# HOW SERVICE QUALITY CAN MEDIATE LIFESTYLE AND LOCATION FACTORS IN PROPERTY AGENT'S PURCHASE DECISIONS?

**Nandang Bekti Karnowati [1]\*, Lusi Suwandari [2], Reza Rahmadi Hasibuan [3], Sari Permanik [4], Tri Yuwono[5]**

[1]\* Doctor of Management Science, nandangbekti6633@gmail.com, Indonesia
[2] Doctor of Management Science, reza.hasibuan@mhs.unsoed.ac.id, Indonesia
[3] Doctor of Management Science, reza.hasibuan@mhs.unsoed.ac.id, Indonesia
[4] Doctor of Management Science, nandangbekti6633@gmail.com, Indonesia
[5] Doctor of Management Science, nandangbekti6633@gmail.com, Indonesia
\*corresponding author

## ABSTRACT

Several studies have widely discussed lifestyle market segmentation, but many practitioners still question how effectively lifestyle can impact purchasing decisions. Location is also considered the most important factor that consumers consider when buying a residential home. This research aims to identify the influence of lifestyle, location, and service quality on purchasing decisions. Service quality is then used as an intervening variable between the relationship between lifestyle and location on purchasing decisions. The findings show that lifestyle and location partially do not influence purchasing decisions. Meanwhile, service quality has a significant influence on purchasing decisions. Services quality provides full mediation for the relationship between lifestyle and purchasing decisions. However, service quality fails to mediate the relationship between location and purchasing decisions. Property agents need to focus on service quality which can change consumers' factors, namely lifestyle, to influence purchasing decisions.

**Keywords:** Lifestyle, Location, Service Quality, Purchase Decision

## 1. Introduction

Primary human needs include clothing, namely clothing used to cover the body, food, namely all food intake to support health and endurance, and shelter, which is a place to shelter from environmental conditions, both weather, climate and security. A house is a basic need that must be met and the benefits of a house have shifted from its core function as a place of shelter and protection. Houses are currently used to fulfill the needs and desires of their owners, such as strategic locations, comfortable environments and attractive exterior designs.

Other factors that are starting to develop in society to buy their dream home are location, consumer lifestyle and the quality of the services provided (Listyorini 2012). Housing developers who are sensitive to consumer tastes and needs make this factor an added value in developing marketing strategies in an effort to win the competition. Strategic locations are chosen by considering access, facilities, security, comfort, environment, competition and government regulations (Tjiptono and Gregorius 2012). Choosing a strategic location aims to achieve the benefits desired by the home owner. The decision to determine the location depends on the type of business and the degree of interaction between stakeholders (Rambat 2009). Research results (Kartika, Aryati, and Widayanti 2019); (Elly 2018) shows the positive influence of location on purchasing decisions. However, this is different from the findings of (Azizah and Prasetio 2019); (Ekasari and Putri 2021) where location has no effect on purchasing decisions.

Each individual's lifestyle is different from one another. Lifestyles move dynamically from time to time, adapting to developments over time. Lifestyle can generally be defined as a way of life that is assessed from the way one does activities, how one assesses oneself and one's surroundings as well as the individual's tendencies towards the surrounding environment (Nugroho 2013). Lifestyle is stated to not change quickly and over a certain period of time so that a lifestyle tends to be relatively permanent. A house can reflect the owner's lifestyle and who owns it. So it cannot be denied that lifestyle has an impact on buyers in choosing housing locations according to the buyers' needs, benefits and desires. Research (Apriyandani, Yulianto, and Sunarti 2017); (Suharto and Suyoko 2017) shows the results of the positive influence of lifestyle on purchasing decisions. However, research findings (Karnowati 2020) show different results where lifestyle, which is a personal factor, has no influence on purchasing decisions.

Apart from considering location and consumer lifestyle factors, companies must also consider the quality of service to consumers. It is important for companies to have excellent service quality because service quality is an important component that has an influence on getting new customers and can reduce the possibility of customers switching to other companies. (Karnowati et al. 2021) defines service quality as a comparison of consumers' perceptions of the services they actually receive with the expected services. Home buyers expect satisfactory service from property agents by considering information, prices, suggestions and solutions. Quality service from property agents includes providing comfort and convenience to consumers by guiding the buying and selling transaction process, providing fast responses, preparing complete documents and assisting the buyer's mortgage process throughout the process until completion (Leonard 2020). Findings (Elly 2018); (Azizah and Prasetio 2019) shows that there is a positive influence of service quality on purchasing decisions. Conflicting results were found in research (Ekasari and Putri 2021) which showed that service quality had no effect on purchasing decisions.

Several studies that have been carried out show that there is a relationship between lifestyle variables, location and service quality on purchasing decisions. The findings also show inconsistencies with previous findings, however in previous research no one has explained the role of service quality in mediating lifestyle and location variables on purchasing decisions. Service quality is an internal company factor that can be maximized by improving performance and facilities. For this reason, the author is interested in researching which factors influence the decision to purchase a house in Intan Residence City Cilacap and the role of service quality in mediating the relationship between variables. The benefit of research is to provide evidence and

input to marketers that service quality can act as an intervening variable to create the influence of lifestyle factors that arise from consumers and location factors from the external environment.

## 2. Literature Review

### 2.1 Buying decision

Purchasing decisions are a way for humans to solve problems to get a product or service that can fulfill their needs and desires by evaluating alternatives, deciding to buy and their behavior after buying (Kotler dan Keller 2017). Purchasing decision indicators are measured through recognizing the problem, seeking information, evaluating alternative options, deciding to buy and attitudes after purchasing.

### 2.2 Lifestyle

Max Weber was the figure who first introduced the term lifestyle, which stated that an individual's social status is determined by his lifestyle (Weber 1978). As time progresses (Kotler dan Keller 2012) defines that lifestyle as a description of a person's overall personal activities that interact and show interest or interest in their environment. This definition concludes that lifestyle indicators can be measured by analyzing activities, interests and opinions.

Research results (Apriyandani et al. 2017); (Kartika et al. 2019); (Suharto and Suyoko 2017); (Putri and Permatasari 2018) shows that lifestyle has a positive impact on purchasing decisions. From the previous study, a hypothesis (H1) can be drawn that lifestyle has an impact on purchasing decisions. Lifestyle is a personal factor that arises as a result of environmental influences, while service quality is an internal company factor that is sought to meet the needs and desires of buyers. In this research, it will also be tested whether service quality can mediate the influence of lifestyle on purchasing decisions as the second hypothesis (H2).

### 2.3 Location

Choosing the location of a residence depends on the buyer's desires, benefits and goals for buying a house. The strategic location of the house can increase consumers' interest in buying. The strategic location of the house can be adjusted to consumer desires, such as distance to public facilities, distance to work, distance to entertainment venues, which are the motives for the efficiency of economic factors considered by consumers when buying a home.

Location indicators in this research include access, visitability, traffic and environment. Findings (Elly 2018); (Rivaldo and Yusman 2021); shows that location has a positive effect on purchasing decisions, so it can be hypothesized (H3) that location has a positive impact on purchasing decisions. The choice of location is absolutely determined by the buyer with certain considerations, but location is also related to property agent services which provide access and facilities and are needed by buyers, so this research will test whether the direct influence of location can change with the role of service quality as an intervening variable as the third hypothesis. (H4).

### 2.4 Service Quality

Service quality is the manufacturer's effort to meet the needs and desires of buyers so that they can provide satisfaction in line with expectations (Karnowati and Astuti 2022). Property agents must pay attention to service quality because service quality can determine purchasing decisions. Good service quality will be perceived as ideal quality that exceeds buyer expectations.

Service quality indicators include reliability, responsiveness, assurance, empathy, tangible (Kotler and Keller 2018). Suharto (2017); Rahayu (2017) shows that service quality has a positive impact on purchasing decisions so that a hypothesis can be put forward that service quality has a positive impact on purchasing decisions (H5). Service quality is an important factor that should not be ignored by property companies. To prove this, this research will test service quality as an intervening variable that mediates lifestyle and location variables.

*2.5 Framework*
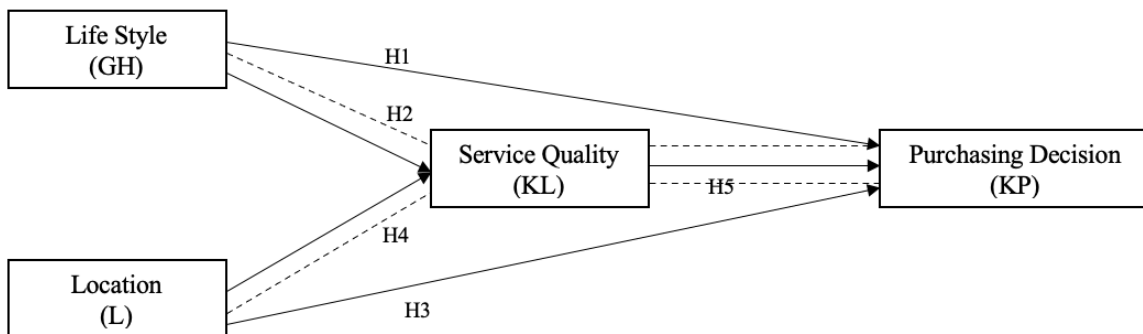


Figur 1. Conseptual Frame Work

## 3. Research Methodology

*3.1 Respondent*
Determining the sample in this research used a non-probability sampling technique with a census method where all members of the population were the sample for the research (Sugiyono 2014). The number of respondents was 45 people who had lived and settled in the Intan Residence Cilacap housing complex.

*3.2 Data Analysis*
Data were analyzed using Structural Partial Least Square (PLS) to test validity, reliability and hypothesis testing. However, previously in the initial stage the data was analyzed using descriptive statistics to provide an overview of the characteristics of the respondents' answers, including age, status, gender and education.

The questionnaire results were then tested for validity and reliability using the inner model and outer model with smartPLS. Questionnaire data is considered valid if it has factor loading and AVE values of more than 0.5. Meanwhile, the reliability test is measured by a composite reliability value of more than 0.6 as a standard measure of success (Ghozali 2015). Hypothesis testing is

carried out to determine the relationship between latent variables and determine the R square value. The results of the data processing are then reviewed and analyzed to provide answers to the research questions.

## 4. Results

### 4.1 Respondent Characteristics
The majority of respondents were men (71.1%) with a young age ranging from 20-30 years, 35.6%. From the data, it was found that 60% were single and the majority (53%) were private employees. A complete description of the characteristics of respondents is presented in Table1.

Table 1. Respondent Characteristics

| Variable | Classification | Total | Percentage |
|---|---|---|---|
| Gender | Man | 32 | 71,1% |
| | Woman | 13 | 28,9% |
| Age in years | 20-30 | 20 | 44,4% |
| | 31-40 | 16 | 35,6% |
| | 41-50 | 8 | 17,8% |
| | After 50 | 1 | 2,2% |
| Status | Singel | 27 | 60% |
| | Merried | 18 | 40% |
| Profession | Private sector employee | 24 | 53,3% |
| | Entrepreneur | 9 | 20% |
| | Student | 3 | 6,7% |
| | PNS | 8 | 17,8% |

*Source: Questionnaire data processed*

### 4.2 Outer Model
Validity and reliability tests are carried out using the outer model, namely measuring the loading factor value which must be more than 0.6. If the loading factor value is less than 0.6 during testing, the indicator must be excluded from the model. Data must have a composite reliability value of more than 0.6 as a standard measure of reliability testing in the outer model. The testing action is repeated again until it produces a good construct value.

Table 2. Variables, Indicators, Loading Factor, AVEs and Composute Reliability

| Variable | Indicator | Loading Factors Running 1 | Loading factors Running 2 | Loading factors Running3 | Cronbach's Alpha | AVE | Composite Reliability |
|---|---|---|---|---|---|---|---|
| Life Style (LS) | LS1 | 0.764 | 0.840 | 0.841 | 0.790 | 0.704 | 0.877 |
| | LS2 | 0.587 | Rejected | Rejected | | | |
| | LS3 | 0.807 | 0.821 | 0.810 | | | |
| | LS4 | 0.448 | Rejected | Rejected | | | |
| | LS5 | 0.801 | 0.857 | 0.865 | | | |
| | LS6 | 0.358 | Rejected | Rejected | | | |
| Location (L) | L1 | 0.757 | 0.776 | 0.758 | 0.739 | 0.539 | 0.823 |
| | L2 | 0.731 | 0.687 | 0.702 | | | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | L3 | 0.674 | 0.680 | 0.642 | | | |
| | L4 | 0.482 | Rejected | Rejected | | | |
| | L5 | 0.772 | 0.805 | 0.823 | | | |
| Service Quality (SQ) | SQ1 | 0.682 | 0.683 | 0.690 | 0.810 | 0.570 | 0.868 |
| | SQ2 | 0.787 | 0.778 | 0.789 | | | |
| | SQ3 | 0.721 | 0.720 | 0.713 | | | |
| | SQ4 | 0.828 | 0.826 | 0.827 | | | |
| | SQ5 | 0.748 | 0.760 | 0.746 | | | |
| Buying Decision (BD) | BD1 | 0.630 | 0.637 | 0.723 | 0.666 | 0.584 | 0.807 |
| | BD2 | 0.589 | Rejected | Rejected | | | |
| | BD3 | 0.826 | 0.824 | 0.811 | | | |
| | BD4 | 0.755 | 0.757 | 0.756 | | | |

*Source: Questionnaire data processed with SmartPLS*

### 4.3 Inner Model

Inner models are carried out to test the correlation between variables and predict the R-Square value of the endogenous latent construct. Figure 1 presents the R-Square for service quality of 0.483 which can be interpreted as the contribution of lifestyle and location to service quality of 48.3%. Lifestyle, service quality and location can explain the relationship with purchasing decisions by 43.1%.

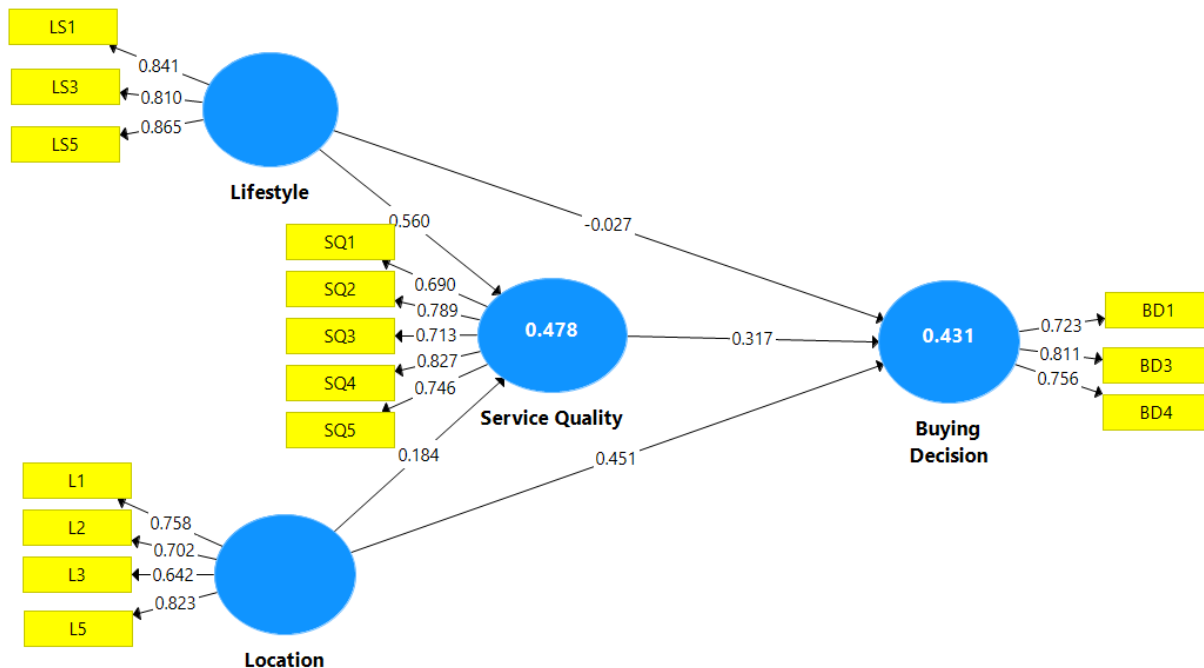Figure 2: Structural Equation Model



Table 3 presents the findings of statistical results through booth strapping which show that H2 and H5 are accepted, but the results of H1, H3 and H4 are rejected. The second hypothesis shows that service quality is accepted as an intervening variable in the relationship between lifestyle and

purchasing decisions as shown in H2. Meanwhile, H4 shows that service quality is not accepted as an intervening variable in the relationship between location and purchasing decisions.

Table 3: Relationships, Path Coefficients, P Values, Results

| Hypothesis | Connection | Original Sample | T.Statistics | P-Value | Result |
|---|---|---|---|---|---|
| H1 | Life Style→ Buying decision | -0.027 | 0.127 | 0.899 | Rejected |
| H2 | Life Style → Service Quality→ Buying decision | 0.213 | 2.024 | 0.043 | Accepted |
| H3 | Location → Buying decision | 0.451 | 2.016 | 0.044 | Accepted |
| H4 | Location → Service Quality → Buying decision | 0.078 | 0.833 | 0.405 | Rejected |
| H5 | Service Quality→ Buying decision | 0.317 | 0.343 | 0.060 | Accepted |

*Source: Questionnaire data processed with SmartPLS*

## 5. Discussion

Lifestyle factors have contributed to studies, most of which only discuss lifestyle factors in various product and service markets. However, it is still a question for practitioners, whether lifestyle factors can influence consumer purchasing decisions in determining a home to live in. The first hypothesis tested in this research is to identify the influence of consumer lifestyle on housing purchasing decisions and also to see whether the influence can change when service quality is used as an intervening variable in the test.

The findings show that lifestyle does not have a positive impact on purchasing decisions. This finding contradicts previous research (Apriyandani et al. 2017); (Suharto and Suyoko 2017), however this finding is supported by (Akkaya 2021) who claims that there is no direct influence of lifestyle on purchasing decisions for certain brands. Because there is no direct influence of lifestyle on purchasing decisions, we continued testing the second hypothesis which tested whether lifestyle could have an indirect effect on purchasing decisions by influencing the quality of service perceived by consumers. The test results show that lifestyle indirectly influences purchasing decisions with the influence of service quality as an intervening variable. Service quality has a full mediating role in the relationship between lifestyle and purchasing decisions. This means that lifestyle can be influenced by the quality of service so that it can influence the quality of purchases. These findings prove that consumers expect excellent service quality from property agents so that service quality must be a priority for companies in increasing sales.

The strategic location of housing can attract consumers to buy it. This study also aims to identify the influence of location on purchasing decisions. Based on the test results, it shows that location has no direct influence on purchasing decisions. The findings conflict with (x and Then the testing continues by providing mediation between the two relationships that have no effect, namely the service quality variable as an intervening variable. The results of statistical calculations show that lifestyle does not directly influence purchasing decisions. This means that service quality as an intervening variable fails to mediate location factors and purchasing decisions. The dream location of a residential house is to have easy access, good visitability and a comfortable environment. This

research was conducted at Intan Residence City Cilacap which has easy access and a comfortable environment but is not located in the city center. As many as 60% of respondents tend to answer that the safety and comfort of the surrounding environment is a priority in making purchasing decisions. This can explain the lack of influence of location on purchasing decisions.

The quality of service provided by property agents is an effort to meet consumer expectations for what is offered. Then consumers will compare the quality of service provided with existing standards or experiences experienced by previous consumers. The study results show that service quality has a significant positive effect on purchasing decisions. The service quality variable also succeeded in becoming a mediator which caused lifestyle factors to influence purchasing decisions where previously lifestyle did not directly influence purchasing decisions. The test results show that the service quality variable has a very important role in influencing consumer purchasing decisions. So it can be concluded that customer service is very important for the survival of property agent companies and in general. Property agents' seriousness in helping to solve problems and great attention is highly expected by residential home buyers considering that the problems faced by customers are related to the laws and policies that apply in an area.

## 6. Conclusion

In connection with the factors influencing purchasing decisions examined in this study, it resulted in the finding that service quality is a complete mediator of the relationship between lifestyle and purchasing decisions. Service quality also directly has a significant influence on residential home consumers' purchasing decisions. So this research concludes that lifestyle, which is a personal factor for consumers, can change with the mediating role of service quality built by the company's internal parties. The quality of service expected by consumers is in the form of reliability demonstrated by the developer in assisting the transaction process and providing solutions to consumers. Even though strategic location does not influence it directly or indirectly, this study found that there is a consumer tendency towards the convenience of residential locations. This can be used as a reference for developers to create housing that has a safe and comfortable environment for consumers. It is important for companies to focus on service quality which can change lifestyle factors so that they influence purchasing decisions and change the mindset that location is the most important variable in the strategy of marketing residential homes to consumers.

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