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## FACTORS EXTERNAL AND INTERNAL INDIVIDUAL ENCOURAGING THE DECISION TO SHOP AT FACTORY OUTLET

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**Abstract:** Factory Outlet is one type of industry that sells a wide variety of household purposes, at first the concept, Factory Outlet (FO) is a store that sells clothing-apparel export quality factory price/cost, and if you want to survive in the service industry should have orientation on customer satisfaction. Along with the increase in world oil prices have a direct impact on rising prices of basic commodities, it is at the beginning enough to affect a decrease in the purchasing power, but gradually Factory Outlet back in the rush by buyers, it is not separated by the image FO selling cheap goods and export quality. The nature of Indonesian society which includes consumer is increasingly becoming attractive when getting bids from these outlets, ranging from a discount program or facilities offered. This makes the writer feel interested in doing research, because as far as this writer has not found similar research. Specifically, this study is based on external factors and internal individual people and their influence on the decision to shop devoted to consumers who have been shopping at the Factory Outlet. From the results of calculation Simple Linear Regression 1, X1 to Y, the obtained determination coefficient of 0.188 or equal to 18.8%, the figures actually mean the influence of external factors on the decision-making is 18.8%, 81.2% of other factors (100 % - 18.8%) can be explained by other factors. From the results of calculation Simple Linear Regression 2, X2 to Y, the obtained determination coefficient of 0.079 or equal to 7.9%, the figures actually mean the influence of internal factors on decision making was 7.9%, the other factor of 92.1% (100 % - 7.9%) can be explained by other factors. Regression results of the calculation, X1 along X2 to Y, the obtained Effect of external variables to the variable decision of 0.487 or 48.7%. Internal variable to

	<p>variable influence decision-making by 0073, or 7.3%. The influence of external variables and internal variables together to the variable decision of 0191 or 19.1%. The influence of other variables outside of this path analysis model for 0809, or 80.9%.</p> <p><b>Keywords:</b> External factors, internal factors, Individual, Decision</p>
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## INTRODUCTION

Free trade becomes a competition for developing countries in marketing superior products. ASEAN Free Trade Area (AFTA) is a form of agreement from the ASEAN countries to establish a free trade area to improve the economic competitiveness of the ASEAN region, with ASEAN as a production base to make the world and create a regional market for 500 million people.

AFTA was established at the time of the Summit (Summit) ASEAN-IV in Singapore in 1992. Initially targeted AFTA ASEAN Free Trade Area (AFTA) is a form of agreement from the ASEAN countries to establish a free trade area in order to increase economic competitiveness ASEAN region to make ASEAN as a production base of the world will be achieved within 15 years (1993-2008), then accelerated to 2003, and accelerated again last into 2002.

Common Effective Preferential Tariffs Scheme For ASEAN Free Trade Area (CEPT-AFTA) is a scheme to realize AFTA 1 through a reduction of up to 0-5% tariffs, elimination of quantitative restrictions and non-tariff barriers more.

Recent developments related to AFTA is an agreement to abolish all customs duties for the import of goods in 2010 Brunei Darussalam, Indonesia, Malaysia, Philippines, Singapore and Thailand, and for Cambodia, Laos, Myanmar, and Vietnam in 2015.

The news might competitiveness of Chinese products so dominate the national media in recent years. As a result, we are also very concerned about the dominance of Chinese products in the domestic market. The high competitiveness of Chinese products indeed should be wary because it would complicate the chances of Indonesian products to penetrate or to survive in the international market and domestic market.

However, there are a little neglected by the media and decision-makers in this country, that they cannot notice threats and other ASEAN countries in penetrating the Indonesian market. Ability to penetrate this market mainly supported also by the free trade agreement between ASEAN countries (AFTA).

World crude oil prices soar back and getting closer to the psychological barrier of US \$ 100 per barrel. The increase was triggered by the weakening of the US dollar (US) and concerns over winter supply.

In yesterday's trading in Asia, the main contract, light sweet crude for delivery November 2007 had reached a new record of US \$ 99.29 per barrel. This figure is higher than the previous record of US \$ 98.62 per barrel, on November 7, 2007. Brent crude oil for January delivery rose 87 cents to \$ 96.36 per barrel. Analyst at Purvin and Gertz energy

consultants said Victor Shum, an opportunity to penetrate the oil price level of US \$ 100 per barrel is very big in the middle of the weakening of the US dollar and global supply tightness.

Hundreds of textile and garment factories closed down now experiencing is related to the increase in the price of fuel oil (BBM) that impact rising operational costs to be borne by the company.

Business Factory Outlet is now mushroomed in Singapore as well as in other areas such as Bogor and Jakarta. marketing is also done in various ways, ranging from advertising, a massive discount to open a new branch. Products offered not only clothes but diverse types such as shoes, accessories to housewares. FO is even one that sells secondhand products.

The competition between outlets unavoidable and increasingly powerful. One of the effects of the business competition is the number of promos offered by the FO, although competitors just across the street alone, there are even contiguous. For example, giving a steep discount during the major holidays.

In analyzing the case, it is necessary to analyze the circumstances which have occurred through existing symptoms, with this we can know the problems being faced.

In connection with the description of the background of the above problems, the problems can be identified as follows:

1. Do external factors influence how large the individual against the decision to shop at Factory Outlet?
2. How much influence the internal factors of the individual against the decision to shop at Factory Outlet?
3. How big is the influence of external factors and internal factors of individual people together against the decision to shop at Factory Outlet?

## LITERATURE REVIEW

### Framework

Morrison (1996, 69) states "two types of factors influence the behavior of individual customers: personal and interpersonal". There are two factors that influence the behavior of customers in the purchase, the personal factor/factor of individual internal consists of need, wants, and motivation, perception, learning, personality, lifestyle, self-concept, and external factors individuals (interpersonal factor) consisted of cultures and subcultures, reference groups, social classes, opinion leaders, and the family.

Based on the opinion of Morrison, two factors encourage the customer to buy a product/service marketing mix is in addition to the external factors and internal factors of individual people. By knowing the factors driving these customers, the company engaged in the field of services must customize products / services with elements of internal factors such individual needs, desires and motivation, perception, learning, personality customer, customers' lifestyles and self-concept customers, as well as considering individual external factors such as culture, reference groups, social classes, the opinion of a person believed to customers, family and customers, means that companies consider both these factors to adjust the marketing mix program services to customers,

Kanuk and Schiffman (2004, 554) and Howard (1994, 31) states that the consumer decision making is a process of decision making of customers towards the product or service which consist of (need recognition, pre-purchase search, and evaluation of alternatives) and psychological fields (motivation, perception, learning, personality, and attitudes) as internal influences, also experience, fueled by external influences as the input of the decision making process of customers consisting of a firm's marketing Efforts (product, promotion, price, and distribution) and the socio-cultural environment (family , informal sources, other non-commercial sources, social class, as well as the subculture and culture).

The consumer's decision to purchase a product/service will be greatly determined by the level of consumer confidence in the products/services to be purchased or even to the supervisor's products/services. Belief is regarded as crucial to maintaining relationships and improve relationships and reduce the perception of risk effectively.

### Hypothesis

Based on the above framework, the hypothesis can be structured as follows:

1. Individual External factors affect the Decision to shop.
2. Individual Internal factors affect the Decision to shop.
3. External and Internal Factors Individuals jointly affect the Decision to shop.

### METHODOLOGY

In this study, the research object as an independent variable (independent variable) is an external factor of individuals consisting of culture, social class, reference groups and family and internal factors of individuals consisting of motivation, personality, and emotion, these elements are examined as people generally seek opinion/references from other people to decide something. The object of research is the dependent variable (dependent variable) is the decision-making, the element is examined as to better know in-depth about the decision to shop at Factory Outlet (FO).

Upon consideration of the purpose of the study, this research is descriptive and verification. Descriptive research is research that aims to obtain a description of the characteristics of variables. The nature of verification research wanted to test the truth of a hypothesis that is implemented through field data collection. Given the nature of this research is descriptive and verification conducted through data collection in the field, the research method used is descriptive survey method for the formulation of the problem numbers 1,2 and explanatory survey method for the formulation of the problem number 3 by using a questionnaire. The type of investigation used is causality, ie the type of research that suggested a causal relationship between the independent variable, in this case, the external and internal factors of the individual against the dependent variable, ie decision-making. The unit of analysis of this study is individuals, meaning that people who shop at the FO. Judging from the time horizon, this study is cross-sectional, which informs much of the population (sample respondents) were collected directly in the field empirically, in order to know the opinion of the majority population of the object being studied, as proposed by (have now, 2003; 161, Malhorta, 2002; 81).

The analysis consists of two types, namely: Descriptive Analysis especially for variables that are a qualitative and quantitative analysis of testing the hypothesis by using statistical tests. The quantitative analysis emphasized to express the behavior of the research variables, while the descriptive analysis is used to study the behavior of the causes, using a combination of methods of analysis can be obtained generalization is comprehensive.

## FINDINGS AND DISCUSSION

### Effect of External and Internal Factors Individuals on Decision To Shopping

To test the Influence of External Factors and Internal Factors Individuals In Decision To Shop at Factory Outlet, a statistical test path analysis (path analysis) were used in this study to test the hypothesis that has been disclosed in the previous chapter. Where  $X_1 = X_2 =$  external factors internal factors of individual and  $Y =$  Decision To Shopping.

To determine the influence of external and internal factors of individuals is done by analyzing the relationship score item independent variables with the dependent variable. To test these hypothesis path coefficients calculated the magnitude of each variable. The calculation of statistical analysis is done by entering numbers on each variable, result in the following table 1.

To determine whether there is an influence of external factors on the decision to shop at FO.

**Table 1. correlations**

		Decision-making	External factors
Pearson Correlation	Decision-making	1,000	.434
	External factors	.434	1,000
Sig. (One-tailed)	Decision-making	.	.001
	External factors	.001	.
N	Decision-making	50	50
	External factors	50	50

Of the results obtained the correlation between the number of external factors to the decision of 0434, which means that the influence of these two variables is strong enough. The positive correlation indicates that the influence of external factors on the decision-making direction. To see the influence of external factors variable with decision-making or can not be seen from the figures the probability (sig) of 0.001 which is less than 0.05.

To answer how big the influence of external factors on the decision to shop at FO, We use the following numbers table 2:

**Table 2. Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.434a	.188	.171	.54152

We use several R squares (squared correlation numbers). Figures R also referred to as the coefficient of determination in the above calculation is equal to 0188 or equal to 18.80%,

the figures mean the influence of external factors on the decision-making is 18.80%, other factors 81.20% (100% - 18.80%) can be explained by other factors.

Seeing the individual influence of external factors partially on the decision-making factors, T test was used, while the magnitude of the effect is used to view the numbers or the Standardized Beta coefficient table 3 below:

**Table 3. Coefficients**

Model	Coefficients unstandardized	standardized Coefficients	t	Sig.		
	B	Std. Error	beta			
1	(Constant)	1,783	.476		.3747	.000
	External factors	.516	.155	.434	.3334	.002

Structural equation for the path diagram above is:

$$Y = 0.434 X_1 + \epsilon$$

Conclusion:

1. The influence of external variables to variable individual decision-making by 0.434 or 43.40%.
2. The influence of external variables to variable individual decision-making by 0.188 or 18.80%.

The influence of other variables outside of this path analysis models for 0.812 or 81.20%.

To determine whether there is influence between internal factors with the decision to shop at the FO table 4.

**Table 4. correlations**

		Decision-making	Internal factors
Pearson Correlation	Decision-making	1,000	.281
	Internal factors	.281	1,000
Sig. (One-tailed)	Decision-making	,	.024
	Internal factors	.024	,
N	Decision-making	50	50
	Internal factors	50	50

The results obtained a correlation between the number of internal factors in decision-making by 0.281, meaning that the influence of these two variables is strong enough. The positive correlation indicates that the influence of internal factors in the decision-making direction. To see the influence of internal factors variable with decision-making or can not be seen from the figures the probability (sig) of 0.024 which is less than 0.05.

To answer how much influence the internal factors of the decision to shop at FO, we use the following numbers table 5:

**Table 5. Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.281a	.079	.060	.57678

We use several R squares (squared correlation numbers). Figures R also referred to as the coefficient of determination in the calculation above is equal to 0.079 or equal to 7.90%, the figures mean the influence of internal factors on decision making is 7.90%, other factors 92.10% (100% - 7.90%) can be explained by factors more.

See individual internal factors influence partially to the decision-making factors, T test was used, while the magnitude of the effect is used to view the numbers or the Standardized Beta coefficient table 6 below:

**Table 6. Coefficients**

Model	Coefficients unstandardized	standardized Coefficients	t	Sig.		
1	B	Std. Error	beta			
	(Constant)	2,520	.416		6,052	.000
	Internal factors	.294	.145	.281	2026	.048

The structural equation for the path diagram above is:

$$Y = 0.281 X_2 + \epsilon$$

conclusion:

1. The effect between individual internal variable to a variable decision for 0.281 or 28.10%.
2. The influence of individual internal variable to variable decision making by 0.079 or 7.90%.

The influence of other variables outside of this path analysis model of 0.921 or 92.10%.

To determine whether there is an influence of external factors and internal factors together against the decision to shop at the FO. To answer these questions, we use the following Table 7:

**Table 7. Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.436 <sup>a</sup>	.191	.156	.54641

The results of the calculation of the Table 7, obtained a correlation between the external and internal factors on decision making by 0.436. meaning that the influence of these two variables is quite strong, positive correlation shows that the influence of external and internal factors on decision making in the same direction. That is, if the external and internal factors increasingly enlarged, the decision to shop will increase.

**Table 8. Correlations**

		Taking Decision	Factor external	Factor internal
Pearson Correlation	Decision-making	1,000	.434	.281
	External factors	.434	1,000	.727

	Internal factors	.281	.727	1,000
Sig. (One-tailed)	Decision-making	,	.001	.024
	External factors	.001	,	.000
	Internal factors	.024	.000	,
N	Decision-making	50	50	50
	External factors	50	50	50
	Internal factors	50	50	50

Influence of variables external factors and internal factors together with significant decision-making or can not be seen from the figures the probability (sig) at 0:00 of smaller than 0.05 in the table above. The provision says if the number probability <0.05 then there is significant influence between the two variables. If the probability figure > 0.05 then no significant effect between these two variables.

In response to how big the influence of external and internal factors jointly influence the decision? We will use the figures as follows table 9:

**Table 9. Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.436a	.191	.156	.54641

The magnitude of the numbers R squared ( $r^2$ ) is 0191. The numbers can be used to see the influence of external and internal factors of individuals together to factor the decision making by calculating the coefficient of determination (KD) using the formula:

$$KD = r^2 \times 100\%$$

$$KD = 0191 \times 100\%$$

$$KD = 19.1\%$$

The figure has meant the influence of external and internal factors together against the decision is 19:10%, other factors 80.90% (100% - 19:10%) can be explained by factors other causes.

See the influence of external and internal factors partially to the decision making a factor, the t-test was used, while the magnitude of the effect is used to view the numbers or the Standardized Beta coefficient table 10 below:

**Table 10. Coefficients**

Model	Coefficients unstandardized	standardized Coefficients	t	Sig.
	B	Std. Error	beta	
1	(Constant)	1,806	.484	3,732 .001
	External factors	.579	.227	.487 2,547 .014
	Internal factors	-.076	.200	-.073 -.382 .704

Structural equation for the path diagram above is:

$$Y = 0487 X_1 - X_2 0073 + \epsilon$$

conclusion:

1. The influence of external variables to variable individual decisions of 0487 or 48.7%.
2. The effect between individual internal variable to variable decision making by 0.073 or 7.3%.
3. The influence of individual external variables and internal variables to variable individual joint decision-making by 0191 or 19.1%.
4. The influence of other variables outside of this path analysis model of 0809 or 80.9%.

From the test results, it can be seen that the external factors and internal factors influence the decision of individuals to shop.

When viewed as a partial, more dominant external factors influence the decision to buy, compared to internal factors. This is understandable because every indicator of external factors and internal factors of the individual made decision-making aspects of measurement for shopping.

External and internal factors that should be considered is the individual family, friends, age, social status, learning, purchasing power, lifestyle, motivations and beliefs in accordance opinions of Bennet and Kassarian (1987:211), also expressed similar thing by Sutisna (2001:187) "friends, family members (which is one small component of the reference groups) play a comprehensive role in making purchase decisions." Blackwell, Miniard, Engel (2001:718) said that "the customer feels the influence of friends, coworkers, classmates or even friends reorganizes in purchasing decisions because they have the same feel or accepted the agreed rate. This occurs because the group membership is formed from common work, hobbies, social and economic status, ethnicity, religion, etc.

Kotler & Armstrong (2001:176) who also said that "the group's influence is strong enough for products considered good by those honored by the buyer. The more compact the group, the more effective the group communication processes, and the higher a person appreciates the group, the more the group will form a selection of products and brands of the person."

In line with that in mind, Blackwell, Miniard, Engel (2002:79) suggest that the internal environment is known as the individual differences include motivation, attitude, consumer, resources, knowledge, personality, lifestyle. Environmental individuals (external and internal) are referred to as "environmental influences". Which is an environment that shape or influence the buying behavior of a customer in the purchase decision of a product or service.

## CONCLUSION AND SUGGESTION

1. Individual external factors influence decision making by 18.80%, which when viewed from external factors individually, it turns respondents consider cultural factors, social class, reference groups and families in the decision to shop at factory outlets.
2. Internal factors of individual influence on the decision making of 7.90%, which when viewed from the internal factors of the individual, it turns out the respondents

consider the factors of social status, age, employment, purchasing power, lifestyle, personality and self-concept, motivation, self-perception, and learning.

3. Individual internal and external factors together influence the decision making of 19:10%, but the external factors influencing respondents' dominant individual to make decisions rather than internal factors of the individual, whereas the individual internal factors do not affect the decision-making.

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