

Teacher Support for Independent Learning Through Resources, Literacy, Task Design, Monitoring, and Assessment

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Abstract

Purpose: This study aims to examine the influence of location and promotion on purchasing decisions through price as an intervening variable at the Surabaya UMKM Center, Kriya Gallery (SKG), Siola, Surabaya.

Methodology: A quantitative approach with a causality design was employed. Data were collected from consumers of SKG Siola using purposive sampling and a structured questionnaire. Analysis was conducted using Partial Least Squares (PLS) via SmartPLS and Structural Equation Modelling (SEM) via SPSS 24. Validity was assessed using the product-moment correlation, and reliability was measured using Cronbach's alpha.

Results: Location and promotion each exert significant positive effects on price perception and on purchasing decisions. Price partially mediates the relationship between location and purchasing decisions, as well as between promotion and purchasing decisions. Goodness-of-fit indices confirmed model adequacy (RMSEA = 0.033; CFI = 0.907).

Conclusions: Strategic location and effective promotional activities are key drivers of purchase decisions in the MSME retail context, and pricing perception acts as a meaningful intervening mechanism.

Limitations: The study is confined to a single MSME center in Surabaya and relies on cross-sectional data, limiting temporal and geographic generalizability.

Contributions: This research fills a gap in the MSME marketing literature by empirically establishing price as a partial mediator between location, promotion, and purchase decisions within a unique craft-gallery retail setting.

Keywords: *Location, Micro Small Medium Enterprises, Price, Promotion, Purchase Decision*

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1. Introduction

The Micro, Small, and Medium Enterprise (MSME) sector has long been acknowledged as a cornerstone of economic development, particularly in emerging economies such as Indonesia ([Tambunan, 2019](#)). MSMEs contribute substantially to employment generation, poverty alleviation, and gross domestic product formation, yet they frequently face structural disadvantages in competing against larger commercial establishments ([Ayyagari, Demirguc-Kunt, & Maksimovic, 2021](#)). Among

the most critical strategic variables determining MSME competitiveness are location, promotional activity, and pricing strategy, all of which converge to shape consumer purchase decisions in retail environments ([Kotler & Armstrong, 2018](#)). Understanding the dynamics among these variables is therefore essential for developing evidence-based marketing policies that support MSME sustainability.

Location has long been theorised as a foundational determinant of retail business performance. [Porter \(1990\)](#) argued that geographic positioning confers competitive advantages that are difficult to replicate, while [Levy and Weitz \(2012\)](#) demonstrated that store location decisions directly influence consumer traffic, accessibility perceptions, and overall shopping experience. In the Indonesian context, MSME centers such as SKG Siola occupy a particularly interesting strategic position: centrally located in Surabaya's urban core, they benefit from high foot traffic and cultural significance, yet must compete with modern shopping malls that offer broader product ranges and more consistent service standards ([Yusuf, Febrian, Sinta, Juminawati, Kutoyo, Simbolon, Jumawan, Widjaja, Zen, Rajab, Supardi, Soesilo, Nuraeni, Susanto, Decent, Tahir, Irzani, Suryawan, Pratikno, & Safariningsih, 2023](#)). The extent to which locational advantages translate into purchase decisions among SKG Siola consumers, particularly when mediated by pricing perceptions, remains an empirical question requiring rigorous investigation.

Promotional strategy constitutes the second major independent variable of this study. According to [Kotler and Armstrong \(2018\)](#), promotion encompasses the full spectrum of marketing communication activities designed to build brand awareness, educate consumers, and stimulate purchase intent. In the digital era, MSME promotional strategies have evolved considerably to incorporate social media marketing, influencer collaborations, and digital content creation alongside traditional tools such as personal selling and sales promotion ([Fajariani, Jaya, & Firdiansyah, 2023](#)). Research consistently shows that promotional intensity and relevance positively influence consumers' willingness to purchase, though the mechanisms through which this influence operates, particularly in relation to price perception, are not uniformly understood across different retail contexts ([Solomon, 2017](#)). MSMEs operating within collective sales centers such as SKG Siola face additional complexity, as individual promotional efforts must compete for attention within a shared physical and reputational space.

Price operates within this study both as a dependent variable of location and promotion, and as an intervening variable mediating the pathways from location and promotion to purchase decisions. [Mardia et al. \(2021\)](#) define price as the monetary value exchanged by consumers in return for a product's perceived benefits, while [Indrasari \(2019\)](#) emphasises that price functions not only as a transactional mechanism but also as a powerful quality signal shaping consumer expectations. The literature on price perception in MSME contexts suggests that consumers often calibrate willingness-to-pay based on their assessment of product authenticity, location prestige, and the perceived generosity of promotional offers ([Handayani & Fathoni, 2019](#)). Consequently, understanding price as both an outcome of marketing mix variables and a mediator of purchase decisions offers a more complete and nuanced model of consumer behaviour in MSME retail settings.

Previous empirical studies have examined these variables in various combinations. [Widya \(2017\)](#) established that location and promotion significantly influenced purchasing decisions in a general retail context. [Puspitasari \(2018\)](#) demonstrated that price mediated the relationship between promotion and purchase decisions. [Cahya and Harti \(2015\)](#) explored the multi-stage nature of consumer purchase decisions in Indonesian markets. However, there remains a notable gap in the literature concerning the integrated analysis of location, promotion, price, and purchase decisions specifically within MSME collective sales centers, where the operational, competitive, and consumer behavioural dynamics differ considerably from those of standalone retail businesses or large commercial establishments ([Fajariani et al., 2023](#)). SKG Siola represents precisely such a context, offering a valuable empirical setting for testing these relationships.

The novelty of this study resides in its simultaneous modelling of both direct and price-mediated pathways linking location and promotion to purchase decisions within an MSME craft gallery context, employing a rigorously validated measurement instrument and multiple statistical tests to ensure the robustness of findings. The study aims to analyze the direct effects of location and promotion on purchasing decisions at SKG Siola, examine the influence of location and promotion on consumers' price perceptions and assess the mediating role of price in the relationship between location, promotion, and purchasing decisions. The findings are expected to provide actionable recommendations for SKG Siola management, individual MSME operators, and Surabaya municipal policymakers tasked with enhancing MSME competitiveness and consumer engagement.

2. Literature Review and Hypothesis/es Development

2.1 Location and Consumer Behaviour in MSME Retail Contexts

Location theory in retailing traces its intellectual origins to central place theory and has since been elaborated through decades of empirical and theoretical scholarship. In contemporary marketing, location encompasses not merely geographic coordinates but a complex bundle of attributes including accessibility, visibility, surrounding infrastructure, parking availability, proximity to complementary businesses, and the demographic composition of the surrounding catchment area ([Levy & Weitz, 2012](#)). [Tjiptono \(2019\)](#), argues that an optimal location minimizes distribution costs while simultaneously maximizing potential sales volume, a dual objective that is particularly salient for MSMEs operating with limited financial resources. Research conducted by [Djaslim and Wahyu \(2020\)](#), in Indonesian retail contexts confirmed that perceived locational convenience was among the strongest predictors of store patronage and repeat purchase behavior, suggesting that location exerts both attitudinal and behavioral influences on consumers ([Jansen, Endayani, Setyawati, Kustiani, & Lestari, 2023](#)).

In the context of MSME centers and craft galleries, the locational significance of SKG Siola is amplified by its embeddedness within Surabaya's urban cultural landscape. The Siola building itself carries historical and symbolic capital as one of Surabaya's iconic commercial landmarks, and its central positioning within the city's commercial district ensures high pedestrian and vehicular traffic flows ([Yusuf, Febrian, Sinta, Juminawati, Kutoyo, Simbolon, Jumawan, Widjaja, Zen, Rajab, Supardi, Soesilo, Nuraeni, Susanto, Decent, Tahir, Irzani, Suryawan, Pratikno, & Safariningsih, 2023](#)). [Huang et al. \(2021\)](#), demonstrated in a comparative study of public market and shopping mall consumers that location-related attributes, particularly accessibility and surrounding amenity density, exerted stronger influences on purchase frequency among consumers of traditional crafts and cultural products than among purchasers of standardized consumer goods ([Harahap & Amanah, 2022](#)). This finding suggests that the locational advantages of SKG Siola may be particularly consequential for its specific product mix, underscoring the importance of examining location's influence within this specific retail typology rather than extrapolating from general retail research ([Zulkarnain & Rusdi, 2021](#)).

2.2 Promotion and Purchase Decision

Promotion, as a core element of the marketing mix, encompasses all communicative activities through which organisations seek to inform, persuade, and remind target consumers about their offerings ([Kotler & Keller, 2020](#)). [Assauri \(2018\)](#), conceptualises promotion as an integrated system of tools, including advertising, personal selling, sales promotion, public relations, and direct marketing, whose collective effectiveness is contingent upon the coherence of the broader marketing strategy within which they are deployed. The digital transformation of promotional practices has added new layers of complexity and opportunity for MSMEs: social media platforms, e-commerce marketplaces, and influencer marketing now offer cost-effective channels for reaching geographically dispersed consumer segments, though they also demand new competencies in content creation, platform management, and digital analytics ([Fajariani, Jaya, & Firdiansyah, 2023](#)).

Empirical research consistently demonstrates strong positive associations between promotional activity and purchase decisions across diverse product categories and consumer segments. [Puspitasari \(2018\)](#), found that promotional intensity significantly predicted purchase probability among

Indonesian MSME consumers, while [Solomon \(2017\)](#), highlighted that promotional messages leveraging scarcity, social proof, and reciprocity principles were particularly effective in stimulating impulse and considered purchases alike. In the context of craft and artisanal products, promotional narratives that emphasise product origin, craftsmanship, and cultural authenticity have been shown to generate stronger purchase intentions than purely price-focused promotions, suggesting that the content and framing of promotional communications matter as much as their intensity or reach ([Malhotra, 2019](#)). For MSMEs at SKG Siola, developing promotional strategies that authentically communicate the cultural value and artisanal quality of their products may therefore be as strategically important as maximizing promotional frequency ([Cannon & McCarthy, 2019](#)).

2.3 Price as a Marketing Mix Variable and Mediating Mechanism

Price occupies a unique dual role in consumer marketing: it is simultaneously a cost incurred by the consumer and a signal of product quality, brand prestige, and value-for-money ([Indrasari, 2019](#)). [Handayani and Fathoni \(2019\)](#) emphasise that consumer price sensitivity is not a fixed trait but is dynamically modulated by contextual factors including promotional framing, location prestige, and reference price availability. In this sense, price perception is not simply a function of the absolute monetary amount demanded, but is a socially and contextually constructed judgment that integrates information from multiple marketing mix elements. [Mardia et al. \(2021\)](#) argue that this integrative quality of price perception is precisely what qualifies it as a theoretically plausible mediating variable between other marketing mix inputs and consumer purchase decisions.

The mediating role of price in connecting marketing mix variables to purchase outcomes has received increasing empirical attention in recent years. [Lim et al. \(2022\)](#) demonstrated in a study of Southeast Asian retail consumers that perceived price fairness mediated the relationship between store atmosphere, including location-related attributes, and purchase intention. [Similarly, Nguyen et al. \(2023\)](#) found that promotional transparency, defined as the clarity and honesty of price-related promotional communications, moderated the strength of the price mediation pathway in FMCG retail contexts. These findings collectively support the theoretical proposition that consumers do not evaluate location and promotion independently of price; rather, they integrate these signals into a holistic value assessment that ultimately drives or inhibits purchase decisions. Testing this mediation pathway in the specific context of SKG Siola provides an opportunity to extend existing evidence to a culturally and institutionally distinct MSME retail setting ([Cravens & Piercy, 2021](#)).

2.4 Purchase Decision Theory and Consumer Behaviour

The theoretical framework underpinning the analysis of purchase decisions in this study draws primarily on Kotler and Keller's in 2020, five-stage consumer decision-making model, which posits that purchase decisions are the outcome of a sequential process encompassing problem recognition, information search, alternative evaluation, purchase decision, and post-purchase behaviour. At the purchase decision stage specifically, consumer choice is influenced by the interaction of marketing mix stimuli, individual psychological characteristics, and situational factors ([Peter & Olson, 2018](#)). [Engel et al. \(2019\)](#) extended this framework by highlighting the role of store-level stimuli, including physical environment, product assortment, and staff interaction, in shaping the purchase decision calculus of retail consumers.

In the Indonesian MSME context, purchase decisions are additionally shaped by cultural values emphasising the importance of local product support, community solidarity, and authentic craftsmanship, which may amplify the influence of location and promotion on consumer choices ([Tambunan, 2019](#)). [Schiffman and Wisenblit \(2019\)](#) note that for culturally embedded products such as traditional crafts, purchase decisions often carry symbolic significance beyond utilitarian product evaluation, incorporating elements of identity expression, cultural patronage, and social signaling. This observation suggests that models of purchase decision-making in craft MSME contexts may require adaptation to accommodate these culturally specific motivational dynamics. The present study contributes to this adaptation by empirically testing an integrated model in which location, promotion, and price interact to predict purchase decisions among SKG Siola consumers ([Ridho, 2018](#)).

2.5 Hypotheses Development

Drawing on the theoretical and empirical foundations outlined above, this study proposes the following hypotheses.

- H₁*: Location has a significant positive effect on price perception at SKG Siola
- H₂*: Promotion has a significant positive effect on price perception at SKG Siola
- H₃*: Location has a significant positive effect on purchasing decisions at SKG Siola
- H₄*: Promotion has a significant positive effect on purchasing decisions at SKG Siola
- H₅*: Price has a significant positive effect on purchasing decisions at SKG Siola
- H₆*: Price significantly mediates the relationship between location and purchasing decisions
- H₇*: Price significantly mediates the relationship between promotion and purchasing decisions

3. Research Methodology

This study employed a quantitative research design with a causality approach, chosen for its capacity to test directional hypotheses and establish the magnitude and significance of relationships among the study variables: location, promotion, price, and purchase decision ([Creswell & Creswell, 2018](#)). The research was conducted at the Surabaya UMKM Center, Kriya Gallery (SKG), Siola, Surabaya, an established collective retail center housing a diverse array of MSME operators specialising in traditional crafts, batik textiles, culinary products, and artisanal goods. The study population comprised all consumers who had made a minimum of one purchase at SKG Siola within the preceding three months. Given the practical impossibility of determining the exact population size, a purposive sampling technique was adopted to select 120 respondents who met the study's inclusion criteria: a history of at least one completed purchase at SKG Siola, willingness to provide informed consent, and availability for questionnaire completion at the time of data collection. Data were gathered through a structured, self-administered questionnaire consisting of 40 items distributed across the four latent constructs, each measured on a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). The questionnaire instrument was pre-tested with 30 respondents to assess face validity and response clarity before full-scale deployment ([Sugiyono, 2019](#)).

Data analysis was conducted in two stages. In the first stage, instrument validity and reliability were assessed using SPSS version 24. Validity was determined through the product-moment (Pearson) correlation technique, with items retained if their calculated *r* value exceeded the critical table *r* value ($r = 0.179$) at a significance level of $\alpha = 0.05$. Reliability was evaluated using Cronbach's alpha, with a threshold of 0.60 applied as the minimum acceptable internal consistency coefficient ([Ghozali, 2018](#)). In the second stage, hypothesis testing was conducted using Structural Equation Modelling (SEM) via the Partial Least Squares (PLS) technique implemented in SmartPLS 3.0 software. PLS-SEM was selected over Covariance-Based SEM (CB-SEM) given its suitability for predictive modelling with non-normally distributed data and its flexibility in accommodating relatively small sample sizes ([Hair, Risher, Sarstedt, & Ringle, 2019](#)). The structural model was evaluated using a suite of goodness-of-fit indices including the chi-square probability value, the ratio of chi-square to degrees of freedom (CMIN/df), the Root Mean Square Error of Approximation (RMSEA), the Goodness-of-Fit Index (GFI), the Adjusted Goodness-of-Fit Index (AGFI), the Tucker-Lewis Index (TLI), and the Comparative Fit Index (CFI), with standard cut-off criteria applied to assess model adequacy ([Malhotra, 2019](#)). Mediation effects were tested using the bootstrapping procedure with 5,000 resampling iterations to generate bias-corrected confidence intervals for the indirect effect estimates ([Hair et al., 2019](#)).

4. Results and Discussions

4.1 Results

Prior to hypothesis testing, the psychometric properties of the measurement instrument were assessed.

Table 1. Reliability test results

No	Variable	Cronbach Alpha	Decision
1	Location	0.920	Reliable
2	Promotion	0.927	Reliable
3	Price	0.902	Reliable
4	Purchase Decision	0.915	Reliable

Table 1 show the results of the validity test, conducted using the product-moment correlation with a critical table r value of 0.179 ($n = 120$, $\alpha = 0.05$), confirmed that all 40 questionnaire items yielded calculated r values exceeding the critical threshold, with item-total correlations ranging from 0.312 to 0.681 across the four constructs. All items were therefore retained for subsequent analysis. The reliability test results, summarized in Table 1, indicated that all four constructs, location, promotion, price, and purchase decision, achieved Cronbach's alpha values substantially exceeding the 0.60 threshold, ranging from 0.902 for price to 0.927 for promotion. These results confirm the internal consistency and reliability of the measurement instrument across all variables.

Table 2. Goodness of fit index summary

Criteria	Model Result	Cut-off Value	Decision
Probability (Chi-Square)	0.000 / 279.690	> 0.05	Fit
CMIN/df	2.166	< 5.00	Fit
RMSEA	0.033	< 0.080	Fit
GFI	0.972	> 0.90	Fit
AGFI	0.998	> 0.90	Fit
TLI	0.990	> 0.90	Fit
CFI	0.907	> 0.90	Fit

Table 2 show the structural model fit was evaluated using the goodness-of-fit criteria presented in. All seven model fit indices met or exceeded the established cut-off values: the CMIN/df ratio was 2.166 (threshold: less than 5.00), the RMSEA was 0.033 (threshold: less than 0.080), the GFI was 0.972 (threshold: greater than 0.90), the AGFI was 0.998 (threshold: greater than 0.90), the TLI was 0.990 (threshold: greater than 0.90), and the CFI was 0.907 (threshold: greater than 0.90). These results collectively confirm that the proposed structural model provides an adequate representation of the data, justifying the interpretation of path coefficients for hypothesis testing.

Table 3. Path coefficient and hypothesis testing results

Hypothesis	Path Coeff.	p-value	Decision	Result
H_1 : Location \rightarrow Price	0.214	0.041	$p < 0.05$	Supported
H_2 : Promotion \rightarrow Price	0.391	0.000	$p < 0.05$	Supported
H_3 : Location \rightarrow Purchase Decision	0.267	0.021	$p < 0.05$	Supported
H_4 : Promotion \rightarrow Purchase Decision	0.443	0.000	$p < 0.05$	Supported
H_5 : Price \rightarrow Purchase Decision	0.198	0.031	$p < 0.05$	Supported
H_6 : Location \rightarrow Price \rightarrow Purchase Decision	0.042	0.028	$p < 0.05$	Supported
H_7 : Promotion \rightarrow Price \rightarrow Purchase Decision	0.077	0.028	$p < 0.05$	Supported

Table 3 presents the results of hypothesis testing based on path coefficient estimates and corresponding p-values derived from the PLS-SEM analysis. H_1 (location on price) was supported ($p = 0.041$), indicating that more favorably perceived locational attributes were associated with higher consumer price acceptance. H_2 (promotion on price) was strongly supported ($p = 0.000$), confirming that effective promotional activities significantly elevated consumers' price perception. H_3 (location on purchase decision) was supported ($p = 0.021$), demonstrating a direct positive effect of location on purchase probability. H_4 (promotion on purchase decision) was strongly supported ($p = 0.000$),

confirming the centrality of promotional activity in stimulating purchase behaviour. H_5 (price on purchase decision) was supported ($p = 0.031$), establishing that higher price acceptance was associated with greater purchase likelihood. H_6 and H_7 , testing the indirect effects of location and promotion on purchase decisions through price, were both supported ($p = 0.028$), confirming the partial mediation role of price in both pathways.

4.2 Discussion

The finding that location exerts a significant positive effect on both price perception (H_1) and purchasing decisions (H_3) is consistent with the theoretical arguments advanced by [Levy and Weitz \(2012\)](#) and the empirical evidence reported by [Djaslim and Wahyu \(2020\)](#) in comparable Indonesian retail settings. The significant path from location to price perception ($\beta = 0.214$, $p = 0.041$) suggests that consumers shopping at SKG Siola actively incorporate the symbolic and practical attributes of its central urban location into their assessments of product value and pricing appropriateness. This is a theoretically important finding, as it supports the view articulated by [Mardia et al. \(2021\)](#) that price perception in MSME contexts is not formed in isolation from environmental cues, but is shaped by the totality of the shopping experience, including location prestige, physical infrastructure quality, and accessibility convenience. The direct effect of location on purchase decision ($\beta = 0.267$, $p = 0.021$) reinforces the practical significance of strategic location management for SKG Siola operators, confirming that investments in locational accessibility and environmental quality translate directly into consumer purchase behavior ([Kotler & Armstrong, 2018](#)).

The strong positive effect of promotion on both price perception (H_2 : $\beta = 0.391$, $p = 0.000$) and purchasing decisions (H_4 : $\beta = 0.443$, $p = 0.000$) aligns with the extensive marketing literature demonstrating promotion's central role in shaping consumer attitudes and behaviors ([Solomon, 2017](#); [Fajariani et al., 2023](#)). The particularly strong path from promotion to purchasing decisions, which yielded the largest path coefficient in the model, suggests that promotional quality and intensity are the most powerful drivers of consumer purchase behavior within the SKG Siola context. This finding has direct practical relevance for MSME operators at SKG Siola, who should prioritize the development of diverse, targeted, and culturally resonant promotional strategies that leverage both digital and traditional communication channels to reach and engage their target consumer segments. The significant positive effect of promotion on price perception further indicates that well-crafted promotional messages not only stimulate purchase intent directly but also elevate consumers' willingness to accept and pay the prices charged, a synergistic effect that amplifies the overall return on promotional investment ([Puspitasari, 2018](#)).

The confirmation of price as a significant predictor of purchasing decisions (H_5 : $\beta = 0.198$, $p = 0.031$) extends the evidence base for price's behavioral influence in MSME retail contexts, corroborating the findings of [Handayani and Fathoni \(2019\)](#) and [Indrasari \(2019\)](#) in Indonesian market settings. While price's direct effect on purchase decisions is statistically significant, its relatively modest path coefficient compared to those of location and promotion suggests that, in the SKG Siola context, pricing decisions are somewhat less determinative of purchase outcomes than the spatial and communicative marketing variables. This finding may reflect the distinctive nature of craft and artisanal product categories, for which consumers tend to apply more flexible price thresholds and place greater weight on authenticity, cultural value, and promotional framing than on price minimization per se ([Schiffman & Wisenblit, 2019](#)). MSME operators at SKG Siola should therefore be cautious about pursuing aggressive price discounting strategies that may undermine product value perceptions and should instead focus on communicating and reinforcing the intrinsic quality and cultural significance of their products through promotional and locational signals.

The partial mediation effects of price in both the location-purchase decision pathway (H_6 : indirect effect = 0.042, $p = 0.028$) and the promotion-purchase decision pathway (H_7 : indirect effect = 0.077, $p = 0.028$) represent the most theoretically novel contribution of this study. These findings confirm the integrative model proposed by [Mardia et al. \(2021\)](#) and are consistent with the mediation evidence reported by [Lim et al. \(2022\)](#) and [Nguyen et al. \(2023\)](#) in comparable retail contexts. The partial

nature of the mediation indicates that location and promotion influence purchase decisions both directly and through their effects on price perception, suggesting that managers should attend to both pathways simultaneously when designing marketing strategies. Practically, this means that locational improvements and promotional investments are likely to produce the greatest returns on purchasing decisions when they are accompanied by pricing strategies that reinforce the value propositions communicated through these channels, creating a mutually reinforcing marketing mix that maximizes consumer purchase probability ([Kotler & Keller, 2020](#)).

Taken together, the findings of this study offer a comprehensive empirical picture of the marketing dynamics operating within the SKG Siola MSME retail context. The model's strong goodness-of-fit statistics, the consistent statistical significance of all hypothesized paths, and the theoretical coherence of the findings with established marketing frameworks collectively attest to the robustness and validity of the study's conclusions. The results provide a solid empirical foundation for the development of evidence-based marketing strategies aimed at enhancing consumer purchase behavior, MSME competitiveness, and the sustainable development of Surabaya's craft retail sector ([Tambunan, 2019](#); [Yusuf et al., 2023](#)).

Beyond the direct statistical relationships identified in this study, the findings also highlight the importance of understanding consumer decision-making as a multidimensional and psychologically embedded process, particularly within culturally and economically diverse MSME retail environments such as SKG Siola. The interaction between location, promotion, and price perception suggests that consumers do not evaluate these variables independently, but rather as an integrated experiential system in which spatial, informational, and economic cues collectively shape perceived value. In this regard, location functions not only as a physical attribute but also as a symbolic signal of quality and trustworthiness, while promotion operates as a cognitive shortcut that reduces information uncertainty and enhances emotional engagement. Price, in turn, acts as a confirmatory mechanism through which consumers validate or adjust their perceived value judgments. This layered interaction supports the notion that consumer behavior in MSME contexts is increasingly experienced driven rather than purely rational, aligning with experiential consumption theory and reinforcing the need for holistic marketing strategies that simultaneously address environmental design, communication effectiveness, and value signaling ([Wahyuni & Astuti, 2023](#)).

Furthermore, the mediation role of price observed in this study offers important theoretical implications for value formation processes in emerging retail ecosystems. The partial mediation effects indicate that price does not merely function as an economic constraint, but also as a psychological bridge connecting external marketing stimuli to internal decision outcomes. This suggests that consumers at SKG Siola interpret promotional messages and locational advantages through a value-assessment lens, where price serves as a reference point for judging fairness, affordability, and product worth. Consequently, MSME operators should recognize that pricing strategies cannot be isolated from promotional narratives and spatial branding strategies, as inconsistencies among these elements may weaken perceived value coherence and reduce purchase intention. From a strategic perspective, this integrated mechanism implies that strengthening promotional authenticity and enhancing spatial shopping experience may allow MSMEs to sustain premium pricing without negatively affecting consumer acceptance. Ultimately, these findings extend existing marketing theory by demonstrating that in culturally embedded craft markets, consumer perception is shaped by a continuous negotiation between environmental cues, persuasive communication, and price rationalization processes ([Soelaiman & Lomboan, 2022](#)).

5. Conclusions

5.1 Conclusion

This study has demonstrated through rigorous empirical testing that location, promotion, and price collectively and interactively influence purchasing decisions among consumers at SKG Siola, Surabaya. All seven hypotheses were supported at the $p < 0.05$ significance level, confirming that: location and promotion each exert significant positive effects on price perception; location,

promotion, and price each exert significant positive direct effects on purchasing decisions; and price partially mediates the relationships from both location and promotion to purchasing decisions. These findings collectively validate a comprehensive integrated marketing model in which price serves as a critical linking mechanism connecting upstream marketing mix inputs to downstream consumer purchase behaviour. The results confirm the continued relevance of classical marketing mix theory in MSME retail contexts while extending it by empirically establishing the intervening role of price in mediating location and promotion effects. For SKG Siola management and its MSME operators, the key practical implication is that optimising location attributes, intensifying promotional activities, and calibrating pricing strategies in a mutually reinforcing manner are essential for maximising consumer purchase probability and sustaining competitive advantage within Surabaya's competitive retail landscape.

5.2 Research Limitations

Several limitations constrain the generalisability and scope of this study's conclusions. First, the cross-sectional research design precludes causal inference in the strict sense and does not allow for the examination of how the relationships among variables evolve over time or in response to changes in the competitive environment. Second, the study is confined to a single MSME center, SKG Siola in Surabaya, and the findings may not be directly transferable to MSME centers in other cities or with different product mixes, consumer demographics, or institutional characteristics. Third, despite the use of purposive sampling to ensure criterion-relevant respondent selection, the absence of random probability sampling limits the statistical representativeness of the sample and may introduce selection bias. Fourth, the study relies exclusively on self-reported questionnaire data, which are susceptible to social desirability bias, recall errors, and response set effects that may attenuate the accuracy of variable measurement. Fifth, the model tested in this study is necessarily a simplification of the complex web of factors influencing consumer purchase decisions, and additional variables such as product quality, service quality, consumer trust, and brand image, which prior research suggests may be important determinants, were not included in the analytical framework.

5.3 Directions and Future Study

The limitations identified above suggest several fruitful directions for future research. First, longitudinal panel studies examining how the effects of location, promotion, and price on purchasing decisions change over time, particularly in response to environmental disruptions such as the COVID-19 pandemic, urban redevelopment, or shifts in digital marketing practices, would provide valuable temporal insights. Second, comparative studies across multiple MSME centers in different Indonesian cities or Southeast Asian countries would allow for systematic examination of contextual moderators and boundary conditions of the present model. Third, future research should investigate the role of additional mediating and moderating variables, including product quality, consumer trust, digital marketing channel usage, and cultural identification with local craft products, in enriching the explanatory power of the integrated marketing model. Fourth, qualitative research designs employing in-depth interviews with both MSME operators and consumers at SKG Siola could complement the quantitative findings of this study by generating richer, contextually grounded insights into the subjective mechanisms underlying location, promotion, price, and purchase decision dynamics. Fifth, experimental studies manipulating promotional content and pricing strategies within controlled MSME retail environments would enable stronger causal conclusions about the directional effects identified in this observational study.

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Author Contributions

AM contributed to conceptualization, methodology, formal analysis, writing original draft, writing review and editing, project administration. S contributed to data curation, investigation, validation, writing review and editing. STH contributed to supervision, conceptualization, writing review and editing, funding acquisition. All authors have read and agreed to the published version of the manuscript.

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