Effect of Store Image, Social Media, and Perceived Risk on Purchase Intention of Specialty Stores

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Abstract

Fierce competition makes Specialty store entrepreneurs try to produce innovations to be able to create purchase intentions in their stores, several factors, such as store image, social media, perceived risk, are suspected to have an influence on purchase intentions towards Specialty Stores in Surabaya, therefore the authors conducted research on these factors on purchase intention.

The research design used a causal research design, quantitative data. The sample population is 150 people who live in Surabaya. The sampling technique used in this study used non-probability sampling by purposive sampling. The data analysis technique used in this research is the Structural Equation Modeling (SEM) program LISREL 8.80.

Based on the results of the analysis, it is confirmed that there is a positive influence between store image, Social Media, and perceived risk on purchase intention; and there is an indirect influence of store image and Social Media on purchase intention through perceived risk.

Keywords: Store Image, Social Media, Perceived Risk, Purchase Intention.

1. Introduction

In an effort to attract customers, various activities are carried out, such as improving service quality, increasing the comfort of the shopping atmosphere, or discounting prices (Raharjani, 2005). In big cities like Surabaya, there are many kinds of retail store formats, one of which is specialty store. Specialty store is a retail format that sells goods in certain lines only. In an effort to create buying interest, many Specialty store entrepreneurs focus their strategies on store image/store image, because according to Sopiah and Syihabudhin, (2008:139) Personality or store image describes what consumers see and feel about a store.

In addition to store image, social media is a multidimensional latent variable in the form of subjective beliefs and feelings related to pricing by retailers (Murthi & Rao, 2012). This digital era presents new challenges as well as opportunities for companies as purchasing decisions are increasingly influenced by social media interactions (Hutter et al., 2013). One of the goals of effective branding activities is to introduce the existence of a product to consumers widely and how to make the product brand top of mind in the minds of consumers.
and make it brand preferences for consumers when they want to make a purchase decision (Harjanto, 2009).

The concept of consumer-perceived risk is often used by consumer researchers to define consumer perceptions of uncertainty and disappointing consequences when buying products or services (Perez-Cabaero in Bakrie, 2017). According to Kinnear and Taylor (in Tjiptono, 2008), buying interest is the stage of the respondent's tendency to act before the buying decision is actually implemented. Meanwhile, according to Kotler (2008), consumer buying interest is something that arises after receiving a stimulus from the product he sees, from there arises an interest in trying the product until the desire to buy it arises in order to have it.

In a study conducted by Diallo (2012), found that the store image variable has a positive effect on the purchase intention variable, the store image variable has a negative effect on the risk variable perceived by consumers, the consumer perceived risk variable has a negative effect on the purchase variable, the store image variable has an effect positive effect on the Price Image variable, and the Price Image variable has a positive effect on the purchase intention variable. Based on the background of the problem described above, and previous research, this research will examine the Effect of Store Image, Social Media, and Perceived Risk on Purchase Intention of Specialty Stores in Surabaya.

2. Literature Review

2.1. Store Image

Store image is something that is felt by consumers and interpreted in the impression of what results are felt by consumers while in the store and presented both now and before (Hartman and Spiro in Angelina, 2011). According to Simamora (2003: 168), store image is the personality of a store and in Cristina (2013), store image is very important for retailers to attract consumers and fulfill their satisfaction because consumers judge the store image from the perceived experience of the store. the According to Diallo (2012), store image has three dimensions, namely: Layout (layout), Merchandise (merchandise) & Service (service).

2.2. Social Media

Social media marketing is the process of gaining internet user visits to certain sites or the attention of the general public through social media sites (Trattner, 2013). According to Tsitsi (2013), social media marketing is a system that allows marketers to be actively involved, collaborate, interact, and utilize the intelligence and preferences of the people who participate in it for the purpose of marketing activities. Tritama and Tarigan (2016) said that social media has a characteristic and advantage, namely the message that is conveyed not only for one person but also for many people.

2.3. Perceived Risk

Peter and Olson (2008) define perceived risk as a negative consequence that consumers want to avoid when buying or using a product. Meanwhile, Schiffman and Kanuk (2010: 201-
202) define risk perception as the uncertainty faced by consumers when they cannot predict the consequences of their purchasing decisions. According to Diallo (2012), there are 2 dimensions of perceived risk measurement factors, namely: Functional risk (Functional risk) and Financial risk (Financial risk).

2.4. Purchase Intention

Zarrad and Debabi (2015) define intention as a motivational factor that influences a person's behavior to do something. Kotler and Susanto (2010) define intention as an impulse, which is a strong internal stimulus that motivates action, where this drive is influenced by the stimulus and positive feelings about the product. Kotler and Keller (2016) define intention as a consumer's decision about preference for brands in the choice set. Assael (2001) purchase intention is a consumer's tendency to make a purchase of a brand that can be measured by the level of probability of the consumer making a purchase.

2.5. Effect Between Variables

Consumers’ positive feelings and attitudes towards products or services and private label stores will affect purchase intention (Das, 2014). Because store image perceptions provide cues that are highly relevant to store brands, they can act like real brands, providing the basis for overall store brand quality (Collins-Dodd and Lindley, 2003). As perceived store brand quality is related to purchase intention (Jin and Suh, 2005), we anticipate that perceived store image will influence purchase intention (Grewal et al., 1998). According to Diallo (2012), it has been proven that store image has a positive effect on consumer purchase intentions in emerging markets in Brazil.

Previous research has extensively investigated the relationship between store image and perceived risk (Liljander et al., 2009) and perceived risk and self-esteem purchasing of store brands (Delvecchio, 2001; Liljander et al., 2009). Batra and Sinha (2000) have shown that perceived risk is important for understanding consumer behavior towards product willingness to purchase. Several dimensions of perceived risk have been measured in terms of overall risk, functional risk, physical risk, financial risk, performance risk, etc. (Smeijn et al., 2004; Liljander et al., 2009). Previous research has shown that store image influences perceived risk. Liljander et al (2009) showed that store image quality negatively affected perceptions of financial risk, while store image atmosphere negatively affected social risk.

Risks that do not exist in consumer perceptions will not affect consumer behavior (Schiffman and Kanuk, 2010). Pavlou (2010) risk is the uncertainty and consequence associated with consumer actions. This theory is in accordance with the results of previous research conducted by Diallo (2012), proving that the risk perceived by consumers has a negative relationship to consumer purchase intentions in emerging markets in Brazil.

Some researchers define and conceptualize nutrient images with one dimension of low prices or price level images (Zeithaml, 1988). For Zielke (2010) identified five different components of Social Media (price level image, value for money, price perception, process price, certainty evaluation). Hamilton and Chernev (2013) explain that the Social Media is a consumer's subjective impression of the overall price level of retailers, which is a consumer's evaluation of the price of goods compared to the reference price. Several previous studies
explain the concept of price in several categories, Zeithaml (1988) categorizes the price construct consisting of objective price and subjective price, according to Schindler and Kibarian (2001) retail price is determined by the price listed on the product.

Previous research has also shown a relationship between Social Media, purchase intention and perceived risk of store brand (DelVecchio, 2001). The negative effect of perceived risk on purchase intention was demonstrated in previous research (Samadi and Yaghoob-Nejadi, 2009). Store brands are primarily positioned as alternative low-cost products compared to manufacturer brands. Thus, consumers often perceive it as a lower quality product and consequently as a riskier one (Mieres et al., 2006). According to Martineau (1958, in Diallo, 2012), store image is defined in the mind of the shopper, partly by functional qualities and partly by the aura of psychological attributes. The desire to buy consumers refers to efforts to buy products or services (Diallo, 2012). Consumers' positive feelings and attitudes towards products or services and private label stores will affect purchase intention (Das, 2014). This theory is in accordance with the results of previous research conducted by Diallo (2012), proving that the risk perceived by consumers has a negative relationship to consumer purchase intentions in emerging markets in Brazil.

Kotler and Keller state (2016) social media marketing is a marketing communication activity that uses electronic media (online) in various forms (images, writings, etc.) to attract consumers and increase brand awareness, foster good company image, and above all to increase sales. Now consumers are more informative and interested in browsing product information online before making a product purchase (Ahmed and Zahid, 2014).

2.6. Research Model

![Research Model](image)

**Figure 2.4 Research Model (modified).**

**Hypothesis:**

H1: Store Image has a positive effect on Perceived Risk Specialty stores in Surabaya.
H2: Social Media has a positive effect on the Perceived Risk Specialty store in Surabaya.
H3: Perceived Risk has a positive effect on Purchase Intention of Specialty store in Surabaya.
H4: Perceived Risk mediates the effect of Store Image on Purchase Intention of Specialty store in Surabaya.
H5: Perceived Risk mediates the effect of Social Media on the Purchase Intention of Specialty store in Surabaya.
Specialty store in Surabaya.

3. Materials and Methods

This research uses quantitative research methods. The data collection method used is a survey to Specialty store consumers in Surabaya, for variable measurement using a 5-point Likert Scale, a questionnaire made in the form of google form. The sample size taken is 150 people, the sampling technique is non-probability with purposive sampling. Respondents who will be selected to be samples in this study are respondents who meet the following conditions:

a) Domiciled in the city of Surabaya, at least 18 years of age.

b) Ever bought a product at a Specialty store in Surabaya.

In this study, the data analysis used is Structural Equation Modeling (SEM) through the LISREL program.

4. Data Analysis

4.1. Data Normality Test

Based on the results of the normality test output, it can be seen that not all indicators follow the normal distribution function, only a few have a p-value of more than 0.05 or are normally distributed. While the results of the normality test output for multivariate normality are shown as follows:

Table 4.1. Multivariate Normality Test Results

<table>
<thead>
<tr>
<th>Skewness</th>
<th>Kurtosis</th>
<th>Skewness &amp; Kurtosis</th>
<th>Ref</th>
</tr>
</thead>
<tbody>
<tr>
<td>Z-Score</td>
<td>P-Value</td>
<td>Z-Score</td>
<td>P-Value</td>
</tr>
<tr>
<td>1.591</td>
<td>0.112</td>
<td>0.624</td>
<td>0.533</td>
</tr>
</tbody>
</table>

Source: Appendix 5, processed.

According to the multivariate table, it appears that the p-value > 0.05, then the normality test can be said to be fulfilled, so that the test can be continued to the next stage.
4.2. Model Fit Test

Table 4.2. Model Fit Test

<table>
<thead>
<tr>
<th>Goodness of Fit</th>
<th>Cut-off Value</th>
<th>Result</th>
<th>Ref</th>
</tr>
</thead>
<tbody>
<tr>
<td>GFI</td>
<td>≥ 0.90</td>
<td>0.72</td>
<td>Not Fit</td>
</tr>
<tr>
<td>AGFI</td>
<td>≥ 0.90</td>
<td>0.67</td>
<td>Not Fit</td>
</tr>
<tr>
<td>NFI</td>
<td>≥ 0.90</td>
<td>0.92</td>
<td>Good Fit</td>
</tr>
<tr>
<td>IFI</td>
<td>≥ 0.90</td>
<td>0.90</td>
<td>Good Fit</td>
</tr>
<tr>
<td>CFI</td>
<td>≥ 0.90</td>
<td>0.90</td>
<td>Good Fit</td>
</tr>
<tr>
<td>RFI</td>
<td>≥ 0.90</td>
<td>0.92</td>
<td>Good Fit</td>
</tr>
</tbody>
</table>

Source: Appendix 5, processed.

4.3. Reliability Test

Table 4.3 Reliability Test Results

<table>
<thead>
<tr>
<th>Variable</th>
<th>CR</th>
<th>Cut Off</th>
<th>Ref</th>
</tr>
</thead>
<tbody>
<tr>
<td>Store Image</td>
<td>0.8946</td>
<td>&gt; 0.7</td>
<td>Reliable</td>
</tr>
<tr>
<td>Social Media</td>
<td>0.8780</td>
<td>&gt; 0.7</td>
<td>Reliable</td>
</tr>
<tr>
<td>Perceived Risk</td>
<td>0.7480</td>
<td>&gt; 0.7</td>
<td>Reliable</td>
</tr>
<tr>
<td>Purchase Intention</td>
<td>0.7097</td>
<td>&gt; 0.7</td>
<td>Reliable</td>
</tr>
</tbody>
</table>

Source: Appendix 6, processed.

4.4. Structural Model Fit Test

\[
PR = 0.20 \times SI + 0.80 \times SM, \quad \text{Error var.} = 0.088, \quad R^2 = 0.76
\]

\[
(0.054) \quad (0.099) \quad (0.026)
\]

3.70 \quad 8.12 \quad 3.35

\[
PIN = 1.17 \times PR, \quad \text{Error var.} = -0.080, \quad R^2 = 1.19
\]

\[
(0.13) \quad (0.040)
\]

9.29 \quad -1.97

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4.5. Hypothesis testing:

Table 4.5 Hypothesis Testing

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Variable Relationship</th>
<th>T count</th>
<th>T table</th>
<th>Ref</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Store Image → Perceived Risk</td>
<td>3.70</td>
<td>1.96</td>
<td>Significant, (H1 is accepted)</td>
</tr>
<tr>
<td>2</td>
<td>Social Media → Perceived Risk</td>
<td>8.12</td>
<td>1.96</td>
<td>Significant, (H2 is accepted)</td>
</tr>
<tr>
<td>3</td>
<td>Perceived Risk → Purchase Intention</td>
<td>9.29</td>
<td>1.96</td>
<td>Significant, (H3 is accepted)</td>
</tr>
<tr>
<td>4</td>
<td>Store Image → Perceived Risk → Purchase Intention</td>
<td>3.85</td>
<td>1.96</td>
<td>Significant, (H4 is accepted)</td>
</tr>
<tr>
<td>5</td>
<td>Social Media → Perceived Risk → Purchase Intention</td>
<td>8.92</td>
<td>1.96</td>
<td>Significant, (H5 is accepted)</td>
</tr>
</tbody>
</table>

Source: Appendix 5, processed.

5. Discussion

Based on the results of the analysis, it was found that there is an influence between store images on perceived risk, which is a significant positive direct effect. This shows that the better the store image perceived by consumers, the greater the risk perceived by consumers. Thus, if the specialty store in Surabaya wants to reduce the perceived risk, it is necessary to pay attention to the store image through the availability and completeness of the products they have.

The positive significant effect of store image on perceived risk indicates that the perceived risk perception of consumers also affects the store image. This is in line with the opinion of Christina (2013) which states that store image is very important for retailers to attract consumers and fulfill their satisfaction because consumers judge the image of the store from the perceived experience of the store, so that later it can influence the perceived risk perception of consumers. Hartman and Spiro in Angelina (2011) also argue that store image is something that consumers feel and interpret while consumers are in the store.

Furthermore, based on the results of the analysis, it was found that there is an influence between Social Media on perceived risk, which is a direct influence with a significant positive direction. This shows that the better the perceived Social Media, the consumers will be more aware of the risks that will be felt later. Thus, if Specialty Store
Surabaya wants to reduce the perceived risk felt by consumers, it must pay attention to Social Media by maintaining consumer desires for Store image or awareness, the results of this study also support previous research conducted by Haenlein (2011) which showed that social media marketing supports an increase in purchase intention. Which is also reinforced by Raharjo and Semuel (2018), which states that there is a direct positive influence of social media marketing on purchase intention So that a social media marketing activity has an influence on the formation or increase of consumer buying intentions.

The results of the next analysis found that there is an influence between perceived risks on purchase intention, which is a direct influence with a significant positive direction. This shows that the perceived risk perception of consumers also affects the consumer's intention to buy the product. Thus, Specialty stores in Surabaya must increase purchase intention and must anticipate the perceived risk that consumers might feel in using their products by increasing the perception in the minds of consumers about the products they have. This is in line with the opinion of Raymond A. Bauer (Maciejewski, 2011: 282) explaining that every consumer action will produce consequences that cannot be anticipated with anything that can be estimated with certainty and some of the consequences of which may be disappointing.

The results of the fourth analysis show that there is a significant positive and indirect effect on store image on purchase intention through perceived risk. This shows that the stronger the store image affects the increase in purchase intention through a decrease in the perceived risk. Then the better store image will increase purchase intention when perceived risk decreases. These results indicate that store image, which is an independent variable, has a strong influence on purchase intention which is the dependent variable and is mediated by perceived risk which affects the relationship between store image and purchase intention. Proves that the store image perceived by consumers will encourage consumers to make purchases. This is in accordance with Diallo's (2012) which states that a store that has a good image will increase the purchase intention of customers to buy goods in the store.

The results of the fifth analysis show that there is a significant positive indirect effect on Social Media on purchase intention through perceived risk. This shows that the stronger the Social Media will affect the increase in purchase intention when the perceived risk decreases. This supports the theory of Mieres et al., 2006 in Diallo's research (2012) where in the minds of consumers compared to cheap products with manufactured products, they will be at risk of purchasing because they are considered cheap goods in the minds of consumers.

Thus for the Specialty store, the author would like to suggest several things related to improvements in its business operations:

1. **Store Image**
   The statement that has the lowest mean of the Store Image variable is; employees Specialty stores must have knowledge about the products being sold, by providing training to employees so that employees have knowledge about the products that are sought and needed by consumers.

2. **Social Media**
   Social Media increase can be done by; make Store image is higher than other
competitors, increasing the positive perception that consumers have of the brand and product quality.

3. Perceived Risk
Increase the positive perception of consumers by providing guarantees and guarantees which can later reduce the perception of risk in the minds of consumers.

4. Purchase Intention
Provide information that can make it easier for consumers to find products that consumers want that may be accessed by consumers through their social media or web.

Reference


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