

The Effect of Segmentation and Targeting and Positioning on Purchasing Decisions and Consumer Loyalty at the N3D Wholesale Toy Business Store in Bontang

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Abstract :

Business ventures in the East Kalimantan region, especially Bontang, are in high demand. Starting from the culinary business, the fashion business, the credit business, the primary food business, the glassware business, the toy business, and so on. The various types and business models that occur in the business environment impact increasing business competition today. One of the businesses engaged in toys is the N3D Wholesale Toy Business in Bontang. This study aims to determine the effect of Market Segmentation (MS), Targeting (TA), and Positioning (PO) on Purchasing Decisions (PD) and Consumer Loyalty (CL) in the N3D Wholesale Toy Business in Bontang.

The sample was taken by as many as 140 respondents directly involving respondents, namely consumers who bought toys wholesale at the N3D Wholesale Toy Business in Bontang. Data collection was obtained by distributing questionnaires. The analytical tool used was descriptive analysis with the SEM method, namely PLS (Partial Least Square).

The results showed that the market segmentation variable had a negative and significant effect on the purchasing decision variable, the targeting variable had a positive and significant effect on the purchasing decision variable, the positioning variable had a negative and insignificant effect on the purchasing decision variable, the segmentation variable had a positive and insignificant effect on the consumer loyalty variable, Positioning has a negative and insignificant effect on Consumer Loyalty, Purchase Decisions have a positive and significant impact on Consumer Loyalty. Thus, the N3D Toy Wholesale Business Store must continue to improve consumer targeting and purchasing decisions so consumer loyalty can continue to increase.

Keywords: *Market Segmentation, Targeting, Positioning, Purchasing Decisions, Consumer Loyalty*

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I. INTRODUCTION

Playing is fun for children. In playing, many things are obtained by children and are not found in activities other than playing. Play's meaning becomes essential in terms of the development and needs of children. To support the development of children both physically and psychologically, children need play because it is in play that children have the freedom to channel and express what is the will of their heart without having to feel wrong and limited by regulations. The importance of play for this child has attracted the attention of many scientists from ancient times to the present (Erfayliana, 2016).

Research (Ahmadi & Herlina, 2017) which raised the variable influence of psychographic segmentation on PD, found that psychographic segmentation influenced PD.

Research conducted by (Susilo, 2016) which raised the variable influence of behavioral segmentation and price on consumer value on CL, found that behavioral segmentation and prices on consumer value influenced the increase in purchases which had an impact on increasing CL.

Research conducted by (Yuliana, 2013) which raised the variables of the influence of MS, TA, and PO on PD, found that strategies in marketing consist of marketing strategies, namely the PO that most influence consumers' purchasing decisions.

Research conducted by (Mauliansyah, 2018) which raised the variable influence of PO on PD, obtained the result that PO had a positive and significant effect on PD.

Research conducted by (Indra Gunawan, 2013) which raised the variable brand PO on customer loyalty, obtained the result that brand PO positively influences customer loyalty.

Research conducted by (Hermawan, 2011) raises the variables of product quality, consumer satisfaction, brand reputation, and PD to CL; the result is that product quality, consumer satisfaction, brand reputation, and PD have a positive influence on CL.

This study will study whether MS, Targeting, and PO affect PD and CL. Research on MS variables aims to determine whether geographical, demographic, psychographic, and behavioral market segmentation affects PD and CL. Research on TA variables aims to find out whether the N3D Wholesale Toy Business Store can read market opportunities, provide resources by serving groups and selling certain products or serve all customer groups with all the products needed to influence PD and CL. And research on PO variables aims to find out whether product benefits, price and product quality, how to use the product, consumer personality, products of a certain quality, consumer competition, and product brands affect PD and CL.

II. LITERATURE REVIEW

Market Segmentation

In practice, MS consists of consumer MS and industrial market segmentation. Each segment has a specific variable, but the variables used are not much different. (Kotler, Philip and Amstrong Gary, 2013). stated that there are four basics in determining consumer market segmentation, namely:

1. Geographical Segmentation requires dividing the market into various geographical units such as countries, regions, districts, cities, or surrounding neighborhoods. Companies can operate in one or more areas or in all regions while still paying attention to local variations.
2. Demographic Segmentation In demographic segmentation, the market division is divided into groups based on variables such as age, lifestyle, gender, etc.
3. Psychographic Segmentation In psychographics, to understand consumers can use psychology and demographics. This segmentation divides consumers into groups based on psychological/personality traits, lifestyles, or values.
4. Behavioral Segmentation

In behavioral segmentation, marketers group buyers by knowledge, attitude, use, or response to a product.

Targeting

TA is the process of selecting the attractiveness of a market segment and choosing one or several to enter (Daryanto, 2011). Strategy measurement of TA, according to (Tjiptono, Fandy & Candra, Gregory, 2012), consists of three main factors:

1. Size and growth potential of the segment
2. Segment characteristics
3. Compatibility between the product and the market

Tjiptono, Fandy & Candra, Gregory (2012) explained five alternatives in choosing a target market, namely:

1. Single-Segment Concentration, i.e., the company chooses one single market segment, with several considerations, for example, the limited funds owned by the company, the existence of market opportunities in the segment concerned that have not been worked on much or even ignored by competitors; or the company considers the segment to be the most appropriate segment as a foundation for expansion into other segments.
2. Selective Specialization in this strategy, the company selects a number of attractive market segments perits goals and resources.
3. Market Specialization in this strategy, the company specializes in trying to serve the various needs of a particular group of customers.
4. Product Specialization in product specialization, the company concentrates on specific products or services that will be sold to various market segments.
5. Total Market Coverage in this strategy, the company strives to serve all customer groups with all the products they may need. Generally, only large companies are able to implement this strategy because it requires vast resources.

Positioning

According to (Tjiptono, Fandy & Candra, and Gregory Chandra, 2012), what is meant by *position* in the context of marketing is the way the product, brand, or organization of the company is perceived relatively compared to the product, brand, or organization of competitors by current and potential customers.

Another definition of PO is the process of designing product offers and images to occupy a different and meaningful position in the minds of consumers relative to competitors' products (Simamora & W, 2013).

(Tjiptono, F. 2011), states that seven approaches can be used to do PO, namely:

1. PO by attribute. Characteristics or benefits for customers, namely by describing a product with benefits for customers.
2. Price and quality PO. Namely, PO that seeks to create a high-quality impression or image through high prices or vice versa emphasizes low prices as an indicator of value.

3. PO is based on aspects of use or application. That is a set of usage values that are used as elements that are highlighted compared to their competitors.
4. PO is based on the user of the product. That is to connect the product with the personality or type of wearer.
5. Product class PO. For example, Kopiko candy is positioned as coffee in the form of candy, not coffee-flavored candy.
6. Competitor PO. That is, it is associated with the position of competing against the leading competitors.
7. Benefit PO. That is to connect the brand with one of the characteristics or features of the product that is expected to be felt as an advantage desired by consumers.

Purchasing Decision

Consumer PD are influenced by consumer behavior. Companies must recognize consumer behavior to know what consumers need so that companies are expected to always meet consumer needs that will impact loyalty. Consumer behavior studies how individuals, groups, and organizations select, buy, use, and dispose of goods, services, ideas, or experiences to satisfy their needs and wants (Kotler & Armstrong, 2016).

A purchasing decision is a decision-making process for a purchase that includes determining what to buy or not to make a purchase. That Decision is obtained from the activities of the previous activities of Sahetapy (2013).

Indicators of PD, according to (Kotler & Armstrong, 2016), are as follows next:

1. Product selection
2. Choice of brand
3. Dealer options
4. Time of purchase
5. Purchase amount
6. Payment methods.

Consumer Loyalty

CL is the consumer's desire to choose the same choice again, among several choices (Ramanathan et al., 2017).

CL is a long-term commitment of customers, which is implemented in the form of loyal behavior and attitude towards the company and its products by consuming regularly and repeatedly so that the company and its products become an important part of the consumption process carried out by customers which will affect the existence of the company (Priansa, 2017).

According to (Sangadji; Mamang, 2013), CL can be measured by six indicators, namely:

1. Repurchase
2. Brand Consumption Habits
3. Great liking for the brand
4. Provisions on the brand
5. The belief that a particular brand is the best brand
6. Brand recommendations to others.

Hypothesis Development

Market Segmentation of Purchasing Decisions

The results of research from (Ahmadi & Herlina, 2017) show that there is an influence between Demographic and Psychographic Segmentation on the purchasing Decision of Eiger brand products. Then the research conducted by (Pomantow et al., 2019) proves empirically that MS has a positive and significant effect on PD.

H1: There is a positive and significant influence between MS and PD at the N3D Wholesale Toy Business Store in Bontang.

Market Segmentation of Consumer Loyalty

Research conducted by (Susilo, 2016) at three private universities in Jakarta concluded that behavioral segmentation and prices of consumer value have an effect on increasing purchases which has an impact on increasing loyalty. Then the research carried out by (Nadapdap, K. M., & Pradiva, D. 2020) in 78 stores selling motorcycle or car spare parts, workshops, and motor and car showrooms in Medan City proves that MS affects PD.

H2: There is a positive and significant influence between MS and CL at the N3D Wholesale Toy Business Store in Bontang.

Targeting of Purchasing Decisions

The research (Mananeke, L., & Rogi, M., 2018) concluded that TA has a positive and significant effect on PD. In this study, PO also positively and significantly affected PD. The results of the simultaneous analysis showed that the variables of MS, TA, and PO significantly affected the purchasing Decision of BP-Smart Protection products at AJB Bumiputera 1912 Sam Ratulangi Manado branch.

The research conducted (Eva Puji Lestari, 2017) on Graduate Students of BSI University in Indonesia proves that TA positively and significantly affects PD.

H3: There is a positive and significant influence between TA and PD at the N3D Wholesale Toy Business Store in Bontang.

Positioning of Purchasing Decisions

Research (Mauliansyah, 2018) on PO decisions on consumer decisions in purchasing Honda motorcycles in Langsa City concluded that the influence of PO on motorcycle purchase decisions has a positive and significant influence. This means that if the PO is good, consumers' purchasing decisions will also increase. Vice versa, if the PO is poor, consumers' purchasing decisions will also decrease.

(Safitra H, 2017) researching the influence of MS, TA, and PO strategies on Customer Decisions to buy Nu Green Tea products, this study empirically shows that PO has a positive and significant effect on PD.

H4: There is a significant positive influence between PO and PD at the N3D Wholesale Toy Business Store in Bontang.

Positioning on Consumer Loyalty

(Indra Gunawan, 2013) researching on the influence of brand PO on CL Newspaper Mind Rakyat, from the study concluded the brand PO of the General Daily Of The People's Mind has been able to influence the minds and minds of customers of the newspaper. The influence of *brand* PO on customer loyalty is evidenced by the results of testing the hypothesis that *brand* PO has a positive influence on customer loyalty. From the results of the data calculations that researchers have carried out, it is concluded that the PO carried out by the People's Mind Newspaper is quite good.

H5: There is a positive and significant influence between PO and CL at the N3D Wholesale Toy Business Store in Bontang.

Purchasing Decisions to Consumer Loyalty

(Wulandari & Limbing, 2020) researching brand image and PD towards customer loyalty at LION AIR airlines in Indonesia. The study's results concluded that brand image and PD significantly influence customer loyalty at Lion Air airlines. Positive results show that brand image can increase customer loyalty, while significant results mean that brand image variables have a strong influence in creating customer loyalty. The brand image variable is important in increasing customer loyalty because of the closeness of the Lion Air brand to the image of cheap flights so that customers become loyal. The results of this study also showed that the free variables, namely brand image and PD, had a positive and significant influence on the customer loyalty variables of Lion Air airlines.

Research conducted by (Hermawan, 2011) on the Effect of Product Quality on Satisfaction, Brand Reputation, and CL of Jamu Tolak Angin PT. Sido Muncul proves empirically that PD have a positive and significant effect on CL.

H6: There is a positive and significant influence between PD and CL at the N3D Wholesale Toy Business Store in Bontang.

Research Framework

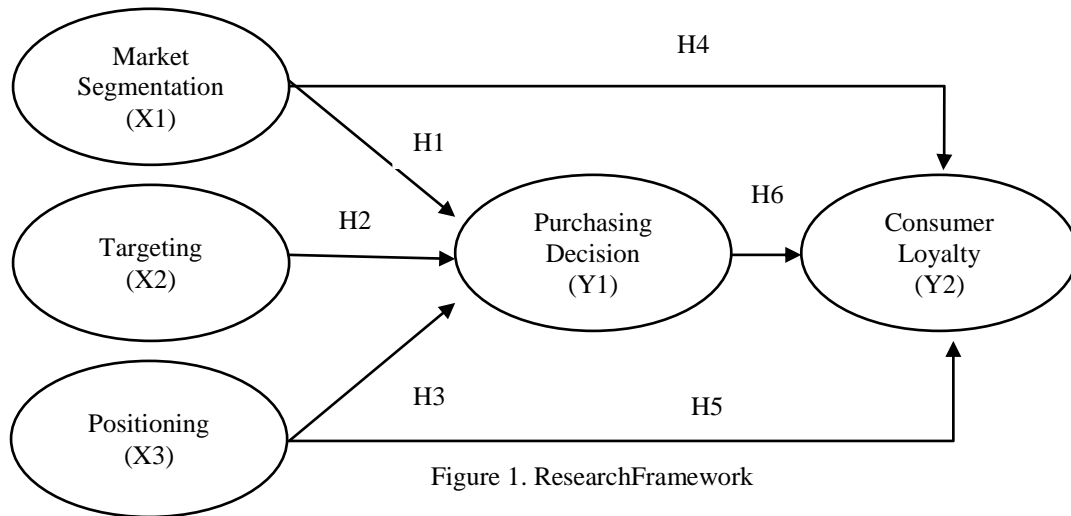


Figure 1. ResearchFramework

III. RESEARCH METHODOLOGY

The population in this study were consumers or customers who made purchase transactions at the N3D Wholesale Toy Business. (Hair et al., 2019) The number of samples used is at least 100–200 and is calculated by multiplying the number of indicators on a scale of 5 to 10. In this study, there were 28 indicators, and using a multiplier number was 5, the number of research samples was as follows:

28 x 5= 140 respond

In this study, the answers given by consumers were then scored by referring to the Likert scale from 1 to 5. This study used an analysis tool in the form of a Structural Equation Model with a Partial Least Square (SEM-PLS) approach and the SmartPLS application.

IV. RESULT AND DISCUSSION

Outer Model Analysis Results

Individual Item Reliability Test

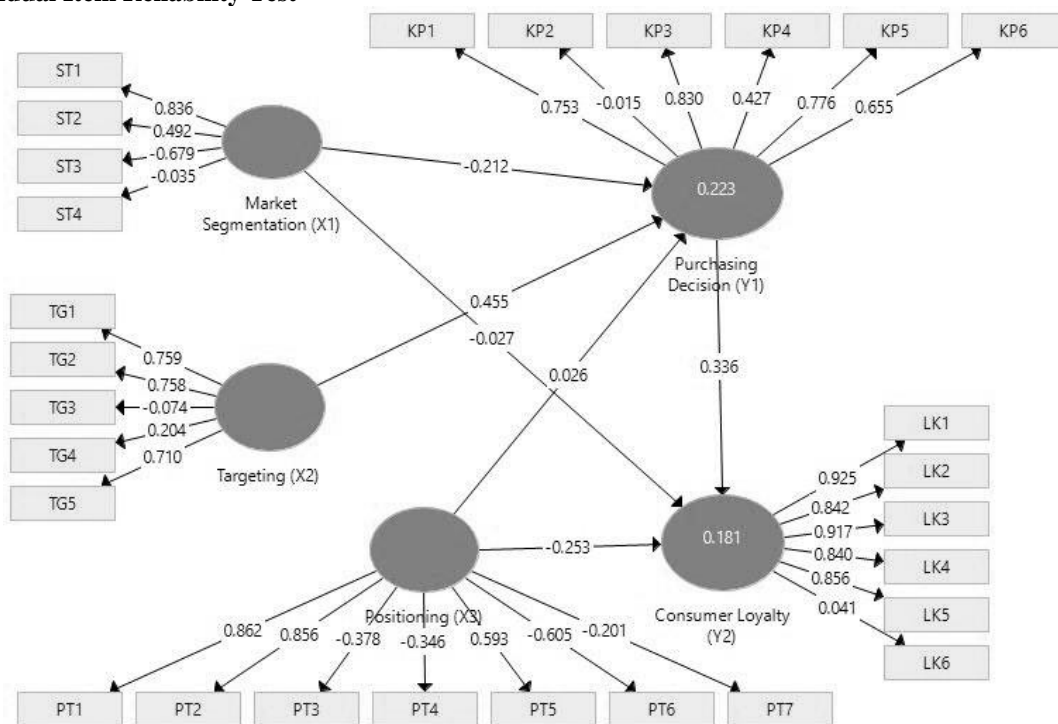


Figure 2. Loading Factor Value

From the Loading Factor value in figure 2, there is an indicator value below 0.7, so it is necessary that some of these indicators be eliminated from the research model. The results of the elimination can be seen in Figure 3.

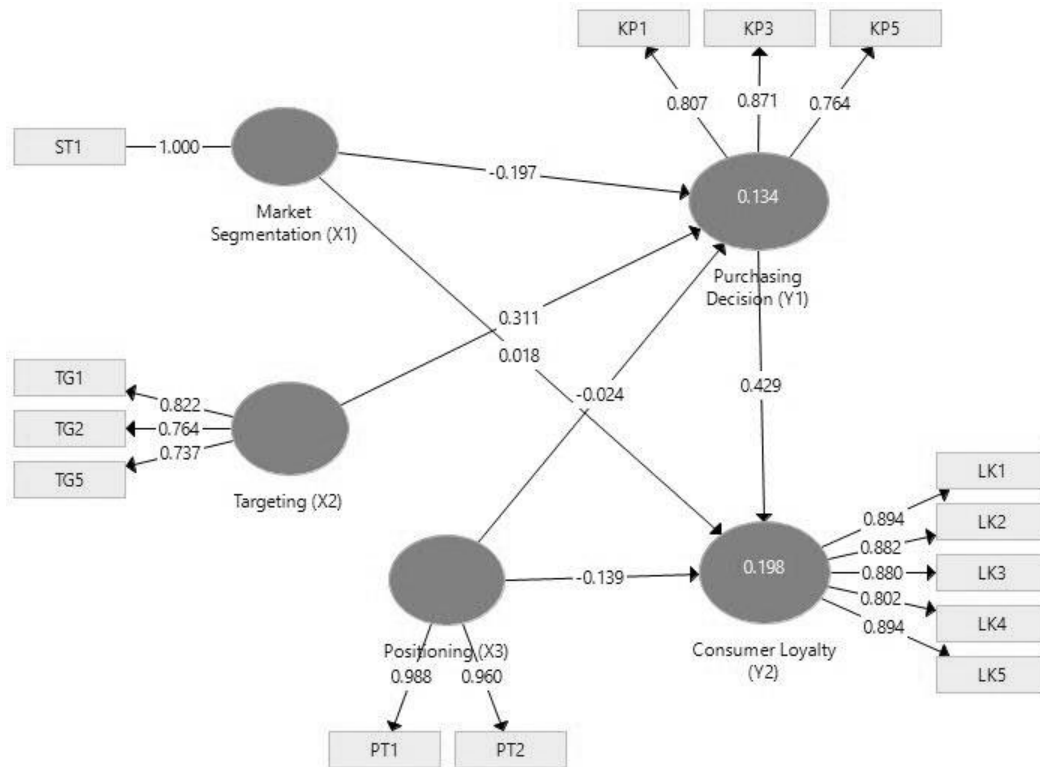


Figure 3. Loading Factor Value

From Figure 3, it can be seen that the loading factor value has met the minimum requirement of 0.7 so that a *Discriminant Validity* test can be carried out.

Uji Internal Consistency

This test is carried out by looking at the *composite reliability* value with a threshold of 0.7. The composite reliability value for the five constructs in Table 1 in this study is above 0.7 so that all constructs meet the requirements for use in MS and TA research as well as PO of PD and CL at the N3D Wholesale Toy Business Store in Bontang. The composite reliability value for each construct can be seen in Table 1 of the AVE (Average Variance Extracted) with a value of > 0.5, thus meeting the convergent validity requirement. So if the AVE value < 0.5, it is not valid convergently.

Table 1. Composite Reliability Results& AVE Values

Constructs	Composite Reliability	AVE
Purchasing Decision	0.855	0.664
Consumer Loyalty	0.940	0.759
Market Segmentation	1.000	1.000
Positioning	0.973	0.948
Targeting	0.818	0.601

So it can be concluded that this model can be continued for the next analysis, namely *the analysis of the inner model*.

Inner Model

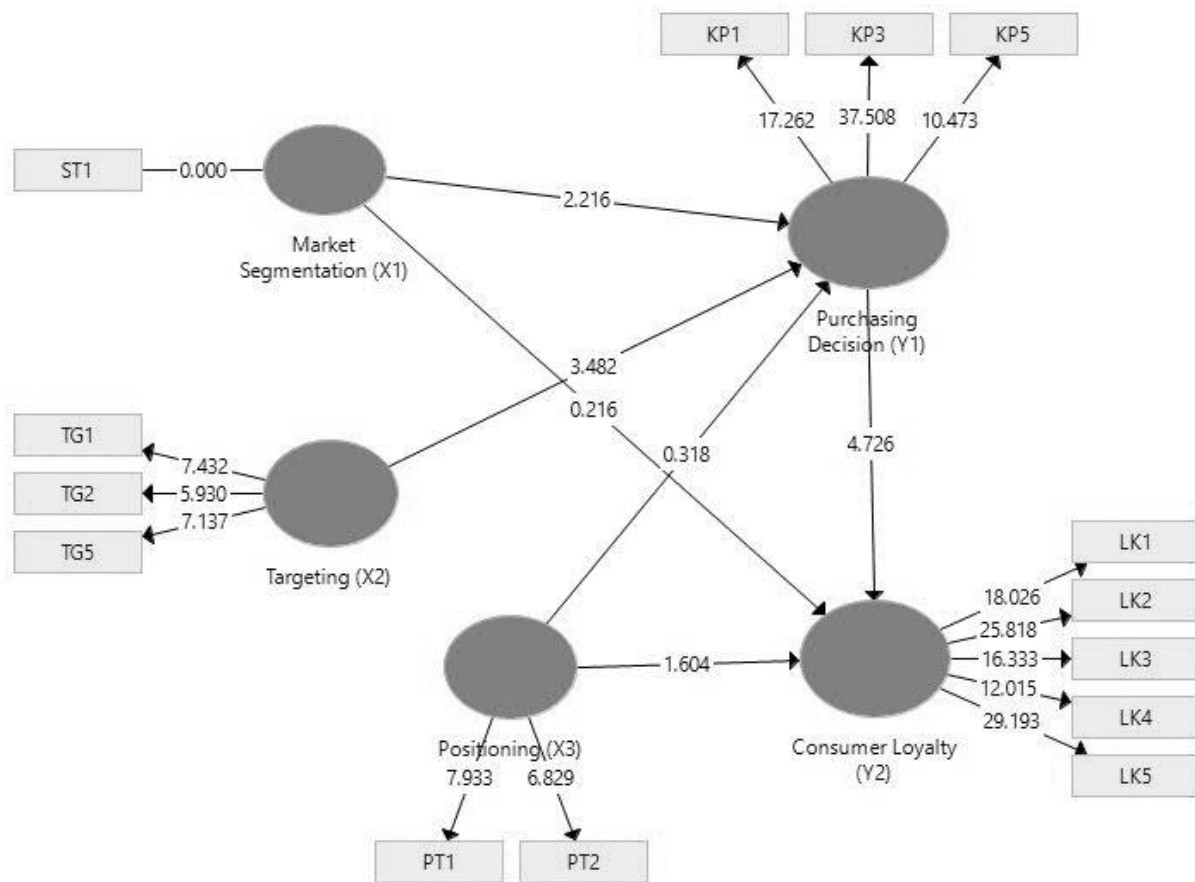


Figure 4. Nilai Loading Bootstrapping

Uji Path Coefficient (β)

This test was performed to see the significance of the relationship between constructs. The threshold value used for this path coefficient is 0.1 to state that the path has an influence on the research model. The result is that the five paths in this study show that there is a significant influence because all five paths have a path coefficient above their threshold of 0.1 and two paths smaller than 0.1, so they are not significant. Here is the path coefficient value for each path in the study.

Table 2. Path Coefficient Results

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Y1 -> Y2	0,429	0,429	0,103	4,145	0,000
X1 -> Y1	-0,197	-0,194	0,089	2,224	0,027
X1 -> Y2	0,018	0,019	0,084	0,209	0,834*
X3 -> Y1	-0,024	-0,034	0,073	0,336	0,737*
X3 -> Y2	-0,139	-0,150	0,089	1,574	0,116*
X2 -> Y1	0,311	0,327	0,089	3,515	0,000

Note : *Not Significant

Based on table 2, the results of hypothesis testing are as follows:

- The relationship between PD and CL is significant, with a t-statistic of (4,145 > 1.96). The original sample value is positive, which is 0.429, and the p-value is 0.000 < 0.05, which indicates that the direction of influence of the relationship between decisions and CL is positive and significant. Thus the H1 hypothesis in this study was accepted.
- The relationship between MS and Purchasing Decision is significant, with a t-statistic of (2.224 > 1.96). The original sample value is negative, which is -0.197, and the p-value is 0.027 < 0.05, which indicates that the

direction of influence of the relationship between MS and Purchasing Decision is negative and significant. Thus the H2 hypothesis in this study was rejected.

c) The relationship between MS and CL is insignificant, with a t-statistic of $(0.209 < 1.96)$. The original sample value is positive, which is 0.018, and the p-value is $0.834 > 0.05$, indicating that the direction of influence of the relationship between MS and CL is positive and insignificant. Thus the H3 hypothesis in this study was rejected.

d) The relationship between PO and Purchasing Decision is insignificant with a t-statistic of $(0.336 < 1.96)$. The original sample value is negative, which is -0.024, and the p-value is $0.737 > 0.05$, which indicates that the direction of influence of the relationship between PO and Purchasing Decision is negative and insignificant. Thus the H4 hypothesis in this study was rejected.

e) The relationship between PO and CL is insignificant with t-statistics of $(1,574 < 1.96)$. The original sample value is negative, which is -0.139, and the p-value is $0.116 > 0.05$, indicating that the direction of influence of the relationship between PO and CL is negative and insignificant. Thus the H5 hypothesis in this study was rejected.

f) The relationship between TA and Purchasing Decision is significant, with a t-statistic of $(3,515 > 1.96)$. The original sample value is positive at 0.311, and the p-value is $0.00 < 0.05$, which indicates that the direction of influence of the relationship between TA and Purchasing Decision is positive and significant. Thus the H6 hypothesis in this study was accepted.

V. CONCLUSION & SUGGESTION

Based on the results of data analysis and discussion of factors that affect CL, several conclusions were obtained as follows:

1. PD has a positive and significant effect on CL, meaning if Purchasing Decision increases, then CL in N3D toy stores will also experience a significant increase. N3D toy stores need to pay attention to their strategic location, competitive prices, diversity of toy products sold, and conveniences when shopping, such as a spacious shopping place and the cleanliness of the store.
2. MS has a negative and significant effect on PD to conclude that if toy stores in N3D implement MS, it will reduce consumer PD.
3. MS has a positive and insignificant effect on CL that MS does not affect CL in toy stores in N3D.
4. The PO has a negative and insignificant effect on PD which means that if toy stores in N3D implement PO, they will not be able to increase consumer PD in N3D toy stores.
5. The PO has a negative and insignificant effect on CL in N3D toy stores.
6. TA has a positive and significant effect on consumer PD in N3D toy stores. N3D toy stores must always follow the trend of the latest toy products to increase sales.

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