The Effect of Store Image on Purchase Intention Mediated by Perceived Value and Brand Awareness (Empirical Study on Retail Store Consumers in Surakarta)

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ABSTRACT

Modernization, lifestyle and human needs have caused a shift in consumer shopping behavior towards the retail market. The rapid development of the retail business indicates a potential for strong market competition. This study aims to analyze the effect of store image on purchase intention mediated by perceived value and brand awareness. The sample in this study was 221 consumers of retail stores in Surakarta. The sampling technique in this study was non-probability sampling with purposive sampling. The data analysis method used was Structural Equation Modeling (SEM) with Partial Least Square (PLS) using software analysis SmartPLS 3.0. This study indicated that store image had a positive and significant effect on purchase intention, and value perceptions and brand awareness mediated the influence of store image on purchase intention.

Keywords: Store Image, Purchase Intention, Perceived Value, Brand Awareness

1. INTRODUCTION

Modernization has led to a higher level of public consumption, along with technological developments that continue every year. The phenomenon affects one aspect of people's lives in changes in consumer behavior to shop. At this time, many businesses compete with each other to dominate market share by designing good marketing strategies to gain a positive image from consumers.

Due to its consumptive tendencies, Indonesia has become a profitable country as a target market [1]. Consumption of Fast-Moving Consumer Goods (FMCG) in modern retail grew by 7.6%, meaning that the prospects for the modern retail industry still show a positive trend [2]. Data from the Statistics Indonesia (Badan Pusat Statistik/BPS) reported that in the third quarter of 2021, the national Gross Domestic Product (GDP) grew by 3.51 percent per year. Then the number decreased due to the tightening of community movements from July to August when COVID-19 entered the second wave. However, in October, community mobility showed a positive rate of 4.4 percent in retail and leisure trade places. This figure was higher than that before the pandemic [3]. Consumer spending patterns influence the performance of the retail industry. Therefore, companies must identify the consumers’ desires and needs and then take advantage of it as an opportunity.

The retail market, often referred to as the modern market, includes all activities of goods or services sold to consumers through various product variations and increasing sales sizes for personal and family needs [4]. Retail stores are becoming increasingly in demand by the public because they provide a variety of goods, adequate and strategic places, and wide distribution in various regions of Indonesia. Moreover, society understands that shopping in modern retail is cheaper. Also, the places are cleaner and more comfortable, with enough satisfying service and sometimes additional facilities such as ATMs, payment using credit cards, or even children's play area [5].
Currently, modern retail variations in Indonesia have a variety which includes supermarkets, department stores, modern markets, specialty stores, factory outlets, malls/supermalls/plazas, boutiques, trade centers, and minimarkets. According to data from the Agency for Regional Development (Badan Pembangunan Daerah/Bappeda) of Surakarta, this city had 86 modern retail units consisting of 9 supermarket units and 77 minimarket units [6]. Considering more and more retail businesses emerging, tougher business competition is possible.

The movement of retail companies has grown rapidly. However, to continue to maintain its existence, the retail business requires to continue to produce effective marketing strategies to remain an option for the community. Thus, retail companies need to consider the factors that can influence the intention to purchase.

Marketing activities are an inseparable part of human culture [7]. Consumers’ interest to purchase is considered an essential aspect. Companies use it to predict the sale or purchase of a product. Several factors influence a person’s buying interest. Store image is an aspect that influences purchase intention. Store image creates public perception and impression by looking at the value, quality, and price. Evaluations made by consumers through the perceived experience of the features available from the store will result in a desire to purchase [8].

Perceived value refers to products and services obtained and then evaluated by consumers. They will assess the suitability from the performance of the products and services of the retail against the costs incurred. Sometimes when buying, consumers are not looking for the functional benefits of the item, but they want to get a value they get in the store as a whole [9].

In addition, the ability to recognize and remember store brands by consumers, or what is known as brand awareness, needs to be created because it determines consumer behavior when carrying out buying activities. Independently, brand awareness can generate desires and considerations, assuming that purchasing at a store is good [10].

From the aforementioned explanation, this study aims to analyze the effect of store image on purchase intention mediated by perceived value and brand awareness of retail store consumers in Surakarta.

2. LITERATURE REVIEW

2.1 Consumer Behavior

According to Kanuk [11], consumer behavior is a study of consumers’ ability to make a decision based on the resources they have, such as effort, money, time, and energy. In addition, consumer behavior is the direct involvement of an individual when obtaining, utilizing, and determining a product or service, including the decision-making process [12].

Consumers consist of individuals with various cultural backgrounds, social and economic circumstances, ages, and education. According to Kotler [13], each aspect plays a role in rising consumer influence in behavior, including:

2.1.1 Social Factors

Social factors influence purchase behavior, including family, group, status and social role of consumers.

2.1.2 Cultural Factors

Cultural factors are the basis for determining consumer behavior and desires. Sub-cultures include racial groups, nationalities, and geographic areas.

2.1.3 Personal Factors

The diverse characteristics lead to a durable and consistent response, including personal factors like gender, age, personal concept, and lifestyle.

2.1.4 Psychological Factors

Psychological factors are individual internal factors that determine consumer behavior. Among them are perception, motivation, learning, belief, and attitude.

Behavior is an individual activity directly involved in getting goods and services, including decision-making processes on preparation and determining the activity. Consumers behavior is part of decision-making [14].

2.2 Purchase Intention

A purchase intention is a behavior prediction preceded by an intention [15]. Purchase intention is one part of behavior in consumer attitudes. Kinnear [16] stated that purchase intention is the phase of buyers who carry a tendency to act before making a purchase. Impulsion to purchase becomes an opportunity for consumers to arrange or desire to buy certain goods or services in the future. Hence, the increasing buying interest will further encourage the buying possibility [17]. Buying interest arises when consumers enter the store. Entering a store will generate curiosity, attachment, desire to try, and willingness to purchase goods [11]. Buying interest emerges when consumers enter the store, and then they will generate curiosity, attachment, and a desire to try and then a willingness to purchase the product.

The intention to purchase is deemed to be stimulation or encouragement in the acquirement of goods or services that can function to measure consumers’ attitude [18]. From this understanding, it could be inferred that
consumer behavior is a consumer's willingness to purchase certain products or services.

2.3 Store Image

According to Dunne [19], a store image is a picture or impression of a store in customers’ minds. An overall good impression of a store provides products and experiences that consumers expect when shopping through their five senses.

Store image refers to how a store is defined in consumers’ minds, including its functional qualities and psychological attributes [20]. According to Nair [21], store image is the impression of consumers related to dimensions or features, which may affect the chosen format.

Store image is a merging of various intangible factors (consumer perceptions or environmental attributes) and tangible factors (functional quality) [22]. A tendency arises in consumers to do shopping activities at stores that have a suitable image built in their minds [23].

2.4 Perceived Value

Perceived value is defined as the buyer's evaluation associated with the function of goods or services based on what is received and what is given [24]. The impression of value presented by consumers can be crucial in influencing purchase intention. If more benefits are gained, consumers will buy the product at a higher cost [25]. According to Sumarwan [26], customer value is acquiring benefits fewer than purchase costs. With this understanding, perceived value is the overall value obtained from reviewing the acquisition of benefits compared to the price paid. Perceived value can be the main aspect that determines purchase intention and a person's willingness to buy [27].

2.5 Brand Awareness

Brand awareness is an attribute that results in customer recognition or knowledge of a particular brand [28]. According to Keller [29], brand awareness can lead to a relationship between brand power and consumer’s ability to recognize or remember brands that give rise to images under certain conditions. Ambali [30] stated that brand awareness becomes a psychological perception connecting consumers with brands. Thus, brand awareness is the emotional capability of consumers for generating knowledge of a brand.

Brand awareness is important because it is a communication process from consumers to companies. Consumers have different abilities in recognizing or remembering a brand depending on the extent of brand communication or product branding perceived by consumers.

3. HYPOTHESES DEVELOPMENT

A store image is a store description in consumers' minds, which can attract new consumers by creating perceptions about the store and exceeding their expectations [31]. Moreover, store image attributes can influence consumer perceptions [32], consumer expectations, and their decision criteria [33]. Dwitama [34] studied how consumers assumed to make a purchase based on the atmosphere manifested in a bookstore. The results showed that triggering interest in buying occurs if the store successfully interpreted how the consumer's perception toward the products provided and the shopping experience the customers expected.

Perceived value is connected with the earned advantage from the consumers and price. When someone purchases at a retail store, what he gets or benefits will affect his assessment of the store by considering the costs or efforts made to get the product [26]. Consistent and clear store image communication can form the perceived value in the memory in the customer's mind, thereby increasing the retail store's competitive advantage [35]. Konuk [36] conducted research intended to analyze how the depiction of the store with the value perceived by consumers can affect interest in organic food products. Then, there is an involvement of the view of the store, which has a consequence on the value perceived, resulting in consumer intention to buy.

Thus, the following statements can be formulated:

H1: Store Image has a positive and significant effect on Purchase Intention.

H2: Store Image has a positive and significant effect on Perceived Value.

H3: Perceived Value has a positive and significant effect on Purchase Intention.

H4: Perceived Value mediated the effect of Store Image on Purchase Intention.

Brand awareness is defined as a capacity from a person or individuals to be emotionally associated with a particular brand [29]. Research by [37] stated that a product with a good level of brand perception would have a high level of market share and a better evaluation value. So, when consumers shop at stores that offer a variety of products and good services, it will affect the brand's position in the customer's memory.

Store image is the dimensions consumers perceive and then combined into one to describe a store. The customer's view of the store from the service, price, quality of its products affects consumer memory. In their minds, the store will be recognized one that provides a variety of products with quality services, which can increase customer interest in buying [38]. Repi [39] conducted research related to awareness of stores that can provide involvement in the intention to make purchases.
at Bukalapak. Then, consumers would buy brands that tend to be well known or could fulfill their expectations. Research by [40] examined how the image that is trying to be displayed in supermarkets contributes to consumers' purchase intention, mediated by brand awareness. This situation provides a knowledge that the supermarket brand is an intermediary for the relationship between the image of a store which is realized through the concept in the consumer's mind, then able to describe a result of someone's interest to make a purchase at that place.

Thus, the following statements can be formulated:

H5: Store Image has a positive and significant effect on Brand Awareness.
H6: Brand Awareness has a positive and significant effect on Purchase Intention.
H7: Brand Awareness mediated the effect of Store Image on Purchase Intention.

4. METHOD

A population is a group of people used as research subjects [41]. The population in this research was 522,364 consumers of retail stores in Surakarta. The collection of samples used a purposive sampling method, and the criteria were the people from Surakarta who had bought at a retail store. Data collection was carried out by distributing online questionnaires to 221 respondents. The data collection method used was a questionnaire to obtain relevant and accurate data from the specified respondents. Questionnaires were distributed to the population with the appropriate criteria needed with a five-point Likert scale. The sample size in this study was determined by the Hair formula, which is $5 - 10$ times research instruments. From the numbers $5 - 10$ times in the Hair formula, the researchers chose $10$ times from the instruments proposed in the study. Thus, $10 \times 20 = 200$ was obtained, then the minimum sample size used was 200 samples. The data analysis technique used was descriptive analysis and Structural Equation Modeling (SEM) based on Partial Least Square (PLS) using SmartPLS 3.0 software with hypothesis testing using bootstrapping.

5. RESULTS

The results from the discriminant validity test show that the Average Variance Extracted (AVE) value of all variables $> 0.5$ indicates a good discriminant validity value to all variables, which can be seen in Table 1.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Average Variance Extracted (AVE)</th>
<th>Composite Reliability</th>
<th>Cronbach’s Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Store Image (X)</td>
<td>0.564</td>
<td>0.912</td>
<td>0.889</td>
</tr>
<tr>
<td>Perceived Value (M1)</td>
<td>0.705</td>
<td>0.923</td>
<td>0.896</td>
</tr>
<tr>
<td>Brand Awareness (M2)</td>
<td>0.662</td>
<td>0.855</td>
<td>0.745</td>
</tr>
<tr>
<td>Purchase Intention (Y)</td>
<td>0.682</td>
<td>0.896</td>
<td>0.845</td>
</tr>
</tbody>
</table>

Source: Primary data processed, 2021

After testing the validity, the researchers continued with reliability testing. This test will show the consistency of respondents' answers in answering the questions posed. This reliability test uses composite

![Figure 1 Research Framework](image-url)
reliability. A construct will be reliable if the composite reliability value is > 0.70. Based on Table 1, the value of composite reliability in each variable is >0.7, so the overall variable is reliable.

Cronbach’s alpha value can strengthen the reliability test results provided that if the Cronbach’s alpha value for each variable is >0.7, then the variables used are reliable. From table 1, the Cronbach alpha value for each variable is >0.7. Thus, the variables used are reliable.

### Table 2. Multicollinearity results

<table>
<thead>
<tr>
<th>Variable</th>
<th>Store Image</th>
<th>Perceived Value</th>
<th>Brand Awareness</th>
<th>Purchase Intention</th>
</tr>
</thead>
<tbody>
<tr>
<td>Store Image</td>
<td>1.000</td>
<td>1.000</td>
<td>1.913</td>
<td></td>
</tr>
<tr>
<td>Perceived Value</td>
<td></td>
<td>2.215</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brand Awareness</td>
<td></td>
<td>1.631</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase Intention</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Primary data processed, 2021

After testing the validity and reliability, the researchers conducted multicollinearity analysis. This test aims to see whether each independent variable correlates with the independent variables, as indicated by the VIF value <3.5-5. Table 2 shows the VIF value of the independent variable on the mediating variable and the dependent variable <3. Thus, there is no multicollinearity.

### Table 3. R Square results

<table>
<thead>
<tr>
<th>Model</th>
<th>R Square</th>
<th>Adj R Square</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceived Value</td>
<td>0.450</td>
<td>0.448</td>
</tr>
<tr>
<td>Brand Awareness</td>
<td>0.283</td>
<td>0.280</td>
</tr>
<tr>
<td>Purchase Intention</td>
<td>0.723</td>
<td>0.720</td>
</tr>
</tbody>
</table>

Source: Primary data processed, 2021

Goodness of fit is employed to analyze the feasibility of a model. The goodness of fit measurement is obtained from the Q-Square value. The higher the Q-Square value, the better the research model. The following is the result of the Q-Square calculation:

\[
Q\ square = 1 - \{(1-R^2_1) \times (1-R^2_2) \times (1-R^2_3)\} \\
= 1 - \{(1-0.720) \times (1-0.448) \times (1-0.280)\} \\
= 1 - (0.280 \times 0.552 \times 0.720) \\
= 1 - 0.111 \\
= 0.88
\]

From the calculations, the Q-Square value is 0.88. Therefore, the research model can explain the diversity of research data by 88%, while other factors outside this research model explain the remaining 12%. This research model has good goodness of fit.

### 5.1 Hypothesis test

#### Table 4. Direct effect hypotheses result

<table>
<thead>
<tr>
<th>Effect test</th>
<th>Original Sample</th>
<th>T Statistics</th>
<th>P Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Store Image -&gt; Perceived Value</td>
<td>0.671</td>
<td>9.772</td>
<td>0.000</td>
</tr>
<tr>
<td>Store Image -&gt; Brand Awareness</td>
<td>0.532</td>
<td>4.221</td>
<td>0.000</td>
</tr>
</tbody>
</table>
The Effect of Store Image on Purchase Intention

Based on the statistical tests, store image positively and significantly affected purchase intention. Thus, the higher the store image, the higher the purchase intention. This result is similar to the studies done by [37], [40].

The Effect of Brand Awareness on Purchase Intention

Based on the statistical tests, brand awareness positively and significantly affected purchase intention. Thus, the higher the brand awareness, the higher the purchase intention. This result follows the results conducted by [10], [38], [46], [47].

The Effect of Store Image on Purchase Intention Mediated by Brand Awareness

Based on the statistical tests, store image positively and significantly affected purchase intentions mediated by brand awareness. Thus, the store’s image raised brand awareness in consumers, thereby causing consumer purchase intentions. This finding is similar to [35], [47].

7. CONCLUSION

Based on the analysis above, all hypotheses were supported. However, this study was still limited on factors that need to be revealed in their influence on consumer purchase intentions at retail stores, which are expected to explain the influencing factors fully.

Future researchers can conduct research in a different scope and a wider scope so that more representative samples of the population will be added. Suggestions for further research are that the variables studied are added not only to store image variables, perceived value, and brand awareness of purchase intentions. Suggestions for retail companies are to improve further aspects of store image, value perception, and brand awareness in running...
their business and add other factors that can influence consumers’ purchase intentions at retail stores.

AUTHORS’ CONTRIBUTIONS

The authors contributed to writing the article’s title: “The Effect of Store Image on Purchase Intention Mediated by Perceived Value and Brand Awareness”.

ACKNOWLEDGMENTS

The authors would like to thank the International Conference on Economics and Business Studies (ICOEBS), which has provided a forum for the authors to publish scientific articles from this research, Universitas Muhammadiyah Surakarta and other parties who have provided moral and material support during the research.

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