool was used to process the data.

RESULTS AND DISCUSSION

RESULTS

The instrument test is carried out using the Validity Test and Reliability Test as follows:

1. Validity Test

Validity is a measure that shows the level of validity of an instrument (Arikunto, 2006: 168). Data is said to be valid if r count > r table, using a validation standard of 5%.

a. Validity test

Validity is a measure that shows the levels of validity of a research instrument. Data is said to be valid if r count > r table. Then the data is said to be valid by using a validation standard of 5%.

Table 1. Price Variable Indicator Validity Test Results (X1)

No	Question Details	Correlation coefficient	R Table	relationship
1	X1.1	0.324	0.254	Valid
2	X1.2	0.816	0.254	Valid
3	X1.3	0.745	0.254	Valid
4	X1.4	0.833	0.254	Valid
5	X1.5	0.745	0.254	Valid

Data source : SPSS processed data

Based on Table 1, the results of the data validity test of the Price Variable indicator can be concluded that all questions from each variable (X1) as a whole in this study can be said to be Valid.

Table 2.: Results of Testing the Validity of Service Variable Indicators (X2)

No	Question Details	Correlation coefficient	R Table	relationship
1	X2.1	0.813	0.254	Valid
2	X2.2	0.760	0.254	Valid
3	X2.3	0.830	0.254	Valid
4	X2.4	0.713	0.254	Valid

Data source : SPSS processed data

Based on Table 2, the results of the data validity test of the Service Variable indicator can be concluded that all questions from each variable (X2) as a whole in this study can be said to be Valid

Table 3. Location Variable Indicator Validity Test Results (X3)

No	Question Details	Correlation coefficient	R Table	relationship
1	X3.1	0.549	0.254	Valid
2	X3.2	0.893	0.254	Valid
3	X3.3	0.499	0.254	Valid
4	X3.4	0.510	0.254	Valid
5	X3.5	0.870	0.254	Valid

source : SPSS processed data

Based on Table 3, the results of the data testing the validity of the Location Variable indicator can be concluded that all questions from each variable (X3) as a whole in this study can be said to be Valid

Table 4. Test Results for the Validity of Indicator Variable Consumer Loyalty (Y)

No	Question Details	Correlation coefficient	R Table	relationship
1	Y1.1	0.737	0.2656	Valid
2	Y1.2	0.809	0.2656	Valid
3	Y1.3	0.819	0.2656	Valid
4	Y1.4	0.743	0.2656	Valid

source : SPSS processed data

Based on table 4.8 the results of the validity test data for the Loyalty Variable indicator can be concluded that all questions from each variable (Y) as a whole in this study can be said to be Valid

2. Reliability Test

Reliability is an instrument that can be trusted enough to be used as a data collection tool because the instrument is good (Arikunto, 2006: 178). Variables are said to be reliable giving rcount values greater than 0.6 .

Reliability is an index that shows the extent to which a measuring instrument can be trusted or relied on. Variables are said to be reliable giving rcount values greater than 0.6 .

Table 5 . Reliability Test Results

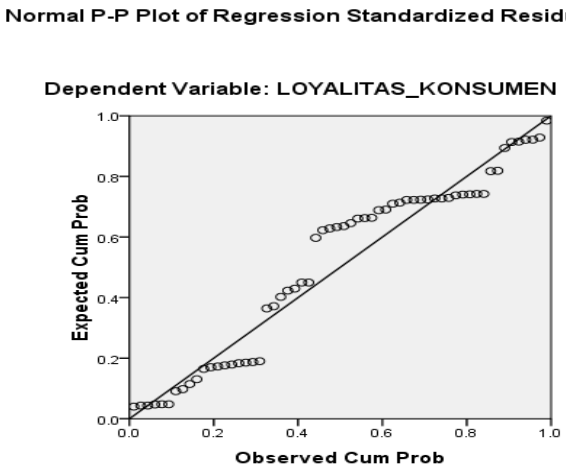
No.	Variable	Alpha Cronbach coefficient	description
1	Price	0.740	Reliable
2	Service	0.785	Reliable
3	Location	0.661	Reliable
4	Consumer loyalty	0.782	Reliable

Data *source : SPSS processed data*

In this study also used the Classical Assumption Test, with the following explanation:

1. Normality test

The Normality Test aims to test whether in the regression model, the dependent variable and independent variable both have a normal distribution or not.



Source: Processed results of SPSS

The Normality test aims to test whether in the regression model, the dependent variable and independent variable both have a normal distribution or not. A good regression model is having normal or close to normal data distribution. To test whether the distribution is normal or not by performing graphical analysis, namely by looking at the normal probability plot which compares the cumulative distribution of the normal distribution. The normal distribution will form a straight diagonal line and plotting the data will be compared with the diagonal line, then based on the data it forms a normal distribution because it meets the above requirements

2. Heteroscedasticity Test

   From the output results above it can be seen that the $_{calculated}$ t values are 1.457, -0.969 and -0.559. While the $t_{table\ value}$ can be found in the t table with df = n-3 or 60-3 = 57 on the 2-sided test (significant 0.025), the t table value is 2.002/-2.002. Because the value of t_{count} is in $-t_{table} < t_{count} < t_{table}$, then Ho is accepted, meaning that the test between LnE i^2 and LnX_1 and LnE i^2 , LnX_2, LnX_3 has no symptoms of heteroscedasticity. With this it can be concluded that there is no heteroscedasticity problem found in the regression model.

3. Multicollinearity Test

   From the results it can be seen that the *Variance Inflation Factor* (VIF) values of the two variables, namely price (3.137), service (1.032), location (3.193) are less than 10.

Descriptively, it is illustrated that the highest number of respondents based on age is between the ages of 20 to 30 years. The highest number of respondents based on gender were women. The highest number of respondents based on the type of income is Rp. 1,000,000 – Rp. 2.499.00,-. While the highest number of respondents based on the number of jobs are those who work as housewives.

Hypothesis testing is carried out using the F test and t test with the following explanation:

1. F test

   From the data obtained, the Fcount value is 9.998. Based on the calculation results that Fcount (9.998) > Ftable ($2_{.77}$) then HO rejected. Because Fcount>Ftable it can be said that the variable price (X1) , service (X2), location (X3) simultaneously affect consumer loyalty.

2. t test

1. Price Variable (X1)
   From the data obtained, the tcount value is -0.709. Based on the calculation results that tcount (-0.709) ≤ ttable (-2.002) then HO is rejected . Because tcount ≤ ttable it can be said that the price variable (x1) partially affects consumer loyalty.
2. Service Variable (X2)
   From the data obtained the value of tcount is 5.365. Based on the calculation results that tcount (5.365) > ttable (2.002) then HO rejected. Because tcount>ttable it can be said that the service variable (x2) partially affects consumer loyalty
3. Location Variable (X3)
   From the data obtained the value of tcount is 0.064. Based on the calculation results that tcount (0.064) < ttable (2.002) then HO failed to be rejected. Because tcount<ttable it can be said that the location variable (x3) partially has no effect on consumer loyalty.

DISCUSSION

The interpretation of the results of hypothesis testing can be explained as follows:

1. The Effect of Price on Consumer Loyalty in Sidoarjo Waru Market
   Prices have a negative effect on consumer loyalty in buying goods at the Sidoarjo Waru market because where prices increase or increase, consumer loyalty will decrease
2. The Effect of Service on Consumer Loyalty in Sidoarjo Waru Market
   Service influences consumer loyalty in buying goods at the Sidoarjo Waru market because buying consumers always see friendly service, thus making consumers feel comfortable buying these goods.
3. The Effect of Location on Consumer Loyalty in Sidoarjo Waru Market
   Location influences consumer loyalty in buying goods at the Sidoarjo Waru market because the strategic location is passed by means of transportation and is close to the center of the crowd.
4. The Effect of Service Variables on Consumer Loyalty in Sidoarjo Waru Market
   The service variable affects consumer loyalty because consumers also attach importance to the service of a market in selling something
   the goods . With good service, consumers can immediately understand the benefits of these goods and get satisfaction in making purchases at the Sidoarjo Waru market.

CONCLUSION

The results of this study indicate that:

1. Variable price (X_1), service (X_2), location (X_3) partially or simultaneously have a significant effect on consumer loyalty.
2. From the results of the Determination test (R^2) the result is 34.9% , meaning that there are 65.1% of other factors that influence the consumer loyalty variable.

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