






# “The importance of retail behavior quality to maintain consumers’ loyalty: findings from Indonesian micro retail businesses”

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# THE IMPORTANCE OF RETAIL BEHAVIOR QUALITY TO MAINTAIN CONSUMERS' LOYALTY: FINDINGS FROM INDONESIAN MICRO RETAIL BUSINESSES

## Abstract

The rapid retail development has led to increasingly fierce competition, and micro retail businesses need innovation to survive and thrive. Retail innovation is reflected in the quality of consumers' behavior in making purchase decisions. Therefore, this study aimed to analyze the role of retail behavior quality as an intervening variable on merchandise offer and store image on consumers' loyalty in micro retail businesses. In this study, the confirmatory and explanatory methods were used, and it was conducted in Jember Regency, East Java, Indonesia with a sample size of 306 consumers of micro retail businesses. Moreover, the data were obtained through a questionnaire, and Partial Least Squares-Structural Equation Modeling analysis was used to determine the direct and indirect effects. The results showed that merchandise offer had a positive and significant effect on consumers' loyalty both directly and indirectly through retail behavior quality with total effect of 50.4%. Store image had no significant direct effect on consumers' loyalty. However, it had a positive and significant direct effect on consumers' loyalty through retail behavior quality with total effect of 22%. In this context, retail behavior quality played an important role in increasing consumers' loyalty to micro retail businesses. These results contributed to improved retail quality behavior oriented towards transparency in quality of goods, employee attitudes, in-store environment, product arrangement, and established good relationships with consumers to maintain loyalty.

## Keywords

marketing, consumers, behavior, purchase decision,  
loyalty, merchandise offer, store image, retail

## JEL Classification

M31, D12, M37, L81

## INTRODUCTION

Retailers build competitive advantage by creating a good image to influence purchase behavior. Competitive advantage is influenced by the ability to establish relationships with consumers. Meanwhile, consumers behavior emphasizes the understanding of purchase intention and how to use existing resources such as time, money, and effort to obtain products or services. Therefore, retail managers need knowledge of consumers characteristics and preferences, to promote competitiveness and ensure long-term survival.

Business opportunities and large market potential have caused an increase in the number of retail businesses, which offer consumers many choices. Consumers can easily switch from one store to another, which is a challenge for retail businesses. Competitive conditions require the ability to understand consumers behavior as a key factor in determining success. In this context, understanding behavior emphasizes the preferences and factors that affect purchase decisions. The decision-making process can be described

as the stages through which a final purchase decision is made. Therefore, the task of a marketer is to focus on the entire purchasing process because consumers experience different phases before making a decision.

Retail businesses are required to seize opportunities by converting visits into higher sales. A way to improve purchase patterns is to provide merchandise offer that matches needs and desires. In this context, effective merchandise offer influences purchases where it is critical because many factors affect the model and strategy. Moreover, the complexity of merchandise offer is due to the many links included in the supply chain and the different perceptions of groups faced with the choice of various brands.

Consumers formulate experience in terms of satisfaction during shopping, which is affected by the physical environment, the procedures (cashier, queue, traffic, trolley, and others), the moments of contact with personnel, as well as the core retail offering of product variety, quality and price. Store image as the total evaluation of retail offering in consumers mind.

Therefore, micro businesses are required to innovate to gain consumers loyalty. Retail behavior quality is expected to help micro retail businesses survive and develop to maintain consumers' loyalty.

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## 1. LITERATURE REVIEW AND HYPOTHESES

In this study, retail behavior quality was adopted from the Howard-Sheth model (Howard, 1969) that the output of consumers decision includes five main components, namely purchase behavior, intention, attitudes, comprehension, and attention. The Howard-Sheth model by Yadav (2015) is described as a product purchase decision phase and is divided into three main parts, namely motivating inputs, external, and consequential factors. Gilbert (2003) and Xinhui and Han (2016) developed the Howard-Sheth model to increase loyalty with the dimensions of input, external, internal, and output factors. Furthermore, Schiffman and Wisenblit (2015) and Sivapalan and Jebarajakirthy (2017) explored the Howard-Sheth model using the perspective of retail quality. This concept also used the basis of retail service quality concept (Dabholkar et al., 1996). The concept of retail behavior quality originated from combining Childs et al. (2020) and Goworek and McGoldrick (2015) about retail that attracts consumers' attention with concepts from Renu Sharma et al. (2022), Pei et al. (2020), and Hammond (2017) about experience dissatisfaction.

Some empirical evidence showed that retail behavior quality is affected by merchandise offer and store image. In this context, merchandise offer comprises of what consumers perceive

when approaching and after entering a store, including the exterior appearance, signs, display windows, interior decorations, layout, fixtures, lighting, and the way merchandise is presented (Berman & Evans, 2018). The atmosphere of the store has a significant influence on purchasing decisions (Arianty et al., 2024). Merchandise offer is considered important by retail consumers in India (Gopalan et al., 2015). In fact, merchandise offer and the store's willingness to handle returns and exchanges are the variables that most affected overall service quality. It has a significant positive effect on impulse purchase behavior among online consumers in China (Zhang et al., 2022).

Store image is an impression that is due to the perceived completeness of a store and is interdependent based on both current and previous exposure (Hsu et al., 2010). Store image has a significant positive effect on consumers purchase decision in the Malaysian retail market (Hanaysha, 2018), in South Africa (Ndengane et al., 2021), and in Indonesia (Suryaningsih, 2019). The relationship between promotions and generation Y purchase decision in an online environment becomes significantly stronger when there is a positive store image (Prasad et al., 2019). For consumers of clothing stores in Shanghai, image is important in making subjective judgments of purchase decisions (Chen et al., 2021). Therefore, brand image has a positive effect on loyalty (Xhema et al., 2018).

Loyalty is a biased behavioral response, expressed over time by consumers and is a function of psychological decision-making and evaluative processes that lead to commitment (Koo, 2003). One of the special characteristics of consumers loyalty is regular and repeated purchases (Oliver, 2014; Sharma, 2017). In this context, loyalty is a state of mind that influences consumers towards a particular retailer and leads to a higher proportion of spending than usual (Gilbert, 2003). According to Griffin (2005), loyalty is the driving force or success of a business.

Previous studies have identified the direct effect of merchandise offer and store image on loyalty. However, studies analyzing the indirect effect of merchandise offer and store image on loyalty through retail behavior quality are still limited.

In this context, merchandise offer consists of activities included in obtaining certain goods and providing them at a place, time, price and in quantities that allow retailers to achieve set goals. Decisions can dramatically affect retail consumers loyalty (Berman & Evans, 2018). Oh et al. (2008) showed consumers reacted more positively to web-based stores that use thematic and image-based merchandise offer than those that use non-thematic and text-based. This becomes an effective predictor of loyalty for two segments of a national automotive parts and accessories retailer in the United States (Yavas & Babakus, 2009). Besides, the influence of merchandise offer by logistics services on loyalty in an omni-channel retail environment showed unique results (Murfield et al., 2017).

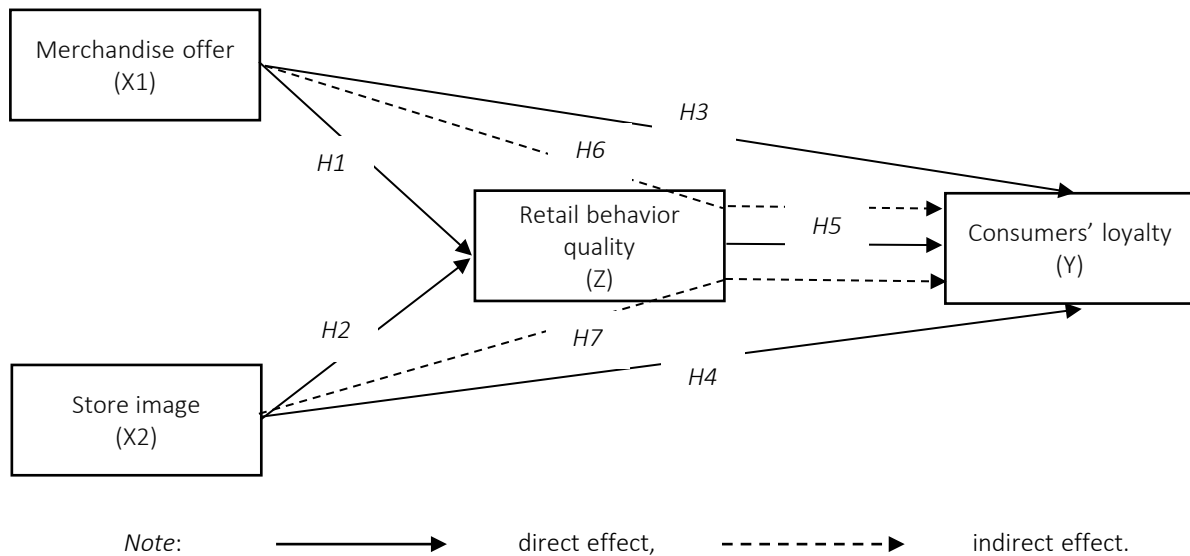
Store image describes what consumers perceive about a particular store (Sopiah & Syihabudhin, 2017). In Indonesia, a good store image influences purchase decision and loyalty (Arief & Widayatmoko, 2018). In retail market in Kosovo, store image had a positive effect on loyalty (Xhema et al., 2018). It had an indirect effect on three types of loyalty in retail (cognitive, affective and normative), which are mediated by attachment, trust, and brand identification (Diallo et al., 2021).

Meanwhile, retail behavior quality is a concept of service quality in businesses by paying attention to quality to create loyalty. This concept is expected to help retail businesses survive, develop,

and able to increase loyalty. There is a strong influence of retail behavior quality consisting of service, popularity, and online brand image on online loyalty in Brazil (Garcia et al., 2020). Retail behavior quality in retail stores in South Korea was shown by mental image generated from in-store sensory experiences affecting consumers anticipatory emotions, perceptions of ownership, and decision satisfaction which had an effect on loyalty (Kim et al., 2021). In Indonesia, the online purchasing experience, which is a dimension of retail behavior quality, greatly influenced loyalty to a product or service (Ariyono et al., 2022). An impressive shopping experience will make consumers want to shop again at the retail businesses in Indonesia (Fatimah & Hermawan, 2023; Fatimah, 2024). Strategies that can be carried out by traditional retailers to increase repeat purchases are improving service to consumers, maintaining good relations with suppliers, maintaining good relations with consumers, increasing promotions, increasing the ability to adapt, and always innovating (Fatimah & Izzuddin, 2021).

This study aimed to analyze the effect of merchandise offer and store image on micro retail consumers loyalty either directly or indirectly through behavior quality. This study has novelty in terms of using intervening variables (retail behavior quality), which is expected to help micro retail businesses survive and develop to maintain consumers loyalty. The hypotheses are as follows:

- H1: *Merchandise offer has a significant effect on retail behavior quality.*
- H2: *Store image has a significant effect on retail behavior quality.*
- H3: *Merchandise offer has a significant effect on consumers' loyalty.*
- H4: *Store image has a significant effect on consumers' loyalty.*
- H5: *Retail behavior quality has a significant effect on consumers' loyalty.*
- H6: *Retail behavior quality plays an intervening role in the effect of merchandise offer on consumers' loyalty.*



**Figure 1.** Conceptual framework model

*H7: Store image plays an intervening role in the effect of merchandise offer on consumers' loyalty.*

Referring to the theoretical and empirical studies, the model framework and hypotheses in this study are shown in Figure 1.

## 2. METHODS

This study was conducted on 72 micro retail businesses in Jember Regency, East Java, Indonesia that sell daily needs products, have a minimarket store concept, and use cash registers. The objects were selected because a relevant picture was obtained regarding the effect of networked retail growth on the sustainability of micro retail businesses where sales turnover decreased and many closed their businesses due to the inability to survive. The population was all consumers of micro retail businesses, and the sample was determined using a purposive sampling technique. In this context, the criteria included being over 17 years old and having purchased at micro retail business. A total of 306 respondents were obtained, and data were collected using questionnaires distributed between March and April 2023.

This study used a questionnaire with a 5-point Likert scale and adapted from the appropriate literature. Merchandise offer and store image were the exogenous variables. Measurement of merchan-

dise offer was adapted from a questionnaire developed by Berman and Evans (2018), Sujana (2012), and Gilbert (2003), which focused on four indicators, namely right merchandise, quantities, place, and price. Meanwhile, store image variables used indicators of promotion, comfort, facilities, service, and music (Gilbert, 2003; Kotler, 2019; Sopiah & Syihabudhin, 2017).

Retail behavior quality was the intervening variable and the measurement was adapted from the questionnaire developed by previous studies (Childs et al., 2020; Goworek & McGoldrick, 2015; Pei et al., 2020; Hammond, 2017). This was measured with indicators of transparency in quality of goods, employee attitudes towards consumers, in-store environment, product arrangement, and maintaining good relations. Besides, consumers loyalty was the endogenous variable and the indicators used for measurement were repeat purchase, retention, and recommendation (Kotler, 2019; Sujana, 2012). This study used Partial Least Squares-Structural Equation Modeling (PLS-SEM) analysis with SmartPLS 3.0 software to determine the direct and indirect effects of merchandise offer and store image on consumers loyalty, with retail behavior quality as the intervening variable.

## 3. RESULTS

The instrument validity test was observed from the loading factor value, where a value  $\geq 0.5$  was

**Table 1.** Validity and reliability test results

Variables and indicators	Composite reliability	Loading factor
Merchandise Offer (X1)	0.858	
<b>Right Merchandise (X1.1)</b> Micro retail businesses provide goods needed by consumers.		0.861
<b>Right Quantities (X1.2)</b> Micro retail businesses provide goods in quantities that match consumers needs.		0.911
<b>Right place (X1.3)</b> Micro retail businesses provide merchandise that matches consumers characteristics.		0.749
<b>Right price (X1.4)</b> Merchandise in micro retail businesses has a fair and competitive price level.		0.552
Store image (X2)	0.888	
<b>Promotion (X2.1)</b> Promotions carried out by micro retail businesses attract consumers attention.		0.742
<b>Comfort (X2.2)</b> Shopping at micro retail businesses feels comfortable.		0.876
<b>Facilities (X2.3)</b> The facilities provided by micro retail businesses serve to facilitate consumers.		0.797
<b>Service (X2.4)</b> Micro retail businesses services are reliable.		0.763
<b>Music (X2.5)</b> The lighting, music and aroma of the store room in micro retail businesses are attractive.		0.730
Retail behavior quality (Z)	0.795	
<b>Transparency of goods quality (Z1)</b> Quality of goods sold by micro retail businesses is appropriate to the description on the goods.		0.550
Employee attitude towards consumers (Z2) Micro retail businesses employees are polite to consumers.		0.569
<b>In-store environment (Z3)</b> The in-store environment at micro retail businesses creates a desire to shop.		0.876
<b>Product arrangement (Z4)</b> The arrangement of micro retail businesses merchandise is attractive and makes shopping easier.		0.763
<b>Maintaining good relationships with consumers (Z5)</b> Micro retail businesses maintain relationships with consumers.		0.512
Consumers' loyalty (Y)	0.805	
<b>Repeat purchase (Y1)</b> Repeat purchases at micro retail businesses.		0.757
<b>Retention (Y2)</b> Not easily affected by negative effect on micro retail businesses.		0.577
<b>Recommendation (Y3)</b> Giving advice to family or colleagues to purchase at micro retail businesses.		0.925

considered valid (Ghozali, 2014). Based on the test results on all variables, the loading factor value of each indicator was greater than 0.50. Therefore, it can be concluded that all indicators used were feasible or valid to be used as data collectors. The reliability test was carried out by observing and calculating the composite reliability value where the standard value should be at least 0.70 (Solimun et al., 2017). The reliability test result showed a

composite reliability value for each variable above 0.70; hence, the variables were declared reliable. Table 1 presents the results of the validity and reliability tests.

General description of the respondents based on gender, age, profession, and education is shown in Table 2. Firstly, most of the respondents were females, with an age range of 41 to 50 years and

**Table 2.** Characteristics of respondents

No	Characteristic	Description	Distribution	
			Frequency	Percentage (%)
1	Gender	Male	87	28.4
		Female	219	71.6
		Total	306	100.0
2	Age (years)	< 21	49	16.0
		21-30	45	14.7
		31-40	62	20.3
		41-50	78	25.5
		> 50	72	23.5
		Total	306	100.0
3	Occupation	Student	54	17.6
		Civil servants/state-owned enterprises employee/ army/police	33	10.8
		Lecturer	0	0
		Private Employee	103	33.7
		Entrepreneur	66	21.6
		Housewife	50	16.3
		Total	306	100.0
4	Last education	Junior high school	38	12.4
		Senior high school	123	40.2
		Associate degree	30	9.8
		Bachelor's degree	114	37.3
		Master's degree	0	0
		Doctoral degree	1	0.3
		Total	306	100.0

above. Secondly, most of the respondents were employees with senior high school and Bachelor's degree.

The normality test was determined by confirming the critical ratio value of skewness and kurtosis. Data are normally distributed univariate and multivariate when the critical ratio value is in the interval -2.58 to 2.58 at a significance level of 1% (Ferdinand, 2014). The normality test results showed all indicators of each variable had a critical ratio value in the range of -2.58 to 2.58; hence, it can be concluded that the data were normally distributed.

The results of direct effect testing are presented in Table 3. The whole model had five direct effect

paths, where four paths had a significant effect and one path had an insignificant effect. Therefore, *H1*, *H2*, *H3*, and *H5* were accepted, and *H4* was rejected.

The results of indirect effect testing are presented in Table 4. The entire model had two indirect effect paths, which had a significant effect, hence, *H6* and *H7* were accepted.

Table 5 shows the test results on direct, indirect, and total effects. It can be concluded that the total effect of each independent variable was 50.4% for merchandise offer and 22% for store image.

Figure 2 shows the results of the data analysis in brief.

**Table 3.** Direct effect hypothesis testing results

	Hypothesis	Regression coefficient	t-values	p-values	Result
<i>H1</i>	Merchandise offer (X1) → Retail behavior quality (Z)	0.205	3.431	0.001*	Accepted
<i>H2</i>	Store image (X2) → Retail behavior quality (Z)	0.578	12.576	0.000*	Accepted
<i>H3</i>	Merchandise offer (X1) → Consumers' loyalty (Y)	0.434	8.622	0.000*	Accepted
<i>H4</i>	Store image (X2) → Consumers' loyalty (Y)	0.023	0.339	0.735	Rejected
<i>H5</i>	Retail behavior quality (Z) → Consumers' loyalty (Y)	0.340	4.747	0.000*	Accepted

Note: \* show significance at 1% levels.

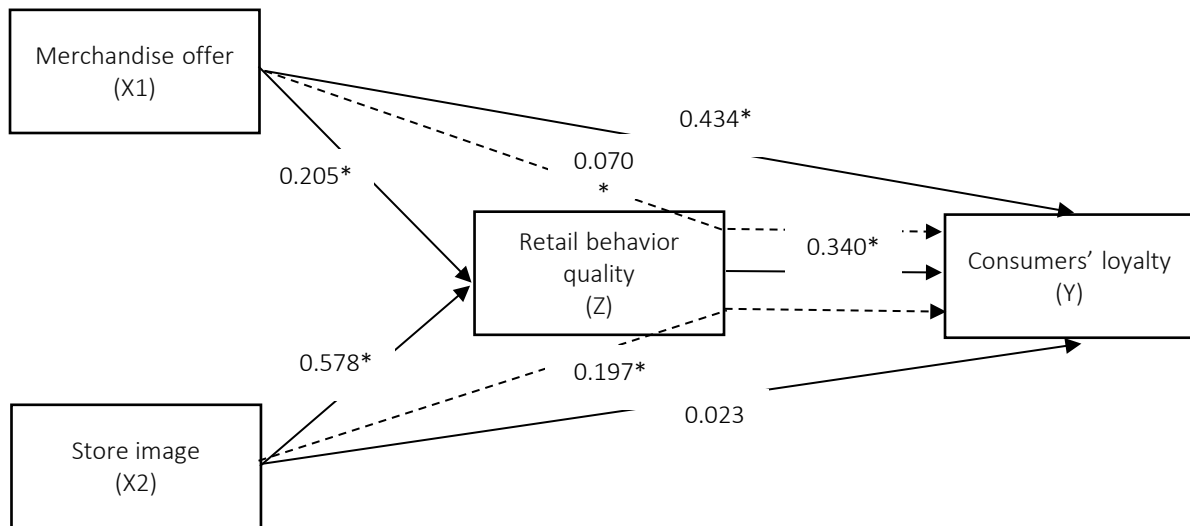


Figure 2. Data analysis results

Table 4. Results of hypothesis testing for indirect effect

	Hypothesis	Regression coefficient	t-values	p-values	Result
H6	Merchandise offer (X1) → Retail behavior quality (Z) → Consumers' loyalty (Y)	0.070	2.783	0.006*	Accepted
H7	Store image (X2) → Retail behavior quality (Z) → Consumers' loyalty (Y)	0.197	4.475	0.000*	Accepted

Note: \* show significance at 1% level.

Table 5. Test results of direct effect, indirect effect, and total effect

Regression model	Direct effect	Indirect effect	Total effect
Merchandise offer (X1) → Consumers' loyalty (Y)	0.434	0.070	0.504
Store image (X2) → Consumers' loyalty (Y)	0.023	0.197	0.22

Note: \* show significance at 1% level.

## 4. DISCUSSION

The results of data analysis in Table 3 showed the t-value was 3.431 which was above the critical ratio value (2.58); hence, H1 was accepted. This study found that merchandise offer had a positive and significant effect on retail behavior quality. This showed that the better merchandise offer in micro retail businesses, the better retail behavior quality. Therefore, based on the description of the variables, the indicator with the highest score was that merchandise in micro retail businesses had a fair and competitive price level. This reflected that micro retailers were good at determining selling prices and contributed to consumers' decisions to make purchases.

Large assortment of merchandise offers consumers more choices of products and services, thereby increasing the store's ability to meet needs

and wants (Oh et al., 2008). Merchandise offer is important in evaluating aspects related to product quality, selection or assortment, and price appear most prominent. To some extent, merchandise offer can influence consumers visits to stores and often take the form of leisure activities that make the service provision more valuable. Moreover, marketing activities through merchandise offer help create consumers awareness for in-store purchasing activities (Gopalan et al., 2015). In creating a strong and effective merchandise presentation, retailers use various combinations of images, videos, verbal descriptions, and other attributes. This aimed to provide information about merchandise on an ongoing basis, where retailers exert effort and develop strategies to improve the show in the store. In this context, it is important to motivate consumers to revisit the store by generating a sense of trust which is an important antecedent to purchases (Jakhar et



al., 2020). This results are in accordance with previous studies (Gopalan et al., 2015; Zhang et al., 2022). Therefore, this study provided evidence that retail behavior quality in micro retail businesses can be achieved through merchandise offer.

Data analysis in Table 3 showed that t-value was 8.622, which was above the critical ratio (2.58); hence *H3* was accepted. Merchandise offer was found to have a positive and significant effect on consumers' loyalty. It can be interpreted that better merchandise offer at micro retail businesses will result in increased loyalty. When examined from the general respondents' description, micro retail businesses owners who filled out the questionnaire were mostly females (71.6%) who were good at providing the services according to consumers needs and characteristics. Some of these factors turned out to increase consumers' loyalty.

Merchandise offer is an important antecedent in the formation of retail store consumers loyalty. Quality of goods durability perceived by consumers is an important factor affecting purchase decision. In this context, good merchandise quality can determine post-purchase behavior, including aspects of satisfaction and loyalty (Murfield et al., 2017). Merchandise offer is usually the main consideration in purchasing goods in retail stores. Besides, retail market has shown an increase in providing a superior experience through quality of merchandise offer (Yavas & Babakus, 2009). Quality of merchandise offer is often an important factor that attracts consumers to visit. The implication is that retail managers should not be satisfied with the current quality of merchandise offer, but need to identify innovative ways to improve and provide a better experience. This is the right strategy to create consumers' loyalty. These results are in accordance with previous studies (Yavas & Babakus, 2009; Murfield et al., 2017). Micro retail businesses can also provide merchandise offer that can generate consumers' loyalty.

Table 4 shows the results of data analysis where the t-value was 2.783, which was above the critical ratio value (2.58); hence, *H6* was accepted. Merchandise offer had a positive and

significant effect on consumers' loyalty through retail behavior quality. Based on Table 5, it can be observed that the total effect between merchandise offer on consumers' loyalty had a value greater than the direct effect (total effect of 0.504 and direct effect of 0.434). The contribution made by retail behavior quality can be intervening between merchandise offer on consumers' loyalty. This study found that merchandise offer had a positive and significant effect on retail behavior quality. It also had a positive and significant effect on loyalty both directly and indirectly (through the intervening variable retail behavior quality). Therefore, it can be concluded that the intervening retail behavior quality that occurs in the relationship between merchandise offer and consumers' loyalty was partial intervening, meaning that part of merchandise offer effect on consumers' loyalty runs through retail behavior quality.

The results of data analysis in Table 3 showed that the t-value was 12.576, which was above the critical ratio value (2.58); hence, *H2* was accepted. In this case, store image had a positive and significant effect on retail behavior quality. This showed that micro retail businesses with a good store image improved retail behavior quality. The store image indicator with the highest score based on the description of the variables was service. Besides, micro retailers provided comfort and good facilities for consumers. These factors contributed to micro retail businesses in improving retail behavior quality.

The definition of store image has continued to evolve since it was first introduced by Martineau (1958). Store image is the summative perception of attributes, which is formed as a result of shopping experience. It serves as a structure that binds together the various dimensions at work. Moreover, it has been described as a macro-level association in a general scheme, including perceptions and beliefs toward general categories of retailers such as discount, department, and grocery stores. Some studies stated that store image was developed by comparing new information with category information already in memory (Kim et al., 2021). Therefore, store image is not only a function of a specific store but also the associations in memory about existing stores

and retail categories. Erdil (2015) concluded that the dominant concept of store image is the overall memory resulting from the perception of attributes based on exposure to stimuli and becomes a determinant for purchasing behavior. It has become an important clue in making subjective judgments to determine brands, which is very important in making purchase decision. This study is in line with the results of Hanaysha (2018), Prasad et al. (2019), and Chen et al. (2021), which proved the effect of store image on quality of retail behavior.

Data analysis in Table 3 showed the t-value was 0.339, which was below the critical ratio value (2.58); therefore, *H4* was rejected. Store image had a positive but insignificant effect on consumers' loyalty. This can be interpreted that the supporting indicators of store image owned by micro retail businesses are not sufficient to facilitate loyalty. When examined, the indicator that had the lowest score was promotion. This showed that the promotions carried out were less attractive to consumers and did not affect loyalty.

Store image as a concept was originally introduced as "a store that is defined in consumers mind who are part of its functional qualities as well as the aura of psychological attributes". The continued interest in consumers loyalty being the theme of store image analysis has contributed to the development of knowledge in this area. This resulted in several academic debates on the appropriate theoretical paradigms and methodologies when examining the constructs. Consumers' loyalty refers to the willingness to be bound for a long period in terms of purchasing goods and services, generally identified as an important aspect in developing long-term relationships (Oliver, 2014). Furthermore, it is a factor that determines satisfaction and loyalty, and may affect choices in choosing retail store as a place to shop. The evaluation of store image conditions provides a stimulus to consumers and affects psychological responses in terms of subsequent behavior (satisfaction and loyalty). Meanwhile, brand trust represents the willingness to rely on a brand in the face of risk, with the expectation that the brand will deliver positive results. Brand loyalty explains consumers' commitment

to continue to repurchase a particular product or service. From an empirical perspective, the results of this study were not in line with previous surveys (Arief & Widayatmoko, 2018; Xhema et al., 2018; Diallo et al., 2021). However, this study was in line with Puspaningrum (2018).

Table 4 shows the results of data analysis where the t-value was 4.475, which was above the critical ratio value (2.58); hence, *H7* was accepted. Store image had a positive and significant effect on loyalty through retail behavior quality. Table 5 shows that the total effect between store image on loyalty had a value greater than the direct effect (total effect of 0.22 and direct effect of 0.023), hence the contribution provided was greater than the direct effect. The contribution of retail behavior quality can be intervening between store image and consumers' loyalty. The results showed that store image had a direct positive but insignificant effect on loyalty. However, it had an indirect positive and significant effect on loyalty through retail behavior quality as the intervening variable. Therefore, it can be concluded that the intervening retail behavior quality that occurs in the relationship between store image and loyalty was a full intervening.

Based on the results of data analysis in Table 3, it can be stated that the t-value was 4.747 and above the critical ratio value (2.58); hence, *H5* was accepted. Retail behavior quality had a positive and significant effect on consumers' loyalty. This showed that better retail behavior quality led to an increased loyalty in micro retail businesses. The description of respondents' answers showed that behavior quality variable had five indicators, which were in the good category. Similarly, the description of respondents' answers to consumers' loyalty variable were in the good category. These results provided evidence that retail behavior quality, which consisted of indicators of transparency, employee attitudes towards consumers, in-store environment, product arrangement, and maintaining good relations with consumers, will have a significant effect on loyalty as measured by repeat purchases, retention, and recommendations. Empirically, these findings are in line with previous studies that examined the effect of retail behavior quality on loyalty (Garcia et al., 2020; Kim et al., 2021).

## CONCLUSION AND LIMITATIONS

This study aimed to analyze the effect of merchandise offer and store image on the consumers' loyalty directly and indirectly through retail behavior quality. The results showed that merchandise offer, and store image had an indirect positive and significant effect on consumers' loyalty through intervening retail behavior quality. This showed that retail behavior quality had an important role in the relationship between merchandise offer and store image with consumers' loyalty. When observed from the total effect on loyalty, merchandise offer had a greater total effect (50.4%) than store image (22%). It can be concluded that merchandise offer was more important for increasing consumers' loyalty of micro retail businesses.

Referring to these results, micro retailers should pay attention to merchandise offer, store image, and retail behavior quality because these factors are determinants for creating loyalty. The results are expected to contribute to managers in designing various strategies to create loyalty through a framework of merchandise offer, store image, and retail behavior quality.

There were three limitations to this study, firstly, it could only explain consumers loyalty by 45.8%. Therefore, there were other factors outside the model analyzed that can explain loyalty. It is recommended for further studies to include variables of product quality, retail service management, and consumers relationship management to obtain better findings. This will be useful for the development of science, specifically marketing management. Secondly, the study showed that store image does not significantly affect loyalty of micro retail businesses. Therefore, there is a gap, and intervening variables are needed as a mediator. It is expected that future studies with similar themes will conduct analysis on different object fields. This is because the different characteristics of the business sector will affect the implementation of marketing strategies, including those related to merchandise offer, store image, and retail behavior quality to create loyalty. Finally, the conceptual and measurement of variables including merchandise offer, store image, retail behavior quality, and consumers loyalty still allow for development based on theoretical and empirical studies as well as the characteristics of the study object. To obtain more holistic results about retail behavior quality as a novelty offered, in-depth interviews with respondents are needed, hence, the information collected has deep meaning and describes ideal conditions.

## AUTHOR CONTRIBUTIONS

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## APPENDIX QUESTIONNAIRE

MERCHANDISE OFFER								
<b>Right merchandise</b>								
1	Micro retail businesses provide goods needed by consumers.	Strongly disagree	1	2	3	4	5	Strongly agree
<b>Right quantities</b>								
2	Micro retail businesses provide goods in quantities that match consumers needs.	Strongly disagree	1	2	3	4	5	Strongly agree
<b>Right place</b>								
3	Micro retail businesses provide merchandise that matches consumers characteristics.	Strongly disagree	1	2	3	4	5	Strongly agree
<b>Right price</b>								
4	Merchandise in micro retail businesses has a fair and competitive price level.	Strongly disagree	1	2	3	4	5	Strongly agree
STORE IMAGE								
<b>Promotion</b>								
1	Promotions carried out by micro retail businesses attract consumers attention.	Strongly disagree	1	2	3	4	5	Strongly agree
<b>Comfort</b>								
2	Shopping at micro retail businesses feels comfortable.	Strongly disagree	1	2	3	4	5	Strongly agree
<b>Facilities</b>								
3	The facilities provided by micro retail businesses serve to facilitate consumers.	Strongly disagree	1	2	3	4	5	Strongly agree
<b>Service</b>								
4	Micro retail businesses services are reliable.	Strongly disagree	1	2	3	4	5	Strongly agree
<b>Music</b>								
5	The lighting, music and aroma of the store room in micro retail businesses are attractive.	Strongly disagree	1	2	3	4	5	Strongly agree
RETAIL BEHAVIOR QUALITY								
<b>Transparency of goods quality</b>								
1	Quality of goods sold by micro retail businesses is appropriate to the description on the goods.	Strongly disagree	1	2	3	4	5	Strongly agree
<b>Employee attitude towards consumers</b>								
2	Micro retail businesses employees are polite to consumers.	Strongly disagree	1	2	3	4	5	Strongly agree
<b>In-store environment</b>								
3	The in-store environment at micro retail businesses creates a desire to shop.	Strongly disagree	1	2	3	4	5	Strongly agree
<b>Product arrangement</b>								
4	The arrangement of micro retail businesses merchandise is attractive and makes shopping easier.	Strongly disagree	1	2	3	4	5	Strongly agree
<b>Maintaining good relationships with consumers</b>								
5	Micro retail businesses maintain relationships with consumers.	Strongly disagree	1	2	3	4	5	Strongly agree
CONSUMERS' LOYALTY								
<b>Repeat purchase</b>								
1	Repeat purchases at micro retail businesses.	Strongly disagree	1	2	3	4	5	Strongly agree
<b>Retention</b>								
2	Not easily affected by negative effect on micro retail businesses.	Strongly disagree	1	2	3	4	5	Strongly agree
<b>Recommendation</b>								
3	Giving advice to family or colleagues to purchase at micro retail businesses.	Strongly disagree	1	2	3	4	5	Strongly agree