

THE STRATEGIC ROLE OF BUSINESS LOCATION DETERMINATION IN BUSINESS SUCCESS (CASE STUDY FAFANA COLLECTION STORE)

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Abstract

In this increasingly advanced era where the economy is rapidly developing, especially in the business sector, various methods are being employed by entrepreneurs to advance their businesses. One such example is Fafana Collection Store, a business in the fashion industry that focuses on producing housewife dresses. This research aims to understand the strategic role of business location determination in business success. As an entrepreneur, location determination is very important related to the success of a business. The purpose of this research is to identify the factors considered in location selection, the impact of the chosen location on the business, and the success of the business itself. This research uses qualitative methods, with data collection techniques of interviews and observations. The subject used is a case study of Fafana Collection Store. The research results show that there are several factors determining the strategic location of the business. From this research, it is concluded that Fafana Collection Store is threatened by the impact of an inappropriate business location, which has led to business failure caused by several factors, even though the store's location is strategic and easily accessible. The advice that can be given for this business is to find a more strategic location where the main focus is on a spacious area, as well as comfort for customers or consumers while shopping and easy access.

Keywords: Business success, business location, Business.

Introduction

With the development of the economy in the increasingly advanced modern era, it certainly has a very significant impact on the business sector. Many entrepreneurs today are starting their businesses, ranging from the fields of fashion, food, cosmetics, and others. Business comes from the English word "business," which means busy, in the context of individuals, communities, or society, engaging in activities and work that can generate profit.

In the book by Rifa'i (2020:2), several opinions from various experts regarding the definition of business are revealed, namely, Brown and Petrello (1976), who also explain that business is an institution that can produce goods and services needed by the community while making a profit. Steinford (1979) mentioned business as the activity of providing goods or services needed by consumers. According to Hughes and Kapoor (1985), business is an organized individual effort to produce and sell goods and services to make a profit in meeting the needs of society and industry. Business activities are carried out systematically and sustainably by individuals, business entities, or legal entities. Business operates in the fields of trade and industry. Making a profit is a small goal of business, while maintaining, strengthening, and improving the standards of the quality of life in society is the larger goal. In short, business starts or begins with consumers and ends with consumers as well.

To Support the business in advancing, creativity/innovation and development in the marketing sector must also be carried out effectively. Marketing is an activity in the economy that aims to help create economic value. Marketing serves as a link between the products and services produced by the company and the consumers who use them. By knowing the prices of goods and services, we can recognize their economic value. Products or services, marketing, and consumers are important factors in creating that value. Marketing activities in the business world play a very important role, and the term marketing itself is often interpreted in various ways such as sales, distribution, and trade.

Toko Fafana Collection is a business that operates in the fashion industry and focuses on clothing for housewives, such as nightgowns, dresses, and pajamas. Therefore, this business falls

into the micro-level small business category, where its trading activities have a small scale, both in terms of scope, capital, and output. The United States Small Business Administration's Office of Small Business Administration, as stated in the SBA Regulation, declares that small businesses are characterized by the following activities;

1. Owned and operated independently.
2. A businessman who is lacking in their business sector means that small enterprises do not play a role in the industry.
3. The number of uncertain workers corresponds to the sector of the industry.
4. The annual sales rate is uncertain depending on the industry sector

In business, many competitors use various business methods. One of them is determining the location, where this location will greatly influence the success of a business, whether it will succeed, fail, or stagnate. (tidak berkembang). As an entrepreneur who focuses on consumers, one must have a mindset that meets the needs of the consumers themselves, such as safe and comfortable parking facilities that make consumers want to spend more time shopping.

Purnomo (2017:76) states that in considering the selection of a location, various factors need to be taken into account. The main factor is the cost resulting from the arrangement of industry or business in the chosen location. Low costs are the goal of decision-making because locations with low costs can compete with other competitors.

Location is not the only important factor in the success of a business venture; it is also the result of the experiences of various parties and studies by scientists that show a significant relationship between success and planning when starting a business.

1. Location Theory

Ibrahim (1998) cited in (Rusdiana, A 2014:249) stated that location theory is a science that investigates the geographical allocation or a science that investigates the spatial arrangement of economic activities from potential sources and its relation to the influence on the existence of various types of businesses, both economic and social.

2. Business Location

The opinion of Tjiptono (2008) quoted in Sudiantini, et.al., (2023:334) explains that location refers to the area where the company's place is situated and operates with the aim of producing goods and services that are important to the economy. The strategy used to consider the selection of a business location is the service marketing strategy and alternatives from the owner.

Lesmana, K, & Suyatin (2018:120) state that the method of choosing a strategic business location can certainly influence the success of the business that will be run. Julyanthry, et.al., (2020:46) state that when choosing a location for a service company to be established, the following factors must be considered:

1. The environment, does the surrounding environment support the services and complement the services and products offered.
2. Flexibility, where ease of entry and exit, from and to the highway leading to the location, as well as access to public transportation facilities, is provided.
3. Visibility distance, ease of finding locations in terms of sight, and placing road signs leading to those locations.
4. Traffic, where the level of smoothness and congestion of the highways around the location.
5. Parking, the availability of adequate parking facilities.
6. Competitors, the distance between competitor locations and business locations.
7. Expansion is the possibility of extending business spaces.
8. Workforce, the presence of employees according to the desired talent/skill criteria.
9. Additional / supplementary, which refers to the completeness of services offered to consumers.

In today's modern era, businesspeople/entrepreneurs must have a long-term vision for their business to grow rapidly, one of which is by choosing a strategic, safe, and comfortable location for consumers. This is done to avoid the risk of business failure. To ensure and test the determination of the business location at Fafana Collection Store, a qualitative research method was conducted. Based on these reasons, this paper aims to illustrate the impact of strategic location determination on business success, using the case study of Fafana Collection Store.

Method

In this research, qualitative research methods were used. The qualitative approach is an in-depth understanding of a phenomenon with the assumption that every phenomenon must have a

pattern that can be revealed, which is the emphasis of qualitative research aspects. By using in-depth analysis techniques, which discuss phenomena on a case-by-case basis because qualitative methodology believes that the nature of one phenomenon differs from another. The purpose of this method is not for generalization but for understanding a phenomenon.

The type of this research is conducted directly by going to the field to gather data and obtain information directly from the store's customers. Thus, this research digs up as much information as possible from interviews and observations. Rukminingsih, Adnan & Latief (2020:17) state that qualitative research is used to seek and understand the intentions of several individuals or groups of people who are considered to originate from social issues. In the qualitative research process that involves significant power, among other things, asking questions aimed at understanding procedures, collecting specific data from participants, analyzing data inductively starting from specific ideas to general ideas, and interpreting the meaning of the data. The conclusion of this research report takes the form of a flexible framework.

Data collection is conducted naturally, with more diverse data obtained through observations, in-depth interviews, and documentation. The form of data obtained is non-numeric in the form of words that cannot be measured with numbers. In this research, data collection uses interview and observation techniques, the definitions of which are as follows;

- a. Interview, data collection method used by directly interviewing customers at Fafana Collection Store.
- b. Observation, data collection conducted through the process of observing the research object, here observing how often customers visit Fafana Collection Store.

Results And Discussions

In the success of a business or enterprise, it is very important for entrepreneurs to plan the right strategies so that the business can last long and continue to advance. The active role of entrepreneurs will be very effective in keeping a business alive, but without the entrepreneurs' activity in developing their business, the business will experience decline, stagnation, and even go bankrupt.

Elinuari V., and Marlana, (2021) as cited in Sari, Dahmiri, & Kurniawan (2023:119) In the success of a business, it is also tied to the inner satisfaction of customers or individuals. A business that experiences progress in the form of improved results compared to previous outcomes is a success of the entrepreneur themselves. The success of an endeavor is a process of directing thoughts and efforts to bring progress and positive change, whether qualitatively or quantitatively, as per the established goals.

The business location is a very significant cost booster, meaning that choosing the right location will greatly assist in the success of the ongoing business. The benefits of the right business location will result in much greater profits compared to the costs incurred. This is not separate from the selection of business locations that consider the preferences of business actors with service marketing strategies.

The selection of a business location is very important, as not only large companies need this, but even micro-service businesses need to choose a strategic business location, where the selection of a strategic location also determines the success of the business. The business location is not much different from the place and distribution strategy, as it considers everything from the location, space, and building. Distribution is the way a company delivers its goods, starting from the company and ending with the final consumer. As stated by Zuliarny & Hidayat (2013:103), the need to consider various aspects in determining the location for business actors is crucial, as the business location is one of the main points in business strategy. In addition to being close to the market, considerations in determining the business location also need to pay attention to the readiness of adequate infrastructure.

In this research, the author attempts to describe the data obtained from interviews and observations that have been conducted, as well as supported by existing theories and findings from various journals, with the aim of providing something new.

According to Haksever et al., (2000) as cited in Juliantrhry, et al., (2020:43), production facilities are something that is built and invested in, with the aim of carrying out production activities. Determining where a service or hospitality company will be located is an important decision in service operations management. Once the chosen location is finalized, the service company must be established immediately, and its layout must also be arranged promptly to facilitate operational activities. Service companies decide on locations based on various

considerations such as the potential increase in demand, company development strategies, and the expansion of facilities that initially did not meet the requirements to qualify for the company.

Kasmir's opinion (2014) as quoted in Puspitaningrum and Darmiatun (2022:292) states that the location of a business is not much different from place and distribution strategies, as it considers everything, namely location, space, and building. Distribution is the way a company channels its goods, starting from the company to the end consumer. Based on the findings of Puspitaningrum and Darmiatun (2022:303), it shows that "there are factors to consider in location selection, namely accessibility, visibility, traffic, parking space, expansion, environment, and competition."

As stated by Julianthry, et al. (2020:44), the primary location criteria for service businesses generally include ease of access for customers, while manufacturing companies also use it but with different criteria. In their findings, Zuliarni and Hidayat (2013:103) state that in selecting a location, important factors must be considered in determining the business location for the business owner, as the business location is one of the business strategies.

Based on the findings obtained from the results of observations and interviews, the following are the results:

1. Inclusivity or ease of access.

Ease of entering and exiting from and to the highway leading to the location, as well as obtaining convenient facilities such as public transportation.

After observing the accessibility of Fafana Collection Store, it is already located in a strategic area because the store is situated on the edge of the main road, making it easy for visitors to access and exit the store.

2. Lalu Lintas yaitu tingkat kelancaran dan kemacetan jalan raya disekitar lokasi.

Based on the observations that have been conducted, traffic in the store's location area is very smooth because the store is not situated in a busy traffic area.

3. Parking area, which is a place to park vehicles for visitors or customers.

Based on interviews and observations, it was found that Fafana Collection Store does not have a parking area, due to the store's location being right next to the highway, which results in no space for parking vehicles for customers or consumers.

4. Competition, the absence of competitors around the business location.

As quoted in Puspitaningrum & Damanuri (2022:301), according to Siagian (2003), competition is a real phenomenon that exists in the business world, characteristic, type, and intensity of the competition that occurs and how the decision-makers handle the dominant level that can affect the profits of an organization or company.

From the research results, there are indeed competitors of Fafana Collection Store around the store location, with some being approximately one and a half kilometers away. This is very common in the business world. The difference with Fafana Collection Store lies in the products sold, where Fafana Collection Store focuses more on housewife clothing such as nightgowns, while the competing store leans more towards trendy contemporary clothing.

5. Expansion is the possibility of extending business spaces.

From the location, it is not feasible for Fafana Collection Store to expand or enlarge their business space, as the store measures less than 3.8 cm x 2.5 cm, making it impossible for the store to expand its business space.

6. Visibility distance, the ease of finding a location in terms of sight, and installing road signs leading to that location.

From the results of the interview conducted, Fafana Collection Store is apparently not easy to see for customers or consumers because the store is located among other stores, making it not clearly visible to customers or buyers from a distance, and at Fafana Collection Store, there are no signs in the form of banners to make it easier for customers or consumers to visit, relying solely on clothes arranged in such a way that they can be seen by customers or consumers.

7. Store design, which is an attractive appearance that will make customers or consumers visit and purchase products at the store.

From the results of interviews with several customers who have visited, it was found that Fafana Collection Store is less appealing to look at, as the small store building and the piled-up goods are visible from outside the store.

8. Type of product that is not diverse.

From the results of the interviews conducted, customers conveyed that the products or items available at Fafana Collection Store are not diverse enough, limiting customers or consumers in choosing the desired type of product.

9. Safe and comfortable location, meaning the store is situated in an area that is safe and comfortable for customers or visitors to shop.

From the results of interviews and observations regarding the comfort and safety of the store's operation, it was found that Fafana Collection Store is not located in a comfortable and safe place. This is due to its location being very close to the main road, and the unpleasant odor from the bird and livestock feed store adjacent to Fafana Collection Store.

Determining the location of a business is a very important topic when establishing a business or venture. If the location of the business is strategic, it will have a very positive impact on the business or venture, such as increasing revenue, attracting more customers, and so on. Therefore, the impact of location selection based on theory will affect the sales level of a business or enterprise.

Based on Haryadi's (2008) opinion, as cited in Puspitaningrum and Darmiatun (2022:302), the success of a business is generally depicted by the size or scale of the business, which can be seen from the intensity of production, where initially it could consume a large amount of raw materials per day, it increased to being able to process more raw materials by increasing the required raw materials, which means increasing the number of workers, whether production or marketing workers, along with the expansion of the marketing network. Ardiyanti & Mora (2019) as cited in Sari, Dahmiri, and Kurniawan (2023:119) conveying conditions that can enhance the progress of a goal in activities, measured by business volume, net assets, constitutes business success. The meaning of success in this context is a process of directing thoughts and efforts to bring progress and positive change, whether qualitatively or quantitatively, as per the established goals.

From the results of the observations conducted, a fact was found that the impact of location selection on business success significantly affects product sales levels. In the case of Fafana Collection Store, the impact is not yet good and stable due to the less-than-ideal location selection.

Conclusion

From the research conducted on the Strategic Role of Business Location Determination in Business Success, Case Study of Fafana Collection Store, it was concluded that location determination significantly influences the success of a business. From the results of observations and interviews, factors influencing the determination of business locations were identified. These factors are access, traffic, parking area, competition, expansion, visibility distance, store design, product type, and a safe and comfortable location.

The location of Fafana Collection Store is actually already in a strategic location, as indicated by easy access or visibility, smooth traffic, the competition between stores is quite far apart, but from the research conducted through direct field visits, a problem was found where Fafana Collection Store has few visitors. This has been proven true, as evidenced directly by factors such as parking area, expansion, visibility distance, store design, product type, and a less secure location, and comfortable for consumers or visitors at Fafana Collection Store. Therefore, if this continues, it will negatively impact the success of the business at Fafana Collection Store.

Suggestion

From the conclusion regarding the Strategic Role of Business Location Determination in Business Success, Case Study of Fafana Collection Store, the recommendations that can be provided by the researcher are as follows;

- a. Creating signs, either in the form of billboards or banners, to help customers or clients find Fafana Collection Store.
- b. Designing the Fafana Collection Store to look more attractive to visitors or consumers to encourage them to visit and shop.
- c. Adding a variety of product types sold at Fafana Collection Store.
- d. If it is possible for the owner of Toko Fafana Collection to find a more spacious and strategic business location,
- e. If possible for the owner of Fafana Collection Store to find a more spacious, strategic, safe, and comfortable business location, so that facilities for parking areas and room expansions can be

built, which will make customers or consumers feel comfortable shopping and loyal to return to shop at the store.

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