CHAPTER 1
Introduction

1.1. Background

In this globalization era people become more consumptive and people often spent their time in the mall. They go to the mall for refreshing after being tired of working, just looking for food, spending time with family or hangout with friends. Recently the competition between malls in Surabaya is increasing because many new mall appear which may lead to decline in mall customers. The mall developers or managers need to consider alternative methods to build excitement with customers. Malls in Surabaya should be able to maintain their value in order to stay competitive and to maintain their customers. The malls that can build a strong customer satisfaction and customer loyalty will ultimately survive in this intense competition. The rapid growth of e-commerce in 2017 make shopping center managers more innovative.

Having a loyal customers can help the managers or the mall owner to maintain their profit and survive in competition with another malls. BCA's recent survey shows that there are also malls that are increasingly attracting consumers. The survey said, a row of malls whose sales were still increasing were new malls with lots of hangout places like Gandaria City, Kasablanka Mall and Central Park (katada.co.id, 2017). So one of the alternative for malls managers to build excitement with the customers is to create a mall environment with the hangout places, so the customers can also hangout with their friends or family and come to the mall not only for shopping but also for hanging out.

Table 1.1.

Transactions Growth of Shopping Mall in 2017

Shopping Centers whose Transaction decrease the Most	Growth	Shopping Centers whose Transactions increase the most	Growth
Metro Pasar Baru	-59%	Gandaria City	+20%
Taman Palem Mall	-49%	Kasablanka Mall	+18%
Glodok Plaza	-34%	Mall Central Park	+14%
Mangga Dua Mall	–23%	Summarecon Mall Serpong	+14%
Mangga Dua Center	-20%	Metropolitan mall	+13%
ITC Cempaka Mas	-19%	Plaza Indonesia	+12%
Mangga Dua Pasarpagi	-18%	Pondok Indah Mall	+19%
ITC Cempaka Mas	-19%	Plaza Indonesia	+12%
Mangga Dua Pasarpagi	-18%	Pondok Indah Mall	+9%
ITC Roxy Mas	-17%	Karawaci Super Mall	+9%
Pasar Atom	-16%	Grand Indonesia	+9%
Harco Mangga Dua	-16%	Puri Indah Mall	+8%

* First semester 2017 data compared to 2016.

Source:(https://katadata.co.id/berita/2017/09/18/itc-mulai-sepi-deretan-mal-berkonsep-gaya-hidup-sedot-pengunjung).

From that survey data we can conclude that the current trend of mall customers is looking for malls that can fulfill lifestyle fulfillment not only to provide a place to shop but also provide a hangout place. Based on the results of a survey conducted by BCA at several malls in Jakarta and Surabaya, the survey results can be seen that the mall that has increased sales is a mall that has many hangout places. So the purpose of this research is to find out whether a mall that has a good environment can make visitors shop again and make repeat purchases which can be called customer loyalty

So the purpose of this study is to find out the effect of mall environment on customer loyalty at the new mall in Surabaya to prove the data from the survey whether a new mall with a hangout can get customer loyalty. One of the new malls in Surabaya that could provide lifestyle fulfillment and hangout places is Marvell city. Marvell City was opened in 2015 with the main tenant Lotte Mart and also the CGV blitz, which became the first CGV blitz in Surabaya. Marvell City has a different mall concept with other malls in Surabaya. Marvell City has lots of open space where visitors can sit and hangout while enjoy the fresh air.

With the open space concept Marvell City has already create a good mall environment and have a chance to win or get the customer loyalty and customer satisfaction. Mall environment is having important influence for the customer to spend their time in the mall or buying the products from the retailer inside the mall. Also with a good mall environment the customer or visitors will feel satisfied after spending time in the mall. This good mall environment is having a big part for the success in getting customer loyalty and customer satisfaction.

Customer loyalty has received much attention in the retail marketing literature over the last two deacades (Chebat et al., 2009; Rabbanee et al ., 2012), mall loyalty has received little research attention. Since having a loyal customer play a big role in success of many types of retailer, lincluding shopping mall in this competitive era (El adly and Eid., 2016). It would be helpful for the retailers or managers to understand what factors that may influence customer loyalty. Presently people become more selective and value driven on choosing and loyal to those shopping mall that can give them high perceived value and can satisfied them.

 Creating and delivering value and increasing customer satisfaction are crucial practice for retailers including shopping malls to achieve competitive advantage. By knowing the shopping values that customers derive from the mall shopping experience and their satisfaction with the mall environment, developers and managers of the malls can identify the

attributes that makes shoppers loyal to malls (Jackson et al.,2011). From previous discussion we can conclude that satisfaction (customer satisfaction) and mall environment affecting the customer loyalty. Customer perceived value (MALLVAL) plays an important role in predicting customer's choice and future repurchase intentions and consequently in achieving sustainable competitive advantage (Chen and Dubinsky, 2003; Eid and El-Gohary 2015). So customer perceived value or mall value also become one the factor that affecting customer loyalty.

Actually the customer satisfaction on mall only receive little although customer satisfaction on store has gain much attention. Stoel et al. (2004) find an insignificant relationship between the mall environment and mall loyalty.

Customer satisfaction is a psychological condition of satisfaction for the perceived value from a product or a service acquirement (Howard & Sheth, 1969). According to Kotler (2000) expresses that satisfaction is a person's feelings of pleasure or disappointment resulting from comparing a product's perceived performance (or outcome) in relation to his or her expectations. Anselmsson (2006) defined customer satisfaction at a shopping mall as the individual emotional response towards the evaluation of overall experience, and developed a scale composed of six components – store atmosphere, store type and layout, convenience facilities, type and quality food and beverage, advertisement and event, and the shopping mall location . As customer feel positively about the relationship of the product or service and appreciate the product or brand, it result in high level of loyalty (Oliver, 1997). So the retaiers or mall managers need to make the customer satisfy to gain the maximize benefit from them.

Customer perceived value in mall (MALLVAL) plays an important role in predicting customer's choice and future repurchase intentions and consequently in achieving sustainability competitive advantage (Chen and Dubinsky, 2003; Eid an El-Gohary, 2015). Customer perceived value itself according to (Zeithaml, 1988) is a trade-of between what customer gets (i.e.,

benefits, quality) for what he/she gives (i.e., price or sacrifice). To find out the subjective nature of the value provided by a complete shopping experience and not only in obtaining product, value is defined as 'all the factors, qualitative and quantitative, subjective and objective, that make up the complete shopping experience' (Zeithaml, 1988; Babin el al., 1994; Jackson et al., 2011).

By knowing the shopping values that customers derive from the mall shopping experience and their satisfaction with the mall environment, developers and managers of malls can identify the attributes that make shoppers loyal to the malls (Jackson et al ., 2011) . Developing an attractive mall environment (atmospherics) is an important retail strategy to induce certain positive emotional responses and ultimately affect customer purchase behavior (Levy and Weitz, 2012). From the shopper's point of view, atmospherics is their perception of the quality of their surroundings (Baker and Wakefield, 2012). It is necessary thst the operators of shopping malls and shop-keepers have deeper cognition of the customer so that they can provide a desireable shopping environment for the customer (Sadeqhi and Bijandi., 2011). Mall environment can influence the mood of the customer and comfortable mall environment not only bring people into the store, but keeps them there longer. (Chebat and Michon., 2003) have found that the perception of the mall environment very strongly affects shopper's arousal and also has an impact on customer's emotions.

1.2. Research Problems

Based on background above, research questions are as follows :

1. Does mall environment have an effect on customer loyalty?
2. Does mall environment have an effect on customer satisfaction?
3. Does mall value have an effect on customer satisfaction?
4. Does mall value have an effect on customer loyalty?
5. Does customer satisfaction have an effect on customer loyalty?

1.3. The Purpose of The Study

The objective of the study is to investigate :

1. Effect of mall environment on customer satisfaction
2. Effect of mall environment on customer loyalty
3. Effect of mall value on customer satisfaction
4. Effect of mall value on customer loyalty
5. Effect of customer satisfaction on customer loyalty

1.4. Significance of Study

In this study, Expected the results of research can be input for some parties that is :

1. It is expected that the results of this study can be a reference for other researchers who want to understand about the effect of mall environment on customer loyalty mediating mallvalue and customer satisfaction at Marvell city. It is expected that readers of this research can understand the problems in effect of mall environment on customer loyalty mediating mall value and customer satisfaction at Marvell City.
2. It is expected that this research can be input to Marvell City in preparing strategy and future plan regarding Mall Environment, Mallvalue, Customer satisfaction, and Customer Loyalty.

1.5. Writing Structure

Systematics of this writing is divided into five chapters that will be arranged systematically as follows:

CHAPTER 1. INTRODUCTION

Explain the background of the problem, the formulation of the problem, the purpose of the study, the significance of the study and the writing systematic.

CHAPTER 2: LIBRARY REVIEW

This section contains the theoretical basis, previous research that is relevant to the problem addressed within the study, hypotheses development and analysis models.

CHAPTER 3: RESEARCH METHODS

Describe the research design, variable identification, operational definition, variables measurement, types of data and sources, tools and methods of data collection, population, samples and sampling techniques, and data analysis techniques.

CHAPTER 4: ANALYSIS AND DISCUSSION

Regarding the characteristics of the research, the descriptive statistics of the research variables, the results of data analysis, hypothesis testing ,and discussion.

CHAPTER 5: CONCLUSIONS AND SUGGESTIONS

Contains conclusions from the results of hypothesis testing and discussion of findings of research conducted. To give suggestions in the form of problem-solving ideas that originate in the discussion of research findings that are useful for the company and subsequent research.