# The Value of Experience: Exploring How Retail Innovations Shape Economic Decision-Making Through Consumer Satisfaction

I Made Krishna Mahendra Suaryawan [1], I.B. Teddy Prianthara [2]

***Abstract:***

*The business world is experiencing rapid development, encouraging business actors to adapt to the ever-changing market dynamics. This study aims to analyze the influence of service innovation, product completeness, and store atmosphere on consumer purchasing decisions, with consumer satisfaction as a mediating variable. The research was conducted at Coco Mart Jimbaran with 120 customers as respondents, using Structural Equation Modeling (SEM) for data analysis. The results indicate that service innovation, product completeness, and store atmosphere positively and significantly affect consumer satisfaction. Furthermore, consumer satisfaction has a positive impact on purchasing decisions. However, consumer satisfaction does not significantly mediate the effect of service innovation, product completeness, and store atmosphere on purchasing decisions. This study contributes to the theoretical understanding of the relationship between retail attributes, consumer satisfaction, and purchasing decisions. It also provides practical insights for retail managers to enhance service innovation, improve product offerings, and create an inviting store atmosphere to drive consumer purchasing behavior. Additionally, the findings offer guidance for policymakers in creating regulations that foster retail sector development, such as incentives for service technology innovation and better inventory management practices. With increasing competition in Bali's retail industry, particularly in Badung Regency, these insights provide strategic recommendations for business actors to maintain competitiveness by focusing on customer satisfaction as the key to attracting and retaining loyal customers.*

## 1. Introduction

The rapid development of the business world has created various increasing challenges and complexities. One of the most significant changes is the rapid social transformation, which impacts various aspects of life, including politics, society, and culture (Kotler, 2017). In this context, marketers are required to be more responsive and dynamic in understanding the ever-changing desires and aspirations of consumers in line with the evolution of time. The dynamic nature of consumer behavior poses a

[1]*Graduate School, Universitas Pendidikan Nasional, Indonesia. baguskrisna168@gmail.com*
[2] *School, Universitas Pendidikan Nasional, Indonesia*

major challenge for businesses in maintaining their competitiveness and sustainability in both local and global markets (Prabowo et al., 2015). Therefore, a deep understanding of the factors influencing consumer behavior is crucial in designing more effective business strategies (Daud et al., 2022).

The retail industry in Bali, like in many other regions of Indonesia, has experienced rapid growth driven by an increasing population and rising purchasing power (Riswan, Waloejo, & Listyorini, 2022). Many entrepreneurs, both local and foreign, are competing to expand their businesses in this area to take advantage of the growing market potential (Prasetya, Widayanto, & Waloejo, 2022). However, despite the expanding retail market in Bali, competition in this sector has become increasingly intense. Retail companies must work harder to strengthen their position by emphasizing the quality and uniqueness of their products and services to attract and retain customers (Sukarmen & Hidayat, 2021).

In facing the intensifying competition, innovation in various aspects of business is key to success for retail entrepreneurs. Innovations in product quality, customer service, and marketing strategies can enhance a company's competitiveness (Khilmi, 2021). Previous research has shown that service innovation plays an essential role in enhancing customer experience and influencing their purchasing decisions (Delafrooz, Taleghani, & Taghineghad, 2013). Moreover, high-quality service also contributes to customer satisfaction, ultimately fostering their loyalty toward a brand or retail store (Anggarayana, 2020; Supriadi, 2021). Therefore, retail companies must continuously develop innovative service strategies to compete effectively in a highly competitive market (Bagaskara, 2021).

One crucial concept in the retail industry is the retail mix, which includes elements such as products, pricing, location, promotion, services, and store atmosphere (Pratiwi & Darma, 2020). Each of these elements can influence consumers' purchasing decisions through three main stages: pre-purchase, consumption, and post-purchase (Fakhruddin, Ngo, & Samaranayake, 2019). During the pre-purchase stage, consumers search for information and compare product alternatives; during the consumption stage, they proceed with purchasing and using the product or service; while in the post-purchase stage, they evaluate their satisfaction with the purchased product (Lowe et al., 2022). Therefore, effective retail mix management is essential for businesses to provide a better shopping experience and increase customer purchasing decisions (Tjiptono et al., 2020).

However, a research gap still exists in understanding how service innovation, product completeness, and store atmosphere specifically influence customer satisfaction and purchasing decisions in the local retail industry, particularly in Bali. Several previous studies have highlighted the importance of product and service innovation in attracting customers (Benson, 2007; Permatasari, 2021), but few have specifically examined how these factors contribute to purchasing decisions in a local retail context such as Coco Mart Jimbaran (Oktari et al., 2023). Furthermore, there is limited research that integrates these three factors into a comprehensive analytical model that provides

deeper insights into consumer behavior in the modern retail sector (Sindermann & Engel, 2006).

Based on this background, this study aims to analyze the impact of service innovation, product completeness, and store atmosphere on customer satisfaction and purchasing decisions at Coco Mart Jimbaran. By understanding the relationships between these factors, this study is expected to contribute both academically and practically to the retail business sector in designing more effective marketing and service strategies to enhance competitiveness and maintain customer loyalty in an increasingly competitive market (Sapta et al., 2012). The findings of this study are also expected to serve as a reference for the retail industry in developing policies that are more adaptive to changing consumer behavior and increasing the attractiveness of retail stores in Bali.

## 2. Theoretical Background

### Service Innovation
Service innovation is the process of transforming ideas into products or services that provide value to consumers. Innovation is often associated with the introduction of new concepts that positively impact organizational performance (Sapta et al., 2012). According to Delafrooz et al. (2013), service innovation involves the development of new service elements or the modification of existing ones to enhance service quality and effectiveness. This aligns with the view of Fakhruddin, Ngo, and Samaranayake (2019), who emphasize that innovation plays a critical role in improving customer experience and satisfaction. Furthermore, service innovation can be measured through indicators such as technological advancements, customer involvement, the introduction of new services, and the efficiency of service delivery systems (Delafrooz et al., 2013). Effective service innovation enables companies to maximize existing resources, create added value, and maintain a competitive advantage in the market (Daud et al., 2022).

### Product Completeness
Product completeness refers to the extent to which a product assortment meets customer needs and expectations through a variety of features, characteristics, and available product types (Kotler, 2017). A well-rounded product offering includes a wide selection that aligns with consumer preferences. In the retail industry, product completeness encompasses various categories, such as daily consumer goods and specialized products (Pratiwi & Darma, 2020). Research by Riswan, Waloejo, and Listyorini (2022) highlights that an extensive product assortment positively influences consumer satisfaction and purchase decisions. Indicators of product completeness include product variety, brand availability, product variations, and stock availability,

all of which contribute to enhancing the shopping experience (Prasetya, Widayanto, & Waloejo, 2022).

**Store Atmosphere**

Store atmosphere is a crucial element in shaping consumer perceptions and encouraging purchases. It refers to the overall environment created within a retail space to enhance the shopping experience (Kotler, 2017). Tjiptono et al. (2020) state that store atmosphere can significantly affect consumer emotions and purchasing behavior, even if consumers are not always consciously aware of its influence. Key elements of store atmosphere include store layout, lighting, music, scent, and product displays, all of which contribute to a pleasant shopping experience (Bagaskara, 2021). Research by Supriadi (2021) emphasizes that an attractive store atmosphere can increase consumer satisfaction and, consequently, boost purchase intention.

**Purchasing Decision**

Purchasing decisions involve a series of cognitive and behavioral processes that lead a consumer to select and buy a particular product or service. Kotler (2017) outlines five stages of the purchasing decision process: problem recognition, information search, evaluation of alternatives, purchase decision, and post-purchase evaluation. Various factors influence consumer purchasing decisions, including personal preferences, recommendations from family and friends, and marketing efforts such as advertising and promotions (Pratiwi & Darma, 2020). According to Fakhruddin, Ngo, and Samaranayake (2019), retail strategies that focus on enhancing customer experience through service innovation and product completeness can directly impact purchasing decisions.

**Consumer Satisfaction**

Consumer satisfaction is defined as the extent to which a product or service meets or exceeds customer expectations (Kotler, 2017). It plays a critical role in fostering customer loyalty and maintaining long-term business success. Indicators used to measure consumer satisfaction include satisfaction surveys, customer feedback mechanisms, and repeat purchase rates (Anggarayana, 2020). Research by Lowe et al. (2022) suggests that key determinants of consumer satisfaction include service quality, product availability, and overall shopping experience. Additionally, service innovation, product completeness, and store atmosphere are significant factors that contribute to consumer perceptions and satisfaction, ultimately influencing purchasing behavior (Delafrooz et al., 2013).

In summary, service innovation, product completeness, and store atmosphere are interconnected factors that shape consumer purchasing decisions and overall satisfaction. Understanding these relationships is essential for retailers to develop effective strategies that enhance customer experience, improve competitive

advantage, and drive business growth in the increasingly competitive retail sector (Daud et al., 2022).

## 3. Methodology

This research was conducted at Coco Mart Jimbaran, Badung, Bali, strategically located at Jalan Uluwatu I No. 80, Jimbaran, South Kuta. The study utilized both quantitative data, including the number of customers and questionnaire responses, and qualitative data, such as the history and profile of Coco Mart. Data were collected using a closed-ended questionnaire with a semantic differential scale, along with a documentation study method.

The research population comprised all customers of Coco Mart Jimbaran, with a sample of 120 respondents selected through a random sampling approach. Data analysis was conducted using descriptive methods and path analysis, supported by AMOS 23.0 and Excel software, to examine the relationships among key variables, including store atmosphere, product completeness, service innovation, customer satisfaction, and purchasing decisions.

The research was carried out over a six-month period, from January to July 2024, covering all stages from proposal development to data collection, analysis, final report preparation, and presentation of research findings.

## 4. Empirical Findings/Result

### Respondent Demography

The analysis of respondent characteristics provides insights into the demographic profile of Coco Mart Jimbaran customers. Based on age distribution, the majority of customers are between 36 and 45 years old, making up 40% of the total respondents. This indicates that middle-aged consumers form the largest segment of shoppers at Coco Mart Jimbaran. The second-largest age group is 26 to 35 years old, comprising 30% of respondents, suggesting that young professionals and early middle-aged consumers also contribute significantly to the store's customer base. Meanwhile, 25.8% of respondents fall within the 46 to 55 age range, highlighting the presence of older shoppers who still actively engage in retail purchases. The youngest segment, aged 17 to 25 years, represents the smallest proportion at 4.2%, indicating that younger consumers may prefer other shopping channels, such as online platforms or alternative retail stores.

In terms of gender distribution, the majority of Coco Mart Jimbaran customers are male, accounting for 65% of the respondents, while female customers make up 35%. This suggests that male shoppers dominate the store's customer base, possibly due to factors such as shopping preferences, household roles, or purchasing habits. The higher proportion of male customers may also indicate that men are more likely to

visit physical retail stores for specific product needs, while women might prefer a combination of online and offline shopping experiences. Understanding these demographic trends helps businesses tailor their marketing strategies, product offerings, and store environment to better serve the dominant customer segments while also attracting a more diverse consumer base.

**Validity and Reliability Test of Research Instruments**
The results of the validity test show that all indicators have a correlation value (r count) above 0.3 and a significance value below 0.05, so they are declared valid. The reliability test shows that all variables have a Cronbach's Alpha value> 0.6, so all variables are declared reliable.

**Table 1.**
**Results of Instrument Validity and Reliability Tests**

| Variables | Indicator | Validity | | | Reliability | |
|---|---|---|---|---|---|---|
| | | Calculated r value | Sig Value | Note | Coronabach's Alpha | Note |
| Service Innovation (X1) | X1.1 | 0.846 | 0.000 | Valid | 0.751 | Reliable |
| | X1.2 | 0.674 | 0.000 | Valid | | |
| | X1.3 | 0.674 | 0.000 | Valid | | |
| | X1.4 | 0.828 | 0.000 | Valid | | |
| Product Completeness (X2) | X2.1 | 0.518 | 0.000 | Valid | 0.759 | Reliable |
| | X2.2 | 0.809 | 0.000 | Valid | | |
| | X2.3 | 0.768 | 0.000 | Valid | | |
| | X2.4 | 0.810 | 0.000 | Valid | | |
| | X2.5 | 0.662 | 0.000 | Valid | | |
| *Store Atmosphere* (X3) | X3.1 | 0.725 | 0.001 | Valid | 0.778 | Reliable |
| | X3.2 | 0.526 | 0.000 | Valid | | |
| | X3.3 | 0.681 | 0.000 | Valid | | |
| | X3.4 | 0.642 | 0.000 | Valid | | |
| | X3.5 | 0.514 | 0.004 | Valid | | |
| Customer satisfaction (Z) | Z.1 | 0.783 | 0.000 | Valid | 0.846 | Reliable |
| | Z.2 | 0.738 | 0.000 | Valid | | |
| | Z.3 | 0.863 | 0.000 | Valid | | |
| | Z.4 | 0.925 | 0.000 | Valid | | |
| Buying decision (Y) | Y.1 | 0.607 | 0.000 | Valid | 0.825 | Reliable |

Source: Data Processed (2025)

**Evaluation of Data Normality**
Normality tests were performed for all variables using skewness and kurtosis analysis, with the following results:
1. Service Innovation
   All indicators have cr values for skewness and kurtosis in the range of ±2.58, so the variables are normally distributed.
2. Product Completeness
   All indicators have cr values for skewness and kurtosis in the range of ±2.58, so the variables are normally distributed.

**3.** Store Atmosphere

All indicators have cr values for skewness and kurtosis in the range of ±2.58, so the variables are normally distributed.

**4.** Customer satisfaction

All indicators have cr values for skewness and kurtosis in the range of ±2.58, so the variables are normally distributed.

**5.** Buying decision

All indicators have cr values for skewness and kurtosis in the range of ±2.58, so the variables are normally distributed.

**Confirmatory Factor Analysis (CFA)**

Confirmatory factor analysis (CFA) is used to test the unidimensionality of the dimensions that explain the latent variables in the research model, as well as to ensure that all indicators used are valid constructs of the latent variables. This process aims to check the validity of the indicators used in the research model, with the criteria that the lambda coefficient (λ) must be greater than or equal to 0.5, the critical value (CR) must be greater than 2.00, and the probability value (P-Value) must be less than 0.05. The following are the results of the CFA analysis for each variable in this study.

1) Confirmatory Factor Analysis (CFA) of Service Innovation Variables

Based on the results of the confirmatory factor analysis for the Service Innovation variable, presented in Table 4.9, it can be concluded that all indicators of the Service Innovation variable have a lambda value (λ) greater than 0.5 and a CR value greater than 2.00. All indicators also have a probability value less than 0.05, indicating that the four indicators of the Service Innovation variable are significant in forming the latent variable.

2) Confirmatory Factor Analysis (CFA) of Product Completeness Variable

Table 4.10 shows that all indicators of the Product Completeness variable have a lambda (λ) value greater than 0.5 and a CR greater than 2.00, with a probability value below 0.05. This indicates that the five indicators of the Product Completeness variable are significant as formers of the Product Completeness latent variable.

3) Confirmatory Factor Analysis (CFA) Store Atmosphere Variables

In Table 4.11, all indicators of the Store Atmosphere variable have a lambda (λ) value greater than 0.5, a CR value greater than 2.00, and a probability value less than 0.05. This shows that the five Store Atmosphere indicators are significant in defining the latent variable Store Atmosphere.

4) Confirmatory Factor Analysis (CFA) of Customer Satisfaction Variables

Table 4.12 shows that all indicators of Customer Satisfaction variables have lambda (λ) values greater than 0.5 and CR greater than 2.00, and probability values less than 0.05. Thus, the four indicators of Customer Satisfaction variables are significant as indicators forming the latent variable Customer Satisfaction.

5) Confirmatory Factor Analysis (CFA) of Purchase Decision Variables

In Table 4.13, all indicators of the Purchase Decision variable show a lambda (λ) value greater than 0.5 and a CR greater than 2.00, and a probability value less than 0.05. Therefore, the six indicators of the Purchase Decision variable can be considered significant in forming the Purchase Decision latent variable.

**Influence Analysis With SEM**

After conducting CFA, the next step is the influence analysis using Structural Equation Modeling (SEM). The following is an explanation of the results of the SEM analysis.

1) Measurement Model Testing with Lambda Parameter (λ)

In this test, the standardized estimate or loading factor value is used to determine the validity of each indicator. All indicators with a loading factor value greater than 0.50, CR greater than 2.00, and probability less than 0.05 are considered valid in forming the corresponding latent variables. Table 4.14 shows that all indicators in this model are valid.

**Table 2.**
**Regression Weights**

| Relationship from Variables to Indicators | | | *Unstandardized Estimate* | *Standardized Estimate* | SE | CR | P | Label |
|---|---|---|---|---|---|---|---|---|
| X1.1 | <--- | Inov | 1,000 | ,856 | | | | Valid |
| X3.1 | <--- | Store | 1,000 | ,799 | | | | Valid |
| X3.2 | <--- | Store | ,854 | ,689 | ,097 | 8,766 | *** | Valid |
| X3.3 | <--- | Store | ,813 | ,571 | ,117 | 6,946 | *** | Valid |
| X2.1 | <--- | Product | 1,000 | ,621 | | | | Valid |
| Y.4 | <--- | Purchase | 1,034 | ,789 | ,102 | 10,139 | *** | Valid |
| Y.3 | <--- | Purchase | ,941 | ,786 | ,094 | 10,058 | *** | Valid |
| Y.2 | <--- | Purchase | 1,000 | ,715 | ,115 | 8,721 | *** | Valid |
| Y.1 | <--- | Purchase | 1,000 | ,806 | | | | Valid |
| X1.2 | <--- | Inov | ,819 | ,736 | ,081 | 10,079 | *** | Valid |
| X1.3 | <--- | Inov | ,929 | ,772 | ,087 | 10,724 | *** | Valid |
| X2.2 | <--- | Product | 1,186 | ,725 | ,161 | 7,370 | *** | Valid |
| X2.3 | <--- | Product | ,988 | ,609 | ,155 | 6,357 | *** | Valid |
| X2.4 | <--- | Product | 1,503 | ,845 | ,181 | 8,295 | *** | Valid |
| X2.5 | <--- | Product | 1,310 | ,730 | ,176 | 7,454 | *** | Valid |
| X1.4 | <--- | Inov | ,874 | ,728 | ,088 | 9,929 | *** | Valid |
| Z.4 | <--- | Satisfied | 1,000 | ,863 | | | | Valid |
| Z.3 | <--- | Satisfied | ,859 | ,847 | ,069 | 12,407 | *** | Valid |
| Z.2 | <--- | Satisfied | ,822 | ,828 | ,069 | 11,974 | *** | Valid |
| X3.4 | <--- | Store | 1,135 | ,772 | ,115 | 9,902 | *** | Valid |
| Z.1 | <--- | Satisfied | ,823 | ,891 | ,061 | 13,591 | *** | Valid |
| X3.5 | <--- | Store | ,830 | ,732 | ,089 | 9,332 | *** | Valid |
| Y.5 | <--- | Purchase | 1,049 | ,885 | ,088 | 11,923 | *** | Valid |
| Y.6 | <--- | Purchase | 1,099 | ,846 | ,100 | 11,025 | *** | Valid |

Source: Data Processed (2025)

**Goodness of Fit Analysis**

Model evaluation is done by testing the Goodness of Fit value, which uses several criteria such as Chi-Square, RMSEA, GFI, AGFI, TLI, and CFI. Based on the results of AMOS processing, three criteria meet the goodness of fit requirements (RMSEA, TLI, CFI), two criteria are at a marginal level (GFI, AGFI), and three other criteria show poor results.

**Table 3.**
**Goodness of Fit Evaluation**

| Goodness of Fit Index | Cut-off Value | Analysis Results | Model Evaluation |
|---|---|---|---|
| Chi-Square ($\chi^2$) | Expected small | 386,399 | Not good |
| Probability | $\geq 0.05$ | 0,000 | Not good |
| RMSEA | $\leq 0.08$ | 0.050 | Good |
| GFI | $\geq 0.90$ | 0.856 | Marginal |
| AGFI | $\geq 0.90$ | 0.874 | Marginal |
| CMIN/DF | $\leq 2.00$ | 3,663 | Not good |
| TLI | $\geq 0.95$ | 0.963 | Good |
| CFI | $\geq 0.95$ | 0.992 | Good |

Source: Data Processed (2025)

**Hypothesis Testing**
Hypothesis testing aims to test the direct influence of service innovation variables, product completeness, and store atmosphere on customer satisfaction and purchasing decisions, and the indirect influence through customer satisfaction. The results of hypothesis testing show that all tested relationships, both direct and indirect, have a significant influence. This study aims to test the direct influence of service innovation, product completeness, and store atmosphere on customer satisfaction, as well as the direct influence of customer satisfaction and these factors on purchasing decisions. Based on the results of hypothesis testing using Structural Equation Modeling (SEM), the following results were obtained:

**Direct Effect Hypothesis Testing**
1. **The Influence of Service Innovation on Customer Satisfaction**
   The analysis results indicate that service innovation has a positive and significant effect on customer satisfaction (standardized estimate = 0.462, CR = 2.782, p = 0.005). Thus, the first hypothesis is confirmed.
2. **The Effect of Product Completeness on Customer Satisfaction**
   Product completeness also demonstrates a positive and significant effect on customer satisfaction (standardized estimate = 0.345, CR = 3.943, p < 0.001). Therefore, the second hypothesis is confirmed.
3. **The Influence of Store Atmosphere on Customer Satisfaction**
   Store atmosphere has a positive and significant influence on customer satisfaction (standardized estimate = 0.360, CR = 2.085, p = 0.018). Consequently, the third hypothesis is confirmed.
4. **The Influence of Service Innovation on Purchasing Decisions**
   Service innovation also exerts a positive and significant effect on purchasing decisions (standardized estimate = 0.402, CR = 2.914, p = 0.003). As a result, the fourth hypothesis is confirmed.
5. **The Influence of Product Completeness on Purchasing Decisions**
   Product completeness positively and significantly affects purchasing decisions (standardized estimate = 0.279, CR = 2.793, p = 0.004). Therefore, the fifth hypothesis is confirmed.

6. **The Influence of Store Atmosphere on Purchasing Decisions**
   Store atmosphere also has a positive and significant effect on purchasing decisions (standardized estimate = 0.408, CR = 2.789, p = 0.006). Hence, the sixth hypothesis is confirmed.
7. **The Influence of Customer Satisfaction on Purchasing Decisions**
   Customer satisfaction positively and significantly influences purchasing decisions (standardized estimate = 0.310, CR = 2.114, p = 0.009). Accordingly, the seventh hypothesis is confirmed.

**Indirect Effect Test Results**
1. **Service Innovation on Purchasing Decisions through Customer Satisfaction**
   The Sobel test results in a z-value of 0.371, which is lower than 1.96. This indicates that customer satisfaction does not mediate the effect of service innovation on purchasing decisions. Therefore, the eighth hypothesis is rejected.
2. **Product Completeness on Purchasing Decisions through Customer Satisfaction**
   The calculated z-value is 0.379, which is lower than 1.96. This means that customer satisfaction does not mediate the effect of product completeness on purchasing decisions. As a result, the ninth hypothesis is rejected.
3. **Store Atmosphere on Purchasing Decisions through Customer Satisfaction**
   The calculated z-value is 0.377, which is lower than 1.96, indicating that customer satisfaction does not mediate the influence of store atmosphere on purchasing decisions. Thus, the tenth hypothesis is rejected.

**Analysis of Determination Measurement Model**
1. Customer satisfaction is influenced by service innovation, product completeness, and store atmosphere by 80.9%.
2. Purchase decisions are influenced by the same factors and customer satisfaction is 88.9%.

# 5.Discussion

Service innovation plays a crucial role in enhancing customer satisfaction by improving service efficiency and experience. Innovations such as technology adoption, personalized interactions, and streamlined processes contribute to higher customer satisfaction, fostering loyalty and business growth (Delafrooz et al., 2013; Sapta et al., 2012). Businesses that continuously refine their service strategies can strengthen customer relationships and gain a competitive advantage (Kotler, 2017). Similarly, product completeness positively influences customer satisfaction by catering to diverse consumer preferences. A wide selection of products, including various brands and variations, enhances customer convenience and trust, leading to higher satisfaction levels (Pratiwi & Darma, 2020). Retailers who maintain adequate product availability can improve their market position and increase repeat purchases (Kotler, 2017). Furthermore, a well-designed store atmosphere significantly impacts customer satisfaction by creating a pleasant shopping environment. Factors such as store layout, lighting, scent, and music contribute to consumer perceptions of quality

and brand image, resulting in a better shopping experience and stronger customer loyalty (Tjiptono et al., 2020).

Beyond customer satisfaction, service innovation directly influences purchasing decisions by providing added value that encourages consumers to buy (Daud et al., 2022). Features such as digital payment options, loyalty programs, and personalized services differentiate retailers and drive higher consumer engagement (Oktari et al., 2023). Similarly, product completeness has a direct effect on purchasing decisions, as customers prefer stores that offer a wide range of goods for convenience and accessibility (Prabowo et al., 2015). Consumers may also be willing to pay premium prices when a retailer offers comprehensive product choices (Kotler, 2017). Store atmosphere also plays a critical role in purchasing decisions, as an attractive shopping environment enhances consumer engagement and influences spontaneous purchases (Fakhruddin et al., 2019). Elements such as visual merchandising, spatial arrangement, and cleanliness can make the shopping experience more enjoyable and encourage repeat visits (Tjiptono et al., 2020).

While customer satisfaction is an important factor in retail success, this study finds that it does not mediate the relationship between service innovation, product completeness, and store atmosphere on purchasing decisions. Consumers tend to base their purchasing decisions on the direct benefits of service improvements, product availability, and store ambiance rather than overall satisfaction levels (Delafrooz et al., 2013). This suggests that businesses should focus on strengthening these retail strategies independently to increase consumer purchasing behavior. Additionally, product completeness directly influences purchasing decisions without requiring customer satisfaction as a mediator, as consumers prioritize product availability over their overall shopping experience (Pratiwi & Darma, 2020). Similarly, store atmosphere impacts consumer behavior directly, as a well-designed shopping environment can stimulate impulse purchases and influence real-time decision-making (Tjiptono et al., 2020).

Overall, this study confirms that service innovation, product completeness, and store atmosphere significantly impact both customer satisfaction and purchasing decisions. However, the absence of a mediating effect from customer satisfaction suggests that purchasing decisions are driven more by tangible retail factors rather than emotional satisfaction alone. Future research should explore additional moderating variables such as customer trust, brand reputation, and digital engagement to provide a more comprehensive understanding of consumer behavior in the retail industry.

## 4. Conclusions

This study, using Structural Equation Modeling (SEM), successfully validated most of the proposed hypotheses, demonstrating the significant role of service innovation, product completeness, and store atmosphere in influencing customer satisfaction and purchasing decisions. The findings indicate that direct improvements in these

variables can enhance customer purchasing behavior, even without the mediating role of customer satisfaction. These insights provide valuable implications for retail businesses, particularly in highly competitive markets such as Bali, where differentiation through service quality, product diversity, and store environment plays a crucial role in attracting and retaining customers.

For future research, it is recommended to explore additional moderating or mediating variables, such as brand trust, customer experience, or digital marketing strategies, to further understand the complexity of purchasing behavior. Moreover, expanding the study to different retail settings, including e-commerce or hybrid shopping models, can provide deeper insights into consumer preferences and decision-making processes in the digital era. Longitudinal studies may also help track consumer behavior changes over time, allowing for more dynamic strategic recommendations for retail businesses.

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