A crucial but classic issue is store loyalty. It has been along become a discussion among both marketing academics and practitioners. (Dick and Basu, 1994; Fornell *et al.*, 1996; Hallowell, 1996; Kasper, 1988; LaBarbera and Mazursky, 1983; Newman and Werbel, 1973; Oliver, 1996). Yet, in the present environment of increased competition with rapid market entry of new store concepts and formats (Maronick and Stiff, 1985), the managerial challenge of increasing store loyalty also presents the research challenge of a more in-depth understanding and an empirical estimation of this important type of consumer behavior.

There is some evidence that store loyalty may be (positively) related to store image (Mazursky and Jacoby, 1986; Osman, 1993; Bloemer and Ruyter, 1998) or satisfaction (Oliver, 1980; Hallowell, 1996; Patterson et al., 1997; Bolton, 1998). However, it has remained unclear what the exact relationship between satisfaction, image and loyalty in a retail setting is. For instance, one question that has been left unanswered concerns the issue whether there is a direct relationship between store image and store loyalty or whether there is an indirect relationship through store satisfaction. In this thesis the researcher tries to answer this question. The researcher proposes a model that describes the relationship between store image and store loyalty, taking into account the effect of store satisfaction.

and architecture of the store, Symbols (emblems) and colors, Advertising and the store Sales Personnel.

Kunkel and Berry (1968) applied learning theory on the store image, and they used this idea discussion relationship between behavior of customer display and store image. They thought the image was one kind of difference stimulating, and it took action under some kind of situation that may obtain the anticipated effect.

Going by present literature, store image is anything from the perception of a store in the mind of a consumer to a reflection of the attitude of the consumer toward the store to complex of associated meanings and symbols.

Whereas some researchers focus on a store's functional qualities, others emphasize the consumer's psychological orientation, and still others treat image as a complex configuration of functional attributes, consumer perceptions, and attitudes. Following are classification system in which the different perspectives are used to categorize definitions into three conceptual groups: functional, psychological, and complex gestalt.

1. Functionally-oriented definitions locate store image in bricks-and-mortar store properties such as merchandise selection, layout, service quality, price range, and so forth, all of which can be compared objectively to

those of a competitor. From this perspective, store image is considered an element of retail strategy, controllable by store management.

2. Psychologically-oriented definitions locate image in the consumer's mind and treat it as a cognitive and/or emotional construct based on consumers' feelings. These feelings include the consumer's sense of brand-evoked 'belongingness' based on the image's capacity to evoke warmth and friendliness, excitement and interest and brand/person compatibility. From this perspective, store image is determined by the consumer.

Both functional and psychological definitions assume that image is a static entity, existing either in the real world or in the consumer's mind. For the most part, researchers agree that store image includes 'factually based opinions' and a mental structure of some sort that is tying together the dimensions that are at work (Lindquist, 1974–75). Here, functional and mental states are viewed as multidimensional, a consequence of the assortment of tangible or intangible elements that stimulate consumer perceptions.

3. Gestalt definitions reflect the challenge to state conceptualizations by process ones in which image is considered transactive rather than static. MacInnis and Price (1987) argue that 'imagery' is a distinct type of processing mode used by individuals to integrate information about an object (or event) into a gestalt. They suggest that people do not store

variance/covariance matrix or correlation matrix, so that the equation also stated as *covariance structural analysis.*

Covariance matrix has more advantage than correlation matrix in giving comparison validity between different population and different sample. The use of correlation is best suited if the research objectives are simply to understand the pattern of construct relationship, but do not describe the total variance of the construct (Ghozali, 2004).

4. Structural Model Identification

Identification problem is incapability of proposed model to result estimation model. In order to see the identification problem, is by seeing the estimation result, those are: big value of *standard error* for one or more coefficients, incapability of program to invert *information matrix,* impossible estimation value (negative *error variance*), and high correlation (>0.90). If there is any identification problem, so there are 3 things that must be concerned, coefficient amount that relatively estimated toward covariance or identified correlation with small value of *degree of freedom (df),* using reciprocal correlation among constructs, failures in determining fix value on construct scale (Ghozali, 2004).

5. Goodness of Fit Criteria

If *offending estimate* happens, those are: negative variance *error* or *non-significant error variance* of construct, *standardized coefficient* close to value of 1.0, and high standard error, so the cause of offending *estimate* must be

Small value of χ^2 will result the significant level more than 0.05 that indicates that there is no significant difference between covariance matrix data and covariance matrix estimated (Hair, et. Al., 1995, in Ghozali, 2004).

2) CMIN/DF (*The minimum Sample Discrepancy Function*)

The minimum Sample Discrepancy Function (CMIN) divided by its *degree of freedom (df)* will result in CMIN/DF (generally, it is used for researcher as indicator to measure fit level of model. CMIN/DF is also as *chi-square* statistic; χ^2 divided by its *degree of freedom (df)* is relative χ^2. Value of χ^2 relatively less than 2.0 or even less than 3.0 as indication of *acceptable fit* between model and data (Arbuckle, 1997 in Ghozali, 2004).

3) GFI (*Goodness of Fit Index*)

Fit Index can measure proportion of variance in covariance matrix sample stated by estimated matrix covariance population (Bentler, 1983; Tanaka & Huba, 1989 in Ghozali, 2004). GFI is *non-statistical* measurement tool that has value ranging from 0 (*poor fit*) until 1.0 (*perfect fit*). High value in this index shows "*better fit*".

4) RMSEA (*The Root Mean Square Error of Approximation*)

RMSEA is index that can be used to compensate *chi-square* statistic in big sample (Baumgartner & Homburg, 1996, in Ghozali, 2004). RMSEA value shows expected *Goodness of Fit Index* if it estimated model in population (Hair, et. al., 1995). Small value of RMSEA (=0.08) means that model that shows *close fit* of model based on *degree of freedom (df)* can be accepted (Browne & Cudeck, 1993, in Ghozali, 2004)

Table 4.4

The Distribution Frequencies of the Respondent's Occupation

Occupation	Frequency	Percentage
Student/College student	60	60 %
Government Officer	10	10 %
Private Employee	9	9 %
Entrepreneur	9	9 %
Other	12	12 %
Total	100	100 %

Source: Primary Data (computed), 2007

Table 4.4 describes that most of Ambarukmo Plaza's customers are student/ college students (60%). This result shows that respondent's occupation has the relevance with respondent's age, dominated by the age of less than 30 years old. Besides, it is due to the fact that there are lots of students and college students in Yogyakarta as *Kota Pelajar* (Student City).

4.1.2.5. Respondents' Personal Income

Based on the respondents' personal income, there are six categories of customers: Customers with Rp.0 - 500,000; Rp.500,000 – Rp.1,000,000; Rp.1,000,000 – Rp. 1,500,000; Rp.1,500,000 – Rp.2,000,000; Rp.2,000,000 – Rp.2,500,000; and > Rp. 2,0500,000. The data of the analysis result based on respondents' characteristic of personal income are showed in table 4.5.

The equation above shows that store Image is influenced dominantly by *Convenient facilities* (Y1.3 = 1,190)

4.1.3.2. Store Satisfaction Construct

The data of Store Satisfaction construct *(unobserved/latent variable)* were determined by using three indicators *(observed/manifest variable)*, they are: I am satisfied with my decision to purchase product at Ambarukmo Plaza (Y1.1), I made a wise judgment to buy product at Ambarukmo Plaza (Y1.2), When I finish shopping and come out of Ambarukmo Plaza, I thought I did the right thing (Y1.3). The result of *confirmatory factor analysis* (CFA) is:
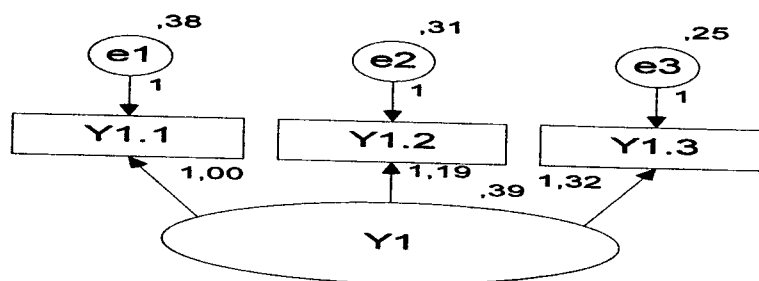

Figure 4.2. *Confirmatory Factor Analysis* (CFA) of Store Satisfaction Construct

Table 4.7

Measurement of Store Satisfaction Construct

Regression Weights: (Group number 1 - Default model)

	Estimate	S.E.	C.R.	P	Label
Y1.1 <--- Y1	1,000				
Y1.2 <--- Y1	1,186	,172	6,896	***	par_1
Y1.3 <--- Y1	1,321	,191	6,909	***	par_2

The result of *confirmatory factor analysis* (CFA) leads to the value for each construct *(loading factor or λ)*:

$$Y1 = \lambda_1\ Y1.1 + \lambda_2\ Y1.2 + \lambda_3\ Y1.3$$

$$Y1 = 1,000Y1.1 + 1,186Y1.2 + 1,321Y1.3$$

The equation above shows that Store Satisfaction is influenced dominantly by *I thought I did the right thing* (Y1.3 = 1,321).

4.1.3.3. Store Loyalty Construct

The data of Store Loyalty construct *(unobserved/latent variable)* were determined by using three indicators *(observed/manifest variable)*, they are: I am committed to maintaining my purchasing at Ambarukmo Plaza (Y2.1), I plan to maintain my general shopping habits at Ambarukmo Plaza (Y2.2), I would recommend Ambarukmo Plaza to other people (Y2.3). The result of *confirmatory factor analysis* (CFA) is:
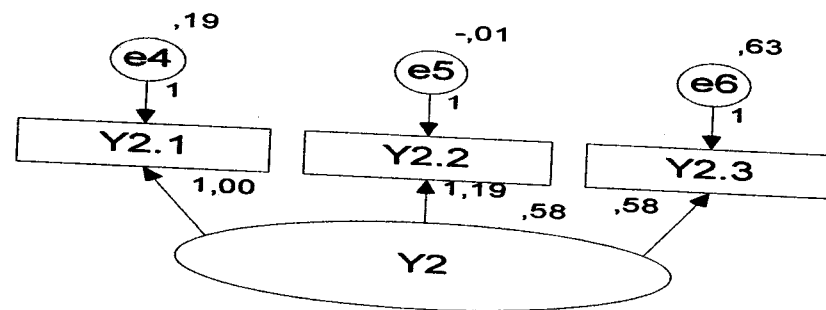

Figure 4.3. *Confirmatory Factor Analysis* (CFA) of Store Loyalty Construct

subject should be developed in order to gain results which are broadly accepted.

3. The future research should incorporate with other possible irrelevant effects that influence customer loyalty for example attitude toward a discount retail store to more understand on customer behaviour dealing with store loyalty.