

## **ANALISIS FAKTOR YANG MEMPENGARUHI MINAT PEMBELIAN MILENIAL TERHADAP LOCAL COFFEE SHOP**

### **MILLENNIALS' DETERMINANTS OF LOCAL COFFEE SHOP PURCHASE INTENTION**

Agustina Fitrianingrum<sup>1</sup>, Michael Angga<sup>2</sup>

<sup>1</sup>(Fakultas Ekonomi, Universitas Internasional Batam, Indonesia)

<sup>2</sup>(Fakultas Ekonomi, Universitas Internasional Batam, Indonesia)  
agustina@uib.ac.id<sup>1</sup>, michaelangga1101@yahoo.com

#### **Abstrak**

*Tujuan penelitian ini adalah untuk mengetahui seberapa besar pengaruh dari electronic word of mouth dan brand image dengan purchase intention local coffee shop kaum milenial di Batam, Indonesia. Metode penelitian dari penelitian ini adalah convenience sampling dengan structural equation modeling untuk analisa electronic word of mouth, brand image terhadap variabel dependen (purchase intention). Hasil dari penelitian ini menunjukkan electronic word of mouth berpengaruh signifikan positif terhadap brand image dan purchase intention. Electronic word of mouth memiliki hubungan signifikan positif langsung terhadap purchase intention. Penelitian ini dapat menjadi acuan untuk meningkatkan daya saing kopi tiam local di Batam..*

#### **Abstract**

*The purpose of this study is to determine the influence the electronic word of mouth and brand image with the purchase intention of local coffee shops in millennials in Batam, Indonesia. The research method of this research is convenience sampling with structural equation modeling for the analysis of electronic word of mouth, brand image of the dependent variable (purchase intention). The results of this study indicates that electronic word of mouth has a significant positive effect on brand image and purchase intention. Electronic word of mouth has a significant positive direct relationship to purchase intention. This research can be a reference to improve the competitiveness of local coffee café or kopitiam in Batam.*

**Kata kunci:** *Electronic word of mouth, brand image, purchase intention*

## **BACKGROUNDS**

Technology and social media become the necessity in human life. The difference of technology in industry 2.0, it helped people doing the literally heavy job, in the industry 3.0, its role for helping mass production. Nowadays is considered as industry 4.0 where technology is softly embedded in people life. The present of smartphone is changing the life style. People is eating not to fulfill the hungriness (or in Maslow's Hierarchy of Needs namely as Physiological needs), but also to fulfill the emotional need of self-esteem. In Esteem level, people are needed to be socially recognized, showing the status, to get the respects, love, social

belonging, etc). The phenomena change a lot of aspects in life, including people life style. Pertiwi (2018) quoted the study from British media company stated that Indonesian spends 203 minutes everyday for going online to access their social media. To see how big the number of Indonesian using the social media, a report entitled "Essential Insights Into Internet, Social Media, Mobile, and E-Commerce Use Around the World" published on January 30, 2018 stated that 130 million of 265.4 million Indonesia's total population are active as social media users. Top social media are are Facebook is 43%, WhatsApp is 40%, Instagram is 38%, Line is 33%. Currently total users of internet is reaching nearly 4 billions and its predicted to be increasing more than 10% annually.

This phenomena drives the development of digital marketing as a mean to use by every individual or community to promote, advertise, purchase product or services. The need of people to socialize themselves in a relationship creates many creative business ideas. This research is focus on the rapid growth of coffee café in Indonesia. This can be concluded from rapidly increased demand from year to year. In Indonesia total consumption for coffee in 2016 reached 250 thousand tons. That number is predicted to continue growing in 2021 reaches 370 thousands tons. It is increasing more than 100%. This is a good sign that the business of coffee café is growing rapidly. Robusta is mostly produced in Indonesia rather Arabica type (Ministry of Agriculture, 2018)

Batam is the most developed city in Indonesia, located next to the coast of Singapore. As islands city, it has unique culture namely of Kopi Tiam. The name of Kopi Tiam of Coffee Shop is culturally based on the old time occupation of people as fishermen, they went to work in the night time and return in the morning, while waiting to sell the fish they enjoy cup of coffee as their breakfast. It's the reason of local coffee are numerous in Batam. However, some of them remains as small Kopitiam but some others are developed as modern Coffee Shop, e.g. Morning Bakery. It grows fast in these 10 years. These local coffee shop should compete with international brand e.g. Starbucks.

The research is intended to observe the influence of E-WOM (Electronic Worth of Mouth) to build the brand image of a local coffee shops. E-WOM can be interpreted as a statement made by consumers or former consumers who buy products through the internet and provide recommendations such as online reviews on the website (Jalilvand & Samiei, 2012). According to Charo et al., (2015) Brand image is a description of associations and consumer confidence in certain brands. Brand image is the observation and trust held by consumers, as reflected in the consumer's association or recall. Khan & Ali (2017) explained the brand image

is a representation of the overall perception of the brand and is formed from information and past experience of the brand. Brand image is a collection of associations about a brand that is stored in the minds or memories of consumers where the image is already well known by consumers. (Elseidi & Baz, 2016). This research will contribute to design a strategy to strengthen and make local coffee shops stay competitive. Pertiwi (2019) described that Facebook as the first rank social media is accessed by the age group of 18-24 years with a percentage of 20.4 percent are women and 24.2 percent are men, then the focus of this research is university students which belongs to millennials group.

## **LITERATURE REVIEW**

### **e-WOM**

e-WOM (Electronic Word of Mouth) is transformation of WOM (Word of Mouth). Kotler and Keller (2009) states that WOM is a communication between consumers made through verbal, written, and electronic connecting to the buying experience. e-WOM means that information is available in internet which will be acceded by millio potential customers as long as they are active in internet. Wider coverage with the higher speed creates more opportunities and challenges. In seconds, everything whether good or bad experiences can be shared in the internet which is visible of millions people in the world. Abubakar et al., (2016) E-WOM stated that it is the value that consumers' want to share opinion about. This consumers' opinions is considered more effective than WOM (Word of Mouth) because of its greater accessibility to reach all people as long as they are on social media.

Thurau et al. (2004) describes that e-WOM is a communication based on Web-based opinion platforms, it is initiated by the willingness of each customers to help others from negative experience based on their purchase decisions. E-WOM is categorized as independent communication because it is anonymous that may include positive and negative consumer experiences related with product, services or even a company. Its characteristics as containing independent information is more trusted than information sources from the company. It can be interpreted that the source of information from E-Wom is not tied to a particular company and does not benefit any company. Therefore communication via e-Wom is more trusted than information sources from the company (Shen & Lerman, 2007). Hence, e-WOM can be said as a new phenomenon in marketing communication. Furthermore, Jalilvand and Samiei (2012), e-WOM influence potential customer when they do the followings:

1) Reading online of other consumer' reviews about products or services; 2) Collecting information of consumer' reviews, 3) Having online consultation, 4) Feeling worried when purchasing without reading any online reviews or comments, 5) Being more confidence when purchasing after reading online reviews.

Lin et al., (2013) finding is also important to be considered that dissatisfied consumers has higher intention to seek other's reviews. By reading online reviews, consumers feel more confident in their interest to make purchasing. Hence, people are going online before make purchase decision to verify that product has good brand image or reputable products or services. e-WOM is effective in building image that helping companies get the attention of potential customers.

### **Brand Image**

Nowadays social media becomes a platform to communicate about quality of products or services, directly not only from firms to customers but also from customer to customer. This customer can develop a group of community. The social media helps potential customer to find products or services as fast because all information is in their hand (Constantinides & Fountain, 2008). This condition force brand managers to build communication actively to inform any product or services news of the brand and also create opportunities to have direct interaction with their customer in the internet and real platform. It is necessary to maintain their brand image and search for more loyal customer, because consumers feel close related and connected with the brand (Keller, 2009; Kozinets et al., 2008).

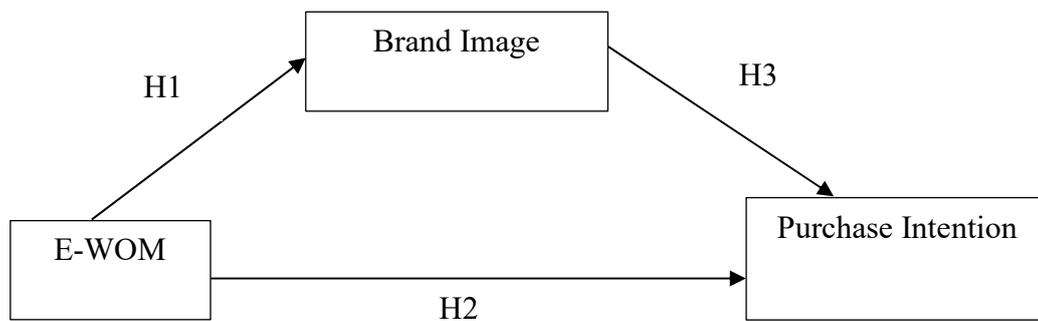
Ertimur & Gilly (2012) stated that when consumer shares positive experiences regarding a brand, its kind of generating online advertisement. It will have a chance to be viral on social media community it's more powerful than conventional words of mouth. If any user post a negative comment, it impacts a brand image easier than TV or News paper (Tsimonis & Dimitriadis, 2014).

### **Purchase Intention**

Charo et al., (2015) defines Purchase Intention is a user behavior where the buyer has a willingness to choose, pay, use or consume a product or services. Lin et al., (2013) supports that purchase intention is an act of consumers who want to buy a product or not. There are several components that will influence purchase intention e.g. reasonable price, quality or usefulness of the products. To have the information of product's or services quality, customers currently rely on the online reviews. Shukla (2010) provides an explanation of how to make

customers make a purchase intention of the product, brand manager should be able to build strong brand image by forming a specific concept or unique that helps potential customers to identify it's certainly different from other products.

### Research Model



### Hyphotesis

H1: *E-Wom* has a significant relationship with *Brand Image*.

H2: *E-Wom* has a significant relationship with *Purchase Intention*.

H3: *Brand Image* has a significant relationship with *Purchase Intention*.

## RESEARCH METHOD

### Research Object

This study focuses on the relationship of e-WOM to build Brand Image and Purchase intention amongst the millennials in Batam.

### Population and Sample

Population is based on the university students in Batam. Millenials is a group of people in the age of 22-35 years old. The sampling is convenience sampling based on their experience of having local coffee brand in Batam, eg. Morning Bakery, *Caffein Coffee & Cake*, *Biscotti Cakery & Coffee*, *Coffeetown* and *Bistro Godiva*. The number of respondent is based on Hair et al., (2014), minimum 10 times of costructs.

## DATA ANALYSIS

The data is collected using questionnaire that developed by Abubakar *et al.*, (2016) that had been distributed online. The scaling is five-point Likert scale from the smallest is Strongly Disagree to the highest as Strongly Agree). The data collection followed by quantitative data

analysis using Structural Equation Model Partial Least Square (SEM-PLS).

### Validity and Reliability Test

Composite Reliability (CR) and Average Variance Extracted (AVE) are using to measure the convergent validity. The following is the criterion of minimum acceptance level for each assessment.

The Outer Model Assessment	Criterion	References	Results
Reliability	Loading factors >0.50	Hair et al., 2014	range 0.52 to 0.93 all constructs are accepted
Internal Consistency Reliability	Composite Reliability >0.70	Hair et al., 2014	range 0.81 to 0.93 all constructs are accepted
Convergent Validity	AVE > 0.50	Bagozzi & Yi, 1988	range 0,51- 0.73 all constructs are accepted

### Common Method Variance (CMV)

Common method variance occurs when observation both independent and dependent variables are acquired from the same source (Podsakoff et al., 2003). It becomes the important step to reduce the bias risk of the result analysis. In this study, the author tested for common method bias by conducting conducted a Harman's single-factor test. It should perform less than 50% of initial eigenvalue.

### Measurement Model

A reliable and valid measuremet are the requirement that data can be analyses further. PLS does not employ distributional assumptions (Chin, 2009). This study employed the reflective measurement. The validity assessment of the structural model includes: estimates for path coefficients ( $\beta$ ), determination of coefficient ( $R^2$ ). The measurement model assessment and the structural model are evaluated to test the relationships of research model.

## Research Findings and Analysis

### Descriptive Analysis

Total data collected is 282 of 300. Only completed data then statistically analysed. Ststisticacaly. Male is dominant respondents as 59,5 % and the rest is female. It shows that more male visited local coffee shops than female. Based on age of respondents is dominated by age between 19- 25 (70%), the rest are respondent between 26 -35 (30%). The data is shown that 44% of the respondents are not fully working. It influence their choice of local coffee as a place to gather and discuss possible job or business that they can create. Local Coffee shop that has more visitors is Morning Bakery (55,3%) then followed by *Caffein Coffe & Cake*, *Coffeetown* and *Bistro Godiva*.

**Table 1. The Outer Model Measurement**

Variable	Loading Factor)	Remark
EW 1 > Electronic Word of Mouth	0,824	Accepted
EW 2 > Electronic Word of Mouth	0,862	Accepted
EW 3 > Electronic Word of Mouth	0,856	Accepted
EW 4 > Electronic Word of Mouth	0,876	Accepted
EW 5 > Electronic Word of Mouth	0,732	Accepted
EW 6 > Electronic Word of Mouth	0,792	Accepted
BI 1 > Brand Image	0,856	Accepted
BI 2 > Brand Image	0,875	Accepted
BI 3 > Brand Image	0,886	Accepted
BI 4 > Brand Image	0,862	Accepted
PI 1 > Purchase Intention	0,922	Accepted
PI 2 > Purchase Intention	0,899	Accepted
PI 3 > Purchase Intention	0,904	Accepted

### Validity and Reliability Measurement Result

Average Variances Extracted or AVE less than 0.5 is considered insufficient, as more variance is due to error variance than to indicator variance (Vinzi et al., 2010). Thus the measurement of internal convergent validity is accepted because minimum AVE of constructs is 0.681.

Table 2. Validity Test Result

<b>Constructs</b>	<b>Average Variances Extracted (AVE)</b>	<b>Remark</b>
<i>Electronic Word of Mouth</i>	0,681	Accepted
<i>Brand Image</i>	0,757	Accepted
<i>Purchase Intention</i>	0,825	Accepted

\* Convergent Validity accepted: AVE > 0.50 (Bagozzi & Yi, 1988).

**Source:** Authors (2019)

Composite Reliability becomes the point to measure the internal consistency or reliability, minimum be 0.70 and above according to Hair et al., (2014). The result shows those indicators have a good consistency since the CR scores is above 0.926. It meets the recommended threshold value (Hair et al., 2014).

Table 3. Reliability Test Result

<b>Constructs</b>	<b>Composite Reliability</b>	<b>Remark</b>
<i>Electronic Word of Mouth</i>	0,927	Reliable
<i>Brand Image</i>	0,926	Reliable
<i>Purchase Intention</i>	0,934	Reliable

\* Reliability Accepted: Composite Reliability >0.70 (Hair et al., 2014)

**Source:** Authors (2019)

**Common Method Variance (CMV)**

Based on Harman’s single-factor analysis research that was tested using the SPSS version 21.0 application, the initial eigenvalue in this study was 43.61% <50%. The value is accepted and the data are eligible for further analysis.

Table 4. Measurement Model Result

<b>X &gt; M / Indirect with Mediation</b>	<b>Beta</b>	<b>T-Statistics</b>	<b>Remark</b>
<i>Electronic Word of Mouth &gt; Brand Image</i>	0.000	8,920	Significant
<i>Electronic Word of Mouth &gt; Purchase Intention</i>	0.000	8,920	Significant
<i>Brand Image &gt; Purchase Intention</i>	0.000	13.887	Significant

\*T-Statistics sig > 1.96

**Source:** Authors (2019)

**Hypothesis 1**

e-WOM has a significant positive relationship to Brand Image. The results of the analysis can be seen where the value of T-Statistics > 1.96 is valued at 8,920 and the p-value <0.5 is worth 0,000. The test is consistent with previous studies Milad & Majid (2018), Jalilvand & Samiei (2012), Abubakar et al., (2016). The results of the study prove that hypothesis 1 (one) is accepted.

**Hypothesis 2**

e-WOM has a significant positive relationship to Purchase Intention. The results of the analysis can be seen where the value of T-Statistics > 1.96 is valued at 8,920 and the p-value <0.5 is worth 0,000. The test is consistent with previous studies Milad and Majid (2018), Jalilvand and Samiei (2012), Kunja & GVRK, (2017), Shahrinaz et al., (2016). The results of this study prove the hypothesis 2 (two) is accepted.

**Hypothesis 3**

Brand Image has a significant positive relationship to Purchase Intention. The results of the analysis can be seen where the value of T-Statistics > 1.96 is worth 13.887 and p-value <0.5 which is worth 0.000 The test is consistent with previous research Jalilvand and Samiei (2012), Abubakar and Mustafa (2016), Milad & Majid (2018), Shahrinaz et al., (2016). The results of this study prove the hypothesis 3 (three) is accepted.

**Coefficient Determination Test Results**

In the R<sup>2</sup> test, the aim is to test whether or not there is an independent, intervening and dependent variable relationship or connection. The value of R<sup>2</sup> in Electronic Word of Mouth towards Brand Image of 27.8%, while the value of R<sup>2</sup> on Brand Image to Purchase Intention of 55.5% and 44.5% explained by other variables not included in this study. Based on research by Hair et al., (2014) states if R<sup>2</sup> value is 0.75 equals to 75% then the model is Substantial, 0.5 or equals to 50% is Moderate and 0.25 or equals to 25% indicates the model is Weak.

Table 5. The Coefficient Determinant Values

Constructs	Coefficient of Determination (R <sup>2</sup> Value)	Remark
<i>Brand Image</i>	0,278	Weak
<i>Purchase Intention</i>	0,555	Moderate

\*R<sup>2</sup> : 0.75 is substantial; 0.5 is moderate, 0.25 is weak (Hair et al., 2014)

Source: Authors (2019)

## DISCUSSION

The hypothesis of relationship between e-WOM to *Brand Image (H1)*, e-WOM to *Purchase Intention (H2)*, *Brand Image to Purchase Intention (H3)* are all accepted. The finding of the study is relevant with some previous studies conducted by Milad & Majid (2018), Jalilvand & Samiei (2012), Abubakar et al., (2016). However, The Coefficient Determination Test Results shows weak relationship of single construct e-WOM to build the Brand Image (only 27.8%). It shows that coffee shop customer purchase intention is not only driving by e-WOM but some aspects are strongly influence customer's behaviour such as hospitality theory (Lim et al., 2019). It is said that in the local or traditional local coffee shop, the social interaction between the customers and staffs is still fundamental. The services is the experiential value that the customers are looking for. Lim et. al., (2019) argues that culture, nostalgia and service are regarding as social interactions that can be added to the list of experiential values.

Another aspect is ambience or atmosphere of local coffee shops as Lim et al., (2019) finds that the importance of ambient conditions, including the need to contextualize these conditions, to deliver certain experiences in the hospitality service setting (e.g., cleanliness and furnishings) that will support to create moment in social interactions.

As the visitors of local coffee are millennials in the age of 19 – 25 as the most group of people that visit the local coffee, its undeniable that this group is very active in social media. Their existence in visualized and uploaded into their social media. This later form the e-WOM. Therefore, to satisfy the need of millennials customers, the local coffee shop should considers factors that build the positive behavior of customers to perform positive e-WOM.

## CONCLUSION AND RECCOMENDATION

As the study shown that e-WOM is not only predictors to build the brand image to influence the purchase intention, the owner of local coffee café or recognized as *kopitiam* in local language is encourage to implement socioenvironmental strategy to increase customer purchase intention. This supported by Lim et.al., (2019) that conducted the research in Sarawak Malaysia. Batam, Indonesia has very close culture to people in Sarawak, Malaysia. Considered as one Malay tribe, the behavior patronage will be quite similar. Social interactions will be highly appreciated, even for millennials. Focusing on cleanliness and traditional furnishings that attractive and make customers comfortable can be prioritized.

In this study is yet analyzing the hospitality theory and practice, therefore it can be used to guide future research in this area. Moreover, widen the research to bridging the modern physiological perspective and marketing strategy will be beneficial to explore.

## REFERENCES

- Abubakar Mohammed Abubakar, Mustafa Ilkan, P. S. (2016). *Marketing Intelligence & Planning Article information: Marketing Intelligence & Planning*, 33, 67–89. <https://doi.org/10.1108/MIP-01-2016-0006>
- Bagozzi, Richard P; Johann Baumgartner; Youjae YI.(1989). *An Investigation Into The Role Of Intentions As Mediators Of The Attitude-Behavior Relationship. Journal of Economic Psychology*.10 (1989) 35-62. North-Holland
- Charo, N., Sharma, P., Shaikh, S., Haseeb, A., & Sufya, M. Z. (2015). *Determining the Impact of Ewom on Brand Image and Purchase Intention through Adoption of Online Opinions.International Journal of Humanities and Management Sciences*, 3(1), 41–46.
- Constantinides, E., & Fountain, S. j. (2008). *Conceptual foundation and marketing issues. Journal of Direct, Data and Digital Marketing Practice* , 9 (3), 231–244
- Ertimur, B., & Gilly, M. C. (2012). So Whaddya Think? Consumers Create Ads and Other Consumers Critique Them. *journal of interactive Marketing* , 26 (1), 115–130.
- Hair, J.F., W.C. Black, B.J. Babin &R.E. Anderson, 2010. *Multivariate Data Analysis*. Upper Saddle River, NJ: Prentice-Hall
- Hennig-Thurau, T., Gwinner, K. P., Walsh, G., & Gremler, D. D. (2004). *Electronic word-of-mouth via consumer-opinion platforms: What motivates consumers to articulate themselves on the Internet?Journal of Interactive Marketing*, 18(1), 38–52. <https://doi.org/10.1002/dir.10073>
- Jalilvand, M. R., & Samiei, N. (2012). *The effect of electronic word of mouth on brand image and purchase intention. An empirical study in the automobile. Marketing Intelligence&Planning*, 30(4), 460–476. <https://doi.org/10.1108/02634501211231946>
- Keller, K. L. (2009). *Building strong brands in a modern marketing communications environment. Journal of Marketing Communications* , 15 (2), 139–155.
- Kementerian Pertanian.(2018). <https://databoks.katadata.co.id/datapublish/2018/07/31/2021-konsumsi-kopi-indonesia-diprediksi-mencapai-370-ribu-ton>
- Kotler, Philip. Keller, K. L. 2009. *Manajemen Pemasaran*, Edisi 13, Jilid 1. Jakarta : Erlangga.

- Kozinets, R. V., Hemetsberger, A., & Schau, H. J. (2008). *Collective Innovation in the Age of Networked Marketing*. *Journal of Macromarketing* , 28 (4), 339-354.
- Kunja, S. R., & GVRK, A. (2017). *Examining the effect of eWOM on the customer purchase intention through value co-creation (VCC) in social networking sites (SNSs): A study of select Facebook fan pages of smartphone brands in India*. *Management Research Review*, (Vcc). <https://doi.org/10.1108/MRR-04-2017-0128>
- Lim, Weng Marc, Teck Weng Jee, Kar Seng Loh & Elena Gregoria Chin- Fern Chai (2019): *Ambience and social interaction effects on customer patronage of traditional coffeehouses: Insights from kopitiams*, *Journal of Hospitality Marketing & Management*, DOI: 10.1080/19368623.2019.1603128
- Lin, C., Wu, Y. S., & Chen, J. C. V. (2013). *Electronic word-of-mouth: The moderating roles of product involvement and brand image*. *Proceedings of 2013 International Conference on Technology Innovation and Industrial Management*, 39–47
- Shukla, P. (2010). *Impact of interpersonal influences, brand origin and brand image on luxury purchase intentions: Measuring interfunctional interactions and a cross-national comparison*. *Journal of World Business*, 46(2), 242–252. <https://doi.org/10.1016/j.jwb.2010.11.002>
- Lin, Chinho, Yi Shuang Wu, Jeng-Chung Victor Chen. (2013). *Electronic Word of Mouth: The Moderating Roles Of Product Involvement And Brand Image*. Thailand.
- MiladFarzin, MajidFattahi. (2018). *eWOM through social networking sites and impact on purchase intention and brand image in Iran*. *Journal of Advances in Management Research*.15(2). 161-183
- Podsakoff, Philip M., Scott B. MacKenzie, & Nathan P. Podsakoff. (2003). *Common Method Biases in Behavioral Research: A Critical Review of the Literature and Recommended Remedies*. *Journal of Applied Psychology* .Vol. 88, No. 5, 879–903
- Shahrinaz, I., Kusuma, J., Yacob, Y., Rahman, D. H. A. A., & Mahdi, A. F. (2016). *Relationship and Impact of e-WOM and Brand Image Towards Purchase Intention of Smartphone ?**Journal of Scientific Research and Development*, 3(5), 117–124.
- Shen, L. (2007). *Editorial Journal of Interactive Marketing*, 21(2), 2–5. <https://doi.org/10.1002/dir>
- Tsimonis, G., & Dimitriadis, S. (2014). *Brand strategies in social media*. *Marketing Intelligence & Planning* , 22 (3), 328 - 344.



Wahyunanda Kusuma Pertiwi. (2018). "Mayoritas Orang Indonesia Bisa Internetan Sehari", <https://tekno.kompas.com/read/2018/02/22/12010087/mayoritas-orang-indonesia-bisa-internetan-seharian>.

Vinzi V. Esposito, et al.( 2010), *Handbook of Partial Least Squares, Springer Handbooks of Computational Statistics*, DOI 10.1007/978-3-540-32827-8 31