



The Model of Decision Making For Shopping At Factory Outlets

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Abstract: Initially, Factory Outlet (FO) referred to stores selling high-quality export ready-to-wear at affordable prices. However, the concept has grown to include a variety of household needs. To excel in this service-oriented industry, emphasis on customer satisfaction is paramount. The surge in world oil prices has had a ripple effect on the cost of essential commodities, resulting in a drain on the purchasing power of many people. However, a gradual shift occurred as Factory Outlets regained popularity due to their reputation for selling quality export goods at lower prices. Indonesia's consumerist tendencies are further fueling demand for these outlets, fueled by attractive discounts and tempting offers. The authors' curiosity was piqued by the lack of similar research on the subject. This research, in particular, explores the influence of individual external and internal factors on the shopping choices of Factory Outlet consumers. In the assessment of Simple Linear Regression 1 X1 to Y, the coefficient of determination is calculated as 0.188 or 18.8%. These results indicate that external factors hold an influence of 18.8% on decision making, while 81.2% (100% - 18.8%) can be attributed to other factors. The results of Simple Linear Regression 2, especially X2 to Y, obtained a coefficient of determination of 0.079 or equivalent to 7.9%. This shows that decision making is strongly influenced by internal factors, while other factors provide an explanation of 92.1% (100% - 7.9%). Multiple Linear Regression Analysis reveals that when X1 and X2 are calculated with Y, the influence of external variables on the decision making variable is determined to be 48.7%. The influence of internal variables on decision-making variables was found to be 7.3%. The combined influence of external and internal variables on decision-making variables is measured at 19.1%. Other variables outside the path analysis model have an effect of 80.9%.

Keyword: External Factors, Internal Factors, Individuals, Decision Making.

INTRODUCTION

The concept of free trade poses a tough challenge for developing countries, because they have to try to market their superior products in highly competitive markets. In this regard, the ASEAN Free Trade Area (AFTA) functions as an important agreement between ASEAN countries, which aims to enhance the region's economic competitiveness. The agreement aims to turn ASEAN into a world production center, while creating a regional market serving more than 500 million people.

At the IV ASEAN Summit in Singapore in 1992, AFTA was established. The agreement aims to increase ASEAN's economic competitiveness through the establishment of a free trade area. The aim was to turn ASEAN into a world production center within 15 years, from 1993 to 2008. This time frame was then accelerated to 2003 and then to 2002.

The CEPT-AFTA Initiative aims to achieve the ASEAN Free Trade Area (AFTA) by removing non-tariff barriers, quantitative restrictions and reducing tariffs to a range of 0-5%.

AFTA's latest development involves the complete elimination of tariffs on imports of goods for Brunei Darussalam, Indonesia, Malaysia, the Philippines, Singapore and Thailand in 2010. Cambodia, Laos, Myanmar and Vietnam will finally have the same luxury in 2015.

In recent years, the national media has been flooded with reports about the extraordinary competitiveness of Chinese merchandise, fueling fears over its dominance in the domestic market. With such a firm footing, Indonesian products may find it difficult to penetrate international or domestic markets where they need it to survive. This underscores the importance of keeping an eye on the unremitting competitiveness of Chinese goods.

Undoubtedly, the media and decision makers in this country have missed something significant - the possibility of other ASEAN countries to infiltrate the Indonesian market. Unfortunately, they haven't paid enough attention to this threat and the capabilities of these countries in this regard. AFTA - the ASEAN free trade agreement - underpins their potential to penetrate the Indonesian market.

Once again, global crude oil prices are on the rise, drawing ever closer to the landmark price of US\$100 per barrel. The driving force behind the spike in costs comes from a weaker US dollar and concerns over the availability of winter fuel reserves.

The Asian trading scene yesterday saw its main contract light sweet oil for November 2007 delivery reach an unprecedented level of US\$ 99.29 per barrel, breaking the previous record of US\$ 98.62 per barrel set on 7 November 2007. Brent for delivery in January rose 87 cents to US\$ 96.36 per barrel. Purvin and Gertz energy consultant analyst Victor Shum estimates that oil prices have a high chance of crossing the US\$100 per barrel threshold, given the dwindling US dollar and global scarcity.

Textile and garment factories are struggling to survive in the midst of soaring fuel prices, which have an impact on increasing operational costs. This has forced hundreds of factories to the brink of bankruptcy, with many struggling to bear the brunt.

The Factory Outlet industry is experiencing rapid growth, not only in Bandung, but also in other locations including Bogor and Jakarta. The marketing strategies used varied and included advertising, attractive discounts and expansion through new branches. This industry offers a wide range of products, not only clothing, but also shoes, accessories, and even household appliances. Surprisingly, some FOs even sell used goods that are still in good condition.

The battle for supremacy between outlets is an ever-increasing inevitability. FO is no exception, competing for customers with competitors located right across the street, and sometimes even next door. As a result, FOs often offer promotional offers such as deep discounts on holidays to entice customers to choose them over their competitors.

LITERATURE REVIEW

Morrison (1996, 69) identified two key factors that shape an individual's buying behavior: personal and interpersonal. Personal factors are internal forces such as desires, needs, motivation, perceptions, learning, lifestyle, self-concept, and personality that influence individual buying behavior. Conversely, interpersonal factors come from external influences such as culture, subculture, social class, reference groups, opinion leaders, and family.

According to Morrison, customer product purchases are influenced by individual external and internal factors that go beyond the service marketing mix. To meet these customer needs, wants, motivations, internal learning, and more, service sector companies must adapt their offerings accordingly. This means taking external factors into account such as culture, reference group, social class, trusted opinions and family. By adapting its service marketing mix program, companies can provide the desired service quality by addressing interactions between internal and external factors that play a role in customer expectations.

According to Kanuk, Schiffman, and Howard, consumer decision making consists of two main components. The first component is the decision-making process itself, which includes identifying needs, researching options, and evaluating alternatives. The second component includes a series of internal psychological factors that drive consumer behavior, such as motivation, learning, attitudes, personality, and perceptions, as well as external factors, such as the company's marketing efforts in the areas of product, price, promotion, and distribution, and sociocultural influences such as family, subculture, social class, and culture. In determining whether to buy a product or a service, the level of consumer confidence in the provider and their offering is paramount. Trust is very important in building and maintaining relationships.

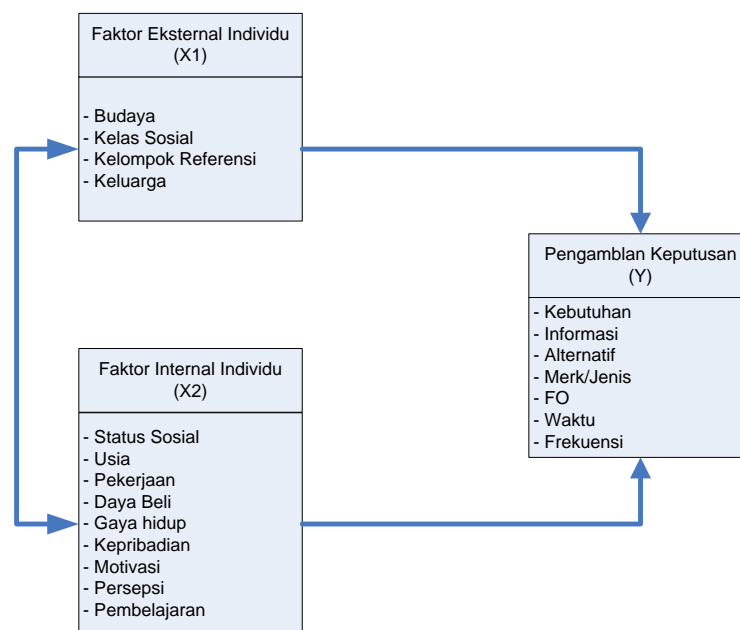


Figure 1. Framework

METHODS

The investigation explores external factors such as culture, social class, reference groups and family, as well as internal factors such as motivation, personality and emotions. All of these variables are studied because they affect the individual's decision-making process, which is the dependent variable. This research focuses on the decision making process to shop at Factory Outlets (FO) by exploring these elements in more depth.

The research at hand serves two purposes: description and verification. The descriptive aspect seeks to define the characteristics of the variables, while the verification segment aims to strengthen the hypothesis through field data collection. Given its dual nature, researchers have used a descriptive survey method for issues 1 and 2, and an explanatory survey method for issue 3. To investigate the causal relationship between variables, a causality approach was adopted. The unit of analysis for this study was the individual, with a primary focus on protective FO. A cross-sectional time horizon defines the study, with empirical data collected in the field to gain insight and opinion from the population, as recommended by Sekaran (2003; 161) and Malhorta (2002; 81).

When carrying out the analysis, two approaches can be taken: Descriptive Analysis and Quantitative Analysis. Descriptive Analysis is best suited for qualitative variables, whereas Quantitative Analysis requires statistical testing to evaluate hypotheses. To examine the behavior of research variables, Quantitative Analysis is an entry approach, while Descriptive Analysis is more appropriate for determining the characteristics of causative factors. By using analytical methods, comprehensive conclusions can be drawn.

RESULT AND DISCUSSION

The Influence of Individual External and Internal Factors in Making Decisions to Shop

In this study, path analysis statistical tests were used to examine the impact of external and internal variables on the customer's decision-making process when it comes to shopping at factory outlets. The hypotheses introduced in the previous chapter are examined, with X1 representing external factors, X2 indicating an individual's internal factors, and Y indicating the decision to shop.

By examining the correlation between the independent and dependent variables, it is possible to assess the influence of internal and external factors on the results. Hypothesis testing is done by calculating the path coefficient for each variable. After entering numeric values for all variables, statistical analysis yielded the data shown in the following table.

Simple Linear Regression 1

To find out whether there is influence between external factors and the decision to shop at FO.

Table 1. Correlation between Variables

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

After calculations, it has been established that external factors are closely related to decision making. The correlation coefficient of 0.434 indicates that there is a significant influence from external factors on decision making. This positive and unidirectional correlation confirms that external factors directly influence decision making. In addition, the probability number (sig) of 0.001, which is less than 0.05, serves as further confirmation of the nature of external factors that influence decision making.

To measure the impact of external factors on a customer's decision to patronize FO, the following figures are used:

Table 2. Model summary

Summary model b

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

- a. Predictors: (Constant), External Factors
- b. Dependent Variable: Decision Making

When measuring the impact of outside forces on decision making, the R number, or squared correlation number, comes into play. With a coefficient of determination of only 18.80%, it is clear that the influence of external factors is very limited. However, the remaining 81.20% (100% - 18.0%) of the influencing factors can be traced back to other causes.

To measure the impact of external factors on decision making, a T-test was used. To determine the level of this impact, Beta numbers or Standard Coefficients are used:

Table 3. Path Coefficient

Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	std. Error	Betas		
1	(Constant)	1,783	.476		3,747	.000
	External Factors	.516	.155	.434	3,334	.002

- a. Dependent Variable: Decision Making

When assessing the impact of external factors on decision making, we refer to the R-squared or squared correlation number. The current coefficient of determination for this study was calculated at 18.80%, indicating that external factors have only a small influence. In contrast, 81.20% of the influencing factors seem to be caused by other variables.

Simple Linear Regression 2

To find out whether there is influence between internal factors and the decision to shop at FO.

correlations

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

The calculation results show a strong correlation of 0.281 between internal factors and decision making, indicating that the former has a significant impact on the latter. This

correlation is unidirectional, with a probability number (sig) of 0.024, which is smaller than 0.05, further strengthening the large influence of internal variables on decision making.

To measure the impact of internal factors on purchasing decisions in FO, we rely on the data described below:

I'm sorry, can you elaborate more on what you mean by the term "Summary model"?

Because this text is a table containing statistical data, it cannot be reproduced in the same way as the previous example. The table displays important statistical measurements such as Model R, R Square, Adjusted R Square, and Standard Error of the Estimate, which are commonly used to report the results of statistical analysis.

Sorry, but without context or more information, it's impossible to recreate or derive meaningful text from just strings of numbers separated by spaces. Please provide additional context or details so I can better assist you.

Predictors for this analysis include Intrinsic Factors in addition to Constant variables.

Variables that depend on other factors or conditions are identified as dependent variables, and in this particular scenario, this is a decision-making process.

Our calculation incorporates the R squared or squared correlation number, which is also known as the coefficient of determination. For this particular study, the coefficient of determination is 0.079 or equivalent to 7.90%. It should be noted that 7.90% describes the influence of internal factors in decision making, while external factors make up the remaining 92.10% (100% - 7.90%) and can be associated with other variables.

To measure the extent to which internal factors influence shopping decisions at FO, we rely on the following figures. :

Summary model b

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

a. Predictors: (Constant), Internal Factors

b. Dependent Variable: Decision Making

The coefficient of determination, known as the squared number R, is used for calculation purposes. In this scenario it is equal to 0.079 or 7.90%, indicating that internal factors have a 7.90% impact on decision making. Conversely, 92.10% (100% - 7.90%) can be attributed to other factors.



Picture 2. Individual Internal Factors Path Diagram Influencing Decision Making

Seeing the influence of individual internal factors partially on decision-making factors, a T test is used, while to see the magnitude of the influence, the Beta or Standardized Coefficient number is used below:

Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	std. Error	Betas		
1	(Constant)	2,520	.416		6,052	.000
	Internal factors	.294	.145	.281	2026	.048

a. Dependent Variable: Decision Making

The structural equation for the path diagram above is:

$$Y = 0.281 X_2 + \epsilon$$

Conclusion :

1. The influence of individual internal variables on decision-making variables is 0.281 or 28.10%.
2. The influence of individual internal variables on decision-making variables is 0.079 or 7.90%.
3. The influence of other variables outside the path analysis model is 0.921 or 92.10%.

Multiple Linear Regression

To find out whether there is influence between external factors and internal factors together on the decision to shop at FO. To answer this question, we use the following numbers:

Summary model b

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

a. Predictors: (Constant), Internal Factors, External Factors

b. Dependent Variable: Decision Making

From the calculation results, the correlation number between external and internal factors on decision making is 0.436. meaning that the influence of the two variables is quite strong, the positive correlation shows that the influence of external and internal factors on decision-making is unidirectional. That is, if external and internal factors are magnified, then the decision to shop will increase.

correlations

		Taking Decision	Factor external	Factor Internals
Pearson Correlation	Decision-making	1,000	.434	.281
	External Factors	.434	1,000	.727
	Internal factors	.281	.727	1,000
Sig. (1-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

The influence between external factor variables and internal factors together with decision making is significant or cannot be seen from the probability number (sig) of 0.00

which is smaller than 0.05 in the table above. The provisions say that if the probability number is <0.05 then there is a significant influence between the two variables. If the probability number > 0.05 then the effect is not significant between the two variables.

To answer the problem how much influence external and internal factors together influence decision making? We will use the following numbers:

Summary model b

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

a. Predictors: (Constant), Internal Factors, External Factors

b. Dependent Variable: Decision Making

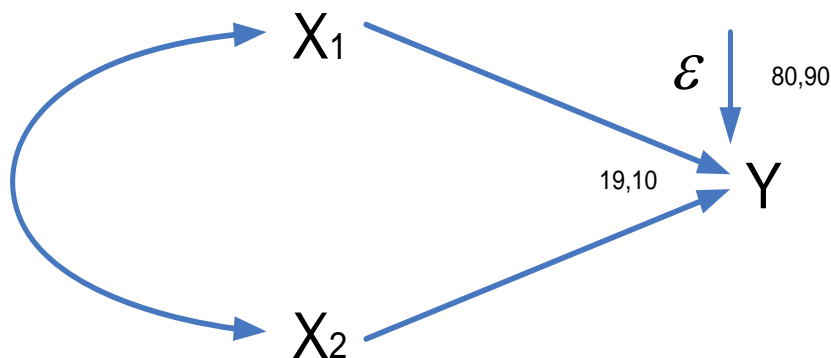
The magnitude of the number R square (r²) is 0.191. This number can be used to see the magnitude of the influence of individual external and internal factors together on decision-making factors by calculating the coefficient of determination (KD) using the formula:

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

$$KD = 0.191 \times 100 \%$$

$$KD = 19.1 \%$$

This figure means that the magnitude of the influence of external and internal factors together on decision making is 19.10%, other factors 80.90% (100% - 19.10%) can be explained by other causal factors.



Picture 3. Path Diagram of Individual External and Internal Individual Factors Together Influence Decision Making

Seeing the influence of external and internal factors partially on decision-making factors, the t test is used, while to see the magnitude of the influence the Beta or Standardized Coefficient number is used below:

Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	std. Error	Betas		
1	(Constant)	1,806	.484		3,732	.001
	External Factors	.579	.227	.487	2,547	.014
	Internal factors	-.076	.200	-.073	-.382	.704

a. Dependent Variable: Decision Making

The structural equation for the path diagram above is:

$$Y = 0.487 X_1 - 0.073 X_2 + \epsilon$$

Conclusion :

1. The influence of individual external variables on decision-making variables is 0.487 or 48.7%.
2. The influence of individual internal variables on decision-making variables is 0.073 or 7.3%.
3. The influence of individual and external variables the combined individual internal variables on the decision-making variables are 0.191 or 19.1%.
4. The influence of other variables outside the path analysis model is 0.809 or 80.9%.

From the test results it can be seen that external factors and individual internal factors influence the decision making to shop.

When viewed partially, external factors are more dominant in influencing decision making to shop, compared to internal factors. This is understandable, because each indicator of external factors and individual internal factors is used as an aspect of measuring decision making for shopping.

When considering the factors that influence consumer decision making, both internal and external elements must be taken into account. Bennet and Kassarian (1987, p.211) note that family, friends, age, social status, learning, purchasing power, lifestyle, motivation and beliefs all play a role. Similarly, Sutisna (2001, p.187) highlights the importance of small reference groups, such as family members and friends, in influencing purchase decisions. Blackwell, Miniard, Engel (2001, p.718) adds that customers often feel influenced by those who share the same values, be they friends, colleagues or organizational associates. These similarities are often based on factors such as occupation, hobbies, social and economic status, ethnicity, and religion.

According to Kotler & Armstrong (2001, p.176), the product that is liked by respected individuals has a considerable influence on group influence. A group's communication processes increase in effectiveness with greater cohesiveness, and a person's attachment to their group can significantly influence their product and brand preferences.

According to Blackwell, Miniard, and Engel (2002, p.79), motivation, attitudes, consumers, resources, knowledge, personality, and lifestyle are part of an individual's internal environment, which are collectively known as individual differences. On the other hand, the external and internal environment that influences consumer buying behavior is referred to as "environmental influences". This environment plays an important role in influencing the customer's decision when buying a product or service.

CONCLUSION

1. When it comes to decision making, individual external factors account for 18.80% influence. Of these factors, respondents prioritized cultural aspects, social class, reference groups, and family in deciding whether to visit a factory outlet or not.
2. In terms of decision making, 7.90% of it is influenced by internal factors that are unique to an individual. These factors may include social status, age, occupation, purchasing power, lifestyle, personality, self-concept, motivation, self-perception, and learning. Respondents have attested to the impact of these factors in shaping their choices.
3. In decision making, a combination of external and internal factors play a role, with external factors having a greater influence than internal factors. Together, these factors account for 19.10% of decision making. However, individual external factors are the dominant influence on decision making, while internal factors appear to have no effect.

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