The Role of Social Influence Towards Purchase Intention With Value Perception as Mediator: A Study on Starbucks Coffee as an Environmentally Friendly Product

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ABSTRACT

This study aimed to examine the effects of social influence both directly and indirectly on purchase intention of Starbucks as an environmentally friendly product. This study used a survey method. The respondents consisted of 100 Starbucks consumers. A convenience sampling technique was used. The data was collected using questionnaires and analyzed using Partial Least Square-Structural Equation Modeling. The results showed that social influence had a direct effect on purchase intention, but did not have an indirect effect through perceived value.

Keywords: environmentally friendly products, purchase intention, social influence, perceived value.

1. INTRODUCTION

Recently, the issue about the importance of protecting the environment has surfaced in various media. This has given rise to societal and company awareness regarding the need to preserve the environment. One of the forms of societal awareness about the necessity of maintaining the environment can be seen with an increase in society's desire to consume environmentally friendly products. Furthermore, company concern towards environmental preservation can be viewed as a type of corporate social responsibility [1], whereas 93% of companies on the G250 list reported activities related with social responsibility [2].

Societal awareness about the need to protect the environment through the consumption of environmentally friendly products is intensively reported and has become popularized by various parties including through calls for action from the government, societal figures, and religious leaders. The intense coverage and appeals from various societal leaders can foster consumers' social considerations keeping in mind that social influences can shape an individual's perception about something [3].

A social group can influence an individual through information that is trusted by someone and activates the related person's emotional side [4]. The role of social influence to increase the consumption of products which are considered environmentally friendly is related with the perception of consumer value about a particular environmentally friendly product. The perceived value of a certain product or service is believed to be important for companies, because it can elicit interest and build consumer loyalty [5].

The buying purpose or consumer purchase intention of a product or service is important for business, because purchase intention is the first buying action done by consumers. [6] claimed that buying purpose is an intentional plan made by consumers to purchase a particular product or service. Consumer purchase intention towards Starbucks as an environmentally friendly product is the focus of this research considering that in the last several years many local and international-scale coffee shops have surfaced.

This research will use Starbucks' consumers in Indonesia as research object, because Starbucks clearly exhibits its concern for the environment through reducing waste, recycling, conserving water and energy, preserving the biodiversity, reducing pesticide usage, as well as using organic coffee. Starbucks has made various efforts to minimize waste, such as by offering discounts whenever consumers bring their own tumblers. Besides, care for the environment is exhibited by Starbucks by using recyclable packaging and products [7]. This shows that Starbucks is an environmentally friendly company that has already displayed its concern for the environment.

This research will discuss about how social influence is combined with consumer value perception in introducing and expanding the use of environmentally friendly products to provide advantages for marketing practitioners and academicians. In addition, another contribution that is expected to be given to practitioners is an input about the significance of social influence in marketing environmentally friendly products with value perception as a mediator in the relationship. This research also strives to improvise the study results by using PLS-SEM compared with the previous studies [8].

2. LITERATURE REVIEW

This research is based on the Theory of Reasoned Action (TRA) [9] and the Theory of Planned Behavior (TPB) [10],

which states that consumers' attitudes will directly influence their behavioral intentions, which in turn, will affect their purchasing behavior. The buying intention meant in this research is the intention in purchasing environmentally friendly (green) products, of which the green products meant in this study are those which are produced by using poison-free ingredients, pass through environmentally friendly procedures, as well as certified by a reputable organization [11].

2.1 Social Influence

Social influence is defined as the combination of the social identity of a particular group's members, which facilitates them to produce the knowledge that is validated socially, to share a belief about a viewpoint, to have a certain way of thinking, and to do tangible work that is considered appropriate and objective [12]. In this perspective, the collective identity of a particular group's members will form a viewpoint and way of thinking that is considered suitable and unbiased.

In the research conducted by [13], it was demonstrated that an individual's behavior is influenced by those in the surrounding area. Moreover, [14] proposed that social dissemination, which is the process where consumers influence each other to adopt a product, plays an important role in the process of adopting a new product. The role of social influence in conveying information and activating emotional reactions operates through factors like modeling, instructions, and social persuasion [4]. In accordance with this, [15] showed that consumers do not only buy the products for hedonistic needs or functional values, but they also do it to impress other people or to improve their social status.

Research by [16] combined social influence and purchase intention, in which he measured social influence towards purchase intention by using the subjective norms and visibility dimensions. Subjective norms have two indicators. The first indicator is a behavioral belief, which is the perception of consumer belief that buying is a positive and profitable action. Then the second indicator is a normative belief, which is the perception of consumer belief that buying a product or service is a necessity. The visibility dimensions is measured through other consumer behavioral and environmental factors.

In purchasing environmentally friendly products, a study conducted by [17] revealed that an individual's relationship with a social group is important in explaining purchasing behavior. In addition, when concern towards the environment becomes a social norm, it has a strong influence on individuals' choices, because it is related with other people [18]. [19] observed that individuals who interact with consumers who are environmentally friendly will have a positive relationship with food products and brands that are environmentally friendly as well.

2.2 Value Perception

Value perception is defined as the relative ratio between the quality and results that are enjoyed by consumers compared with the price and other costs spent to obtain the particular product or service [20]. This opinion prioritizes the relative ratio and results that are enjoyed by consumers as the primary viewpoint.

An individual's value perception of a good or service can influence a person's purchase intention [21] [22]. For consumers of environmentally friendly products, the value perception of a type of environmentally friendly product will be considered far more comfortable, to have better quality and higher monetary value, because such consumers evaluate products based on the social advantages offered [23].

2.3 Purchase Intention

[24] and [25] stated that a consumer's decision to buy a product/service greatly depends on the product's value and recommendations from other consumers. [26] claimed that consumers will be willing to buy a certain product or service if they realize that they need the particular product or service, or they may even have a certain attitude or perception towards it.

Based on the description above, it can be concluded that buying intention is a consumer's willingness or desire to purchase a particular product or service based on one's need, choice, or attitude towards a product and the evaluation made by the individual.

2.4 Previous Research

2.4.1 Social Influence towards Value Perception

[27] conducted a study on the effects of social influence towards value perception. The research results exposed that social influence has negative effect on the value perception of a green product. The research used Structural Equation Modelling (SEM) to analyze the data.

2.4.2 Social Influence towards Purchase Intention

[27] conducted a research on the role of social influence towards product buying intention in regards to organic products. The research was carried out through online surveys with 988 respondents. This study grouped consumers into innovator consumers and later adopters. The findings demonstrated that social influence is connected with higher buying intention among later adopters.

[28] carried out a study on the effects of social influence towards repeat buying intention. This research stated that social interactions between customers and employees can

be significant for business success. Likewise, factors such as consumer comfort and monetary value are important for repeat purchases. The findings disclosed that the social influence variable is just as important as the customer satisfaction variable and the value perception variable for the monetary factor.

Research conducted by [16] about the social influence of the interest to buy green products exhibited that social influence has a significant influence towards the buying intention of green products. Nevertheless, a study that was carried out by [29] about the interest to buy green products depicted that social influence does not have significant effect on green product purchase intention.

2.4.3 Value Perception towards Purchase Intention

Value perception is the consumer's overall assessment of the benefits of a product about what is received and what is given up based on consumer's perceptions [24]. Many research have found a consistent and strong relationship between value perception and purchase intention [22]. Furthermore, regular consumers of green products tend to perceive greater value in environmentally friendly products than do occasional consumers [30]. The value perception of environmentally friendly products is not judged by convenience, quality and monetary value, but by the societal benefits they offer [23]. In this case, consumers that are more socially oriented will perceive greater benefit from the image of being a good citizen by using environmentally friendly product [31].

2.4.4 Value Perception as Mediator between Social Influence and Purchase Intention

The study from [27] concluded that social influence has positive influence on purchase intention as a direct relationship, not mediated through perceived value for later adopters. But there is no direct significant relationship between social influence and purchase intention for innovator consumers, in which value perception mediates those relationship.

2.5 Hypothesis Development

The main focus of this research is the connection between social influence, value perception, and purchase intention. Besides that, this study will examine the mediating effect of value perception on the relationship between social influence and purchase intention. The relationships of each of the constructs are explained in the research model (Figure 1). The analysis began by testing the relationship between variables before testing the mediation. This initial step was done to establish the relevance of the direct basic connections. After that, the mediation was tested.
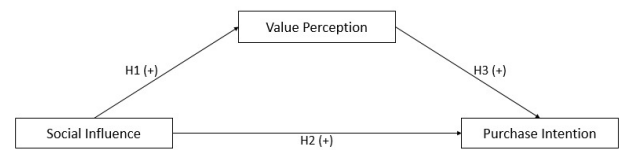

Figure 1. Research Model

Social influence as a combination of various individual and social identities can change an individual's value perception of a good or service offered. From several previous studies, there were ambiguous results about the effects of social influence towards an individual's value perception. Therefore, this research examined that aspect, as outlined below.

H_1: Social influence has positive effect on Starbucks' value perception as an environmentally friendly product.

H_2: Social influence has positive effect on Starbucks purchase intention as an environmentally friendly product.

H_3: Value perception has positive influence on the purchase intention of Starbucks as an environmentally friendly product.

H_4: Value perception can mediate between social influence and purchase intention of Starbucks as an environmentally friendly product.

3. RESEARCH METHODOLOGY

The population of this research was all the consumers of Starbucks in Jakarta, as a producer of environmentally friendly product. A convenience sampling technique with sample of 100 respondents was used, considering that 100 respondents had already provided enough statistical support for PLS-SEM [32]. The data collection technique in this research used the questionnaires that were distributed to the respondents through Google Form. There were 118 respondents who filled in the questionnaires, but only 100 of them were used. From these respondents, 70% were women, 51% were between 17-21 years old, 43% were between 22-26 years old, and 63% were university students. The operationalization of the social influence variable was measured by using 4 indicators. The value perception was measured by using 3 indicators as well as the purchase intention. The questionnaire was adapted from [27], with a 5-point Likert scale.

4. RESULTS AND DISCUSSION

Outer model. All indicators passed the reliability test as well as the validity test. Standardized loading value of this model is higher than 0.50, an internal consistency reliability value of CR > 0.70 and < 0.95, a convergent validity AVE value > 0.50, and a discriminant validity HTMT value < 0.90.

Table 1: Outer Model

Variable	Indicator	Loading	CR	AVE	HTMT		
					PS	PN	NM
Social Influence	SI 1	0.643	0.912	0.725	-	-	-
	SI 2	0.913					
	SI 3	0.891					
	SI 4	0.926					
Value Perception	VP 1	0.906	0.841	0.648	0.768	-	-
	VP 2	0.907					
	VP 3	0.546					
Purchase Intention	PI 1	0.670	0.838	0.636	0.206	0.101	-
	PI 2	0.836					
	PI 3	0.872					

Source: Data processed results (2018)

Notes: Loading : Standardized loading, CR: Composite Reliability, AVE: Average Variance Extracted, HTMT: Heterotrait-monotrait ratio of correlations, SI = Social Influence, VP = Value Perception, PI = Purchase Intention

Inner model. The inner model test results depict that there is no multicollinearity between social influence and value perception with the VIF value < 5.

The determination coefficient of the value perception is 0.410. This means that 41% of the value perception variance can be explained by the social influence. Social influence has a weak ability to explain value perception. The determination coefficient of purchase intention is 0.033. This implies that only 3.3% of the purchase intention variance can be explained by social influence and value perception. Social influence and value perception do not have the ability to explain purchase intention.

The test of hypothesis 1 revealed that social influence had positive effect (β = 0.640), which was statistically significant (p-value = 0.000), and strong (f^2 = 0.695) towards value perception (Table 2). This depicts that the higher the individual's social influence, the higher the individual's value perception will be toward Starbucks Coffee as an environmentally friendly product.

Table 2: Inner Model

Influence	Value	Explanation
SI → VP	β = 0.640	Positive
	p-value = 0.000	Significant
	f^2 = 0.695	Strong
SI → PI	β = 0.236	Positive
	p-value = 0.028	Significant
	f^2 = 0.034	Weak
VP → PI	β = -0.166	Negative
	p-value = 0.147	Not significant
	f^2 = 0.017	No significance

Source: Data processed results (2018)

Notes: SI = Social Influence, VP = Value Perception, PI = Purchase intention

The examination of hypothesis 2 divulged that social influence had positive effect (β = 0.236), which was statistically significant (p-value = 0.028), and weak towards purchase intention (f2 = 0.034), as depicted in Table 2. This research result disclosed that the higher the individual's social influence is, then the individual's intention to buy Starbucks Coffee will increase slightly.

The test of hypothesis 3 discovered that value perception had negative effect (β = -0.166), which was statistically insignificant (p-value = 0.147), and not significant towards purchase intention (f^2 = 0.017), as seen in Table 2. This result showed that an individual's value perception of Starbucks Coffee as an environmentally friendly product did not influence the individual's intention to buy such product.

The examination of hypothesis 4 found that value perception did not mediate between social influence and purchase intention, as can be viewed from the p-value = 0.158 > 0.05 (Table 3). Nevertheless, the social influence could have direct influence on purchase intention without using value perception as a mediating variable.

Table 3. Mediation Test Results

Influence	Coefficient	P-value	Explanation
SI → PI	0.236	0.028	Significant
SI → VP → PI	-0.106	0.158	Not significant

Source: Data processed results (2018)

Notes: SI = Social Influence, VP = Value Perception, PI = Purchase intention

These research results confirmed that the strongest indicator for social influence happened when someone shared his/her experiences with friends about the Starbucks Coffee brand as an environmentally friendly product. This finding supports [14] research, which found that consumers influence each other during the product adaptation process. In addition, this research strengthens the finding by [17], in which an individual's relationship with a social group is significant in explaining the purchasing behavior in buying an environmentally friendly product.

5. CONCLUSION AND IMPLICATIONS

This study results depicted that social influence had strong and positive effect on the value perception of Starbucks Coffee as an environmentally friendly product. This research results were statistically significant. This test revealed that H_1 was supported by the data. Social influence had positive and significant influence, even though it was weak towards the purchase intention of Starbucks Coffee as an environmentally friendly product. This study confirmed that H_2 was supported by the data. Value perception did not have positive influence, was not significant, and very weak towards the purchase intention of Starbucks Coffee as an environmentally friendly product. This demonstrated that H_3 was not supported by the data. Value perception did not mediate between social influence and purchase intention of Starbucks Coffee as an environmentally friendly product. This portrayed that H_4 was not supported by the data.

The theoretical implications of this research provide support for the conceptual model of [33], in which social influence has a strong, significant, and positive effect on value perception. Moreover, this study supports the research [17], which found that an individual's relationship with a social group is important in explaining the purchasing behavior of buying an environmentally friendly product. Altogether, this research confirms a study by [27] about social influence which has a direct and positive effect on the purchase intention of an environmentally friendly product.

The managerial contributions of this study provide input for producers of environmentally friendly products, especially Starbucks Coffee, regarding the significance of social influence on a product's value perception in the eyes of consumers. Furthermore, environmentally friendly company could employ marketing strategies that emphasize social influences of environmentally friendly product consumption in order to expand the market, for example by utilizing the influential figures in their promotional campaigns, since this is closely aligned with consumers.

5.1 Limitations and Suggestions

Despite the theoretical and managerial implications that have been stated above, there are some limitations of this study that need caution when applying the results. This research only focused on one company, had limited samples, and was conducted in a single city in Indonesia. Further research may lead to refinements by using different product classes and more samples from various cities/culture, and by using the respondents of more than one company as research subjects. Other than that, as suggestions for further research, there are some aspects that could enrich this study, such as social identity, consumer's innovativeness, the role of social media, etc [27].

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