



THE MEDIATING EFFECT OF SERVICE QUALITY ON STORE LAYOUT EFFECT TOWARD REPURCHASE INTENTION AT INDOMARET

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ABSTRACT

A comprehensive exploration of Indomaret's triumph within the Indonesian minimarket retail sector remains absent from the literature, particularly from an operational standpoint. This investigation endeavors to fill this gap by presenting an empirical inquiry into the pivotal role of operational management, specifically focusing on store layout and service quality, in augmenting customer repurchase behavior at Indomaret. Employing quantitative methodologies, this study harnesses survey data procured through Google Forms, which will be subjected to analysis via Structural Equation Modeling-Partial Least Squares (SEM-PLS 3). The findings reveal a noteworthy positive correlation between store layout, service quality, and customer repurchases at Indomaret. Additionally, the study unveils the significant mediating function of service quality in the relationship between store layout and customer repurchases. Notably, the distinctive contribution of this research lies in its empirical validation of the mediating role of service quality in influencing the impact of store layout on customer repurchase behaviour at Indomaret. Furthermore, this study offers both theoretical insights and practical implications for the industry.

Keywords: Store layout, Service Quality, Repurchase Intention, Minimarket, Operations.

1. Introduction

The prevailing societal consumption trend is witnessing a transition from conventional retail to contemporary formats (Suardyana & Tiarawati, 2022). Roy N. Mandey, chairman of APRINDO (Indonesian Retail Entrepreneurs Association), remarked that the burgeoning segment within retail comprises small modern outlets, notably minimarkets, which have managed to outpace their larger counterparts (Gayati, 2019). Among the array of minimarket brands in Indonesia, Indomaret stands out as the dominant force, as evidenced by Databooks' (2023) report indicating Indomaret's status as the leading retail company in terms of outlets, boasting 19,996 establishments by 2022. Notably, Indomaret's revenue trajectory has been on a steady rise, escalating from 5.03 billion Rupiah in 2018 to 7.61 billion Rupiah in 2022. Undoubtedly, the pivotal role of loyal clientele patronizing its outlets has been instrumental in Indomaret's success.

The strategic layout of a retail establishment plays a pivotal role in enhancing the shopping experience and fostering buyer comfort (Elbers, 2016). This comfort factor significantly influences repurchase intentions among shoppers (Wijaya & Nurcaya, 2017). The creation of a welcoming store ambiance commences with meticulous attention to store layout. Suardyana & Tiarawati's (2022) investigation underscores the pivotal role of Indomaret's store layout in stimulating repurchase intentions. Furthermore, Alaan (2016) emphasizes the substantial impact of service quality on repurchase intentions, as it ensures customers receive service exceeding their expectations, thereby fostering a sense of value. Both store layout and

service quality emerge as key determinants in bolstering repurchase intentions, forming the crux of this study's inquiry within the Indomaret context.

Prior research by Rejeki and Hadi (2020) and Bataha et al. (2020) has affirmed the positive correlation between store layout and repurchase intentions. However, the insignificance of such an effect would be suboptimal. Hence, this study endeavors to examine the mediating role of service quality in the relationship between store layout and repurchase intentions. This novel framework stands as a distinctive feature of this research, as prior studies have not explored such mediation. The outcomes of this study hold potential utility for minimarket proprietors seeking to enhance repurchase intentions among their clientele.

2. Literature Review

2.1 Store Layout

The arrangement of a store, commonly known as store layout, constitutes a fundamental component of the in-store environment (Rohaeni & Damayanti, 2018). The design of the store layout aims not only to facilitate customer purchases but also to prolong their engagement within the retail space (Pambudi, 2019). Store layout encompasses the physical organization of operational areas or departments, translating various processes into tangible spatial configurations (Krajewski & Malhotra, 2022, p. 56). This includes aspects such as product display arrangements, allocation of shelf and floor space, departmental zoning, and wall adornments. Berman and Evans (2010) emphasize that *store layout* has six indicators that need to be considered when implementing it: *allocation of floor space, classification of store offerings, determination of a traffic flow pattern, determination of space needs, mapping out in store locations, arrangement of individual products*. Store layout is acknowledged for its potential to augment customer spending by streamlining the process of locating desired items (Elbers, 2016). A well-designed store layout has the capacity to stimulate customer purchase intentions (Hussain & Ali, 2015). Empirical studies have consistently demonstrated the positive impact of store layout on both customer purchase intentions and repurchase intentions (Tobroni, 2022; Rejeki & Hadi, 2020; Bataha et al., 2020).

2.2 Service Quality

Service quality is intricately linked to customer satisfaction (Putri & Suprapti, 2020). Kotler & Armstrong (2018) delineate service quality as the comprehensive amalgamation of attributes and traits inherent in a product or service, contingent upon its ability to fulfill expressed or implicit needs. When customers encounter service that surpasses their expectations, engendering a sense of contentment, it is deemed to be of high quality (Alaan, 2016). Conversely, if the service fails to meet consumer expectations and falls short of satisfying their requirements, it is regarded as poor quality and perceived unfavorably (Najmudin & Putra, 2021). *Service quality* has five dimensions; *reliability, responsiveness, assurance, empathy* (Parasuraman et al., 2016). (Parasuraman et al., 1985). In order to gain a more comprehensive understanding, a detailed exposition of each dimension of service quality will be provided below. Prior investigations by Chang et al. (2018) and Wiradarma and Respati (2020) have demonstrated the favorable impact of service quality on customer purchase intentions.

2.3 Repurchase Intention

As per Kotler & Armstrong (2018), repurchase intention denotes a phase in consumer evaluation wherein an intention is formed to repeatedly choose the most preferred brand for future purchases. Repurchase intention represents a consumer's purchasing behavior stemming from the perceived alignment between their desires and the product or service offered, thereby engendering an inclination to repurchase (Wijaya & Nurcaya, 2017). It is imperative to

differentiate between purchase intentions and actual purchases, as the former involves considerations such as timing and situational factors (Belch & Belch, 2018). Repurchase intentions are cultivated through the establishment of a strong customer relationship, primarily by enhancing customer satisfaction (Theresia & Wardana, 2019).

2.4 Hypothesis Development

Store layout, when effectively implemented, has the potential to enhance customer purchase intentions (Tobroni, 2022) by fostering a comfortable and satisfying store atmosphere, thereby augmenting customer satisfaction and stimulating repurchase intentions (Theresia & Wardana, 2019). Prior research corroborates the positive impact of store layout on repurchase intentions (Tobroni, 2022; Rejeki & Hadi, 2020; Bataha et al., 2020). However, merely achieving positive results may not guarantee repeat patronage. Tobroni (2022), Rejeki and Hadi (2020), and Bataha et al. (2020) underscore the significance of store layout outcomes on repurchase intentions. Additionally, beyond store layout, service quality also influences repurchase intentions. Fatimatuz et al. (2022) and Wiatna (2022) affirm the influence of service quality on repurchase intentions, positing that superior service provision by a company can elevate repurchase intentions.

Dokcen et al. (2021) reveal that store layout positively impacts service quality, thus underscoring the importance of implementing service quality initiatives to significantly enhance repurchase intentions. In this regard, service quality serves as a mediating factor in the relationship between store layout and repurchase intentions. Previous studies by Chang et al. (2020) and Wiradarma and Respati (2020) demonstrate the substantial positive effect of service quality on customer purchase intentions. Consequently, this study aims to elucidate the influence of each dimension of service quality as a mediating variable. Based on the foregoing discussion, the following hypotheses can be formulated:

H1: *Store layout has a positive effect on repurchase intention*

H2: *Store layout has a positive effect on service quality*

H3: *Service quality has a positive effect on affects repurchase intention*

H4: *Service quality mediates the relationship between store layout and repurchase intention.*

3. Research Methods

3.1 Respondents

The participants selected for this study consisted of consumers of Indomaret. Non-probability sampling was employed as the sampling technique, wherein the selection of respondents is based on the researcher's judgment and not all members of the population have an equal chance of being included (Simamora, 2004). Each respondent was requested to complete a questionnaire, envisioning their shopping experience at Indomaret. This approach facilitated the accurate completion of questionnaires pertaining to store layout, service quality, and repurchase intention. The total sample size comprised 259 individuals. Detailed information regarding the complete sample is provided in Table 1.

Tabel 1. Characteristics Respondent

Characteristics		Frequency	Percentage
Gender	Male	95	36,7%

	Female	164	63,3%
	Total	259	100%
Age	Under 20 Years	63	24,3%
	21-30 Years	162	62,5%
	31-40 Years	26	10%
	Above 50 years old	6	3,1%
	Total	259	100%
Education	Junior High School	3	1,2%
	Senior High School	122	47,1%
	Higher Education	134	51,7%
	Total	259	100%
Income per month	Under 1 million	108	41,7%
	1-3 million	79	30,5%
	3-5 million	38	14,7%
	5-7 million	20	7,7%
	Above 7 million	14	5,4
	Total	259	100%

Source: Primary data has been processed, 2024

3.2 Instrument

The measurement instruments employed for the variables in this study were adapted from previous research that investigated analogous constructs. Modifications were made to tailor each instrument to the specific requirements of this study. The store layout variables utilized measurement instruments from Rohaeni and Damayanti (2018), comprising 11 statement items. The service quality variable adopted measurement instruments from Pereira et al. (2016), encompassing a total of 14 statement items. Meanwhile, the repurchase intention variable drew upon the work of Mosavi and Ghaedi (2012), consisting of 3 statement items. A 5-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree) was employed to measure all variables. Subsequently, the data analysis process entailed the utilization of structural equation modeling (SEM) via SmartPLS software version 3.2.8. Table 2 provides a summary of the Loading Factor, Cronbach Alpha, Average Variance Extracted, and Composite Reliability for each variable. Certain items within the store layout and service quality variables were omitted due to failure to meet the stipulated criteria.

Tabel 2. Measurement

Variable	Item	Loading factor	α	AVE	Composite reliability
Store Layout	SL3	0,793	0,954	0,610	0,933

	SL4	0,817			
	SL5	0,722			
	SL6	0,840			
	SL7	0,766			
	SL9	0,786			
	SL10	0,786			
	SL11	0,799			
Service Quality	SQ3	0,711	0,958	0,740	0,963
	SQ5	0,751			
	SQ6	0,848			
	SQ7	0,878			
	SQ8	0,807			
	SQ9	0,844			
	SQ10	0,851			
	SQ11	0,869			
	SQ12	0,885			
	SQ13	0,894			
	SQ14	0,873			
Repurchase Intention	RI1	0,959	0,954	0,913	0,969
	RI2	0,967			
	RI3	0,940			

Source: Primary data has been processed, 2024

Based on the data outlined in Table 2, it is evident that each indicator loading within the variables meets the requisite threshold of 0.7. Furthermore, all variables exhibit satisfactory Cronbach's alpha coefficients, surpassing the 0.7 benchmark. Similarly, the average variance

extracted (AVE) values for each variable are deemed acceptable, exceeding the 0.5 threshold. Moreover, the composite reliability values for each variable surpass 0.6. Consequently, it can be inferred that each variable demonstrates reliability.

4. Research Findings and Discussion

4.1 Discriminant Validity

According to Hair et al. (2017), the Fornell-Larcker analysis stipulates that the root average variance extracted (AVE) value for each research variable, denoted in the diagonal row (highlighted), should exceed the correlation coefficients between research variables listed in the non-diagonal row (not highlighted) in Table 3.

Tabel 3. *Discriminant Validity menurut Fornell-Larcker Criterion*

	RI	SQ	SL
RI	0,956		
SQ	0,720	0,839	
SL	0,728	0,756	0,781

Source: Primary data has been processed, 2024

The values indicated on the diagonal of Table 3 are 0.966, 0.839, and 0.781, all of which surpass the threshold of 0.7. Consequently, according to the assessment provided in Table 3, the Fornell-Larcker analysis affirms that the discriminant validity model in this study fulfills the requisite criteria.

4.2 Hypothesis Testing

Significance testing involves examining the t-statistic value and p-values to ascertain the acceptance or rejection of a hypothesis. In this study, a hypothesis is accepted if the t-statistic value exceeds the critical value from the t-table (1.96), and the corresponding p-value is less than 0.05, indicating statistical significance.

Tabel 4. Hypothesis Test

Hypothesis	Original Sample	Std Dev	t-statistic	p-values	Status
H1: SL → RI	0,429	0,072	5,926	0,000	Accepted
H2: SL → SQ	0,756	0,034	22,447	0,000	Accepted
H3: SQ → RI	0,396	0,075	5,260	0,000	Accepted
H4: SL → SQ → RI	0,299	0,057	5,258	0,000	Accepted

Source: Primary data has been processed, 2024

- a. The t-test outcomes for H1, which posits that store layout has a positive effect on repurchase intention, indicate a t-value of 5.936, exceeding the critical value of 1.96. The original sample coefficient is 0.429, indicating a positive relationship. Additionally, the associated p-value is 0.000, which is less than the significance threshold of 0.05. Therefore, it can be concluded that store layout exerts a significant positive effect on repurchase intention, leading to the

- acceptance of H1.
- b. The t-test findings for H2, asserting that store layout has a positive effect on service quality, reveal a t-value of 22.447, surpassing the critical value of 1.96. The original sample coefficient is 0.756, indicating a positive association. Furthermore, the associated p-value is 0.000, falling below the significance threshold of 0.05. Thus, it can be affirmed that store layout significantly enhances service quality, leading to the acceptance of H2.
 - c. The t-test results for H3, positing that service quality has a positive effect on repurchase intention, demonstrate a t-value of 5.260, surpassing the critical value of 1.96. The original sample coefficient is 0.396, indicating a positive relationship. Additionally, the associated p-value is 0.000, which falls below the significance threshold of 0.05. Consequently, it can be concluded that service quality significantly influences repurchase intention, thereby accepting H3.
 - d. The t-test outcomes for H4, proposing that service quality significantly mediates the influence of store layout on repurchase intention, indicate a t-value of 5.258, exceeding the critical value of 1.96. The original sample coefficient is 0.299, signifying a positive mediation effect. Furthermore, the associated p-value is 0.000, falling below the significance threshold of 0.05. Thus, it can be concluded that the mediating effect of service quality on the path of influence from store layout to repurchase intention is significantly positive, leading to the acceptance of H4.

4.3 Discussions

This study seeks to ascertain the impact of store layout and service quality on repurchase intention, along with exploring the mediating role of service quality in the relationship between store layout and repurchase intention. The findings of hypothesis testing reveal that both store layout and service quality exert a significant positive influence on repurchase intention. This suggests that an improved arrangement of merchandise and superior service provision lead to higher purchase intentions among customers. Consequently, the arrangement of goods and the quality of service received by Indomaret customers have effectively heightened their inclination to shop.

These findings align with prior research by Tobroni (2022), Rejeki and Hadi (2020), and Bataha et al. (2020), which similarly attest to the positive impact of store layout on repurchase intention. Furthermore, they corroborate the findings of Chang et al. (2020) and Wiradarma and Respati (2020), demonstrating the significant positive effect of service quality on repurchase intention. An organized arrangement of goods based on functional categories facilitates customers in locating desired items, while maintaining store cleanliness and ensuring adequate shelf space minimizes clutter and enhances convenience. Additionally, attentive staff members who cater to customers' needs contribute to a satisfactory shopping experience, as emphasized by Alaam (2016). This underscores the success of Indomaret's goods arrangement and service quality in fostering customer comfort during shopping by grouping items logically.

A notable contribution of this research lies in uncovering the significant positive effect of store layout on service quality, implying that an improved store layout enhances service quality. A well-organized store layout facilitates swift service provision by staff members, aiding customers who require assistance in locating items. Furthermore, wider store aisles facilitate smooth customer navigation and enable prompt service delivery in the event of shopping impediments. Moreover, this study reveals the mediating role of service quality in the relationship between store layout and repurchase intention. Service quality serves as a partial mediator, as the direct effect of store layout on repurchase intention, alongside the indirect effect mediated by service quality, remains significantly positive. This partial mediating function underscores that the shopping comfort provided to Indomaret customers through the responsive services offered by employees has effectively bolstered their repurchase intentions. Importantly, this enhanced comfort persists even in the absence of expedited service.

5. Conclusion

This study underscores the significance of optimizing both store layout and service quality to enhance customer repurchase rates at Indomaret. It highlights the pivotal role of service quality in fostering customer loyalty and emphasizes the empirical validation of the impact of store layout on service quality. Moreover, it unveils the novel finding of service quality acting as a partial mediator in the relationship between store layout and repurchase intention. However, a notable limitation of this study is its relatively small sample size, suggesting avenues for future research to explore similar frameworks with more targeted sample sizes for further validation and refinement.

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