DETERMINANTS OF BUSINESSMAN DECISION IN PURCHASING TOWARD LOYALTY IN THE ERA OF GLOBALIZATION

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ABSTRACT

This research examines the determinants of purchasing decisions on loyalty in the era of globalization, which has variable product quality, e-promotion, service quality, purchasing decisions, and loyalty. Loyalty variables define consumer loyalty as a liking attitude towards a brand, product or stores that are present in purchases consistently over time according to Sutisna (2003). The population used in this study was customers of PT. Cintya Denpasar, with a total sample of 67. Data collection was carried out using a questionnaire method. The sampling method in this study uses a type of saturated sample or census sample. The analysis technique used to analyze data is PLS (Partial Least Square). Partial Least Square results indicate that product quality variables influence purchasing decisions, e-promotion influences purchasing decisions, service quality influences purchasing decisions, product quality influences loyalty, e-promotion influences loyalty, service quality influences loyalty, purchasing decisions effect on loyalty. This study concludes that the product quality variable has a positive effect of 0.958 on purchasing decisions, e-promotion has a positive effect of 0.422 on purchasing decisions, service quality has a positive effect of 0.336 on purchasing decisions, product quality has a positive effect of 0.345 on loyalty, e-promotion has a positive effect of 0.472 on loyalty, service quality has a positive effect of 0.560 on loyalty, purchasing decisions have a positive effect of 0.529 on loyalty. This research is useful for the management of PT. Cintya Denpasar as input on the determinants of business decision makers in purchasing loyalty in the era of globalization.

KEY WORDS

Product quality, E-promotion, service quality, purchasing decisions, loyalty.

The development of the business world in the modern era is currently experiencing very rapid progress. Discussing about the modern era is inseparable from the progress of time, civilization, science, and technology. These four factors are things that cannot be avoided in this modern era. So someone who wants to have a better business opportunity is expected to be able to understand the four factors. Marketing according to Gitosudarmo (1995) is a business activity which is an attempt to meet the needs and desires of humans, individuals and groups. Marketing can simply be interpreted as an activity that endeavors to market the product to be accepted and liked by the market. To attract the attention of consumers, companies must be able to create effective marketing strategies so that it can foster consumer buying interest and ultimately consumers are satisfied and will decide to buy the products offered. In addition to attracting consumers to buy products, effective marketing strategies can be used as a way to deal with competition in the business world.

Before the consumer makes a purchase there are things that affect it which is called consumer behavior. Consumer behavior according to Schiffman and Kanuk (2000) is the process a person goes through in finding, buying, using, evaluating and acting after consumption of products, services and ideas that are expected to meet their needs. According to Kotler and Keller (2008) consumer behavior is the study of how individuals, groups and organizations choose, buy, use, and place goods, services, ideas or experiences to satisfy their desires and needs. One company engaged in the field of printing services called PT. Love Denpasar, this company has been running since 1989 by always carrying out marketing strategies and always following the times. Order demand from year to year is increasing and there is also a decline, this company engaged in manufacturing provides

printing services be it books, magazines, brochures, yearbooks, etc. During the marketing carried out until now that has changed into the digital era, the business people who become customers of this company always use the printing services provided by this company, in other words in the digital era like this there are still some customers who use this conventional printing services and there are still purchasing decisions on conventional printing services. The purpose of this study is to find out how much product quality, e-promotion, service quality, purchasing decisions and loyalty that occur in the company PT.Cintya Denpasar.

LITERATURE REVIEW

Product quality is defined as a thorough evaluation of customers for the good performance of goods or services (Mowen and Minor, 2002). In fierce competition like now, companies are required to offer quality products and have more value, so that it looks different from competing products. Quality is one of the factors that buyers consider before buying a product. Companies must have good quality or in accordance with the price offered when selling products or services in running a business there are several indicators of product quality according to Gazpresz (2008), namely: Endurance related to how long the product can continue to be used and can be defined as a measure of product age according to Gazpresz (2008). Compliance with specifications meets the standards set by the customer according to Gazpresz (2008). The perceived quality is the quality that can be felt by the customer and meets what the customer expects according to Gazpresz (2008).

According to Swastha and Sukotjo (2007), E-Promotion describes three parts of the strategy needed for online promotional activities, namely promotion of products and services, website promotion, and domain promotion. Arwiedya (2011) defines online promotion as promotional activities through the internet such as word of mouth online and social media. The type of promotional media used will affect purchasing decisions at an online shop. For example, promotional media in the form of social media that are currently often used in e-promotion are Instagram, path, Facebook, and Twitter.

Quality is one important factor used by consumers to evaluate the services of an organization. Service quality can also be defined as a measure of the extent to which a given service can meet consumer expectations (Assegaff, 2009). According to Tjiptono (2009) service quality is the expected level of excellence and control over the level of excellence is to meet the desires of consumers. If the service or service received or felt is as expected, the quality of the service is perceived as good and satisfying. If the services or services received exceed consumer expectations, the quality of the service or service is perceived as the ideal quality. Consumers determine whether or not a quality service. Therefore, whether or not service quality will depend on the ability of service providers to consistently meet the expectations of their consumers (Tjiptono, 2009).

It can be said, loyalty or loyalty is a deep commitment to buy back or become a regular customer of a product / service that is consistently favored in the future, where the commitment causes repeated purchases of the same product, despite situational influences and marketing efforts have the ability or possibility to result in behavioral changes according to Zeitham and Bitner (2006). According to Tjiptono and Chandra (2012), customer loyalty has often been associated with repurchase behavior. Loyalty can be interpreted as loyalty, that is, one's loyalty to an object. Mowen and Minor in Aditya (2008) state loyalty as a condition where customers have a positive attitude towards a brand, are committed to the brand, and intend to continue their purchases in the future.

CONCEPTUAL FRAMEWORK

Promotion is carried out to communicate and influence prospective customers to be able to receive products produced by the company. The more intense the promotion, the higher the consumer's decision to make a purchase. Products that are often promoted can stimulate consumers to make purchases. Services related to purchasing decisions. Service

is a statement about attitude, the relationship resulting from the comparison between expectations (expectations) with performance (results). This means that good service is not based on the perspective or perception of the service provider, but based on the perspective or perception of consumers. Consumers determine whether or not a quality service. Thus whether or not the quality of the service depends on the ability of service providers to consistently meet the expectations of their consumers. The better the service, the higher the consumer's decision to make a purchase. The framework of this research can be illustrated in Figure 1. Service quality, e-promotion, service quality, has a direct influence on loyalty. The purchase decision variable acts as an intervening variable to loyalty.

Figure 1 – Research Framework

Research Hypothesis:

H₁: Product Quality (X1) Has Positive and Significant Impact on Purchasing Decisions (Y1) at PT.Cintya Denpasar.

H₂: E-Promotion (X2) Has Positive and Significant Impact on Purchasing Decisions (Y1) at PT.Cintya Denpasar

H₃: Services (X3) Have a Positive and Significant Impact on Purchasing Decisions (Y1) at PT.Cintya Denpasar.

H₄: Product (X1) Has a Positive and Significant Effect on Loyalty (Y2) at PT.Cintya Denpasar

H₅: E-Promotion (X2) Has Positive and Significant Impact on Loyalty (Y2) at PT. Cintya Denpasar

H₆: Services (X3) Have a Positive and Significant Impact on Loyalty (Y2) at PT.Cintya Denpasar

H₇: Purchasing Decisions (Y1) Have Positive and Significant Impact on Loyalty (Y2) at PT. Cintya Denpasar.

METHODS OF RESEARCH

This research was conducted at PT. Cintya Denpasar. The population of this study was customers of PT. Cintya Denpasar. Therefore, the type of sampling in this study were saturated or census samples. Based on this population the sample used is all of the total population that is 67 samples. Data were collected using a questionnaire instrument, in accordance with the type of patient in PT. Cintya Denpasar. The questionnaire consisted of two parts, namely the respondent's identity section and the research statement section. The respondent's identity consists of five parts, including: respondent's name, gender, age, last education. The research statement section consisted of three statements related to product quality; three statements related to E-promotion; three statements related to service quality; two statements regarding the purchase decision; three statements related to loyalty.

Distribution of questionnaires to customers is done by the author without the help of the intention that respondents can be guided properly in filling out the questionnaire and allow respondents to ask questions when things are not understood. All the variables in this study were measured using a Likert scale. The Likert scale used in this study is five levels (1-10), and aims to widen the variation of respondents' answers when compared to the use of three or four scales so that the tendency of respondents' selection of variables becomes more clearly visible.

Validity test is used to determine the appropriateness of items in a list (construct) of questions in defining a variable. The validity of a question can be seen from the Pearson Product Moment value of each question item. An item is said to be valid if the calculated value is the value of the Pearson Product Moment > 0.3 (Sugiyono, 2014: 348). Based on the calculation / processing results in Appendix 3 to Appendix 7 which involved 30 respondents (case = n), the Corrected Item-Total Correlation coefficient obtained for each indicator is shown as shown in the following table.

Table 1 – Corrected Item-Total Correlation Value Each Research Indicator

No	Variable	Indicator	r_{count} (Corrected Item-Total Correlation)	Tolerance Value	Information
1	Product Quality (X1)	kualpro1	0,935	0,3	Valid
		kualpro2	0,976	0,3	Valid
		kualpro3	0,883	0,3	Valid
2	E-Promotion (X2)	epro1	0,787	0,3	Valid
		epro2	0,781	0,3	Valid
		epro3	0,816	0,3	Valid
3	Service Quality (X3)	kualpel1	0,872	0,3	Valid
		kualpel2	0,940	0,3	Valid
		kualpel3	0,859	0,3	Valid
4	Purchase Decision (Y1)	Keppem1	0,936	0,3	Valid
		Keppem2	0,936	0,3	Valid
5	Loyalty (Y2)	loyal1	0,690	0,3	Valid
		loyal2	0,913	0,3	Valid
		loyal3	0,573	0,3	Valid

Source: Output Analysis AMOS.

The data in the table above shows that if the value of Corrected Item-Total Correlation is compared with the value of 0.3, then the value of the Corrected Item-Total Correlation of each indicator is greater than 0.3. So that each indicator or statement in the questionnaire is valid.

DISCUSSION OF RESULTS

Based on the data analysis in Table 2, it can be explained that product quality has a positive effect of 0.958 on Purchasing Decisions, and the relationship is significant at the 0.05 level, because the t-Statistics value is greater than 1.96 which is 8.017 and the P value of $0.000 < 0.05$. Thus the first hypothesis (H2) which states that Product Quality (X1) has a Positive and Significant Effect on Purchasing Decisions (Y1) at PT.Cintya Denpasar Company is tested for truth. E-Promotion has a positive effect of 0.422 on Purchasing Decisions, and the relationship is significant at the 0.05 level, because the t-Statistics value is greater than 1.96 which is 4.065 and the P Values value is $0.000 < 0.05$. Thus the second hypothesis (H2) which states E-Promotion (X2) has a Positive and Significant Effect on Purchasing Decisions (Y1) at PT.Cintya Denpasar Company is tested for its truth. Service Quality has a positive effect of 0.336 on Purchasing Decisions, and the relationship is significant at the 0.05 level, because the t-Statistics value is greater than 1.96 which is 2.537 and the P Values value is $0.009 < 0.05$. Thus the third hypothesis (H3) which states that Service (X3) has a Positive and Significant Effect on Purchasing Decisions (Y1) at PT.Cintya Denpasar Company is tested for truth.

Product Quality has a positive effect of 0.345 on Loyalty, and the relationship is significant at the 0.05 level, because the t-Statistics value is greater than 1.96 which is equal

to 3.502 and the value of P Values is $0.000 < 0.05$. Thus the fourth hypothesis (H4) which states that Product (X1) has a Positive and Significant Effect on Loyalty (Y2) at PT. Cintya Denpasar is verifiable. E-Promotion has a positive effect of 0.472 on Loyalty, and the relationship is significant at the 0.05 level, because the t-Statistics value is greater than 1.96 which is 4.657 and the P Values value is $0.000 < 0.05$. Thus, the fifth hypothesis (H5) which states E-Promotion (X2) Has a Positive and Significant Effect on Loyalty (Y2) at PT. Cintya Denpasar is tested for its truth. Service Quality has a positive effect of 0.560 on Loyalty, and the relationship is significant at the 0.05 level, because the t-Statistic value is greater than 1.96 which is 5.350 and the P Values value is $0.000 < 0.05$. Thus the sixth hypothesis (H6) which states that Service (X3) has a Positive and Significant Effect on Loyalty (Y2) at PT. Cintya Denpasar is proven to be true. The Purchasing Decision has a positive effect of 0.529 on Loyalty, and the relationship is significant at the 0.05 level, because the t-Statistic value is greater than 1.96 which is 5.429 and the P Values value is $0.000 < 0.05$. Thus the seventh hypothesis (H7) which states that the Purchasing Decision (Y1) has a Positive and Significant Effect on Loyalty (Y2) at PT. Cintya Denpasar is verifiable.

Table 2 – Path Analysis

Construct	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	Standard Error (STERR)	T Statistics (O/STERR)	P Values	Info.
X1 -> Y2	0.345	0.349	0.067	0.067	3.502	0.000	Significant
X2 -> Y2	0.472	0.477	0.092	0.092	4.657	0.000	Significant
X3 -> Y2	0.560	0.566	0.109	0.109	5.350	0.000	Significant
Y1 -> Y2	0.529	0.535	0.103	0.103	5.429	0.000	Significant
X1 -> Y1	0.958	0.968	0.186	0.186	8.017	0.000	Significant
X2 -> Y1	0.422	0.426	0.082	0.082	4.065	0.000	Significant
X3 -> Y1	0.336	0.339	0.065	0.065	2.537	0.009	Significant

Source: AMOS Analysis Output.

Goodness of Fit (GoF) is a measurement of the accuracy of the overall model (global), because it is considered a single measurement from the measurement of the outer model and measurement of the inner model. Measurement values based on Goodness of Fit (GoF) have a range of values between 0 (zero) to 1 (one). Goodness of Fit (GoF) value which is getting closer to 0 (zero), shows the model is getting less good, on the contrary the farther away from 0 (zero) and closer to 1 (one), the better the model. The criteria of strength and weakness of the model based on the measurement of Goodness of Fit (GoF) according to Lathan and Ghazali (2012: 88), are as follows: 0.36 (GoF large), 0.25 (GoF medium), and 0.10 (GoF small). (Tenenhaus et al, 2004: 175).

Table 3 – Evaluasi Goodness of Fit

Construct	R Square	Communality
Y1	0.791	0.730
X1	-	0.643
Y2	0.768	0.760
X2	-	0.651
X3	-	0.775
Average	0.780	0.712

* Match the goodness of fit.

Source: AMOS analysis data.

Calculation with GoF shows a value of $\sqrt{AR^2 \cdot A.Com} = \sqrt{0.780 \cdot 0.712} = 0.745$. This means that the global model is predictive in the criteria of a good model (large).

A measurement can be said to be reliable, if the composite reliability and Cronbach alpha have a value greater than 0.70. Composite reliability and Cronbach alpha is a measure of reliability among indicator blocks in the research model.

Table 4 shows that the composite reliability and Cronbach Alpha values of all constructs have shown values greater than 0.70 so that they meet the reliable requirements based on composite reliability criteria.

Table 4 – Composite Reliability Test and Cronbach Alpha

Construct	Composite Reliability	Cronbachs Alpha
X1	0.915	0.877
X2	0.915	0.888
X3	0.950	0.936
Y	0.882	0.822
Z	0.927	0.916

Source: AMOS output data.

Evaluation of structural models (Structural Model / Inner Model) is a measurement to evaluate the level of accuracy of the model in the overall research, which is formed through several variables along with the indicators. In evaluating this structural model, several approaches will be carried out including: a) R-Square (R²), b) Q-Square Predictive Relevance (Q²), and c) Goodness of Fit (GoF).

R-Square (R²) can show the strength or weakness of the effect caused by the dependent variable on the independent variable. R-Square (R²) can also show the strengths and weaknesses of a research model. According to Chin (Lathan and Ghazali, 2012: 85), the R-Square (R²) value of 0.67 is classified as the strong model, the R-Square (R²) is 0.33 moderate model, and the R-Square (R²) is 0, 19 is classified as a weak model.

Table 5 – Evaluation of the Inner Structural Model

Construct	R Square
Purchase Decision (Y1)	0,791
Loyalty (Y2)	0,768

It shows that the value of R² of the Purchase Decision is 0.791; based on Chin criteria (Lathan and Ghazali, 2012: 85), then the model is included in the strong model criteria, the meaning is variation of work culture, E-Promotion and Service Quality is able to explain the Purchasing Decision of 79.1 percent, the remaining 20.9 percent is explained by variations of other variables. While Loyalty has an R-square value of 0.768 or includes a strong model, meaning that variations in work culture, E-Promotion, Service Quality and Purchasing Decisions are able to explain Loyalty variations of 76.8 percent and the remaining 23.2 percent is explained by variations of other constructs outside the model.

CONCLUSION

Based on the results of previous studies and discussions, it can be concluded that Product Quality has a positive effect of 0.958 on Purchasing Decisions, E-Promotion has a positive effect of 0.422 on Purchasing Decisions, Service Quality has a positive effect of 0.336 on Purchasing Decisions, Product Quality has a positive effect of 0.345 on Loyalty, E-Promotion has a positive effect of 0.472 on Loyalty, Service Quality has a positive effect of 0.560 on Loyalty, Purchasing Decisions have a positive effect of 0.529 on Loyalty. The implications of this research for the management leaders of PT. Cintya Denpasar are as input on product quality, e-promotion, service quality and loyalty towards purchasing decisions. And for the world of education is to add to the literature on the factors of purchasing decisions towards loyalty and can inspire future research. As explained in the discussion section in the previous chapter that there are limitations to this study, especially in terms of research variables. In this study, purchasing decisions and loyalty only use three variables, namely product quality, e-promotion and service quality, therefore for subsequent research use other variables other than those three variables. It is hoped that further research can better complement the shortcomings and limitations of this study.

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