

The Influence of Store Image Dimensions on Purchase Intention at Starbucks in East Java Moderated by Merchandise

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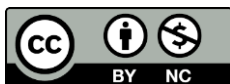
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ABSTRACT

This research aims to examine the effect of store image dimensions on the purchase intention at Starbucks in East Java moderated by merchandise. The store image dimensions used are price, customer service, and store atmosphere. This is an explanatory research that describes the status of all the variables using a quantitative approach. The population of this research consists of Starbucks in East Java customers. The sampling technique used is non-probability sampling with a purposive sampling method. The data source for this research is primary data obtained directly from respondents through an online questionnaire. Data were collected via Google Forms, resulting in 230 respondents. Data analysis was conducted using Partial Least Square analysis with SmartPLS software version 3.29. The results of the study show: price has a positive and significant effect on purchase intention, customer service has a positive and significant effect on purchase intention, store atmosphere has a positive and significant effect on purchase intention, merchandise does not moderate the effect of price on purchase intention, merchandise does not moderate the effect of customer service on purchase intention, merchandise does not moderate the effect of store atmosphere on purchase intention.

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1. INTRODUCTION

Coffee has recently become one of the most popular drinks in the world. One of them is in Indonesia where the coffee industry market is growing so rapidly. According to data from the

United States Department of Agriculture [1], Indonesia is ranked the third largest coffee-producing country in the world after Brazil and Vietnam in 2022/2023, which has produced 11.85 million bags per 60 kg. This high production is an opportunity for economic actors

to turn it into coffee-based drinks. This has resulted in the level of coffee consumption in Indonesia also increasing. The Association of Indonesian Café and Restaurant Entrepreneurs (Apkrindo) in the East Java region state that the growth trend of coffee-based cafes has increased by around 16% to 18% annually since 2019 along with changes in people's lifestyles [2].

Starbucks is the largest coffee shop company in the world. In 1971 Starbucks opened its first store in Seattle. In Indonesia, Starbucks first opened an outlet in 2002 in the Jakarta area. Currently, Starbucks has more than 500 outlets spread throughout Indonesia. One of them is in East Java which is already spread across several cities and districts. The total distribution of Starbucks in East Java is 45 Starbucks outlets. In the last few months, Starbucks has been rife with boycotts for supporting Israel's aggression against Palestine, which has drawn many pros and cons. Based on a report from Databoks [1], Starbucks experienced a decline in market value, which fell by around 12 billion US dollars or equivalent to 186.43 trillion rupiah. Starbucks shares also fell 1.6% for eleven consecutive sessions. As a result of the boycott call, affected consumer purchase intention.

According to Ferdinand [3], purchase intention is an intention that arises when making a purchase creating motivation that is deeply embedded in the consumer's mind and becomes a significant impetus. The number of coffee shop businesses that have spread, several things need to be considered to create purchase intention among consumers, namely building a positive store image. Store image as a picture formed from within the minds of consumers about a store, which is influenced by perceptions and attitudes based on sensory experiences related to the store and received through the five senses [4]. The better the store image, the more consumer purchase intention will increase.

In the research of Graciola et al. [5], the dimensions of store image used are price level, merchandise, customer service, and architecture project. Meanwhile, according to Peter & Olson [4], the dimensions of store image are merchandise, service, and store atmosphere. The dimensions of store image used in this study are price, customer service, store atmosphere, and merchandise.

2. LITERATURE REVIEW

2.1 Store Image

Peter & Olson [4], view store image as a picture formed from within the minds of consumers about a store, which is influenced by perceptions and attitudes based on sensory experiences related to the store and received through the five senses. According to Utami [6], store image is the impression that arises in consumers and is formed through various store attributes. Meanwhile, according to Berman & Evans [7], store image is highly dependent on the atmosphere and psychological experience that customers feel while visiting a store. Graciola et al. [5], suggest several dimensions of store image including the following:

Price

According to Kotler & Armstrong [8], price is the cost charged for a product or service, or the amount of value exchanged by consumers for the benefits obtained from owning or using the product or service. According to Tjiptono & Chandra [9], price is an element of the marketing mix that generates revenue for the company. As for the indicators of price according to Kotler, P. & Armstrong [10], namely:

- Price affordability,
- Price compatibility with product quality,
- Price competitiveness,
- Price compatibility with benefits.

Customer Service

According to Levy et al. [11], customer service is a series of activities and programs implemented by retailers to increase benefits in the shopping experience. Marketers can design a comfortable and attractive store environment to stimulate consumers' physical and psychological responses [12]. This activity aims to increase the value customers receive from the products and services they buy. The indicators of customer service according to Graciola et al. [5], as follows:

- Appearance,
- Sense of care and attention,
- Being Friendly,
- Knowledge,
- Quantity of labor.

Store Atmosphere

According to Kotler & Keller [13], store atmosphere is a description of the overall atmosphere of a store created by physical elements (layout, display, exterior, interior) and psychological elements (cleanliness, comfort, creativity, availability of goods, cleanliness, technology, promotion). According to Berman & Evans [7], store atmosphere refers to customers' emotional responses to the interior layout of the store. This emotional response affects shopping satisfaction and future customer shopping behavior. The indicators of store atmosphere according to Berman & Evans [7], are as follows:

- Exterior,
- General Interior,
- Store Layout,
- Interior Displays.

2.2 Purchase Intention

According to Durianto [14], purchase intention refers to the desire to obtain a product, and purchase intention will arise when a consumer has been influenced by product quality and quality, product-related information, price, and product advantages and disadvantages compared to other brands. Meanwhile, according to Ferdinand [3], purchase intention is an interest that arises when making a purchase creates motivation that is deeply embedded in the minds of consumers and becomes a significant impetus. In the end, when consumers need to meet their needs, they will realize what is embedded in their minds through real action. According to Ferdinand [3], indicators of purchase intention are as follows:

- Transactional intention,
- Referential intention,
- Preferential intention,
- Explorative intention.

2.3 Merchandise

According to Sugiarta [15], merchandise is part of retail sales management which includes activities or processes carried out by retailers to provide products needed by consumers in the appropriate quantity, time, and placement. According to Berman & Evans [7], merchandising is the process of procuring goods that are by the type of store business to provide them in the right

place, time, and price, and in quantities that support the achievement of store goals. The indicators that can be used to measure merchandise variables according to Graciola et al [5] are as follows:

- Merchandise reliability,
- Merchandise diversity,
- Merchandise stock,
- Merchandise quality.

3. CONCEPTUAL FRAMEWORK

The conceptual framework of this research is shown in Fig. 1.

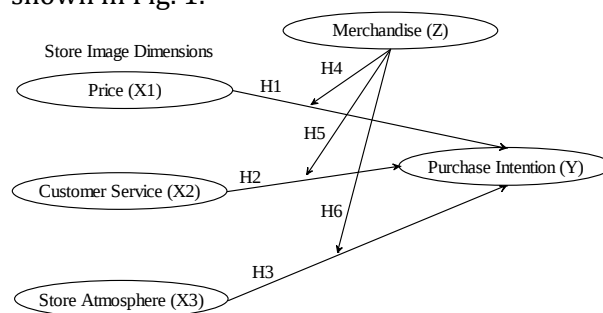


Fig. 1. Research Conceptual Framework.

The hypothesis of this study is formulated as follows:

- H1: Price has a positive and significant effect on purchase intention.
- H2: Customer service has a positive and significant effect on purchase intention.
- H3: Store atmosphere has a positive and significant effect on purchase intention.
- H4: Price has a positive and significant effect on purchase intention moderated by merchandise.
- H5: Customer service has a positive and significant effect on purchase intention moderated by merchandise.
- H6: Store atmosphere has a positive and significant effect on purchase intention moderated by merchandise.

4. METHODOLOGY

The population of this study was Starbucks consumers in East Java. The sampling technique used was a non-probability sampling technique with a purposive sampling method. The characteristics of the considerations specified in the sampling include: 1) Respondents are consumers who have visited and made purchases at Starbucks at least once. 2) Consumers who are

at least 18 years old. Data collection was obtained by distributing online questionnaires. Analysis method This research uses PLS-SEM analysis. The sample used was 230 respondents.

5. RESULTS AND DISCUSSION

The sample size for this study was 230 respondents. Two hundred and thirty-three respondents have exceeded the minimum eligibility for this study, which is 210 respondents. Based on the data that has been collected, the highest percentage of respondents based on 1) Gender, namely women by 76%; 2) Age Group, namely Generation Z (1997-2012) by 66%; 3) Starbucks location, namely Surabaya by 48%; 4) The last education, namely high school by 52%; 5) profession, namely students by 63%; and 6) income, namely Rp1,000,000-Rp2,500,000 by 31%.

5.1 Constructing Path Diagram

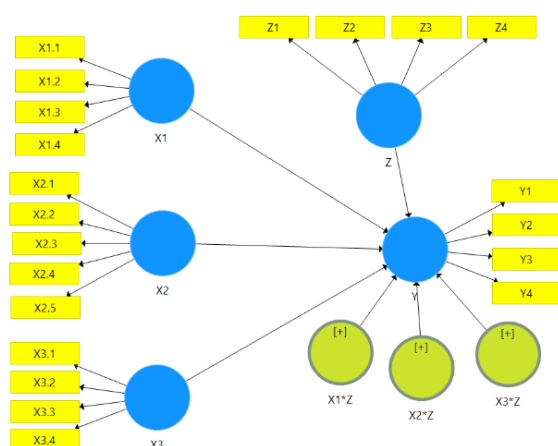


Fig. 2. Path diagram construction.

5.2 Measurement Model (Outer Model)

Validity Test

Convergent Validity

The convergent validity test uses the loading factor value and the AVE value, it can be said to be valid if the loading factor value is 0.5 or higher and ideally 0.7 and the AVE value is greater than 0.5 [16].

Table 1. Loading factor calculation results.

Variable	Indicators	Loading Factor	Description
Price (X ₁)	X _{1.1}	0.812	Valid
	X _{1.2}	0.857	Valid
	X _{1.3}	0.825	Valid
	X _{1.4}	0.860	Valid
Customer Service (X ₂)	X _{2.1}	0.781	Valid
	X _{2.2}	0.718	Valid
	X _{2.3}	0.784	Valid
	X _{2.4}	0.722	Valid
	X _{2.5}	0.773	Valid
Store Atmosphere (X ₃)	X _{3.1}	0.827	Valid
	X _{3.2}	0.863	Valid
	X _{3.3}	0.833	Valid
	X _{3.4}	0.855	Valid
Purchase Intention (Y)	Y ₁	0.884	Valid
	Y ₂	0.889	Valid
	Y ₃	0.850	Valid
	Y ₄	0.853	Valid
Merchandise (Z)	Z ₁	0.861	Valid
	Z ₂	0.871	Valid
	Z ₃	0.844	Valid
	Z ₄	0.879	Valid

Table 2. AVE calculation results.

Variable	AVE		Description
	Score	Rule of Thumb	
Price (X ₁)	0.704	0.50	Valid
Customer Service (X ₂)	0.572	0.50	Valid
Store Atmosphere (X ₃)	0.713	0.50	Valid
Purchase Intention (Y)	0.755	0.50	Valid
Merchandise (Z)	0.746	0.50	Valid

Discriminant Validity

The discriminant validity test uses the cross loading value, it is said to be valid if the cross loading value of indicators in a variable exceeds the cross loading value of indicators in other variables.

Table 3. Cross loading calculation results.

	X ₁	X ₂	X ₃	Y	Z
X _{1.1}	0.812	0.246	0.184	0.391	0.331
X _{1.2}	0.857	0.350	0.198	0.449	0.396
X _{1.3}	0.825	0.278	0.162	0.424	0.409
X _{1.4}	0.860	0.348	0.261	0.470	0.420
X _{2.1}	0.312	0.781	0.141	0.325	0.373
X _{2.2}	0.252	0.718	-0.007	0.295	0.281
X _{2.3}	0.297	0.784	0.054	0.325	0.351
X _{2.4}	0.228	0.722	0.127	0.253	0.258
X _{2.5}	0.289	0.773	0.229	0.350	0.387
X _{3.1}	0.195	0.145	0.827	0.424	0.349
X _{3.2}	0.218	0.094	0.863	0.473	0.392
X _{3.3}	0.176	0.114	0.833	0.489	0.416
X _{3.4}	0.227	0.146	0.855	0.523	0.435
Y ₁	0.424	0.322	0.486	0.884	0.558
Y ₂	0.463	0.345	0.532	0.889	0.640
Y ₃	0.453	0.349	0.494	0.850	0.599
Y ₄	0.459	0.415	0.461	0.853	0.657
Z ₁	0.411	0.410	0.460	0.660	0.861
Z ₂	0.400	0.385	0.362	0.585	0.871
Z ₃	0.389	0.358	0.379	0.582	0.844
Z ₄	0.406	0.372	0.429	0.613	0.879

Reliability Test

The reliability test was assessed using Cronbach's alpha and composite reliability. It is said to be reliable if the Cronbach's alpha and composite reliability values are greater than 0.7.

Table 4. Reliability test calculation results.

Variable	Cronbach's Alpha	Composite Reliability	Description
Price (X ₁)	0.860	0.905	Reliable
Customer Service (X ₂)	0.813	0.870	Reliable
Store Atmosphere (X ₃)	0.866	0.909	Reliable
Purchase Intention (Y)	0.892	0.925	Reliable
Merchandise (Z)	0.887	0.922	Reliable

5.3 Structural Model (Inner Model)

R-Square Test

R-Square values of 0.75, 0.50, and 0.25 are considered strong, moderate, and weak [16].

Table 5. R-Square test calculation result.

Variable	R-Square	Description
Y	0.632	Moderate

Based on Table 5 the R-Square value is 0.632 and is included in the moderate category. These results explain that the ability of the price, customer service, and shop atmosphere variables to influence the purchase intention variable is 63.2% and the remaining 36.8% is influenced by other variables outside this study.

F-Square Test

Effect size (F-Square) values, where F-Square values of 0.02, 0.15, and 0.35 indicate small, medium, and large effects, respectively. An effect size of less than 0.02 indicates that there is no effect.

Table 6. F-Square calculation test.

Variable	f-Square	Description
X ₁	0.089	Small
X ₂	0.036	Small
X ₃	0.214	Medium
Z	0.296	Medium

Q-Square Test

Q-Square value to see how well the observed values are generated by the model and its parameter estimates. If the Q-Square value is greater than zero, it indicates that it has good predictive relevance.

Table 7. Q-Square calculation result.

Variable	Q-Square	Description
Y	0.464	Good

Hypothesis Test (Bootstrapping)

Hypothesis testing to determine whether the hypothesis that has been formulated is accepted or rejected using the bootstrapping method. Decision making is based on the comparison of t-statistics > t-Table 1.96 with $\alpha = 5\%$ or p-value below 0.05 [16].

Table 8. Bootstrapping calculation test.

Variable	Original Sample	T statistics	P values	Description
$X_1 \rightarrow Y$	0.216	4.217	0.000	Significant
$X_2 \rightarrow Y$	0.139	2.759	0.006	Significant
$X_3 \rightarrow Y$	0.346	5.322	0.000	Significant
$X_1 * Z \rightarrow Y$	0.004	0.084	0.933	Not Significant
$X_2 * Z \rightarrow Y$	0.032	0.683	0.495	Not Significant
$X_3 * Z \rightarrow Y$	0.066	1.347	0.179	Not Significant

- The hypothesis test, it can be seen that the significant value for the effect of price on purchase intention is $4.217 > 1.96$ and the p value is $0.000 < 0.05$, which means that H1 is accepted and H0 is rejected, so it can be concluded that price has a positive and significant effect on purchase intention. This shows that high buying intention can be formed from the prices offered at Starbucks in East Java. This research is in line with the results of research by Graciola et al. [5], Japarianto & Adelia [17], and Sudaryanto et al. [18] which states that price has a positive and significant effect on purchase intention.
- The significance value for the effect of customer service on purchase intention is $2.759 > 1.96$ and the p value is $0.006 < 0.05$, which means H2 is accepted and H0 is rejected, so it can be concluded that customer service has a positive and significant effect on purchase intention. This shows that good customer service will increase consumer buying intention, otherwise if customer service is bad, the level of consumer buying intention will decrease. This is in line with the results of research by Graciola et al. [5] and Manangka [19] which state that the dimensions of store image, namely customer service, have a positive and significant effect on purchase intention.
- The significant value for the effect of store atmosphere on buying intention is $5.322 > 1.96$ and the p value is $0.000 < 0.05$, which means that H3 is accepted and H0 is rejected, so it can be concluded that the store atmosphere has a positive and significant effect on buying intention. This shows that a comfortable, attractive, and pleasant atmosphere can influence consumer buying intention. This research is in line with the results of research by Indriani & Pramono [20] and Wulandari & Ariyanti [21] which prove that the shop atmosphere has a positive and significant effect on buying intention.
- The significance value for the effect of price on purchase intention moderated by merchandise is $0.084 < 1.96$ and the p value is $0.933 > 0.05$, which means that H4 is rejected and H0 is accepted, so it can be concluded that merchandise cannot strengthen or weaken the effect of price on Starbucks purchase intention in East Java. The results of Gunawan & Japarianto's [22] research state that merchandise has no effect on buying intention and Kasman et al., [23] price has no significant effect on buying intention.
- The significance value for the effect of customer service on buying intention moderated by merchandise is $0.683 < 1.96$ and the p value is $0.495 > 0.05$, which means that H5 is rejected and H0 is accepted, so it can be concluded that merchandise cannot strengthen or weaken the effect of customer service on buying intention. The results of this study are not in line with the research of Widowati & Purwanto [24] which states that merchandise moderates the effect of service on consumer purchase intention.
- The significance value for the effect of store atmosphere on purchase intention moderated by merchandise is $1.347 < 1.96$ and the p value is $0.179 > 0.05$, which means H6 is rejected and H0 is accepted, so it can be concluded that merchandise cannot strengthen or weaken the effect of store atmosphere on buying intention. The results of Gunawan & Japarianto's research [22] state that merchandise has no significant effect on purchase intention and Asrul [25] states that the store atmosphere has no significant effect on purchase intention.

6. CONCLUSION

Price has a positive and significant effect on purchase intention Customer service has a positive and significant effect on purchase intention. Store atmosphere has a positive and significant effect on purchase intention. Merchandise does not moderate the effect of price on purchase intention. Merchandise does not moderate the effect of customer service on purchase intention. Merchandise does not

moderate the effect of store atmosphere on purchase intention.

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