THE DRIVER OF PURCHASE INTENTIONS IN OMNICHANNEL RETAIL: PERCEIVED VALUE EXAMINATION

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ABSTRACT
The research aims to develop a theoretical model of consumption value associated with adopting omnichannel service technology, with the empirical context of the household appliance retail sector consisting of functional value, epistemic value, social value, and emotional value influencing purchase intention. Partial Least Squares-Structural Equation Modeling (PLS-SEM) was used to test and analyze the data. The sample consists of 384 responses that can be used from individuals who purchased household appliances in the Omnichannel. The results showed that functional and social values influenced purchasing household appliances, while emotional and epistemic values did not affect purchase intention. Because of that, Omnichannel retail should focus on creating functional value and social value. Despite this, all channels have to work to guarantee a seamless transition between online and offline channels. This study’s findings are helpful for businesses in implementing an omnichannel approach.

Keywords: retail omnichannel; purchase intention; consumption values

INTRODUCTION
The retail industry has changed dramatically due to the emergence of multiple sales and marketing channels, such as in-store service, the Internet, catalogs, and branded mobile apps. These marketing and sales channels are integrated online and offline. Omnichannel...
shopping is a way of shopping through a variety of retail platforms, including stores, the Internet, catalogs, branded mobile applications, and call centers, all of which are integrated to create a seamless experience and minimize data discrepancies (Shen et al., 2018). Based on data, 66% of global consumers are omnichannel consumers, with the highest rate in Asia Pacific (78%) (Nielsen IQ, 2022). This means that consumers still need offline shopping channels even though online channels provide many conveniences. Omnichannel retail offers multiple benefits to customers across all available channels. These channels are unique in their traits and cannot be termed direct substitutes. But complement each other in each channel, to provide a memorable shopping experience for customers. Customers can exploit the unique characteristics of the channel and take advantage of the opportunities offered. On social media channels, consumers can interact with other consumers, such as by sharing information and obtaining information. Mobile application channels consumers can use to view product catalogs and make purchase transactions. To feel and see products, consumers can directly visit offline stores (Harris et al, 2018).

Purchase intention is an attitude of keen or interest in object that makes individuals try to get the object by paying or by sacrificing for it (Savitri et al., 2021). The theory of consumption value is recognized as a major determinant of purchase intention. The perceived value of the service causes buying behavior (Hsiao & Chen, 2016). This Consumption Value Theory explains why a consumer makes the choice they will make in terms of buying. Consumption Value Theory is applied to determine the value that a good or service offers, as well as the factors that impact consumer decision-making in omnichannel retail.

This research investigated the antecedents of consumer intention to make purchases in omnichannel retail has been conducted from various perspectives, including characteristics of innovation (Shi et al., 2020), usage motivation (Kang, 2019), mechanism and channel preference (Gao & Huang, 2021).

Omnichannel integration channel quality (Hossain, 2020), and omnichannel customer experience (Komulainen & Makkonen, 2018). For example, Shi et al (2020) investigate the characteristics of innovation, including perceived compatibility and perceived risk, that influence purchase intention. The results of his research show that perceived compatibility (connectivity, integration, and consistency) is positively related to shopping intentions. Omnichannel retailers should provide more variety across channels because consumers expect certainty in migrating from one channel to another.

Gao & Huang (2021) state that consumers pay more attention to the store's atmosphere and transparent information regarding prices and products when deciding to purchase at omnichannel retail. Consumers with sufficient time to decide will tend to search for detailed information. Meanwhile, Kang (2019) explains that buyers are more affected to buy products in reviews that contain visual content, such as photos, videos, and text. Because of customers’ reviews, retailers must provide incentives for customers.

How consumers decide to purchase household appliances in omnichannel retail is an important issue to investigate. This research can provide retailers with valuable insights into attracting potential customers. Thus, this study aims to provide implications and develop strategies to increase retailer revenue and build omnichannel market research literature. This research uses quantitative analysis, with the empirical study's topic being omnichannel retail in household appliances. According to a survey conducted by Internet Service Providers Association (or “APJI” in Indonesia), retail in the household appliances sector is slower than other sectors in adopting omnichannel (APJI, 2022). One of the main reasons is that consumers may hesitate to trust the service to complete the transaction. Home appliances are considered a high-involvement product category and products that need to be seen, felt, touched, and tried because they are difficult to evaluate. Lack of information and physical interaction with products is one of the main barriers to purchasing home appliances at omnichannel retail. The Structure Equation Model (SEM) with SmartPLS 3.0 was used as the analytical technique. Meanwhile, the novelty of this
study is that this research will develop a theoretical model of consumption value on purchasing intentions of household appliances in omnichannel retail. Previous research has concentrated on omnichannel adoption with TAM and UTAUT theory.

LITERATURE REVIEW

This study uses the consumption value theory by Sheth et al. (1991) for the proposed model. This model of consumer behavior explains that the multidimensional aspect of consumption value helps consumers in purchasing a product or using a particular service. The theory shows that there are five attributes that influence consumer choices, as follows: functional, emotional, social, and epistemic value. Functional value relates to the properties of a product or service for achieving its functional, or physical purpose. In the omnichannel context, functional value is related to the perceived utility value of consumers in making purchase decisions. Functional value on the omnichannel channel, including integrated services, integrated information, and flexibility of online and offline channels. Emotional value relates to the feelings and affectivity generated by the product. Thus, consumers’ subjective understanding of the omnichannel concept is based on the premise that there is convenience and enjoyment in purchasing at omnichannel retail. Social value refers to the ability of a product to create a social image, such as by supporting consumers in gaining recognition from socioeconomic, cultural, and demographic groups. In the omnichannel context, social value includes social connectedness with users of the brand community. Epistemic value involves how a product can attract consumers’ curiosity or desire to learn something new.

Purchase intention is the determination of a purchase to perform an action such as buying a product or service (Gogoi, 2013). Purchase intent is frequently employed in consumer behavior analyses. Before making a purchase, consumers will gather relevant product information for consideration.

Omnichannel retail provides a wide selection of interrelated channels for consumers to interact and shop with. It is supposed that using omnichannel services should allow consumers to assess the service effectively. The decision for purchase intention in omnichannel retail depends on having comfortable and effective functional attributes. Functional value drives consumers because of the technical benefits it offers. The functional value also includes the evaluation of integrated information services and integrated flexibility (Kim et al., 2019; Liu et al., 2014). This study argues that:

H1. Functional value positively influences the purchase intention of household appliances in omnichannel retail.

In the omnichannel context, social value comes from connectedness. Perceived connectedness refers to an individual’s feeling connected to others through omnichannel channel interactions. Scholars have noted the importance of social connectedness in online social services (Grieve et al., 2013). Social value refers to the emotional satisfaction and sense of social connectedness with other consumers that consumers gain with omnichannel retailing. Barwitz & Maas (2018) found that social value and purchase intention. This study argues that:

H2. Social values positively influence purchase intention for household appliances in omnichannel retail.

Emotional value correlates with the positive and pleasurable feelings stimulated during a purchase at omnichannel retail. Omnichannel provides a more effective service where consumers can return, repair or exchange products at any location, even if they buy online. Offer consumers more touch points with access to usage anywhere, anytime. Therefore, the emotional value will encourage consumers to feel comfortable and happy about purchase intentions at omnichannel retail (Jin, 2020; McKenzie, 2015). This study argues that:


Epistemic value relates to consumer curiosity to learn, including early user behavior with services. Studies related to the epistemic value of online banking services positively influence the intention to use the service (Omigie et al., 2017). Based on the above arguments, we hypothesize the following:

H4. Epistemic values positively influence purchase intention for household appliances in omnichannel retail (see Figure 1).
METHODOLOGY

Research Method

This study used a quantitative research design, Partial Least Squares-Structural Equation Modeling (PLS-SEM) was used to test and analyze the data. We chose PLS-SEM because the focus of PLS-SEM is on prediction, which fits the purpose of this study (Chin et al, 2003; Agustini et al., 2022). A two-step procedure is implemented. The first step is to test the reliability and validity of the measurement model. The second step is to evaluate the research hypothesis and structural model. Using a 5-point Likert scale, all of it was measured, ranging from "strongly disagree" (1) to "strongly agree" (5). This research identifies omnichannel retail patterns in Indonesia. The omnichannel retail criteria selected in this research are omnichannel retail in the household appliance trading sector which has been established for more than 10 years and has the greatest number of customers. To test consumers' reasons for buying household appliances at omnichannel retail, we asked respondents to answer several questions through an online questionnaire survey for one month from 4 July 2022 to 4 November 2022.

Respondents were first asked if they had ever made a purchase transaction for household appliances at an omnichannel retailer. After this, respondents were asked specific questions related to functional values, emotional values, social values, and epistemic related to the omnichannel channel services used. The following questions are related to the dependent variable of the purchase decision. 384 responses can be used for further testing and analysis (62.5% Female) and (37.5 Male). The majority of respondents were aged between 21 and 25 years (56.6%) followed by 18-21 years (13.5%), and 26-30 years (9.7%). The sample analysis also revealed that digital channels are used the most by respondents: including mobile apps (32.7%), web (17.4%) and social media (14.6%). However, even though there is more use of digital channels, the data records analyzed in this study also reveal that utilization of physical stores is still high at (35.03%).

Items Measurement

The construction items in the model were obtained from modifications of relevant previous studies. The list of questionnaire items to measure each construct is shown in the appendix. Items for measuring e-purchase intention in omnichannel retail are adapted from Shi et al. (2020). The items to measure consumption value were evaluated by dividing them into four dimensions, from which the statements of the survey questions were adapted from Hsiao & Chen (2016), E Juaneda-Ayensa (2016), and Sweeney (2001). Based on Sweeney explains that “consumption values may have different effects.” (Sweeney, 2001). Thus, Table 1 contains the measurement results with indicators, standard deviations, and factor loading.

RESULTS AND DISCUSSION

Measurement Model Testing

The first stage after collecting the data is assessing the measurement model's form, which contains an assessment of discriminant validity, composite reliability, and convergent validity. We considered statements from Hair et al. (2014) to assess the loading factor, which explained that the construct convergent validity rating was greater than 0.50. These test results are based on the Smart PLS. Based on Table 1, each indicator of functional value, social value, emotional value, epistemic value, and purchase intention has a high loading factor above 0.60. It means that no indicators are deleted.
The next analysis is to check reliability. Researchers use Composite Reliability (CR) for all sizes, assessed greater than 0.70 and all the Average Variance Extracted (AVE) values from values larger than 0.50 (Fornell & Larcker, 1981). As shown in Table I, we identified that all constructs had an AVE above the minimum recommended, all AVE above 0.60 and convergent validity. Researchers performed CR and calculated Cronbach’s alpha, both values more than 0.70, and Cronbach’s alpha above 0.70. This concludes that all measures are consistent and representative of the construct.

Table 1: Indicator measurement results

<table>
<thead>
<tr>
<th>Construct</th>
<th>Indicator</th>
<th>Loading Factor</th>
<th>AVE</th>
<th>Composite reliability</th>
<th>Cronbach’s α</th>
</tr>
</thead>
<tbody>
<tr>
<td>Functional Value (Ayensu et al., 2016)</td>
<td>Omnichannel service provides a way that efficient in managing my time</td>
<td>0.937</td>
<td>0.884</td>
<td>0.958</td>
<td>0.935</td>
</tr>
<tr>
<td></td>
<td>Omnichannel services provide consistent product information</td>
<td>0.950</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Omnichannel service accepts return, repair or exchange of products at any location, even if I buy online</td>
<td>0.934</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Emotional Value (Ayensu et al., 2016)</td>
<td>I think using omnichannel service helps my life by running satisfactorily</td>
<td>0.884</td>
<td>0.749</td>
<td>0.899</td>
<td>0.834</td>
</tr>
<tr>
<td></td>
<td>I feel free to make omnichannel purchase transactions whenever I want</td>
<td>0.885</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>I think using the omnichannel service make me feel comfortable</td>
<td>0.826</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social Value (Hsiao &amp; Chen, 2016)</td>
<td>I think using the omnichannel service increase interaction with fellow consumers</td>
<td>0.943</td>
<td>0.874</td>
<td>0.954</td>
<td>0.928</td>
</tr>
<tr>
<td></td>
<td>Using the omnichannel service allows me to connect with other people</td>
<td>0.956</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Epistemic Value (Sweeney, 2001)</td>
<td>I explore omnichannel services because I was always enthusiastic about spending time with new things</td>
<td>0.885</td>
<td>0.874</td>
<td>0.954</td>
<td>0.843</td>
</tr>
<tr>
<td></td>
<td>I adopt omnichannel services because I follow the latest technological developments.</td>
<td>0.881</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase Intention (Shi et al., 2020)</td>
<td>I intend to make a purchase at omnichannel retail</td>
<td>0.842</td>
<td>0.834</td>
<td>0.887</td>
<td>0.807</td>
</tr>
<tr>
<td></td>
<td>I will always use omnichannel retail whenever I need to make a purchase of household appliances</td>
<td>0.870</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The next stage is confirming convergent validity, and the researcher evaluates discriminant validity. Discriminant validity was performed to verify how far a construct differs from another (Hair et al., 2014). According to Table 2, each construction demonstrates that every one of the square roots of AVE (diagonal numbers) is greater than the off-diagonal
equivalents, so it is possible to assert that the factor matrices show various constructions. Therefore, the measurement model in this study has discriminant validity, making it possible to consider the measurement model used in this study to be sufficient. After evaluating the measurement model, we evaluated the structural model relationships suggested by this research.

### Table 2. Discriminant validity

<table>
<thead>
<tr>
<th></th>
<th>FV</th>
<th>PI</th>
<th>EV</th>
<th>SV</th>
<th>EPV</th>
</tr>
</thead>
<tbody>
<tr>
<td>FV</td>
<td>0.916</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PI</td>
<td>0.401</td>
<td>0.870</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EV</td>
<td>0.300</td>
<td>0.574</td>
<td>0.935</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SV</td>
<td>0.302</td>
<td>0.530</td>
<td>0.572</td>
<td>0.851</td>
<td></td>
</tr>
<tr>
<td>EPV</td>
<td>0.200</td>
<td>0.485</td>
<td>0.043</td>
<td>0.523</td>
<td>0.949</td>
</tr>
</tbody>
</table>

### Structural Model Testing

Using techniques based on structural equation modeling, structural models are evaluated. The PLS estimation results is presented in Table 3. The bootstrap resampling procedure was applied to estimate the structural model's path significance. The significance of each hypothesis and the path coefficients between the constructs are examined.

### Table 3. Results of the hypothesis

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Path coeff.</th>
<th>t-value</th>
<th>p-values</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1: FV → PI</td>
<td>0.163</td>
<td>3.527</td>
<td>0.000</td>
<td>Supported</td>
</tr>
<tr>
<td>H2: SV → PI</td>
<td>0.265</td>
<td>2.799</td>
<td>0.000</td>
<td>Supported</td>
</tr>
<tr>
<td>H3: EV → PI</td>
<td>-0.282</td>
<td>1.694</td>
<td>0.001</td>
<td>Not supported</td>
</tr>
<tr>
<td>H4: EPV → PI</td>
<td>-0.213</td>
<td>1.543</td>
<td>0.002</td>
<td>Not supported</td>
</tr>
</tbody>
</table>

Two of the independent constructs are positive determinants of purchase intention of household appliances in omnichannel retail. Functional value has a major impact on purchase intention ($\beta = 0.163$, $t = 3.527$, $p < 0.000$) supports H1 and social value ($\beta = 0.265$, $t = 2.799$, $p < 0.000$) supports H2. Emotional value ($\beta = -0.282$, $t = 1.694$, $p < 0.001$) and epistemic value ($\beta = -0.213$, $t = 2.343$, $p < 0.002$) are not positive determinants of purchase intention of household appliances in omnichannel retail.

This research contributes to the body of literature on value consumption and consumer behavior, by filling in the knowledge gaps in omnichannel retailing in the home appliance sector as an empirical context. The results of this research offer a number of benefits for omnichannel retail in developing various managerial strategies to increase purchase intention, emphasizing the perspective of consumption value theory. Omnichannel retail should strive to capture consumer perceived value, and understand and manage multiple channels effectively.

### The Impact of Functional Value on Purchase Intention

In the analysis results, functional value is the most dominant determinant of the intent to buy at omnichannel retailers. This result is in line with the statement from Brynjolfsson et al. (2013) that consumers demand a seamless channel performance experience across all channels. Thus, the retailer's ability to effectively run omnichannel services can motivate consumers to purchase. Service information is consistent across different channels, and all channels must ensure that no information is lost during the shopping process. Retailers should optimize a seamless customer experience by leveraging advanced technologies. It can be done by investing in technology to create integration, coordination, and transparency across each service channel so customers can switch between channels more quickly and dynamically. Furthermore, omnichannel retail must implement the Internet of Things to transfer customer shopping history across various channels.

### Effect of Social Value on Purchase Intention

In omnichannel retailing, all touch points provide an experience to the consumer, and this experience then influences purchase intention. Our results show that social value influences purchase intention. This result is in line with the statement by Kang (2019). However, it is different from the findings from Juaneda-Ayensa (2016), which explains that social values do not affect purchases in omnichannel retail. This may be different in the research subjects used, where household appliance products require more product reviews from previous buyers to ensure product quality. The theoretical implication is
that consumers appear to value review information. They gain a sense of belonging when they make purchases at omnichannel retail. The implication is that retailers must develop a social experience (connectedness) at each touch point. This finding is significant because our results suggest that social value increases the relationship in purchase intent and social value.

**The Effect of Emotional Value on Purchase Intention**

The emotional value dimension can influence consumers' online purchase intentions. According to Mano and Oliver (1993), emotional pleasure is described as a state of happiness, pleasure, and arousal caused by stimulation of excitement or alertness. The entertainment experience offered by omnichannel retail in the form of games found on branded application channels can increase enjoyment and further lead to purchase intention (Wolf et al., 2020). Our results show that emotional value does not influence purchase intention. This finding is contradictory to previous studies by Jeong et al. (2009) and Rakhmanita et al. (2022), where the results of their research revealed that game features have a stronger effect on pleasure and then lead to purchase intention.

**Effect of Epistemics Value on Purchase Intention**

Epistemic value is described as the curiosity felt or elicited from a product or service and as the main reason consumers buy new technology products (Sheth et al., 1991). Our analysis indicates that epistemic value does not affect purchase intention. These results contradict previous research carried out by Karjaluoto et al. (2021). In online banking research conducted by Karjaluoto (2015), epistemic value positively influences customers' intention to discover new things encouraging them to use m-banking. Epistemic value involves how consumers desire to learn something new, including the behavior of early users with new products. The advice from his research is that banks should continue as a way to enhance their mobile service offerings to maintain the customers engaged.

**CONCLUSION**

This study examines the impact of consumption value on consumer purchase intentions of household appliances in omnichannel retail. The results show that functional and social values influence household appliances' purchase intention in omnichannel retail. However, all channels must collaborate to guarantee a seamless transition between online and offline channels. This study's findings can assist businesses in implementing an omnichannel strategy. The purchase intention of omnichannel retail consumers tends to increase when the functional value of services on the omnichannel path is integrated and provides an efficient and trouble-free consumption experience for consumers. This research can be compared with other countries, especially developed ones. However, the measures adopted should be tested with other, preferably more heterogeneous, samples to consolidate the results identified.

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