

## Study of PKLMalioboro Relocation Policy on Tourists' Buying Interest to Increase Local Income in the Special Region of Yogyakarta during the Covid-19 Pandemic Era

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### Abstract

The decrease in the number of tourists in DIY Province, especially the Malioboro area, which occurred during the Covid-19 pandemic, resulted in reduced local revenues for the DIY provincial government. This is due to the enactment of PP Number 21 of 2020 concerning Large-Scale Social Restrictions (PSBB) in Indonesia. This condition makes the level of fear of tourists entering the tourist area very high. One of them is the Tourist Area of Malioboro. The very limited location of the PKL is the cause of the emergence of tourist crowds in the Malioboro area. To overcome this, the DIY Provincial Government then made a policy of relocating the Malioboro PKL. With the new location, it is hoped that PKL will further restore *the store atmosphere* as it was felt by tourists before the Covid-19 pandemic era. Tourists will again feel safe and comfortable visiting the Malioboro PKL. This condition is expected to increase the number of tourists at the Malioboro PKL again so that it can increase the DIY Provincial PAD which had experienced a decline during the Covid-19 pandemic. This study used a survey method with the sample being DIY travelers. The data in this study were processed using SmartPLS 3.0 software. The results of this study show that the store atmosphere variable does not affect the buying interest of tourists. Meanwhile, location variables and experiential marketing positively affect tourists' buying interest. This proves that the increase in PAD, of which occurred due to an increase in the number of tourists visiting DIY after the PPKM policy was relaxed. The increase in PAD was also coupled with an increase in sales of souvenir products typical of Yogyakarta, one of which tourists could get at the Malioboro PKL relocation location.

**Keywords:** buying interest, store atmosphere, location, experiential marketing, local revenue

## Introduction

Yogyakarta Special Region Province is known as an area that has cultural diversity both physical and non-physical. This diversity makes DIY Province one of Indonesia's leading tourist destinations to be able to attract tourists to come. Examples of objects that have been most in demand by tourists come to Yogyakarta are Malioboro area, Alun-alun, Yogyakarta Palace, Tamansari, and Museums. Based on data obtained from the DIY Provincial Bappeda page in 2022, in 2018-2019 the number of tourists has increased from 5,689,090 tourists (2018) to 6,549,381 tourists (2019). This means that the tourism sector is one of the sectors that is expected to contribute greatly to local revenues. Especially revenues in the form of revenues in local taxes and regional levies.

In March 2020, WHO announced that the world is experiencing the Covid-19 pandemic. As a result of this condition, the number of DIY tourists has decreased to only 1,848,548 tourists in 2020. The number of declines is getting worse in 2021 only around 96,458 tourists. The realization of PAD, which was originally IDR 2,082,800,000 in 2019, fell to only IDR 1,876,710,000. This very significant decrease is suspected to be the impact of the enactment of PP Number 21 of 2020 concerning Large-Scale Social Restrictions (PSBB) in Indonesia. If this condition continues to be allowed, it is feared that PAD will be lower. So, recovery steps are needed.

To restore the tourism sector, one of the strategies carried out by the DIY Provincial Government is to adapt through the application of CHSE (Cleanliness, Health, Safety, and Environment) (Hasanah, 2021). This aspect is very important for actors in the tourism sector to make tourists who visit feel safer and minimize the transmission of the virus. So that it can arouse DIY Provincial tourism and boost PAD. One of the tangible forms of this strategy is the relocation of PKL in Malioboro by Yogyakarta mayor regulation number 37 of 2010 concerning the arrangement of street vendors in the Malioboro-A.Yani area.

The relocation aims to arrange for Malioboro to be more organized and less crowded so that tourists feel safer and more comfortable shopping. During the Covid-19 Pandemic, the store atmosphere is one of the factors considered by tourists to maintain health conditions. Store atmosphere can influence consumer feelings and create new, different experiences to generate buying interest (Kotler & Keller, 2015). A new, the more strategic location was chosen to allow tourists not to feel afraid to visit. Especially for tourists who have a good experience when shopping at PKL Malioboro. Location is a factor that affects the ease of access of customers so it can cause buying interest (Tjiptono, 2006).

## **Literature Review and Hypotheses**

### **Agency Theory**

Agency theory is defined as a contract when one or more people (principals) appoint another person (agent) to provide a service so that the decision-making authority is granted the principal to the agent. Fozzard (2001) suggests that in government, the relationship between the executive and the legislature is an example of agency theory, where the executive (Central Government) is the agent, and the legislature (Local Government) is the principal (Jensen & Meckling, 1976).

### **Local Revenue**

Based on Law Number 33 of 2004, Regional Original Income (PAD) is income earned by the regions, which is collected based on regional regulations by laws and regulations. According to Mardiasmo (2018), PAD is sourced from local tax revenues, regional levies, the results of regionally owned companies, and the results of segregated regional wealth management.

### **Store Atmosphere**

Store Atmosphere is one environmental arrangement designed to make customers feel comfortable in shopping. According to Levy & Weitz (2012) store atmosphere can be classified into two parts, namely *InStore Atmosphere* and *OutStore Atmosphere*. *InStore Atmosphere* is an indoor setting that concerns the internal layout, sound, smell, texture, and interior design. While *OutStore Atmosphere* is an outdoor setting that concerns external layout, texture, and exterior design.

### **Location**

According to Ma'ruf (2006), location is a very important factor in fostering consumer buying interest. Choosing the right and strategic location in an outlet or store will be more successful than other outlets that are less strategically located. Location is also defined as a distribution decision that concerns the ease of access to services for potential customers (Tjiptono, 2006).

### **Experiential Marketing**

Schmitt (1999) argues that experiential marketing is a process of offering products and services by marketers to consumers with consumer emotional stimulation that produces various experiences for consumers. Emotional stimulation can be carried out through the five senses (*sense*), feeling (*feel*), creative thinking (*think*), physical, behavioral, and lifestyle (*act*), and social identity resulting from relationships with a reference or cultural groups (*relate*) (Schmitt, 1999). According to Chandra (2008), experiential marketing is a marketing strategy that is wrapped in the form of activities to provide an experience that can imprint in the hearts of consumers.

### **Buying Interest**

Buying interest is a behavior that appears in response to an object that indicates the consumer's desire to make a purchase. According to, a person's buying interest is closely related to feelings, when a person feels happy and satisfied when seeing a product or service, then this will strengthen one's buying interest (Assael, 2008).

### **Hypothesis Formation**

Katarika & Syahputra (2017) prove that the store atmosphere has an important role to attract customers' buying interest. The rearrangement of the Malioboro PKL is expected to provide a more comfortable store atmosphere adapted to the Covid-19 pandemic situation. A good rearrangement can attract the attention of visitors and help them to easily observe, check, and select goods and finally make purchases. Lestari & Faizin (2020) proves that the store atmosphere has a significant effect on consumers' purchase interest. This is also supported by Setiadi (2010) that a good store layout will help merchants to be able to display their products well, making it easier for consumers to shop and attract buying interest. Based on this statement, the first hypothesis was formed.

*H1: Store atmosphere has a positive effect on tourists' buying interest in DIY.*

Location is a distribution channel that is related to the way of delivering services to consumers and where the location is strategic. If the merchant's location is more strategic, it will have easy access so that customers will cause buying interested in the products being sold. The rearrangement of the Malioboro PKL in the new location will make it easier for tourists to access the location so that it will further add to the tourist attraction. The relocation of the Malioboro PKL was also carried out in the hope of helping the Malioboro PKL in marketing their products to tourists. If the location is easily accessible, the interest possessed by tourists to shop becomes higher, because tourists do not find it difficult to find the location of the Malioboro PKL. Aldi (2019) and Anifah & Hermawan (2021) have proven that location has a significant effect on customer buying interest. Based on the above, a second hypothesis was formed (Lupiyoadi, 2001).

*H2: Location positively affects travelers' buying interest in DIY.*

Experiential marketing is one of the marketing strategies used to shape the consumer experience so that it can influence and maintain consumers' buying interest. Experiential marketing shapes the consumer experience measured by a combination of *sense*, *feel*, *think*, *act*, and *relate*. The relocation policy carried out by the DIY Provincial Government is expected not to change the desire to visit and buy tourists' interest in the Malioboro PKL. This is because

tourists have had a positive experience when they visit the Malioboro PKL and are always interested in visiting again. If the experiential marketing strategy is carried out properly, it will provide an even better positive experience to tourists, increasing interest in buying products. Research conducted by Cilesti & Nifita (2018) and Febrini et al. (2019) proves that experiential marketing has a positive effect on buying interest. Based on this statement, a third hypothesis was formed.

*H3: Experiential Marketing positively affects tourists' buying interest in DIY.*

## Research Method

This research was conducted in the Special Region of Yogyakarta. The data collection time for this study is 2022. As additional data in the discussion of the results of this study, researchers also used DIY Provincial PAD data from 2019 to 2021. The sampling technique or procedure in this study is *purposive sampling*, where the sample of this study is taken based on certain criteria. In this study, the sample of the study was tourists who had shopped at the Malioboro PKL.

The classification of variables is based on theoretical and empirical studies as a reference for the framework of thinking consisting of two variables, namely exogenous and endogenous variables. Exogenous variables are variables that affect operations in a model and are not affected by any relationships described by that model. The exogenous variables in this study are store atmosphere (X1), location (X2), and experiential marketing (X3). Endogenous variables are variables that are affected by exogenous variables. The endogenous variable in this study is buying interest (Y).

In this study, the analysis model used is the Partial Least Square (PLS) analysis model following a variant-based structural equation (SEM) model pattern that can stimulate test measurement models as well as structural model testing. SmartPLS 3.0 software will be used to process data in this study. Validity and reliability tests are carried out to ensure the adequacy and accuracy of the data for further analysis.

## Results and Discussion

The data was collected using a questionnaire through a Google Form. The data collected was a large number of 251 questionnaires. The Respondent used in this study was a tourist visit to the Malioboro area of Yogyakarta. Based on the results of the distribution of questionnaires, the following results were obtained.

**Table 1.** Demographics of Respondents

Characteristic	Sum	Percentage
Gender:		
Man	117	27.8%
Woman	304	72.2%
Origin of Domicile:		
Yogyakarta Special Region	163	38.9%
Outside the Special Region of Yogyakarta	258	61.1%
Have visited the Malioboro Terrace:		
Already	251	59.3%
Not yet	170	40.7%

Based on Table 1, it can be seen that 72.2% of respondents are female. Based on the origin of the domicile, 61.1% of respondents who filled out the questionnaire in this study came from outside the city or the Yogyakarta Special Region. Meanwhile, of the 421 questionnaires that were successfully filled out, as many as 59.3% of respondents had visited Malioboro Terrace. So that as many as 251 respondents can be used in this study.

**Table 2.** Original Income of the Special Region of Yogyakarta (2018-2021) (in Millions)

Year	PAD
2018	IDR 2,040,723.35
2019	2.082.795,33
2020	1.876.706,83
2021	1.900.882,27
2022 (First Quarter)	1.150.009,00

In the table above, it appears that Regional Original Income (PAD) in DIY from 2018 to 2019 has increased. Meanwhile, from 2019 to 2020, DIY PAD experienced a very significant decrease. This is the impact of the COVID-19 pandemic that has hit Indonesia and has an impact on the economy in all provinces in Indonesia, one of which is the DIY Province. The enactment of the PPKM policy makes people unable to travel to distant areas, let alone go on vacation. The largest pad contribution in DIY Province is from the tourism sector, the decrease in the number of tourists has caused a decrease in PAD from 2019 to 2020. In 2021, the PPKM policy has begun to be relaxed, so many tourists have begun to come to DIY provinces. It appears that there is an increase in PAD in 2021. Pad 2022 data in Quarter 1 has reached Rp1,150,009,000,000. This is a sign that until the end of 2022, there is a possibility that the DIY Provincial PAD will continue to rise. This is supported by the withdrawal of the PPKM policy by the Central Government so that there is a loosening of regulations for tourists to visit DIY Province.

**Table 3.** Descriptive Statistics

Variable	N	Average	Minimum	Maximum	St.Dev.
Store Atmosphere	251	3.289	1	4	0.674
Experiential Marketing	251	3.193	1	4	0.686
Location	251	3.187	1	4	0.726
Buying Interest	251	3.062	1	4	0.735

Based on the results of descriptive statistical testing, for each variable, namely store atmosphere, experiential marketing, location, and buying interest, the average respondent gave an answer that led to a statement of agreement for each item of the question. This is indicated by the average value of each variable of 3.289; 3.193; 3.187; and 3.062 leading to a statement of agreement. The standard deviation result on the store atmosphere variable was 0.674, for the experiential marketing variable of 0.686, the location variable was 0.726, while the buying interest variable was 0.735.

**Table 4.** Validity Test

Variable	AVE Value
Store Atmosphere	0.562
Experiential Marketing	0.504
Location	0.564
Buying Interest	0.661

Based on the validity test results shown in Table 4, the Average Variance Extracted (AVE) value in the store atmosphere variable is 0.537, the experiential marketing variable is 0.504, the location variable is 0.564, and the buying interest variable is 0.661. The AVE value of each variable in this study showed a value above 0.5 which means that all research data were declared valid (Ghozali, 2014).

**Table 5.** Reliability Test

Variable	Composite Reliability	Cronbach's Alpha	Remark
Store Atmosphere	0.864	0.806	Reliable
Experiential Marketing	0.901	0.877	Reliable
Location	0.865	0.807	Reliable
Buying Interest	0.907	0.872	Reliable

The test results in Table 5 show that the composite reliability value and Cronbach's alpha value of all variables in this study were declared reliable. This is shown in the composite reliability and Cronbach's alpha values of all latent variables above 0.7, so the data of this study are declared reliable.

**Table 6.** Model Due Diligence Results

Variable	Number of Indicators	AVE	R <sup>2</sup>	GoF
Store Atmosphere	5	0.562		
Experiential Marketing	9	0.504		
Location	5	0.564		
Buying Interest	5	0.661	0.655	
Total	24		0.655	
Average			0.655	0.612

In the results of the model feasibility test, the GoF value in this study showed a value of 0.612. These results show that 61.2% of the model variation can be explained by the data used in this study. The value of R<sup>2</sup> of 0.655 can be interpreted to mean that the variation contained in the variables of buying interest can be explained by the variables store atmosphere, experiential marketing, and location by 65.5%, while 34.5% is explained by other variables outside this research model.

**Table 7.** Hypothesis Testing Results

Hypothesis	Original Sample	St.Dev.	t-statistics	p-values	Information
H1: Store Atmosphere → Buying Interest	-0.004	0.045	0.082	0.935	Negative, Insignificant
H2: Location → Buying Interest	0.109	0.050	2.2	0.028	Positive, Significant
H3: Experiential Marketing → Buying Interest	0.746	0.061	12.243	0.000	Positive, Significant

The results of hypothesis testing in Table 7 show that the p-values of the influence of store atmosphere on buying interest are 0.935, which is a value greater than the significance level of 0.05. This shows that the first hypothesis (H1) in this study was rejected, namely that the store atmosphere did not affect buying interest. Furthermore, the p-values of the influence of location on buying interest were 0.028, which was less than the significance level of 0.05.



This shows that the second hypothesis (H2) in this study is accepted, namely that location has a positive effect on buying interest. The p-values of the influence of experiential marketing on buying interest are 0.000 which is less than the significance level of 0.05. This shows that the third hypothesis (H3) in this study is accepted, namely that experiential marketing has a positive effect on buying interest.

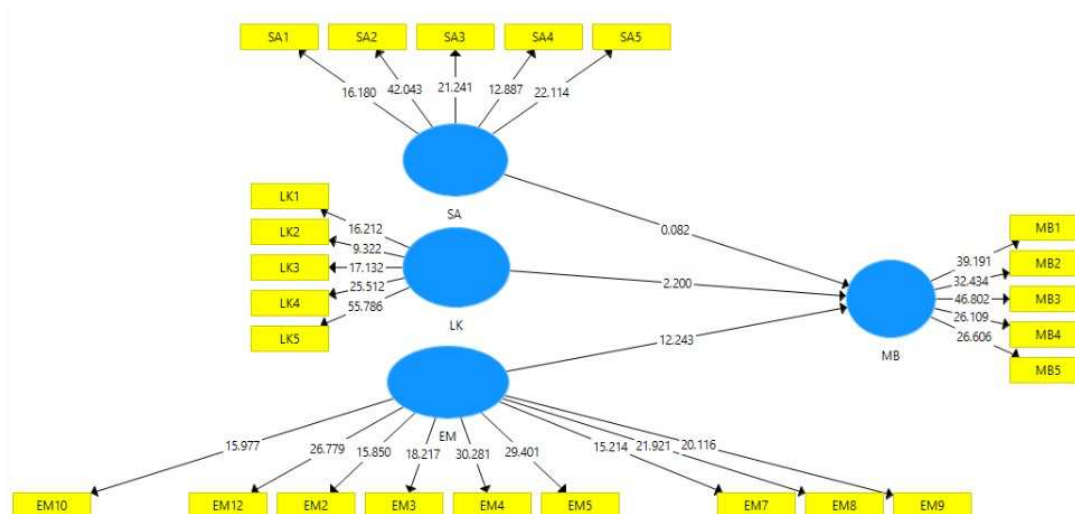


Figure 1. Results of Data Processing on Smart PLS 3.0

### Store Atmosphere Has No Effect on Tourists' Buying Interest in DIY

The test results stated that in this study, the store atmosphere did not affect the buying interest of tourists in DIY. This proves that the presence or absence of a rearrangement of the Malioboro PKL, changing or not the store atmosphere at the Malioboro PKL does not affect the buying interest of DIY tourists to shop. The strength of the cultural elements that the DIY Province has is an attraction in itself for tourists. The tourists already have a high buying interest in buying souvenirs or buying goods that have the characteristics of the DIY Province. The results of this study are supported by the increase in total PAD in the first quarter of 2022 in the DIY Province area which is shown in Table 2, where the relocation of the Malioboro PKL has been opened, namely on January 26, 2022. This proves that the new store atmosphere due to the relocation of the Malioboro PKL does not affect the buying interest of tourists who visit. The number of PAD increases, which proves that at the beginning of 2022, there have been many visitors who have come to DIY Province.

### Location Positively Affects Travellers' Buying Interest in DIY

The test results in Table 7 show that location has a positive effect on tourists' buying interest in DIY. This proves that the intended location for the relocation of the Malioboro PKL is considered strategic and easily accessible, causing tourists to buy interested in shopping at that location. As Ma'ruf (2006) said, location is a very important factor in fostering consumer buying interest. The new location of the Malioboro PKL relocation, which is located in front of Beringharjo Market and next to the Inna Garuda Hotel, has proven to be strategic so that it can increase tourists' buying interest in the location. This is supported by an increase in DIY Provincial Pad in the first quarter of 2022 which is contained in Table 2. PAD increased on the back of rising revenues from the tourism sector in DIY, thus showing the increasing number of tourists and the purchasing power of tourists visiting DIY. The test results on this second hypothesis support research that has been carried out by Aldi (2019) and Anifah & Hermawan (2021) which proves that location has a positive effect on customer buying interest.

### **Experiential Marketing Affects Tourists' Buying Interest in DIY**

The test results on the third hypothesis show that experiential marketing affects tourists' buying interest in DIY. The relocation policy carried out by the DIY Provincial Government has proven not to change the desire to visit and the buying interest of tourists at the Malioboro PKL. This can be shown in Table 7, namely the influence of experiential marketing on tourists' buying interest in DIY. Tourists have had a positive experience when they visit the new location of the Malioboro PKL, namely on the Malioboro I Terrace and Malioboro II Terrace, thus increasing the interest in buying products sold at the Malioboro PKL. The results of this test are also supported by an increase in DIY Provincial Pad in the first quarter of 2022 from the previous year. This also proves that tourists visiting DIY Province are increasing. The test results on this third hypothesis support the research results of Cilesti & Nifita (2018) and Febrini et al. (2019) which have proven that experiential marketing has a positive effect on buying interest.

### **Conclusion**

The results of this study support two hypotheses proposed, namely, location and experiential marketing have a positive effect on the buying interest of DIY tourists. Meanwhile, one hypothesis proposed is not supported, namely that the store atmosphere does not affect the buying interest of DIY tourists. The findings in this study prove that the new location of the Malioboro PKL is more strategic, thus increasing the interest of tourists to shop. Another finding in this study was that the relocation of the Malioboro PKL to the Malioboro Terrace 1 and Malioboro Terrace 2 locations turned out to provide a better experience for tourists to increase interest in shopping for products sold at these locations. These two findings are supported by an increase in DIY Provincial Pad in the first quarter of 2022 compared to 2019 and 2021 when the implementation of PPKM due to the Covid-19 pandemic occurred in those years. This indicates that the increase in PAD occurred due to an increase in the number of tourists visiting DIY after the PPKM policy was relaxed. The increase in PAD was also coupled with an increase in sales of souvenir products typical of Yogyakarta, one of which tourists could get at the Malioboro PKL relocation location.

Suggestions for further research to increase the number of samples used to add optimal results. The test results in this study show that the store atmosphere variable does not affect tourists' buying interest in DIY, so in the next study, it is expected to change or add independent variables to get better results.

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