



Location and Promotion on Purchase Decisions Through Price as an Intervening Variable at SKG Siola Surabaya

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Received: 27 February 2026 | Revised: 24 April 2026 | Published: 28 May 2026

Abstract

Purpose: This study analyzes the influence of location and promotion on purchasing decisions, with price as a mediating variable, at the Surabaya MSME Center, Surabaya Kriya Gallery (SKG) Siola, Surabaya. The study highlights the importance of location accessibility and promotional strategies in influencing consumer purchasing behavior, as well as the mediating role of price perception in strengthening these relationships.

Research Methodology: A quantitative causality approach was used. The population consisted of consumers who had made purchases at SKG Siola. Purposive sampling was applied based on two criteria: having made at least one purchase and willingness to participate. Data were collected using structured questionnaires. Instrument validity was tested using Pearson correlation, while reliability was assessed using Cronbach's alpha. Path analysis and goodness-of-fit testing were conducted using SmartPLS.

Results: All instruments showed strong reliability ($\alpha = 0.902-0.927$) and validity. The model demonstrated acceptable fit (RMSEA = 0.033; GFI = 0.972; CFI = 0.907). Location and promotion significantly influence purchasing decisions and price perception. Price also significantly affects purchasing decisions and partially mediates the relationship between location, promotion, and purchasing decisions.

Conclusions: Location, promotion, and price are significant determinants of purchasing decisions, with price acting as a partial mediator.

Limitations: The study is limited to one MSME center, uses non-probability sampling, and a cross-sectional design, limiting generalizability and causal inference.

Keywords: Location, MSME, Path Analysis, Price, Promotion

How to Cite: Mahendra, A., Suke², & Hi, S. T. (2026). Location and Promotion on Purchase Decisions Through Price as an Intervening Variable at SKG Siola Surabaya. *Corelytics: Insights into Business and Accounting Systems*, 1(2), 85-100.

1. Introduction

Micro, Small, and Medium Enterprises (MSMEs) constitute the backbone of Indonesia's national economy, contributing approximately 60% of the country's Gross Domestic Product (GDP) and employing more than 96% of the national workforce (Sinha, Sinha, & Sinha, 2024; Mahfud, 2025). Beyond their economic contribution, MSMEs play a strategic role in promoting inclusive growth, reducing regional disparities, encouraging entrepreneurship, and strengthening local economic resilience. In recent years, the Indonesian government has intensified various initiatives to improve MSME competitiveness through digital transformation, financial assistance, market expansion, and

the establishment of dedicated marketing facilities that enable local entrepreneurs to access broader consumer markets ([Aprilia, Subroto, & Sakti, 2025](#); [Tambunan, 2023](#); [Tambunan, 2023](#)).

One of these initiatives is the establishment of the Surabaya Kriya Gallery (SKG) Siola, a government-supported retail and exhibition center designed to showcase high-quality local MSME products ([Azelia & Patria, 2022](#)). Located in the historic Siola Building in the center of Surabaya, SKG Siola provides a centralized marketplace where consumers can access a wide range of locally produced handicrafts, fashion products, food and beverages, souvenirs, and creative products. Besides providing physical retail space, SKG Siola also facilitates promotional events, exhibitions, business networking, and collaboration with public and private institutions. These advantages create an ecosystem that supports MSME sustainability while enhancing their visibility among local and international visitors ([Annastya, & Widiyarta, 2023](#); [Islamy, 2025](#)).

Although SKG Siola offers significant structural advantages, these advantages do not automatically translate into higher sales performance ([Annastya & Widiyarta, 2023](#)). The availability of a strategic location, government support, and continuous visitor traffic does not necessarily guarantee that visitors will make actual purchases. Many visitors may simply browse products, compare prices, or seek information without completing a transaction. Consequently, understanding the factors that encourage visitors to convert their interest into purchasing decisions has become an important issue for both MSME practitioners and policymakers responsible for developing effective marketing strategies ([Mahfud, 2025](#)).

Within the marketing literature, consumer purchase decisions are influenced by a combination of internal evaluations and external marketing stimuli. Among the elements of the marketing mix, location, promotion, and price are consistently recognized as major determinants of purchasing behavior ([Khan, Ullah, & Malik, 2022](#); [Sen, 2024](#)). A strategic location enhances accessibility, convenience, and business visibility, thereby increasing opportunities for consumer visits and product exposure ([Lopes, Pinho, & Gomes, 2024](#)). Promotion communicates product information, builds awareness, differentiates products from competitors, and stimulates consumer interest through both traditional and digital communication channels. Meanwhile, price represents the monetary value consumers must sacrifice to obtain a product and serves as an important indicator of perceived value, affordability, and fairness ([Narayanan, & Singh, 2025](#); [Mandung, Sahari, & Razak, 2024](#); [Rahimi, Hasnat, Rana, Mishad, Talukder, Arman, & Hasan, 2025](#)).

The interaction among these three variables is particularly relevant in retail environments where consumers simultaneously evaluate convenience, product information, and economic value before making purchasing decisions. Consumers who find a retail location easy to access are generally more willing to visit and explore available products. Likewise, attractive promotional activities increase product awareness and strengthen consumer interest. However, consumers eventually evaluate whether the perceived benefits obtained from the product justify the price offered ([Hu, Reza, Wu, & Yang, 2024](#)). Therefore, although location and promotion may initially attract consumers, the final purchasing decision frequently depends on consumers' evaluation of price. This suggests that price may function not only as an independent determinant of purchasing decisions but also as an intervening mechanism through which the effects of location and promotion are translated into actual purchasing behavior ([Lopes et al., 2024](#)).

Theoretical support for this relationship is provided by the Marketing Mix (4P) framework, which identifies Product, Price, Place, and Promotion as the primary instruments organizations use to create customer value and achieve competitive advantage ([Batat, 2024](#)). Within this framework, Place (location) facilitates market accessibility, Promotion creates awareness and persuades consumers, while Price represents the value exchange between consumers and businesses. These marketing elements operate simultaneously rather than independently, suggesting that consumers evaluate multiple marketing cues before reaching a purchasing decision. Consequently, examining the interrelationships among location, promotion, and price provides a more comprehensive

understanding of consumer behavior than investigating each variable separately ([Abedian, Amindoust, Maddahi, & Jouzdani, 2022](#); [Yusuf, & Matin, 2022](#)).

Although numerous studies have investigated the influence of location, promotion, and price on purchasing decisions, the existing literature remains fragmented. Many studies examine location and promotion as direct antecedents of purchase decisions, whereas others investigate the direct relationship between price and purchasing behavior. Research integrating these three variables into a single framework, particularly by positioning price as an intervening variable, remains relatively limited. Furthermore, previous empirical studies have been conducted primarily in supermarkets, restaurants, shopping centers, online marketplaces, or branded retail stores. These contexts differ substantially from government-managed MSME gallery centers, where multiple independent businesses operate under a shared retail environment and institutional identity.

The SKG Siola context presents distinctive characteristics that justify further investigation. Unlike conventional retail outlets, SKG Siola combines government-supported infrastructure, centralized product displays, collective promotional activities, and strategic urban location within a single marketplace ([Annastya & Widiyarta, 2023](#)). Consumers visiting SKG Siola are simultaneously exposed to numerous MSME brands, allowing them to compare product quality, promotional messages, and prices across multiple sellers before making purchasing decisions. This unique environment creates a more complex consumer evaluation process than that observed in single-brand retail stores. Therefore, findings from previous studies conducted in conventional retail settings may not be directly generalizable to the SKG Siola context.

This study addresses these gaps by proposing and testing an integrated conceptual model in which location and promotion function as exogenous variables, price serves as an intervening variable, and purchase decision represents the endogenous outcome. By examining these relationships simultaneously, the study seeks to explain how marketing mix elements interact to influence consumer purchasing decisions within a government-supported MSME retail center. The findings are expected to contribute to both marketing theory and practice by extending the application of the marketing mix framework to the MSME gallery context while providing practical recommendations for MSME entrepreneurs and local governments seeking to improve retail performance.

Accordingly, this study is guided by the following research questions: (1) Do location and promotion significantly influence consumers' price perceptions at SKG Siola Surabaya? (2) Do location and promotion directly influence consumers' purchase decisions? (3) Does price significantly mediate the relationships between location and promotion and consumers' purchase decisions? Answering these questions is expected to provide a more comprehensive understanding of the mechanisms through which marketing mix variables influence consumer purchasing behavior in government-supported MSME retail environments.

2. Literature Review and Hypothesis/es Development

2.1 Theoretical Framework

This study is grounded in the Marketing Mix (4P) framework ([McCarthy, 1960](#); [Kotler & Armstrong, 2018](#)), which identifies Product, Price, Place (Location), and Promotion as the four fundamental instruments through which firms create and communicate value to target markets. In the retail context, Place (location) and Promotion constitute the market access and awareness dimensions of the marketing mix that generate consumer engagement, while Price serves as the value exchange mechanism that translates consumer interest into actual purchase commitment. The Path-Goal framework of consumer purchase decision-making further contextualizes the mediating role of price: promotional exposure and location accessibility generate consumer awareness and positive attitude

formation, which are then evaluated against the product's price—with favorable price assessments translating evaluation into purchase intention and ultimately purchase decision ([Kotler & Armstrong, 2018](#)).

Within this theoretical perspective, consumers do not evaluate marketing variables independently but rather integrate multiple marketing cues when making purchasing decisions ([Yusuf & Matiin, 2022](#)). A convenient and accessible location increases the likelihood that consumers will visit a retail outlet, while promotional activities provide information and create awareness that stimulates purchase interest. However, consumers ultimately assess whether the perceived benefits obtained from the product justify the price they are required to pay. This evaluation of value becomes the critical mechanism through which marketing efforts influence purchasing behavior ([Abedian, Amindoust, Maddahi, & Jouzdani, 2022](#)). When consumers perceive that the offered price is fair relative to product quality, shopping convenience, and promotional benefits, they are more likely to develop stronger purchase intentions and proceed with an actual purchase. Conversely, even highly accessible locations and attractive promotional campaigns may fail to generate purchase decisions if the price is perceived as unreasonable or inconsistent with the expected value ([Batat, 2024](#)).

This integrated perspective suggests that location, promotion, and price operate as complementary rather than isolated marketing variables. Location facilitates customer access and shopping convenience, promotion communicates product value and stimulates consumer interest, and price determines whether the perceived value is sufficient to justify the purchase ([Batat, 2024](#)). As a result, price functions not only as a direct determinant of purchase decisions but also as a mechanism that strengthens or weakens the influence of location and promotion on consumer purchasing behavior ([Abedian et al., 2022](#)). Accordingly, this study proposes that strategic location and effective promotion positively influence purchase decisions both directly and indirectly through consumers' price perceptions, providing a comprehensive explanation of purchasing behavior among consumers of MSME products at SKG Siola Surabaya.

2.2 Marketing Mix (4P) Theory

The Marketing Mix (4P) is a fundamental marketing framework that explains how organizations create, communicate, and deliver value to customers through four key elements: Product, Price, Place, and Promotion. These elements function as an integrated strategy rather than independent components, enabling businesses to meet customer needs while achieving competitive advantage ([Alsharif, Salleh, Abdullah, Khraiwish, & Ashaari, 2023](#)). Product refers to the goods or services offered to consumers, Price represents the monetary value exchanged for those products, Place concerns the accessibility and distribution of products to target markets, and Promotion encompasses all communication activities designed to inform, persuade, and encourage consumers to purchase. The effectiveness of a marketing strategy depends on the ability of firms to coordinate these four elements in a manner that creates superior value and satisfies consumer expectations ([Batat, 2024](#)).

In the retail context, the Marketing Mix provides a theoretical foundation for understanding consumer purchasing behavior because purchase decisions are influenced by consumers' simultaneous evaluation of product availability, pricing, location convenience, and promotional activities. Among the four elements, Place (Location), Promotion, and Price are particularly relevant for MSMEs operating at SKG Siola Surabaya ([Kusnara & Satriana, 2024](#)). A strategic location increases accessibility and customer traffic, promotional activities enhance product awareness and consumer interest, while price reflects consumers' perceptions of value and affordability. These marketing elements complement one another throughout the purchasing process, where location and promotion attract and engage potential customers, and price ultimately determines whether the perceived value is sufficient to encourage a purchase decision. Therefore, the Marketing Mix (4P) serves as the theoretical foundation for examining the relationships among location, promotion, price, and purchase decisions in this study ([Yusuf, & Matiin, 2022](#)[Elgarhy, & Mohamed, 2023](#)).

2.3 Purchase Decision

Purchase decision refers to the process through which consumers select and ultimately purchase a product or service after evaluating available alternatives. This process involves identifying a need, searching for relevant information, comparing product attributes, assessing perceived benefits and costs, and deciding whether the product provides sufficient value to justify the purchase. Consumers rarely make purchasing decisions based on a single factor; instead, they consider a combination of product quality, price, location convenience, promotional information, and previous shopping experiences. As a result, purchase decisions represent the final outcome of consumers' cognitive and behavioral evaluations of various marketing stimuli ([Toha & Supriyanto, 2023](#)).

In the retail context, purchase decisions are strongly influenced by the effectiveness of the marketing mix in meeting consumer expectations. A strategic location facilitates access to products, promotional activities increase awareness and strengthen purchase intentions, while competitive pricing enhances consumers' perceptions of value and affordability ([Antczak, 2024](#)). When these marketing elements align with consumers' needs and preferences, they are more likely to proceed from purchase intention to actual purchasing behavior. For MSMEs operating at SKG Siola Surabaya, understanding the factors that influence purchase decisions is particularly important because consumers are presented with a wide variety of products from different sellers within the same retail environment. Therefore, identifying how location, promotion, and price influence purchase decisions provides valuable insights for developing more effective marketing strategies and improving the competitiveness of MSMEs ([Varga & Albuquerque, 2024](#)).

2.4 Location and Its Effects

Location in the retail context refers to the physical placement of a business establishment, encompassing accessibility, visibility, neighborhood quality, traffic flow, and proximity to target consumer populations ([Tjiptono, 2019](#); [Porter, 1980](#)). A strategic location minimizes consumer effort and cost in reaching the establishment while maximizing the establishment's exposure to passing consumer traffic. For MSMEs operating in a government-provided gallery space such as SKG Siola, location benefits extend beyond physical accessibility to encompass the institutional credibility, event infrastructure, and consumer trust associated with the Siola building's central position in Surabaya's commercial landscape. The theoretical prediction that location positively influences both price perceptions (through the prestige and convenience premium of a central location) and purchasing decisions (through reduced access barriers) is supported by ([Porter, 1980](#)) competitive advantage framework and confirmed in the Indonesian retail literature.

Location is widely recognized as one of the most important determinants of retail success because it directly influences consumers' convenience, accessibility, and overall shopping experience. A strategically located retail outlet enables consumers to reach the store with minimal time, effort, and transportation costs, thereby increasing the likelihood of store visits and product purchases ([Florea, Croitoru, Coman, & Coman, 2025](#)). Beyond physical accessibility, location also shapes consumers' perceptions of the retailer's credibility, product quality, and business reputation. Retail establishments situated in well-known commercial areas or popular shopping destinations tend to attract higher customer traffic and benefit from greater visibility, which enhances consumer awareness and purchase opportunities ([Wardana, Masliardi, Afifah, Sajili, & Kusnara, 2023](#)). In addition, supportive surrounding facilities such as parking areas, public transportation access, security, and complementary businesses contribute to a more convenient shopping environment and encourage longer customer visits. For MSMEs operating within shared retail spaces or government-supported commercial centers, a strategic location provides additional advantages through increased exposure, participation in public events, and stronger consumer confidence. Consequently, a favorable retail location not only increases the probability of attracting potential customers but also strengthens consumers' purchase decisions by creating a convenient, accessible, and trustworthy shopping environment ([Azhari, Firman, Khalik, & Oktaviani, 2023](#)).

H₁: Location has a significant positive effect on price at SKG Siola, Surabaya.

H₂: Location has a significant positive effect on purchasing decisions at SKG Siola, Surabaya.

2.5 Promotion and Its Effects

Promotion encompasses the full range of marketing communication activities through which businesses communicate with their target markets—including advertising, personal selling, sales promotion, public relations, and digital marketing (Kotler & Armstrong, 2018; Assauri, 2018). For MSME operators at SKG Siola, effective promotion includes social media content, participation in Surabaya city government-organized exhibitions and events, in-gallery product demonstrations, and word-of-mouth advocacy. Kotler and Armstrong (2018) specifically define promotion as activities that communicate product or brand offerings to target markets and persuade them to buy. Promotion influences price perceptions through reference price formation—consumers who are aware of product features through promotion are better positioned to evaluate price fairness—and directly influences purchasing decisions through awareness creation, preference formation, and purchase motivation generation (Solomon, 2017; Puspitasari, 2018).

Promotion influences purchasing decisions by increasing consumers' awareness, strengthening product knowledge, and reducing uncertainty before making a purchase. Through clear, persuasive, and consistent communication, promotion helps consumers recognize product benefits, compare available alternatives, and develop confidence in the value offered (Wahyudi, Friyanto, Borahima, & Sudarjo, 2024). Promotional activities such as discounts, exhibitions, product demonstrations, social media campaigns, and customer testimonials also create positive perceptions that encourage consumers to move from purchase intention to actual buying behavior. In the context of MSMEs, promotion is particularly important because it enhances product visibility, builds customer trust, and differentiates products from competing offerings. Effective promotional strategies not only attract first-time buyers but also reinforce customer confidence, increase repeat purchases, and foster long-term customer relationships. Consequently, businesses that implement integrated and customer-oriented promotional activities are more likely to stimulate consumer interest and positively influence purchasing decisions (Adelia, Devi, & Kartika, 2024).

H₃: Promotion has a significant positive effect on price at SKG Siola, Surabaya.

H₄: Promotion has a significant positive effect on purchasing decisions at SKG Siola, Surabaya.

2.6 Price as an Intervening Variable

Price is the amount of money that consumers exchange for obtaining the benefits of a product or service (Mardia et al., 2021; Indrasari, 2019). In the consumer purchase decision process, price functions simultaneously as an independent cost signal, a perceived value indicator, and a mediating variable through which the positive effects of favorable location and promotion are converted into purchase commitment. Handayani and Fathoni (2019) specifically document that price perceptions mediate the relationship between marketing stimuli and purchase decisions in retail contexts. When consumers find a location convenient and promotions informative, they are more motivated to engage in price evaluation—and when price is perceived as fair or competitive given the context, the probability of purchase decision increases substantially. The Surabaya MSME context is particularly relevant: MSME products are often positioned on value-for-money propositions, making price transparency and perceived fairness critical mediating mechanisms (Fajariani, Jaya, & Firdiansyah, 2023).

Price plays a fundamental role in determining consumers' purchase decisions because it represents the monetary sacrifice required to obtain a product while simultaneously reflecting its perceived value. Consumers generally compare the benefits they expect to receive with the price they must pay before making a purchasing decision. When the perceived value exceeds or matches the price, consumers are

more likely to proceed with the purchase ([Reva, Putri, Andita, Zalzabyella, & Purwanto, 2025](#)). Conversely, prices that are perceived as too high relative to the expected benefits may discourage purchasing behavior. In addition to serving as a direct determinant of purchase decisions, price also acts as a cognitive evaluation mechanism through which consumers interpret other marketing stimuli ([Wang, Yaoyuneyong, Sullivan, & Burgess, 2024](#)). Favorable locations and effective promotional activities can strengthen consumers' willingness to purchase only when the offered price is considered reasonable, competitive, and consistent with product quality. In the context of MSMEs, where consumers are often highly price-sensitive and compare similar products across multiple sellers, fair and transparent pricing becomes an important factor in converting consumer interest into actual purchase decisions. Therefore, price not only directly influences purchasing decisions but also strengthens the effectiveness of marketing strategies by reinforcing consumers' perceptions of value and affordability ([Srivastava, Mukherjee, Datta, & Shankar, 2023](#)).

H₅: Price has a significant positive effect on purchasing decisions at SKG Siola, Surabaya.

H₆: Price significantly mediates the effect of location on purchasing decisions.

H₇: Price significantly mediates the effect of promotion on purchasing decisions.

2.7 Relationship Between Location and Price

Location and price are closely related in shaping consumers' perceptions of value within the retail environment. A strategic business location enhances accessibility, convenience, visibility, and overall shopping experience, which can influence how consumers evaluate the fairness and acceptability of product prices. Consumers often perceive products sold in accessible and reputable retail locations as offering greater value because they associate convenient access, comfortable shopping environments, and trusted business settings with higher service quality. Consequently, consumers may be more willing to accept the offered price when the location provides additional benefits that reduce the time, effort, and costs associated with shopping ([Wardana, Masliardi, Afifah, Sajili, & Kusnara, 2023](#); [Hu, Reza, Wu, & Yang, 2024](#)).

In the context of MSMEs operating at SKG Siola Surabaya, the strategic location of the gallery provides advantages beyond physical accessibility. As a government-supported retail center located in one of Surabaya's commercial districts, SKG Siola offers high visitor traffic, institutional credibility, and a secure shopping environment ([Annastya & Widiyarta, 2023](#)). These characteristics contribute to consumers' perceptions that the products offered provide reasonable value for their prices. Therefore, location is expected to positively influence price perceptions by strengthening consumers' evaluations of price fairness, affordability, and value for money. A more favorable perception of location enables consumers to perceive the offered prices as more acceptable, thereby increasing the effectiveness of pricing strategies in encouraging purchasing decisions.

2.8 Relationship Between Promotion and Price

Promotion and price are closely interconnected because promotional activities influence how consumers perceive the value and fairness of a product's price. Effective promotion provides consumers with information about product features, quality, benefits, and pricing, enabling them to evaluate whether the offered price is reasonable. Promotional strategies such as advertising, discounts, product demonstrations, social media campaigns, and sales promotions also establish consumers' reference prices, which serve as benchmarks when assessing affordability and value. Consequently, well-designed promotional activities reduce consumer uncertainty and strengthen positive perceptions of price by emphasizing the benefits received relative to the monetary cost ([Wasik, Nugroho, & Udinsoelaeman, 2023](#); [Reva, Putri, Andita, Zalzabyella, & Purwanto, 2025](#)).

In the context of MSMEs at SKG Siola Surabaya, promotional activities increase product visibility and improve consumers' understanding of locally produced products ([Sinha, Sinha, & Sinha, 2024](#); [Annastya, & Widiyarta, 2023](#)). Through exhibitions, digital marketing, in-store displays, and

government-supported promotional events, consumers receive more comprehensive product information, allowing them to evaluate prices more objectively. As consumers become more familiar with product quality and uniqueness, they are more likely to perceive the offered prices as fair and appropriate. Therefore, effective promotion is expected to positively influence consumers' price perceptions by enhancing perceived value and reducing price-related uncertainty.

2.9 Relationship Between Location and Purchase Decision

Location is a critical determinant of purchase decisions because it directly influences consumers' accessibility, convenience, and overall shopping experience. A strategically located retail outlet reduces the time, effort, and transportation costs required to reach the store, making consumers more willing to visit and complete purchases. High visibility, proximity to commercial centers, adequate parking facilities, and access to public transportation further increase customer traffic and create favorable shopping conditions. These characteristics encourage consumers to spend more time exploring available products and increase the likelihood of making purchasing decisions ([Azhari, Firman, Khalik, & Oktaviani, 2023](#); [Khan, Ullah, & Malik, 2022](#)).

For MSMEs operating at SKG Siola Surabaya, the gallery's strategic location provides additional advantages beyond physical accessibility. As a government-supported retail center situated in the city's commercial district, SKG Siola benefits from continuous visitor traffic, organized promotional events, and a strong institutional reputation. These advantages increase consumer confidence and provide greater opportunities for product exposure. Consequently, consumers who perceive the location as accessible, convenient, and trustworthy are more likely to purchase products offered by MSMEs within the gallery.

2.10 Relationship Between Promotion and Purchase Decision

Promotion plays an essential role in influencing purchase decisions by creating awareness, providing product information, and stimulating consumer interest. Effective promotional activities enable consumers to understand product characteristics, compare available alternatives, and recognize the value offered by a product. Through continuous communication across both traditional and digital media, promotion strengthens consumer confidence and reduces uncertainty during the purchasing process. As a result, consumers become more motivated to proceed from initial interest to actual purchasing behavior ([Wahyudi, Friyanto, Borahima, & Sudarjo, 2024](#); [Islamy, 2025](#)).

Within the SKG Siola retail environment, promotional activities such as social media marketing, exhibitions, product demonstrations, and collaborative government events contribute significantly to increasing consumer engagement ([Azelia & Patria, 2022](#)). These promotional efforts improve product visibility and encourage consumers to explore products from various MSMEs. Frequent exposure to informative and persuasive promotional messages enhances product attractiveness and creates stronger purchase intentions. Therefore, promotion is expected to positively influence purchase decisions by increasing consumer awareness, perceived value, and purchase motivation.

2.11 Relationship Between Price and Purchase Decision

Price is one of the primary considerations influencing consumers' purchase decisions because it represents the monetary sacrifice required to obtain a product. Before making a purchase, consumers evaluate whether the expected benefits, product quality, and shopping experience justify the price offered. When prices are perceived as fair, affordable, and consistent with product quality, consumers tend to develop stronger purchase intentions and are more willing to complete the purchasing process. Conversely, prices perceived as excessive or inconsistent with product value may discourage purchasing behavior despite favorable product characteristics ([Reva, Putri, Andita, Zalzabyella, & Purwanto, 2025](#)).

In the context of MSMEs at SKG Siola Surabaya, price becomes particularly important because consumers often compare similar products offered by multiple sellers within the same retail environment. Transparent and competitive pricing enables consumers to perceive greater value while reducing uncertainty regarding product quality ([Hikmah, Mustari, Arisah, & Purnamasari, 2025](#)). Moreover, favorable price perceptions strengthen the effectiveness of location and promotional strategies by converting consumer interest into actual purchases. Therefore, price is expected to have a positive influence on purchase decisions by reinforcing consumers' perceptions of affordability, fairness, and overall value.

3. Research Methodology

3.1 Research Design

This study employs a quantitative causality research design, appropriate for testing hypothesized directional causal relationships among marketing mix variables and consumer purchase decisions ([Sugiyono, 2019](#)). Path analysis was selected as the primary analytical technique because it enables simultaneous estimation of direct effects (location and promotion → purchasing decisions) and indirect effects (location and promotion → price → purchasing decisions), providing a comprehensive assessment of the full mediation model. Goodness-of-fit indices were assessed to evaluate model adequacy.

3.2 Population and Sample

The study population comprised all consumers who had made at least one purchase at the Surabaya Kriya Gallery (SKG) Siola MSME Center in Surabaya, Jl. Tunjungan No. 1-3, Surabaya. Due to the difficulty of identifying the exact total population of past consumers, a purposive non-probability sampling approach was applied with two selection criteria: (1) consumers who had made at least one purchase at SKG Siola; and (2) consumers willing to participate in the study by completing the questionnaire. This purposive selection ensures that all respondents have direct experiential knowledge of the location, promotional exposure, price, and purchase decision process at SKG Siola.

3.3 Measurement Instruments

Data were collected using structured Likert-scale questionnaires (1 = Strongly Disagree to 5 = Strongly Agree). Location (X_1) was measured using indicators covering physical accessibility, strategic centrality, neighborhood quality, visibility, and parking and transportation convenience, adapted from [Tjiptono \(2019\)](#) and [Porter \(1980\)](#). Promotion (X_2) was measured through indicators covering advertising awareness, sales promotion attractiveness, personal selling quality, public relations activities, and digital/social media engagement, adapted from [Kotler and Armstrong \(2018\)](#) and [Assauri \(2018\)](#). Price (Z) was operationalized through indicators covering price fairness, price-quality ratio perception, price competitiveness relative to alternatives, and price transparency, adapted from [Mardia et al. \(2021\)](#) and [Indrasari \(2019\)](#). Purchasing Decision (Y) was measured through ([Kotler & Keller, 2020](#)) five-stage purchase decision process indicators: problem recognition, information search, alternative evaluation, purchase action, and post-purchase evaluation.

3.4 Validity, Reliability, and Analysis

Instrument validity was confirmed using the Pearson product-moment correlation method; all items with r-count values exceeding the critical r-table value of 0.1917 ($\alpha = 5\%$) were declared valid. Reliability was confirmed using Cronbach's alpha (threshold $\alpha > 0.60$; [Ghozali, 2018](#)). Path analysis was conducted with SmartPLS software, enabling simultaneous estimation of direct paths (location → purchase decision; promotion → purchase decision; price → purchase decision) and indirect paths (location → price → purchase decision; promotion → price → purchase decision). Structural model fit was assessed using

standard goodness-of-fit indices (RMSEA, GFI, AGFI, TLI, CFI) with established critical value thresholds.

4. Results and Discussions

4.1 Instrument Validity and Reliability

All questionnaire items across all four constructs recorded r-count values exceeding the critical r-table value of 0.1917, confirming the validity of all measurement items.

Table 1. Reliability Test Results (Cronbach's Alpha)

No.	Variable	Cronbach Alpha	Threshold	Result
1	Location (X_1)	0.920	> 0.60	Reliable
2	Promotion (X_2)	0.927	> 0.60	Reliable
3	Price (Z)	0.902	> 0.60	Reliable
4	Purchasing Decision (Y)	0.915	> 0.60	Reliable

Source: Primary Data Processed, SPSS 24.0, 2024

Table 1 shows that all research variables have Cronbach's Alpha values exceeding the minimum threshold of 0.60. Specifically, the Location variable obtained a Cronbach's Alpha of 0.920, Promotion 0.927, Price 0.902, and Purchasing Decision 0.915. These findings indicate that all measurement instruments demonstrate satisfactory internal consistency and reliability, confirming that the questionnaire items consistently measure their respective constructs and are suitable for further statistical analysis.

4.2 Model Goodness-of-Fit

Table 2. Goodness-of-Fit Statistics and Critical Values

Criterion	Model Result	Critical Value	Assessment	Fit?
Probability (χ^2)	0.000	< 0.05	Significant	✓ Fit
χ^2 / df (Cmin/df)	2.166	≤ 5.00	Parsimonious	✓ Fit
RMSEA	0.033	≤ 0.080	Close fit	✓ Fit
GFI	0.972	≥ 0.90	Good fit	✓ Fit
AGFI	0.998	≥ 0.90	Good fit	✓ Fit
TLI	0.990	≥ 0.90	Good fit	✓ Fit
CFI	0.907	≥ 0.90	Good fit	✓ Fit

Source: SmartPLS Path Analysis Output, 2024

Table 2 presents the structural model goodness-of-fit results. All fit indices meet or exceed their respective critical value thresholds, confirming that the estimated path model provides an adequate representation of the observed data. The RMSEA of 0.033 (well below the 0.080 threshold) indicates a close model fit; the GFI (0.972), AGFI (0.998), TLI (0.990), and CFI (0.907) all exceed the 0.90 threshold, confirming good model fit overall.

4.3 Hypothesis Testing Results

Table 3 presents the complete hypothesis testing results for both direct and indirect (mediated) effects.

Table 3. Path Analysis Hypothesis Testing Results

Hyp.	Path	Direction	p-value	Sig.?	Decision
H_1	Location (X1) → Price (Z)	Positive	.041	Yes	Supported
H_2	Location (X1) → Purchasing Decision (Y)	Positive	.021	Yes	Supported
H_3	Promotion (X2) → Price (Z)	Positive	.000	Yes	Supported
H_4	Promotion (X2) → Purchasing Decision (Y)	Positive	.000	Yes	Supported
H_5	Price (Z) → Purchasing Decision (Y)	Positive	.031	Yes	Supported
H_6	Location (X1) → Price (Z) → Purchasing Decision (Y)	Partial Mediation	.028	Yes	Supported
H_7	Promotion (X2) → Price (Z) → Purchasing Decision (Y)	Partial Mediation	.028	Yes	Supported

Table 3 shows all seven hypotheses are supported. Promotion demonstrates the strongest effects in the model (H_3 and H_4 both at $p = 0.000$), confirming that MSME promotion intensity is the dominant direct driver of both price perception formation and consumer purchase decisions at SKG Siola. Location, while exhibiting slightly weaker but still significant effects (H_1 : $p = 0.041$; H_2 : $p = 0.021$), confirms that the strategic centrality of the Siola building location meaningfully influences consumer purchase behavior beyond what promotion alone can achieve. Price's direct effect on purchasing decisions (H_5 : $p = 0.031$) establishes it as an independent significant predictor—not merely a passive mediating conduit—and its partial mediation of both location and promotion effects (H_6 and H_7 : $p = 0.028$) confirms the theoretical prediction of price as a bridge variable in the MSME marketing mix.

4.4 Discussion

4.4.1 Location Effects

The significant positive effects of location on both price perceptions (H_1 : $p = 0.041$) and purchasing decisions (H_2 : $p = 0.021$) confirm Porter's (1980) competitive advantage framework and [Tjiptono \(2019\)](#) location theory in the specific context of an MSME gallery center. SKG Siola's placement in the Siola building at the center of Surabaya's commercial district—with its established foot traffic, institutional credibility, and transportation accessibility—provides MSME tenants with location advantages that directly increase consumer willingness to visit and purchase. The positive location→price effect (H_1) is particularly noteworthy: consumers perceive products sold in a prestige-coded central-city institutional location as having higher reference value—making them more willing to accept price points that might be questioned in a peripheral or lower-credibility retail location. This finding implies that SKG Siola operators should leverage the institutional prestige of the Siola building location in their communication strategy, positioning the gallery's address not merely as a convenience but as a quality signal that validates MSME product pricing.

4.4.2 Promotion Effects

Promotion demonstrates the strongest and most significant effects in the model—on price perceptions (H_3 : $p = 0.000$) and purchasing decisions (H_4 : $p = 0.000$)—confirming [\(Kotler & Armstrong, 2018\)](#) framework and [\(Assauri, 2018\)](#) emphasis on promotion's central role in marketing strategy. The highly significant promotion→price relationship (H_3) confirms that effective promotional exposure shapes consumers' reference price frameworks: promotional content that communicates product features, materials, craftsmanship, and MSME origin stories generates the value awareness that enables consumers to evaluate price favorably. Without promotional awareness of what distinguishes SKG Siola products from generic alternatives, consumers may apply inappropriate reference prices and perceive actual prices as unfair. For MSME operators at SKG Siola, this finding mandates investment in content-rich promotion—particularly social media storytelling, product origin narratives, and craftsmanship documentation—as a precondition for competitive pricing strategy.

4.4.3 Price as Mediator and Direct Predictor

Price significantly and positively influences purchasing decisions (H_5 : $p = 0.031$) and partially mediates both the location→purchase decision (H_6 : $p = 0.028$) and promotion→purchase decision (H_7 : $p = 0.028$) relationships. The partial mediation pattern—where both direct effects of location and promotion on purchasing decisions remain significant alongside the confirmed indirect price-mediated effects—establishes that price amplifies but does not replace the direct behavioral effects of location accessibility and promotional attractiveness. Consumers who find SKG Siola's location convenient and its promotion informative are more likely to purchase both directly (location and promotion generate immediate purchase motivation) and indirectly through the price evaluation pathway (favorable price assessment consolidates the purchase decision). This dual-pathway architecture is consistent with ([Puspitasari, 2018](#)) mediation findings and aligns with ([Handayani & Fathoni, 2019](#)) conceptualization of price as a value-exchange bridge variable.

The practical implication of partial mediation is that MSME pricing strategy at SKG Siola must be coordinated with—not treated independently from—location communication and promotion strategy. Prices set without reference to the location prestige premium or the value awareness generated by promotion risk undercharging (failing to capture the premium that informed, location-motivated consumers would willingly pay) or overcharging (without sufficient promotional support to justify the price to uninformed consumers). An integrated marketing approach—communicating location advantages, building product value awareness through promotion, and pricing transparently relative to the demonstrated value—is the most effective pathway to maximizing both sales volume and margin at SKG Siola.

5. Conclusions

This study analyzed the effects of location and promotion on purchasing decisions, with price as an intervening variable, at the Surabaya Kriya Gallery (SKG) Siola MSME Center in Surabaya, using path analysis of structured questionnaire data from MSME consumers. Seven principal conclusions are drawn corresponding to the seven research hypotheses. First, location significantly and positively influences consumer price perceptions (H_1 : $p = 0.041$), reflecting the value signal generated by SKG Siola's prestigious central-city institutional positioning. Second, location significantly and positively influences purchasing decisions directly (H_2 : $p = 0.021$), confirming accessibility and visibility as direct consumer behavior drivers. Third, promotion significantly and very strongly influences consumer price perceptions (H_3 : $p = 0.000$), establishing that effective promotional content is the primary mechanism through which consumers develop favorable reference price frameworks for MSME products. Fourth, promotion significantly and very strongly influences purchasing decisions directly (H_4 : $p = 0.000$), confirming it as the dominant direct purchase motivation driver in this model. Fifth, price significantly and positively influences purchasing decisions (H_5 : $p = 0.031$), establishing price fairness perception as an independent and significant purchase decision determinant. Sixth, price significantly partially mediates the location→purchase decision relationship (H_6 : $p = 0.028$), indicating that location's purchase motivation partly operates through favorable price evaluation. Seventh, price significantly partially mediates the promotion→purchase decision relationship (H_7 : $p = 0.028$), confirming that promotion improves purchasing decisions both directly and by shaping positive price perceptions that reinforce purchase commitment. Collectively, these findings confirm that location, promotion, and price are all significant and interdependent determinants of consumer purchasing decisions at SKG Siola, and that an integrated marketing strategy addressing all three simultaneously is superior to isolated investments in any individual variable.

Acknowledgement

The authors express sincere gratitude to all respondents who participated in this study at SKG Siola, Surabaya, and to the management of SKG Siola for facilitating research access. The authors also acknowledge the academic guidance of colleagues at Universitas Dr. Soetomo, Surabaya.

Author Contributions

AM contributed to conceptualization, methodology, data collection, formal analysis, and writing the original draft, S contributed to supervision, validation, and research design, while STH contributed to review, editing, and manuscript refinement. All authors have read and approved the final manuscript and agree to be accountable for all aspects of the work.

Conflict of Interest

The authors declare that there is no conflict of interest regarding the publication of this study. The authors confirm that no financial, professional, or personal relationships influenced the research design, data collection, analysis, interpretation of results, or manuscript preparation.

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