FACTORS AFFECTING PURCHASE INTENTION OF THE ICE CREAM INDUSTRY

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ABSTRACT

The contemporary beverage business has recently begun attracting much attention from Indonesian consumers, especially in Jakarta. The contemporary beverage industry has recently garnered significant attention among consumers in Jakarta, Indonesia. This investigation aimed to ascertain whether there is a relationship between Electronic Word of Mouth (E-WOM) and Perceived Price with respect to customer Purchase Intention for ice cream, with Trust serving as a mediating factor. The study's participants were residents of Jakarta, with a sample size of 225 individuals selected through purposive sampling. Data analysis was conducted using the Partial Least Square Structural Equation Modeling (PLS-SEM) technique. The findings of this research reveal that E-WOM, perceived price, and trust influence consumer purchase intentions for ice cream products in Jakarta. Furthermore, this study highlights the mediating role of trust in the relationship between E-WOM and consumer purchase intentions.

Keywords: E-WOM; perceived price; trust; purchase intention

1. INTRODUCTION

The recent pandemic has considerably impacted consumer behavior related to food shopping, eating habits, and food-related behaviour. In the second quarter of 2022, the food and beverage sub-sector will be the most significant contributor to GDP in the industrial sector, reaching IDR 302.28 trillion [1]. Research conducted by Mondelez International (2021), states that 94 percent of people in Indonesia seek pleasure by consuming snacks as a daily necessity [2]. One of Indonesia's largest ice cream market shares is in the Jakarta area. Changing patterns of people's habits during the pandemic has indirectly affected people's interest in consuming ice cream [3].

Social networks have now played an important role in increasing culinary trends in Indonesia. Rapid technological changes in this era allow the mass media to influence consumer thinking through e-WOM (electronic word of mouth). [4] Online reviews not only make decision-making easier for consumers by reducing cognitive load but also help increase sales [5]. The persuasive power of social networks is needed by most food & beverage businesses to influence consumer behavior in this digital business competition [6]. However, although social media is one of how companies obtain honest, instant, and prompt customer feedback, social media also has risks and potentially hinder brand image such as spreading negative WOM [7].

Current prices play an important role in the consumer decision-making process. The consumer's desire to buy decreases when the perceived price is too high. However, if the perceived price is reasonable, the consumer's desire to buy will increase [8]. Prices also indirectly reflect the quality of a service and even change customer buying behavior. In
addition, negative customer perceptions of unfair prices can also lead to dissatisfaction, decreased repurchasing behavior, negative word of mouth, and complaints [9].

Trust will be formed when there is consumer expectation for the company to act according to the needs and desires of consumers [8]. Trust can also complement other synergistic perceptions of service to increase consumer purchase intention [10]. When consumers distrust a store, the relationship between perceived benefits and intentions is weaker.

There are several differences in research gaps conducted by Maria et al. (2021). First, the research focuses on 2 subjects: restaurants and online food delivery. Second, previous research focuses more on what value or benefits consumers get when choosing a brand from a restaurant. [11]. This study decided to add new independent variables such as e-WOM, perceived price, and trust as mediating variables. Third, the study took samples in only 1 city, namely Puebla City, Mexico. Fourth, the research method that previous studies will use is simple random sampling. However, because this research wanted to get answers that were more in line with the topic of the existing problems, this research decided to use a purposive sampling method.

The implication expected from this research is an input to the ice cream industry in general to pay attention to every market need that often changes along with the fast development of this era. This research is also expected to help other ice cream industries in measuring consumer buying interest.

2. RESEARCH METHOD

In recent times, Electronic Word of Mouth (E-WOM) has emerged as a pivotal factor influencing consumer purchasing behavior in the food industry [12]. E-WOM, in essence, refers to customers' eagerness to openly discuss and share their experiences with others on digital platforms, including but not limited to social networking sites[13]. In addition, electronic word of mouth can also be interpreted as a development of communication from physical or face-to-face contact to long-distance or online communication made possible through internet networks [14]. In general, consumers see e-WOM as having more credibility than traditional marketing communications [15]. However, consumers tend to trust their closest colleagues' recommendations more than those in social networks [16].

Customer trust is very important in relationship marketing because it can promote strong customer bonds and profitable behavior for an organization [17]. Trust is a feeling of security and certainty about the environment, actions, and ideas [18]. In addition, trust is also defined as a belief that other people can maintain the expected commitment [19]. Trust can be seen as consumer trust in the seller related to the seller's good intentions, expertise and seller's honesty or integrity [20]. Trust can play an important role as it is necessary to run a business online.

Price plays an important role in the consumer decision-making process [8]. Reasonable product prices can encourage customer decisions to buy these products [21]. Perceived price is the customer's thoughts on the currency unit that must be surrendered to obtain one item and similar goods [22]. Perceived price, as defined in the literature [23], encompasses a customer's evaluation made prior to a purchase, assessing whether the price aligns with their preferences or not. It's important to note that customers' judgments are not solely shaped by
the actual price displayed on the product or service label. Instead, these judgments are significantly influenced by their own comparative and subjective perceptions [24].

Understanding consumer buying interest can indirectly assist companies in analyzing the market and adjusting their products and services [25]. Amidst the COVID-19 pandemic, there has been a noticeable transformation in customer purchasing patterns, as highlighted by [26]. This shift can be attributed to heightened apprehensions regarding acquiring food items and a decline in people's economic capacity during the pandemic. In this context, purchase intention can be construed as a pivotal factor influencing consumer buying behavior, signifying their readiness to acquire specific products [27]. Furthermore, purchase intention serves as a valuable marketing tool, enabling the assessment of the efficacy of marketing strategies, sales performance, and market share. It is important to note that the inclination to make a purchase typically arises when consumers develop an interest and a genuine desire to acquire a product they have encountered [28].

Several researchers have also explored the relationship between e-WOM and Purchase Intention [29] has researched the effect of electronic word of mouth (e-WOM) on trust in online travel agencies in Brazil. The research got 208 respondents as research samples. The results of his research show that e-WOM can play a good role in increasing consumer confidence, especially in companies that are not yet well-known brands.

Seo et al. (2020) analyzed the influence of e-WOM on trust in airlines' social media in Korea by obtaining 430 respondents who had used this social media. The results of this study indicate that e-WOM has a significant influence on trust. The researcher concluded that the more positive the reviews about the airline on social media are, the more consumer confidence in the airline will increase [30]. Based on that research, the hypothesis can be developed as follows:

**H1: E-WOM positively affects trust**

Several researchers have also explored the relationship between e-WOM and Purchase Intention [31] conducted research on the effect of electronic word of mouth (e-WOM) on buying interest in ready-to-eat food in Thailand. This research got as many as 417 respondents. The results of his research stated that there was a positive relationship between electronic word of mouth and buying interest in ready-to-eat food.

Chetna and Amresh's research (2017), regarding the effect of electric word of mouth (e-WOM) on buying interest in smartphones in India, shows a positive relationship between positive e-WOM responses to buying interest. This research got as many as 311 respondents. Reading reviews positively influences online buying decisions and the frequency of purchases. This states that e-WOM can indirectly influence a person's buying interest in buying a product [32]. Based on that research, the hypothesis can be developed as follows:

**H2: E-WOM positively affects customer purchase intention**

Several researchers have studied the relationship between perceived price and purchase intention. [33] conducted research on the effect of perceived price on the purchase intention of Generation Z for organic food in Portugal and Norway. This study employed quantitative techniques, and a sample of 468 respondents was surveyed. The findings of this investigation reveal a favorable correlation between the perception of price and the intention to purchase organic food.
Additionally, [8] conducted a separate study examining the impact of perceived price on students' inclination to purchase jeans in the United States. In this research, a total of 278 respondents participated, and the results indicate a positive association between the perceived price and the level of interest in purchasing jeans. Based on those researches, the hypothesis developed in this study is as follows:

**H3: Perceived Price positively affects customer purchase intention.**

Several researchers have explored the relationship between Trust and Purchase Intention. [18] conducted research on the effect of online trust on consumer purchase intention to shop online in Portugal. This study used quantitative methods and obtained a sample of 750 respondents. The results of this study suggest that trust has an essential role in consumer buying interest when shopping online.

[34] conducted research on the effect of trust on students' buying interest in shopping live streaming in China. This study obtained a sample of 258 respondents. The results of this study show that trust can be a strong determinant in influencing student buying interest. Based on that research, the hypothesis can be developed as follows:

**H4: Trust positively affects customer purchase intention**

Several researchers have also explored the relationship between trust mediates e-WOM and Purchase Intention. [35] conducted research on the effect of e-WOM on consumer buying interest in products on social media with trust as a mediating variable in Malaysia. This study uses a quantitative method and has obtained as many as 350 active respondents on social media. The results of this study indicate that trust can positively mediate e-WOM on consumer buying interest.

[36] conducted research on the effect of e-WOM on consumer buying interest in airplane tickets with trust as a mediating variable in Jordan. Research has obtained as many as 311 passengers who have or have never used Jordanian airlines. The results of this study suggest that consumer trust can mediate between e-WOM and customer buying interest. Based on that research, the hypothesis can be developed as follows:

**H5: Trust can mediate positive effects on e-WOM and customer purchase intentions.**

This research model can be displayed as follows:

![Research Model](image.png)

**Figure 1 Research Models**

The research design used in this research is descriptive qualitative research. This study took the population in the people of Jakarta. The non-probability sampling technique used in this study is a purposive sampling technique in which the population elements that are determined
to be the sample are based on the research objectives [37]. The criteria for questions that consumers need to fulfill before filling out this questionnaire are whether consumers know and have purchased ice cream products in the industry and whether consumers know these ice cream products from reviews on social networks or recommendations from local colleagues. A total of 234 respondents participated in this study. For data analysis, the study was analyzed using SmartPLS version 4. Operationalization of the e-WOM variable was measured based on 4 indicators, Perceived Price and Purchase Intention were measured based on 5 indicators, while the trust was measured based on 3 statement indicators.

3. RESULTS AND DISCUSSION

A total of 234 respondents participated in this study. However, 9 respondents did not meet the required criteria, so only 225 respondents could be used as a sample to represent the influence of people's buying interest. 88 respondents were male (39%) and 137 female (60%). This study's most dominant domicile of respondents came from West Jakarta (58%). The most dominant age range of respondents was around 17 to 21 years old (45%).

Table 1. Outer Model

<table>
<thead>
<tr>
<th>Variables</th>
<th>Indicators</th>
<th>Loading</th>
<th>CA</th>
<th>CR</th>
<th>AVE</th>
<th>HTML E</th>
<th>HTML PI</th>
<th>HTML pp</th>
<th>HTML Q</th>
</tr>
</thead>
<tbody>
<tr>
<td>E-WOM (E)</td>
<td>E1</td>
<td>0.875</td>
<td></td>
<td>0.904</td>
<td>0.936</td>
<td>0.786</td>
<td></td>
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<tr>
<td></td>
<td>E2</td>
<td>0.896</td>
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<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>E3</td>
<td>0.918</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>E4</td>
<td>0.875</td>
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<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Purchase Intentions</td>
<td>PI1</td>
<td>0.848</td>
<td></td>
<td>0.888</td>
<td>0.904</td>
<td>0.692</td>
<td>0.574</td>
<td></td>
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<tr>
<td></td>
<td>PI2</td>
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<tr>
<td></td>
<td>PI3</td>
<td>0.852</td>
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<td></td>
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<td>PI4</td>
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<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td>PI5</td>
<td>0.766</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Perceived Price (PP)</td>
<td>PP1</td>
<td>0.782</td>
<td></td>
<td>0.803</td>
<td>0.870</td>
<td>0.626</td>
<td>0.407</td>
<td>0.659</td>
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<td>PP2</td>
<td>0.816</td>
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<td>PP3</td>
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<tr>
<td></td>
<td>PP4</td>
<td>0.748</td>
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<td></td>
</tr>
<tr>
<td>Trusts (T)</td>
<td>T1</td>
<td>0.920</td>
<td></td>
<td>0.839</td>
<td>0.918</td>
<td>0.760</td>
<td>0.679</td>
<td>0.696</td>
<td>0.498</td>
</tr>
<tr>
<td></td>
<td>T2</td>
<td>0.908</td>
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<td></td>
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<td></td>
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<td></td>
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<tr>
<td></td>
<td>T3</td>
<td>0.781</td>
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</tbody>
</table>


Validity test is used to measure whether a questionnaire is valid in research [38]. This research assessed convergent validity by evaluating two key parameters: the Average Variance Extracted (AVE) and the Outer Loading value. According to the criteria established by Hair et al. (2014) [45], the convergent validity test is deemed satisfactory when the AVE value surpasses 0.50, and the outer loading value exceeds 0.70. PP5 did not meet the criteria from every available indicator, so this indicator was not used in this study. Based on the results of Table 1, it can be concluded that the AVE value and cross-loading of each variable
in this study have met the requirements. In addition, the HTMT results in this study have met the requirements in which a construct can be declared valid if the HTMT value is less than 0.9[39]. In other words, this study's validity testing results are acceptable.

The reliability test is the extent to which the results of research measurements on an object or variable have the same data results as the object [40]. Thus, a questionnaire can be declared reliable and reliable when the respondent’s answers to these statements are consistent and stable from time to time [41]. All variables can be declared reliable if the loading value and Cronbach alpha are greater than 0.70 [42], [43]. Based on the results from Table 1, it can be concluded that each indicator in this study met the requirements, so the reliability test was declared acceptable.

The coefficient of determination or R-square is a statistical measurement used to examine how strong a linear relationship is between two variables and is highly relied upon by researchers when conducting analyzes [44]. The value of the determinant coefficient is divided into 3 parts, namely 0.75; 0.50; and 0.25, each describing the level of strong, medium, and weak [45].

The test results for the coefficient of determination (R^2) for the purchase intention variable are 0.507, which means that the coefficient for purchase intention is moderate. This means that 50.7% of the purchase intention variable can be explained by the variables perceived price, e-WOM, and trust. Meanwhile, the test results for the coefficient of determination (R^2) for the trust variable are 0.353. It can be concluded that the value of the coefficient of determination of trust is low where 35.3% of the trust variable cannot explain the e-WOM variable with purchase intention.

The effect size test was carried out to measure changes in the value of R^2 by comparing the variables included and excluded in the research model [45]. This effect size has 3 criteria, namely small (f^2 = 0.02), medium (f^2 = 0.15), and large (f^2 = 0.35). Based on the results of Table 2, it can be concluded that the e-WOM and Trust variables have a small influence on Purchase Intention. In addition, the e-WOM variable strongly influences the trust variable. Therefore, the more positive reviews about the product are obtained through social media, the consumer's trust in the product will increase [30].

The hypothesis in this study is divided into 2, namely the direct and mediating effects. H1, H2, H3, and H4 are direct effects hypotheses, while H5 is a hypothesis of a mediating effect. The path coefficient test measures the value of the relationship between the independent and dependent variables [45]. The path coefficient is measured by the t-statistics where the minimum value is ≥ 1.96. In addition, the research results will be significant if the p-value is less than 0.05. Table 2 displays the findings of t-statistics, p-values, and path coefficients for the direct effect hypotheses. The examination of hypothesis 5 can be found in Table 3.
Table 2. Inner Model

<table>
<thead>
<tr>
<th>Relationship Variables</th>
<th>Path</th>
<th>f²</th>
<th>t-Statistics</th>
<th>p-Values</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 E → T</td>
<td>0.778</td>
<td>0.546</td>
<td>12.131</td>
<td>0.000</td>
<td>accepted</td>
</tr>
<tr>
<td>H2 E → PI</td>
<td>0.365</td>
<td>0.048</td>
<td>2.906</td>
<td>0.004</td>
<td>accepted</td>
</tr>
<tr>
<td>H3 PP → PI</td>
<td>0.230</td>
<td>0.221</td>
<td>6.288</td>
<td>0.000</td>
<td>accepted</td>
</tr>
<tr>
<td>H4 T → PI</td>
<td>0.306</td>
<td>0.139</td>
<td>4.736</td>
<td>0.000</td>
<td>accepted</td>
</tr>
</tbody>
</table>

Table 3. Mediation-Test Result

<table>
<thead>
<tr>
<th>Relationship Variables</th>
<th>Path</th>
<th>t-Statistics</th>
<th>p-values</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>H5 E → T → PI</td>
<td>0.200</td>
<td>4.737</td>
<td>0.000</td>
<td>accepted</td>
</tr>
</tbody>
</table>

Based from the data presented in Table 2, it can be deduced that all p-values are less than 0.05. Furthermore, the T-statistic values for hypotheses H1, H2, H3, and H4 exceed 1.96, indicating the acceptance of these hypotheses. Additionally, the examination of the fifth hypothesis in Table 3 reveals that the path coefficient for H5 is 0.200 (greater than 0), the t-statistics measure is 4.737 (exceeding 1.96), and the p-value is 0.000 (below 0.05). These outcomes collectively signify that trust significantly mediates between e-WOM and purchase intention, and this mediating relationship exhibits a positive orientation.

This study involved 234 respondents. Respondents who participated in this study included 88 respondents who were male (39.1%) and the remaining 137 respondents were female (60.9%) with the most dominant age range, which was around 17 to 21 years old (45.3%). The average income of the respondents who participated in the study was less than IDR 3,000,000,000/month (50.7%). Besides that, the time respondents spend on social media networks every day is for more than 3 hours/day (42.7%).

Considering the outcomes from the outer loading factor analysis, it was determined that the PP5 indicator was excluded from further data analysis due to its outer loading factor falling below 0.6. Consequently, this particular indicator was not included in subsequent data analysis procedures. Conversely, all other variables’ indicators exhibited an outer loading factor exceeding 0.6, indicating that these variables met the required loading factor criteria.

Based on the first hypothesis (H1) results, the path coefficient (β) is 0.778, the t-statistics is 12.13, and the p-value is 0.000. It can be concluded that e-WOM is able to provide a positive and significant impact on customer trust. The results of this study are in line with[29], [46], [47] which state that e-WOM can play a good role in increasing consumer confidence, especially in companies that are not yet well-known brands.

In addition, the results of the second hypothesis (H2) show the path coefficient (β) of 0.365, the t-statistics is 2.91, and the p-value is 0.004. These results state that e-WOM can positively and significantly impact customer buying interest. The results of this study are in line with
research [4], [7], [31] that there is a positive relationship between electronic word of mouth (e-WOM) on buying interest.

The results of hypothesis 3 are also accepted where the path coefficient ($\beta$) is 0.230, t-statistics is 6.29, and the p-value is 0.000. These results are in line with research [8], [10], [33] which states that perceived price has a significant and positive influence on purchase intention.

Based on the results of hypothesis 4, the path coefficient ($\beta$) has a value of 0.306, the t-statistics is 4.74, and the p-value is 0.000. These results indicate that customer trust can positively and significantly influence customer buying interest. This statement is also in line with the results of the study [18], [34], [48].

The result of the fifth hypothesis test was obtained in which the path coefficient is 0.200, t-statistics is 4.373, and the p-value is 0.000. Thus, e-WOM can indirectly affect Purchase Intention, as mediated by Trust. This is in line with the result of [35], [36], [48].

Based on the results of the hypothesis that has been done, it can be concluded that e-WOM, perceived price, and trust indirectly have a positive and significant influence on purchase intention for ice cream. In addition, trust is stated to have a positive and significant influence in mediating between e-WOM and purchase intention.

Managerial contribution in research is the importance of the influence of e-WOM and Trust in arousing consumer buying interest. This is because the level of consumer trust in the reviews received on social networks today greatly influences purchase intention. In addition, Perceived price is also a consideration for the Indonesian people in increasing consumer buying interest.

For the implications of this research, it is hoped that the ice cream industry can pay close attention to any information or actions that you want to take to avoid negative information on social media networks about the company. Social media makes a company name famous and also poses a potential risk of spreading negative WOM to the industry [7].

4. CONCLUSIONS AND SUGGESTIONS

Based on the results of this study, it can be concluded that e-WOM indirectly positively influences trust and purchase intention. Second, Perceived Price also has a fairly positive influence on purchase intention. Third, Trust can indirectly have a positive influence on customer buying interest. Finally, Trust is stated to be able to mediate positively between the influence of e-WOM and purchase intention.

Some suggestions that can be considered for further research are that it is hoped that later research can add new independent and mediating variables in analysing factors that influence a person's interest in buying ice cream in a particular industry. In addition, Practitioners are expected to be able to increase the number of samples to wider range and research different industries.
REFERENCES


