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# Implications Of Establishing Location, Physical Evidence, And Customer Satisfaction Level Of Customer Loyalty In Ritel Modern In Makassar

Miah Said, Djabir Hamzah, Mahlia Muis, Jusni

**ABSTRACT:** Currently retailing business in Makassar, from time to time increasingly in demand by the whole society. They tend to combine marketing activities and households in the shop, with a variety of other recreational activities or simply stroll. This phenomenon is at least encouraging marketers to reach and use the market opportunity to market the product in the achievement of the goals and objectives of the company. This study will examine about "Implications Siting, Physical Evidence, and Customer Satisfaction Level Of Customer Loyalty In Modern Retail Company In Makassar". Where the author chose a modern retail company (minimarkets, supermarket, hypermarket) who offer products such as food and beverage for the daily needs in the area of Makassar as the object which is currently growing so rapidly. The research approach used was survey research methods, which is a method of collecting primary data obtained directly from the original source through oral and written questions. While this type of research is Explanatory Research, which explains the causal relationship between the study variables with hypothesis testing. Collecting technique uses scale Likert variables; 1 to 5. The technique of collecting data through interviews with managers and employees in each of the modern retail companies, to obtain information or documentation in the form of consumer data that is still active in the purchase of existing products, through questionnaires containing a list of questions which was distributed to respondents to obtain the data directly (Maholtra, 2006)[1]. The population in this study is a modern retail enterprise customers who have 3 cards of customers (minimarket, supermarkets, hypermarkets), in the city of Makassar. Further sampling is done by using random sampling techniques. As for determining the number of samples is done by using Slovin opinion of the Umar Husein (2001: 78)[2]. In this study, the type of data is qualitative and quantitative data obtained in the form of interviews and figures (numeric) of the questionnaire. Variables used in this study is the independent variable (independent variable), mediating variables (intervening variable) and the dependent variable (dependent variable). In this study, independent variables are location and Physical Evidence, mediating variables are Commitment, Switching Cost, Customer Satisfaction and the dependent variable is customer loyalty. The research model that will be used in this research is a tiered structure model and to test the hypothesis used analysis technique SEM (Structural Equation Modeling), which is operated through a program Lisrel 8.80 with SPSS version 15.0.

**Keywords:** Siting, Physical Evidence, Commitment, Switching Cost, Customer Satisfaction and Customer Loyalty

## 1. INTRODUCTION

Competition among modern retail business is basically very beneficial for consumers because they are a lot of choice in deciding on the purchase of the product he wants. Rational consumer will choose the best products or services on the market. Their behavior in the purchase is influenced by several factors: socio-cultural factors and factors of the marketing mix (Schiffman and Kanuk, 2007)[3]. In the last five years, modern retail turnover increase quite rapidly, it is also supported by rapid growth in the number of retail outlets, reaching 18152 in 2011, compared to 10365 outlets in 2007. According to the Association of Indonesian Retailers (APRINDO) growth of retail business in Indonesia between 10-15% per year. Retail sales in 2006 was Rp 49 trillion, but sped up to Rp 100 trillion in 2010. In 2011 retail growth expected to remain the same, namely 10%-15% to reach Rp 110 trillion, following economic conditions and people's purchasing power is relatively good.

The amount of revenue is the contribution of hypermarkets, followed by a minimarket and supermarket. Minimarket in the group, there are only big players, namely Indomaret and Alfamart. Indomaret is the largest player with a turnover share of approximately 43.2% of total turnover Minimarket in Indonesia. While Alfamart trailed by collecting a turnover of Rp. 7.3 trillion or about 40.8% of total turnover Minimarket in Indonesia. Indomaret also has Minimarket network with the largest number of outlets, followed Alfamart. In 2008, the number of outlets Indomaret network reached 3.116 units or 30.3% of the total number of outlets Minimarket in Indonesia, while the number of outlets Alfamart network reached 2.775 units or 26.8% of the total number of outlets Minimarket in Indonesia. Based on the background and the phenomenon above, it is very important to examine how customer loyalty towards modern retail company that is now more prevalent and trends in every urban and rural preceded by the occurrence of a shift in consumer behavior from traditional markets to modern market caused by several factors which has been studied previously, so the authors are interested to continue the study with the title "Implications Siting, Physical Evidence, and Customer Satisfaction, Customer Loyalty On The Level, the Modern Retail Company in Makassar South Sulawesi". Which according to what the authors see through the phenomena that had occurred a shift in customer loyalty towards modern retail companies is caused by several factors and the most influence on it is a factor of location, Physical Evidence, Customer Satisfaction.

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## RESEARCH PURPOSES

The purpose of this study are as follows:

1. To know and analyze the effect of determining the exact location through commitment and customer satisfaction to customer loyalty in the modern retail company in the city of Makassar.
2. To know and analyze the effect of determining the exact location via the switching cost and customer satisfaction to customer loyalty in the modern retail company in the city of Makassar.
3. To know and analyze the effect of physical evidence through commitment and customer satisfaction to customer loyalty in the modern retail company in Makassar.
4. To know and analyze the effect of physical evidence through the switching cost and customer satisfaction with the level of customer loyalty in the modern retail company in Makassar.
5. To know and analyze the direct and indirect influence of customer satisfaction on customer loyalty in the modern retail company in Makassar.

## BENEFITS OF RESEARCH

This research is expected to be useful in a practical and theoretical:

1. The benefits in practice, the management company may consider how efforts should be made to develop the company through the determination of the exact location, and adequate physical evidence through an intervening variable commitment and switching cost, in order to satisfy consumers that have a positive impact on the level of customer loyalty.
2. While the benefits theoretically, this research is expected to contribute to the theoretical development of the field of science, especially marketing management and can also be used as a reference / The next research base. This research is more explanatory, so it can be used as a reference / basis for subsequent researchers to more refined.

## 2. RESEARCH METHODS

### Research approach

The method used in this research is to use hypothesis testing, the research aims to test the hypothesis, and in general to explain the relationship between the variables or determine the interdependence of the two factors or more in a situation.

### Location and Time Research

Location of research on some modern retail market within the territory of Makassar, particularly in the field of food and beverages (daily needs). When the study is estimated for approximately 3 months, will begin after the proposal in colloquium and otherwise accepted.

### Population and Sample Research

Population is defined as a generalization region consisting of: Objects/subjects that have certain qualities and characteristics defined by the researchers to be studied and then drawn conclusions. While the sample is a portion of the population (Sugiyono, 2012: 297)[4]. The population is a group of people, events, or anything that has certain

characteristics (Indriantoro and Supomo, 1999; 115) in Eva Kris Diana Devi (2009; 53)[5]. In other words, population is a collection of individuals or objects of research that have the qualities and characteristics that have been specified. The population in this study is the Modern Retail corporate customers who have 3 cards of customers (minimarket, supermarkets, hypermarkets), in the city of Makassar. According Augusty Ferdinand T. (2000: 43)[6], the sample size appropriate for use in the study were between 100-200. If the sample size becomes too large, for example more than 400, then the method becomes very sensitive so it is difficult to get sizes goodness-of-fit is good. According to Hair et al (1995) in Eva Kris Diana Devi (2009; 62)[5], in a study using SEM analysis techniques that appropriate sample size is between 100-200. As for the minimum sample size is as much as 5 parameter estimation. If the estimated parameters it amounted to 20, the minimum sample size is 100. The population in this study is a modern retail enterprise customers who have 3 cards of customers (minimarket, supermarkets, hypermarkets), in the city of Makassar. Further sampling is done by using the technique random sampling. As for determining the number of samples is done by using Slovin opinion of the Umar Husein (2001: 78) [2] as follows :

$$n = \frac{N}{1 + N \cdot e^2}$$

Description:

n = Sample Size

N = Size of Population

e = Percentage of sampling error is still tolerated

### Research Instruments

In this research needs to be done to test the validity and reliability testing in order to delivery usually occurs in the use of questionnaires can be avoided. By using precise measurement tools for data collection, then irregularities or errors will be avoided. Validity test is done to see whether or not valid each instrument used in the study variables. In accordance with the results of the analysis of the primary data of each instrument used in the study have test results that show that the Sig. Correlation <math>\alpha</math> (5%), which means that all variables used in the study instrument is valid. Validity test is done with the aim of knowing the accuracy and reliability of the questionnaire which means that the questionnaire is able to measure what should be measured. Results of these tests adequately reflect the topic being researched. Test validity was tested using SPSS to see Pearson's Product Moment Correlation for each - each item statement with a total test scores. The equation to get the value of variance extract is :

$$\int \text{VarianceExtracted} = \frac{\sum \text{StandardLoading}^2}{\sum \text{StandardLoading}^2 + \sum e_j}$$

Test reliability is a reliability test aims to determine how far a measuring instrument can be reliable or trustworthy. Reliability associated with the estimated extent to which a measuring tool, when seen from the stability or the internal consistency of the answers or statements if the observer is

done repeatedly. Where a measuring instrument is used repeatedly and the results obtained are relatively consistent gauge is considered to be reliable (reliability). Reliability testing for all items or statements used in this study will use a formula Cronbach Alpha (Cronbach alpha coefficient), which is generally considered to be reliable if its Cronbach alpha values > 0.6 (Hair, et. al., 1995)[7]. To get the value of the degree of reliability of the dimensions forming latent variables, use the formula:

$$\int \text{Construct Reliability} = \frac{(\sum \text{Standard Loading})^2}{(\sum \text{Standard Loading})^2 + \sum e_j}$$

#### Description:

- Standard loading obtained from standardized loading for each indicator were obtained from the calculation AMOS 4:01
- $\sum e_j$  is a measurement error of each indicator. Measurement error can be obtained from :  
 $1 - (\text{Standard loading})^2$

#### Types and Sources of Data

##### Data Types

At this empirically, what kind of data is qualitative and quantitative data obtained in the form of interviews and figures (numeric) of the questionnaire.

##### Data source

The data used in this study are primary data obtained directly from the respondents, also in the form of a secondary that is in the form of a written form of documents and written information of other institutions that have a direct connection to the problems examined. Variables used in this study is the independent variable (independent variable), mediating variables (intervening variable) and the dependent variable (dependent variable). In this study, independent variables are location and Physical Evidence, variabel mediation is Commitment, Switching Cost, Customer Satisfaction and variabel bound is Loyalitas customers.

##### Techniques of Data Collection

The data in this study needed the form of primary data and secondary data. Primary data collection is done by using several techniques as follows :

**Observation**, namely direct observation of the object under study to obtain more accurate information with a direct view of the situation and real conditions.

**Questionnaires**, statements made in the questionnaire enclosed with alternative answers using a Likert scale (Likert's Summated rating) with a scale of 1-5 to obtain data that is interval and rated or score, for example, for the category statement strongly disagree with the answer to strongly agree.

**Interviews**, namely researchers conduct interviews with respondents by asking a number of questions to complete as well as a cross-check of the data questionnaire.

#### Methods and Data Analysis Tools

The method used in this study are included in the survey, which is the method used to reveal the facts of a phenomenon by using a questionnaire as a means of collecting primary data so it can be evaluated based on the theoretical as well as a wide range of previous studies. The type of data collected, both quantitative and qualitative data are arranged in the shape of a cross section of a set of data in a single period of time to examine the phenomenon. The study design grouped into descriptive analysis to illustrate the distribution of data on the characteristics of the variables associated with the phenomenon. Furthermore, analyzed using Structural Equation Modelling (SEM) which aims to explain the causal relationship between the variables and test hypothesis is. The research model that will be used in this research is a tiered structure model and to test the hypothesis used analysis technique SEM (Structural Equation Modeling), which is operated through a program lisrel 8.80 with SPSS version 15.0. Analysis techniques used in this study are:

- a. Confirmatory factor analysis was used to test a concept that is built by using several indicators measured.
- b. Eggression analysis aimed at measuring the effect of one or more independent variables to certain variables.

To create a complete modeling steps that need to be carried out as follows: Theoretical Model Development and Development Flowchart (Path Diagram).

#### Operational Definition

The variables studied were:

1. Variable Area; (X1) Include the place (X11), Parking (X12), Accesibility (X13), Visibility (X14), Infrasructure (X15).
2. Variable Physical Evidence (X2) Physical environment includes Ngan (X21), and an Environmental n Support (X24).
3. Variable Commitment (Y1); includes Political Commitment (Y11) Intellectual Commitment (Y 12), Emotional Commitment (Y13), Spiritual Commitment (Y14)
4. Variable Switching Cost (Y2); Perception includes Time (Y21), Perception Money and Effort Switch Brand (Y22), Corporate Perception & Services (Y23)
5. Variabel Consumer Satisfaction (Y3) covering is Casserole bags Services (Y31), Quality Products (Y32), Quality Price (Y33), Personal Factors (Y34).
6. Customer Loyalty variables (Y4) which includes; Loyal consumers (Y41), consumers Normal (Y42), consumer Half Loyal (Y43) consumers Not Loyal (Y44)

### 3. RESEARCH RESULT

#### Development History Modern Retail companies in Indonesia

AC Nielsen survey conducted in 2009 showed that the share of modern retail market in Indonesia has increased over the last three years and reached 37% in 2009. Despite gradual improvement, the existing market share is still relatively low compared to neighboring countries such as Singapore, Malaysia, and Thailand. Rapidly increasing number of modern retail in cities densely populated such as

Jakarta, Semarang, Bandung, Surabaya, Yogyakarta and Malang. Modern retail is also growing in other cities in Indonesia such as Medan, Palembang, Denpasar and Makassar, where the purchasing power of the people began to strengthen. The retail business is the retail sale of goods in various types of outlets such as kiosks, markets, department stores, boutiques and others (including sales to the service delivery system), which is generally to be used directly by the buyer in question. Retail business in Indonesia can be divided into two (2) major groups, namely the traditional retail and modern retail. Modern retailing is essentially a development of the traditional retail. This retail formats emerge and evolve economic development, technology, and lifestyle that makes people demand greater convenience in shopping. Currently, the types of modern retail in Indonesia is very much includes modern market (minimarkets, supermarket, hypermarket), supermarkets, department stores, boutique, factory outlets, specialty stores, trade centers, and malls / supermall / plaza. Modern retail formats will continue to grow with the development of economy, technology, and lifestyle.

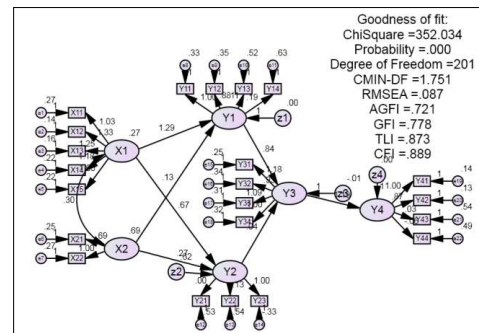


Figure 1. Measurement Model Variable Relations

Model test results are presented in the above image is evaluated based on goodness of fit indices in the table below with the criteria presented models as well as critical values that have suitability data.

Table 1. Criteria Evaluation Model

Goodness of fit index	Cut-off Value	Results Model	Description
$\chi^2$ - Chi-square	235.077	352.034	Not good
Probability	0:05	0,000	Not good
CMIN / DF	2:00	1,751	Good
RMSEA	0:08	0.087	Good
GFI	0.90	0.778	Not good
AGFI	0.90	0.721	Not good
TLI	0.9 2	0.873	Not good
CFI	0.9 2	0.889	Not good

Source: Sports Data, 2015

**Analysis Results Discussion**

Analysis of the results of studies using structural equation modeling (Structural Equation Model) with confirmatory factor analysis (CFA) using AMOS 22.0. The predictive power of observation variable both at the individual level and at the level of the constructs seen through the critical ratio (CR). If the critical ratio is significant that these indicators will be said to be useful for predicting the constructs or latent variables. Latent variables (constructs) This study consists of the location, physical evidence, commitment, switching cost, customer satisfaction and customer loyalty. By using structural equation model of AMOS will be obtained indicators fit model. The benchmarks used in testing each hypothesis is a critical value ratio (CR) to regression weight to the absolute minimum value of 2.00.

**Measurement Results Confirmatory Factor Analysis (CFA)**

Analysis of the model fit the criteria of model fit as GFI (Goodness of fit index), adjusted GFI (AGFI), Tucker Lewis Index (TLI), CFI (Comparative of fit index), and RMSEA (Root Mean Square Error of Approximation) for both models individual and complete model.

**Full Testing Research Model**

Based on the method of determining the value in the model, the full model test variables are grouped into exogenous and endogenous variables. Exogenous variables are variables whose value is determined outside the model. While the endogenous variable is a variable whose value is determined by an equation or model of the relationship established. The model is said to be good if the development hypothetical model theoretically supported by empirical data. Detailed SEM analysis results are as follows.

From the evaluation of the eight models show criterion of goodness of fit indices look CMIN-DF and RMSEA who meet the criteria have been fit, whereas other criteria are less good. Although Thus, the overall model can be said to have been in accordance with the data and can be analyzed further. Based on the picture above shows the amount of influence on each lane, from seven lines the relationship between variables, there is a six-lane significant positive effect, while the path has no significant effect. Computational results are shown in the table below analyzes the functional relationship between exogenous and endogenous variable to then value of the coefficient is based on the table below:

**Table 2. Loading Factor Full Test Evaluation Model**

Variables	Variables	Loading Factor	Critical Ratio	Sig. Level ≤ 0,050	Description
Location	Commitment	0,893	7.419	0,000	Significant
Location	Switching Cost	0,365	3,286	0,001	Significant
Physical Evidence	Commitment	0,145	2,017	0,044	Significant
Physical Evidence	Switching Cost	0.238	2,059	0,039	Significant
Commitment	Customer Satisfaction	0.976	7.779	0,000	Significant
Switching Cost	Customer Satisfaction	0.065	0.786	0.432	Not significant
Customer Satisfaction	Customer loyalty	0.998	9.654	0,000	Significant

Source: Sports Data, 2015

**Evaluation Path Analysis (Direct, Indirect Effect and Total Effect)**

**1) Direct Effect (Direct Impact)**

The parameter value direct effects (attached) as the regression coefficient indicated on the diagram as a direct effect, as the following table.

**Table 3. The value of the variable direct effect**

Variables	Variables	Direct Effect	Description
Location	Commitment	1,287	Significant
Location	Switching Cost	0.670	Significant
Physical Evidence	Commitment	0.130	Significant
Physical Evidence	Switching Cost	0.272	Significant
Commitment	Customer Satisfaction	0.840	Significant
Switching Cost	Customer Satisfaction	0.043	Not Significant
Customer Satisfaction	Customer loyalty	1,192	Significant

Source: Sports Data, 2015

Referring to the table above explains that there is a pathway direct effect (direct effect) are not significant, which switching cost to customer satisfaction, while the direct effect of other variables showed a positive and significant influence.

**2) Indirect Effect (Indirect Influence)**

Strong correlation indirect effect (indirect effect) between variables construct as the table below were evaluated with the conception of the meaning of such influence, where every increase of 1 unit value of exogenous / endogenous will increase the value of the indirect effects of endogenous variables estimate after considering the effects of intervening variables. The value of the standardized indirect effects, represent a strong correlation between variables research constructs described as follows.

**Table 4. The value of variable indirect effect**

Variables	Intervening	Variables	Indirect Effect	Description
Location (X1)	Commitment (Y1)	Customer Satisfaction (Y3)	0.896	Significant
Location (X1)	Commitment (Y1) and customer satisfaction (Y3)	Customer loyalty (Y4)	0.894	Significant
Location (X1)	Switching Cost (Y2) and customer satisfaction (Y3)	Customer loyalty (Y4)	0.894	Significant
Physical Evidence (X2)	Commitment (Y1)	Customer Satisfaction (Y3)	0.157	Significant
Physical Evidence (X2)	Commitment (Y1) and customer satisfaction (Y3)	Customer loyalty (Y4)	0.157	Significant
Physical Evidence (X2)	Switching Cost (Y2) and customer satisfaction (Y3)	Customer loyalty (Y4)	0.157	Significant
Commitment (Y1)	Customer Satisfaction (Y3)	Customer loyalty (Y4)	0,974	Significant
Switching Cost (Y2)	Customer Satisfaction (Y3)	Customer loyalty (Y4)	0.064	Not significant

Source: Sports Data, 2015

**3) Total Effect (Effect of total)**

To find out the results of the analysis of the effect of the total (total effect) between the latent variables in the model path can be seen in the standardized total effects as follows:

**Table 5. The total value of the variable effect**

Variables	Variables	Total Effect
X1	Y1	0,893
X1	Y2	0,365
X2	Y1	0,145
X2	Y2	0.238
X1	Y3	0.896
X1	Y4	0.894
X2	Y3	0.157
X2	Y4	0.157
Y2	Y3	0.065
Y2	Y4	0.064
Y1	Y3	0.976
Y1	Y4	0,974
Y3	Y4	0.998

Source: Sports Data, 2015

## Research Hypothesis Testing

Based on the results of path analysis (path analysis) described through a direct connection (direct effect) and indirect relationships (indirect effect) between exogenous and endogenous variables. The hypothesis of this study can be accepted or rejected based on standard statistical test with critical value ratio (CR) or the t value of  $\geq 1.96$  and p-value  $\leq 0.05$ . This study tested the hypotheses describe the effect of directly or indirectly, can be explained as follows:

**Table 6.** Research Hypothesis Testing

Hypothesis	Hypothesis statement	Description
H1	There is the effect of determining the exact location through commitment and customer satisfaction with customer loyalty in the modern retail company in Makassar	Be accepted
H2	There is the effect of determining the exact location via the switching cost and customer satisfaction to customer loyalty in the modern retail company in Makassar	Be accepted
H3	There is the influence of physical evidence through commitment and customer satisfaction to customer loyalty in the modern retail company in Makassar	Be accepted
H4	There is influence physical evidence through switching cost and customer satisfaction to customer loyalty in the modern retail company in Makassar	Be accepted
H5	There is a direct influence of customer satisfaction on customer loyalty in the modern retail company in Makassar	Be accepted

Source: Sports Data, 2015

## 4. DISCUSSION

### Effect of Location Through Commitment and Customer Satisfaction, Customer Loyalty In Modern Retail Company

#### 1. Effect of Location Against Commitment

The results showed that the location of positive and significant impact on the commitment based on statistical values t / critical ratio of 7.419 and a probability value of 0.000 and 0.893 loading factor. Furthermore, the interpretation of the effect of the location of the variable total customer satisfaction 0.893. This shows that there is a strong influence in total in the analysis of the path between the variable location of the commitment.

#### 2. Effect of Location Through Commitment Customer Satisfaction

These findings on the testing Evaluation of Path Analysis is based on the value of the parameter direct effect (direct effect) between the variables and the commitment of 1.287 locations that showed a positive and significant. While the influence of variable locations through commitment to customer satisfaction formation proved there is the indirect

effect (indirect effect) through a parameter value of 0.896 indicates a significant relationship. Further interpretation of the effect of the location of the variable total of 0.896 customer satisfaction. This shows that there is a strong influence in total in the path analysis between variable location and customer satisfaction.

### Effect of Location Through Commitment and Customer Satisfaction on Customer Loyalty

Results of this study indicate the location of the indirect effects of variables significantly influence the formation of variable customer loyalty by considering the effects of variable commitment and customer satisfaction at 0.894 through the results if the data parameter value by using the indirect effect Evaluation of Path Analysis.

### Effect of Location Through Switching Cost and Consumer Satisfaction Of Customer Loyalty In Modern Retail Company

#### 1. Effect of Location Against Switching Cost

Based on the value t / critical ratio of 3.286 and a probability value of 0.001 and the loading factor of 0.365. This coefficient shows that with the strategic location will have an impact on increasing the switching cost. Value statistics show a positive and significant influence between the location of the switching cost, assuming that other factors that affect the size of the switching cost is considered constant. Further interpretation of the effect of the location of the variable total of 0.365 switching cost. This shows that there is a strong influence in total in the analysis of the path between the variable location of the switching cost.

### Effect of Location Through Switching Cost and Customer Satisfaction on Customer Loyalty

Based on findings that there are indirect influence between variable location with customer loyalty through variable switching cost and customer satisfaction, which is proven by the parameter value indirect effect of 0.894, which means that the influence of the variable location to variable customer loyalty by considering the effects of variable switching cost and customer satisfaction significant effect.

### Influence of Physical Evidence Through Commitment and Consumer Satisfaction Of Customer Loyalty In Modern Retail Company

#### 1. Effect of Physical Evidence Against Commitment

Results of statistical analysis on testing the effect of physical evidence against the commitment, based on the value t / critical ratio of 2.017 and a probability value of 0.044 and the loading factor of 0.145. This coefficient shows that with the physical evidence of positive change will have an impact on increasing the commitment. Value statistics show a positive and significant effect among physical evidence of the commitment, assuming other factors that affect the size of the commitment assumed to be constant. Furthermore, the interpretation of the total effect of variable physical evidence of the commitment of 0.145. This shows that there is a strong influence in total in Path Analysis between the variables physical evidence of the commitment.

## 2. Influence of Physical Evidence Through Commitment Customer Satisfaction

These results indicate that there are significant indirect evidence of physical variables on customer satisfaction by considering the influence of commitment is 0.157. This means that the physical evidence on consumer satisfaction with a commitment to consider the effect of a significant effect.

## Influence of Physical Evidence Through Commitment and Customer Satisfaction on Customer Loyalty

The findings of this study based on the results of data processing Evaluation Path Analysis, showed there are significant indirect physical evidence variable customer loyalty by considering the influence of commitment and customer satisfaction is 0.157. It is understood that the physical evidence variable customer loyalty by considering the influence of commitment and customer satisfaction have a significant effect. Results of this study are supported by expert opinion stating that the consumer satisfaction is an overall attitude shown consumers for goods or services after they obtain and use.

## Influence of Physical Evidence Through Switching Cost and Consumer Satisfaction on Customer Loyalty In Modern Retail Company

### 1. Effect of Physical Evidence Against Switching Cost

The influence of physical evidence against switching cost, based on the value  $t$  / critical ratio of 2.09 and a probability value of 0.039 and the loading factor of 0.238. This coefficient shows that the presence of positive change physical evidence will have an impact on increasing the switching cost. Value statistics show a positive and significant influence between the physical evidence against switching cost, assuming other factors that affect the size of the switching cost is considered constant. Further interpretation of the effect of total physical evidence against switching cost amounted to 0.238. This shows that there is a strong influence in total in the path analysis between the variables physical evidence against switching cost.

### 2. Influence of Physical Evidence Through Switching Cost and Customer Satisfaction on Customer Loyalty

Based on the results of data processing through the Evaluation Path Analysis, shows that there is no direct influence between variable physical evidence to the satisfaction of consumers taking into account the effect of variable switching cost is 0.157. This means that the variable physical evidence to variable customer loyalty into account the effect of switching cost and customer satisfaction have a significant effect.

## Effect of Customer Satisfaction on Customer Loyalty In Modern Retail Company In Makassar

Results of this study stated that influence customer satisfaction with customer loyalty, based on the value  $t$ /critical ratio of 9.654 and a probability value of 0.000 and the loading factor of 0.998. This coefficient shows that the presence of positive change in customer satisfaction will result in increased customer loyalty. Where the value of

statistics show a positive and significant influence between customer satisfaction to customer loyalty, assuming other factors that affect the size of customer loyalty is considered constant. Furthermore, based on the results of data processing Evaluation of Path Analysis are proven through the direct influence of the parameter value of 1.192 means direct effect has a positive and significant influence.

## 5. CONCLUSION AND SUGGESTION

### CONCLUSION

Based on the existing problems in the study, the research hypothesis and the results of the data analysis and discussion of the results of the analysis, it can be concluded:

1. The determination of the exact location through commitment and customer satisfaction significantly influence the level of customer loyalty to the company Modern Retail in Makassar.
2. The determination of the exact location via the switching cost and customer satisfaction significantly influence the level of customer loyalty to the company Modern Retail in Makassar.
3. Physical evidence through commitment and customer satisfaction significantly influence the level of customer loyalty to the company Modern Retail in Makassar.
4. Physical evidence through the switching cost and customer satisfaction significantly influence the level of customer loyalty to the company Modern Retail in Makassar.
5. Switching costs are not significantly influence the company's customer satisfaction Modern Retail in Makassar.
6. Customer satisfaction and significant positive effect on the level of customer loyalty to the company Modern Retail in Makassar.

### SUGGESTION

1. In the face of the challenges of change in the market, then the effort to anticipate the market becomes more complicated and difficult. Variables that need attention of company Modern Retail is a variable that is a major influence on the increase in commitment by determining the exact location. In this study, the variables that affect the largest infrastructure and parking. While the physical evidence of the most influential in increasing the commitment is the physical environment (interior and exterior) and the enabling environment. Thus the emphasis on each indicator is very important to always consider that customer satisfaction can be met, such as accessibility, visibility, a strategy.
2. In terms of increasing customer loyalty through the switching cost and customer satisfaction to determine the precise location and physical evidence, Modern Retail companies should pay attention to consumer perceptions. Where the results of this study indicate that the variable indicator of its greatest influence is the consumer perception of money and effort to switch brands. Variable other indicators, such as the perception of time, the perception of the company and the service also had a positive influence on customer loyalty. Therefore, it is considered a good indicator of the consumer needs to be maintained and are still



considered to be less need to be improved quality.

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