

International Journal of Business Accounting Management Social Science

E-ISSN : 3109-2284



Vol : 2 | No : 2
August 2026

EDITORIAL BOARD**Editor-in-Chief****MARIANA PUSPA DEWI**

PT Manajemen Multitalenta Indonesia, Indonesia

Managing Director**WAHYU MUSTIKA RANI**

Universita Negeri Malang, Indonesia

Section Editor**HERU KUSTANTO**

Institut Teknologi dan Bisnis Asia Malang, Indonesia

WIDI DEWI RUSPITASARI

Institut Teknologi dan Bisnis Asia Malang, Indonesia

YUNIAR FITRIYANI

Institut Teknologi dan Bisnis Asia Malang, Indonesia

MULYANINGTYAS

Institut Teknologi dan Bisnis Asia Malang, Indonesia

NOOR AMILA ABDUL HALIM

Institut Islam Hadhari Universiti Kebangsaan Malaysia, Malaysia

FARAH NUR AIN BINTI ABD RAHMAN

College University Saito, Malaysia

Hariyanto R. Djatola

Universitas Abdul Azis Lambadjido (AZLAM), Indonesia

REVIEWER

Margono Setiawan, Universitas Brawijaya Malang, Indonesia

Rizky Yudhi Dewantara, Universitas Brawijaya Malang, Indonesia

Ifelda Nengsih, Perbankan Syariah, UIN Mahmud Yunus Batusangkar, Indonesia

Vicy Andriani, Perbankan Syariah, UIN Mahmud Yunus Batusangkar, Indonesia

Dewi Kusumowati, Universitas Merdeka Malang, Indonesia

Merry Fridha Tripalupi, Universitas 17 Agustus Surabaya, Indonesia

Tatas Ridho Nugroho, Universitas Negeri Malang, Indonesia

Titik Inayati, Universitas Wijaya Kusuma Surabaya

Suman Anselah, IAIN Kendari, Indonesia

Nor Asyikin Hasan Adali, Universiti Putra Malaysia, Malaysia

Zatun Najahah, Universiti Malaya, Malaysia

Nur Hilal, Universitas Abdul Azis Lambadjido (AZLAM), Indonesia

Deford Nasareno Lakapu, Lembaga Layanan Pendidikan Tinggi Wilayah XV

Marissa Silooy, Universitas Kristen Indonesia Maluku, Indonesia

Resha Dwi Ayu Pangestuti Mulyono, Universitas Jember, Indonesia

Desni Mariani Oematan, Dili Institute of Technology, Timor Leste

Mariano Nunes, Universitas Katolik Timorrense Dili, Timor Leste

Bonifasius Hamonangan Tambunan, Universitas HKBP Nommensen, Indonesia

TABLE OF CONTENTS

Impact Analysis of Webqual, Price, and e-WOM on Return Stay Intention of Hotel Guests <i>Fendry Palijama*</i>	92
Implementation of a Mini Bank Laboratory as a Banking Simulation Tool at Wearnes Education Center <i>Ladystya Dwi Leolita Amalia Putri *</i>	105
Understanding Consumer Purchasing Decisions Through Word of Mouth: Evidence from Somethinc Users in Malang <i>Helena Lovelya Purwanto*</i>	118
The Influence of Host Attractiveness, Interactivity, and Perceived Enjoyment on Impulse Buying Behavior among Live Streaming Commerce Users in Kendari, Indonesia <i>Muhamad Ridhayantho*, Ramadhan Oktavian ANP</i>	134
The Influence of User-Generated Content (UGC) And Store Atmosphere on Purchase Decision <i>Raida Syafira Azzahra, Safarudin Hisyam Tualeka*</i> ,	149
Distress Prediction in Transportation-Logistics: Integrating Financial and Governance Factors <i>Sri Sulasmiyati*, Annisa Magfirah</i>	172
The Relationship Between Business Ethics and Distribution Channels in Efforts to Increase Sales Volume at CV Aneka Jaya <i>Ammar Abdillah S*</i>	187



Impact Analysis of Webqual, Price, and e-WOM on Return Stay Intention of Hotel Guests

Fendry Palijama¹

¹ Faculty of Economics and Business, Indonesian Christian University Maluku, Ambon, 97115, Indonesia.

*Corresponding Author
fendry.p@gmail.com

ABSTRACT

For decades, information technology has played a crucial role in transforming and developing the hospitality and tourism industries. The emergence of e-commerce websites has created new, potentially powerful communication and distribution channels for hotels, narrowing the gap between hotels and consumers. While the internet and the hospitality industry are widely recognized, hotels need to understand the importance of website quality in shaping customer behavior. In the hospitality context, repurchase intention refers to a guest's intention to stay at the same hotel again in the future. Repurchase intention is crucial for hotels, and is shaped by website quality, price, and e-WOM.

The purpose of this study is to analyze the influence of WebQual, price, and e-WOM on repurchase intentions. This study is a survey, a quantitative study using structured or systematic questions to respondents. All answers are then recorded, processed, and analyzed. Respondents in this study were 200 guests of star-rated hotels who had stayed at at least one of the star-rated hotels in Batu City, Malang.

The results showed that WebQual, price, and e-WOM significantly influenced repurchase intention. WebQual was the most influential factor in repurchase intention. Practical recommendations include improving website quality, adopting competitive pricing policies, managing eWOM reviews and government support to support the hospitality industry in enhancing the tourist appeal of the area.

Keywords: E-WOM, Price, Repurchase Intention, Website Quality

| Received June 2026 | Accepted July 2026 | Available Online August 2026 |
| DOI: <https://doi.org/10.64530/ijbams.v2i2.56>

1. INTRODUCTION

Indonesia boasts numerous tourist destinations spread across various provinces, and these destinations are a key driver of the hotel industry's growth. According to 2023 data from the Central Statistics Agency (BPS) East Java is among the provinces with the highest concentration of accommodation businesses, with Batu City emerging as the leading tourism hub and accommodation provider within the region.

Information technology has been essential to the growth and transformation of the hospitality and tourism sector for many years (Wang et al., 2021). In particular, the internet has transformed corporate operations as a potent marketing and operational tool by offering enormous prospects for both service providers and industry customers (Amaro and Duarte, 2015). Historically, hotels have sold hotel goods and disseminated information through middlemen like travel agencies. However, the rise of e-commerce websites has narrowed the distance between hotels and customers by providing them with new and potentially effective avenues for distribution and communication (Ponte et al., 2015).

Star-rated hotels have recognized this, launching their own websites that guests can use without having to go through intermediaries.

For users of electronic-based services and consumers of electronic-based retail, before making a decision to repurchase, consumers are first driven by feelings of satisfaction influenced by the quality of the website (WebQual) itself. On the hotel website there are various facilities offered at certain prices. In addition to paying attention to the price offered by the hotel, hotel guests can also see reviews from other guests who have stayed at the hotel. This review can be a powerful promotional tool for hotels which in this study is called electronic word of mouth or e-WOM. All of these factors (WebQual, price and e-WOM) based on previous studies influence customer satisfaction in this study are guests of star-rated hotels in Batu city which then encourages hotel guests to stay again in Batu City, Malang.

2. LITERATURE REVIEW

Consumer Behavior

Grand Theory Consumer behavior serves as the foundation for this study. While Mowen and Minor (2002) define consumer behavior as the study of units (buying units) and exchange processes involving the acquisition, consumption of goods and services, experiences, and ideas, Peter and Olson (2002) define it as "the dynamics of interaction between influence and awareness, behavior and the environment in which humans exchange aspects of life." Consumer behavior is defined by Schiffman and Kanuk (2007) as the actions taken by customers to look for, buy, use, assess, and discard goods and services that are supposed to meet requirements.

Assael (1998) adopted the S - O - R paradigm written by Belk (1975). Based on research conducted by Belk (1975), it is stated that situational factors influence consumer purchasing behavior towards certain product categories. A situation is a comparison of time and place completed by one or more people in identifying a situation with potential interests. Assael explains that the situation and product are not distinguished as two stimuli (separate stimuli) but interact to influence consumers and consumer reactions. A transient state or setting that takes place in the environment at a particular moment and location is known as situational influence (Assael, 1998). Marketers in developing their strategies must strive to understand the origins of situational factors that influence purchasing decisions. The model can be seen below.

A Model Of Situational Factors Influencing Purchasing Decisions

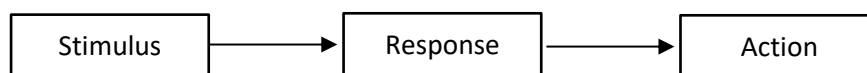


Figure 1. SRA Model. Source: Assael, 2005

Intention to Stay Again

In the world of hospitality, the theory of repurchase intention is used as an explanation of the intention to stay again. Repurchase intention refers to a consumer's decision to buy a product or not (Kotler, 2015). (Kotler 2015) asserts that during the purchasing process,

consumers' intentions to repurchase a specific product are tightly linked to their reasons for doing so.

According to (Keller, 2012), repurchase intention is measured through several indicators. Transactional intention, or the desire to repurchase a thing that one has already used, is the first indicator. Referential intention, which characterizes a person who frequently suggests a product they have bought to others, is the second indicator. Preferential intention, which characterizes the actions of an individual who consistently has a preferred choice for the product they have ingested, is the third sign. The conduct of someone who will look for information about a product they plan to buy in order to bolster their confidence in the product they have subscribed to is described by the fourth indication, explorative intention. The hypothesis of repurchase intention is employed in the hospitality industry to describe the desire to return.

Website Quality

Website Quality (WebQual) WebQual is a technique to gauge the quality of a website by looking at how end users (the general public) perceive it. ServQual (Zeithaml et al., 1990), which was previously widely used to measure service quality, is the basis for this approach (Diana, 2012). According to a number of characteristics, WebQual is a website's capacity to satisfy users' and owners' expectations (Morales-Vargas et al., 2020). WebQual plays a crucial role in attracting user interest, retaining user presence, and increasing user satisfaction with the services provided. Thus, it is crucial to research and enhance user satisfaction with website quality.

Barnes and Vidgen (2002) suggested that WebQual 4.0 comprise three dimensions: Interaction Quality, Information Quality, and Usability. Usability refers to the aspects of a website's design, such as appearance, usability, navigation, and the pictures that are displayed to users. The quality of the content on the website, including its correctness, format, and relevance, determines whether it is suitable for the user's needs. The level of service interactions that consumers encounter while delving deeper into the website is known as interaction quality, and it shows up as trust and empathy. Examples of these interactions include concerns about transaction and information security, product delivery, personalization, and communication with the site owner.

Price

Price is a factor that must be managed harmoniously and in alignment with the goals of each business (Kotler, 2009). Essentially, a rate or price is an offer to buyers or the market. Whether the market accepts or rejects it is up to the buyers and the market to determine. Conversely, if the market rejects it, the company must re-evaluate its pricing.

Kotler and Keller (2008) define price as the sum of money a consumer must pay for a product, whereas Kotler and Armstrong (2019) define price as the sum of money a consumer must pay to acquire a good or service or the value a consumer exchanges for the advantages of possessing or utilizing the good or service.

Price affordability, where customers can afford the price set by the business; suitability of price with quality, where the price is set by the business and adjusted to the quality of the product that customers can obtain; and suitability of price with benefits, where customers choose to purchase a product if they believe the benefits outweigh the cost, are the four indicators that Kotler and Armstrong (2018) identify. Last but not least, price appropriateness in connection to competitiveness and ability, where customers regularly compare a product's pricing to that of competing items. Customers will presume that a product is pricey and be reluctant to make another buy if they feel that the benefits outweigh the cost. In this case, consumers carefully weigh the cost of a product before making a purchase.

E-WOM

Electronic word-of-mouth (e-WOM), according to Hennig-Thurau and Gwinner et al. (2004), is a form of marketing communication that is available to a large number of individuals or organizations via the internet and consists of remarks—positive or negative—made about a product or business by present or potential customers.

Goyette et al. (2010) state that the intensity, valence, and substance of e-WOM can be used to evaluate its quality. Goyette et al. (2010) define intensity as the ability of users to share information, engage with one another, and share opinions on social networking sites. According to Adeliyasi et al. (2014), there are three indications that may be used to gauge the intensity of e-WOM: the number of reviews published by social network users, the frequency of information access on social networks, and the frequency of user interaction. Goyette et al. (2010) define valence as a consumer's interest in a product based on the suggestions and views of other customers. Positive remarks from social network users and customer referrals from social networks are indicators of valence of opinion, according to Adeliyasi et al. (2010). According to Goyette et al. (2010), content is information about the hotel's quality, cost, comfort, cleanliness, and service that customers will purchase. According to Adeliyasi et al. (2010), content indicators based on information include details about hotel quality on social networking sites, pricing information available on social networking sites, and details about comfort, cleanliness, and hotel services on social networking sites.

Conceptual Framework

The conceptual framework explains the relationship between WebQual, Price, and Electronic Word of Mouth (e-WOM) as independent variables and Return Stay Intention as the dependent variable. The framework is based on the assumption that consumers evaluate information and experiences before deciding whether to repurchase or stay at the same hotel again.

WebQual (X₁) represents the quality of the hotel website, which consists of usability, information quality, and service interaction quality. A website that is easy to use, provides complete and relevant information, and offers reliable interactions can create a positive experience for hotel guests and encourage them to stay again.

Price (X₂) represents guests' perceptions of the hotel's pricing, including price affordability, price suitability to quality, price suitability to benefits, and price

competitiveness. When guests perceive that the price is reasonable and consistent with the quality and benefits received, their willingness to return is expected to increase.

e-WOM (X_3) represents electronic word-of-mouth information obtained from other consumers through online platforms. It is measured through intensity, valence/opinion value, and content. Positive reviews and recommendations from previous hotel guests can provide information that reduces uncertainty and strengthens guests' intention to return.

Meanwhile, Return Stay Intention (Y) refers to guests' intention to stay at the same hotel again in the future. It is reflected through transactional, referential, preferential, and exploratory intentions.

The proposed relationships are:

H1: WebQual has a positive and significant effect on Return Stay Intention.

H2: Price has a positive and significant effect on Return Stay Intention.

H3: e-WOM has a positive and significant effect on Return Stay Intention.

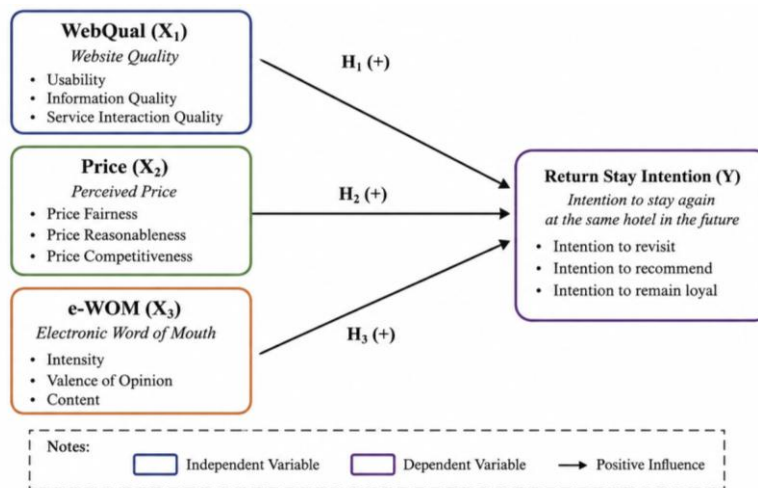


Figure 2. Conceptual Framework

Hypotheses Of The Research

A website serves as a well defined information system. The quality of electronic services that allow users to operate independently and carry out different online transactions is referred to as information system quality. As a result, website quality—referred to as WebQual in this study—must be taken into consideration. A website will provide new experiences for consumers as they explore each feature within the website. When consumers find a website easy to operate, it will foster an intention to transact again through that website because it has quality that meets their needs and desires. Razak (2016) demonstrated that WebQual influences repurchase intention. In addition to WebQual, repurchase intention is also influenced by price, as evidenced by research by Josua et al. (2017), Mirsya and Nasution (2017), Kencana (2018), and Wantara et al. (2019).

Furthermore, online reviews viewed by hotel guests can also trigger intention to stay again at that hotel. This is evidenced by research by Arima et al. (2020) and Arif (2019).

The researcher developed the following theory in light of the description:

The intents of guests to return to star-rated hotels are positively and significantly impacted by WebQual, price, and e-WOM.

3. METHODOLOGY

Research Design

The method used in the research is quantitative. Creswell (2016) claims that quantitative research is a technique for evaluating specific hypotheses by looking at the correlations between the study's variables.

Population and Sample

The sampling technique used purposive sampling, and the research demographics consisted of visitors who had stayed at star-rated hotels in Batu City. Guests who had visited a star-rated hotel in Batu City at least once in the preceding six months served as the study's sample.

Data Analysis Techniques

This writing approach employs the following analysis:

1. Descriptive analysis.
Descriptive analysis was used by researchers to provide information regarding the characteristics of research variables, including: WebQual variable data, price, e-WOM and intention to re-stay using the median ranking measure.
2. Structural Equation Modeling (SEM) Analysis.
The analysis used is Structural Equation Modeling (SEM) analysis.

4. RESULTS

Of the 58 items tested, all had a calculated r greater than the critical r and a probability smaller than $\alpha = 5\%$, meaning that all items were valid and could be used to measure the variables to be measured. Reliability testing on each variable is said to be reliable because it is known that all Cronbach's Alpha values are greater than 0.6.

Overall, the average WebQual variable was 3.72, which means that respondents agreed that WebQual can be measured by usability, information quality, and service interaction quality. The largest contribution to WebQual is the information quality indicator, which provides the required information.

Overall, the average price variable was 3.65, indicating that respondents agreed that price can be measured by affordability, expectations, benefits, and capabilities, as well as competitiveness. The indicator that "capacity and competitiveness" contributed the most to price, as the price offered was lower than other hotels in its class.

Overall average variable e-WOM of 3.59, which means that respondents agree that price can be measured from intensity, opinion value, and content. The biggest contribution that forms e-WOM is an indicator of opinion value from recommendations from guests who have stayed at star-rated hotels.

Overall, the average guest satisfaction variable was 3.73, indicating that respondents agreed that guest satisfaction can be measured by meeting expectations, ease of access, and satisfaction with overall service. The largest contributor to guest satisfaction was the expectation-matching indicator, which measured the price offered as expected, as the price was commensurate with the service provided.

Overall, the average guest satisfaction variable was 3.75, indicating that respondents agreed that return intention can be measured by transactional intention, referential intention, preferential intention, and exploratory intention. The largest contributor to return intention is the referential intention indicator, which provides an impression of the hotel's quality to others.

The results of Multivariate Normality processing obtained a multivariate CR value of 2.046 which was in the range of -2.58 to 2.58, thus the multivariate normality required by SEM analysis was fulfilled.

The test results with Mahalanobis Distance Squared show that of the 17 indicators used there are no outliers, where the Mahalanobis value is less than 40.79. The correlation output results between WebQual and price are 0.771 and the correlation results between Price and e-WOM are 0.731 then the correlation results between WebQual and e-WOM are 0.754 so that it can be seen that the correlation results between exogenous variables are smaller than 0.9 (high correlation) so it can be concluded that there is no multicollinearity (Ghozali, 2006:170).

The analysis used in this study utilized Structural Equation Modeling (SEM) techniques. The results of the overall model's goodness of fit test align with the SEM analysis. The impact of WebQual, price, and e-WOM on re-stay intentions can be seen in the table below.

Of the 58 items tested, all had a calculated r greater than the critical r and a probability smaller than $\alpha = 5\%$, meaning that all items were valid and could be used to measure the variables to be measured. Reliability testing on each variable is said to be reliable because it is known that all Cronbach's Alpha values are greater than 0.6.

Overall, the average WebQual variable was 3.72, which means that respondents agreed that WebQual can be measured by usability, information quality, and service interaction quality. The largest contribution to WebQual is the information quality indicator, which provides the required information.

Overall, the average price variable was 3.65, indicating that respondents agreed that price can be measured by affordability, expectations, benefits, and capabilities, as well as competitiveness. The indicator that "capacity and competitiveness" contributed the most to price, as the price offered was lower than other hotels in its class.

Overall average variable e-WOM of 3.59, which means that respondents agree that price can be measured from intensity, opinion value, and content. The biggest contribution that forms e-WOM is an indicator of opinion value from recommendations from guests who have stayed at star-rated hotels.

Overall, the average guest satisfaction variable was 3.73, indicating that respondents agreed that guest satisfaction can be measured by meeting expectations, ease of access, and satisfaction with overall service. The largest contributor to guest satisfaction was the expectation-matching indicator, which measured the price offered as expected, as the price was commensurate with the service provided.

Overall, the average guest satisfaction variable was 3.75, indicating that respondents agreed that return intention can be measured by transactional intention, referential intention, preferential intention, and exploratory intention. The largest contributor to return intention is the referential intention indicator, which provides an impression of the hotel's quality to others.

The results of Multivariate Normality processing obtained a multivariate CR value of 2.046 which was in the range of -2.58 to 2.58, thus the multivariate normality required by SEM analysis was fulfilled.

The test results with Mahalanobis Distance Squared show that of the 17 indicators used there are no outliers, where the Mahalanobis value is less than 40.79. The correlation output results between WebQual and price are 0.771 and the correlation results between Price and e-WOM are 0.731 then the correlation results between WebQual and e-WOM are 0.754 so that it can be seen that the correlation results between exogenous variables are smaller than 0.9 (high correlation) so it can be concluded that there is no multicollinearity (Ghozali, 2006:170).

The analysis used in this study utilized Structural Equation Modeling (SEM) techniques. The results of the overall model's goodness of fit test align with the SEM analysis. The impact of WebQual, price, and e-WOM on re-stay intentions can be seen in the table below.

Table 1. Impact Of Webqual, Price, And E-WOM On Re-Stay Intentions

Variables	Standardized Regression Weights	Estimate	SE	CR	p-value	Results
Website Quality	0.159	0.181	0.088	2.06	0.039	Positive, Significant
Price	0.136	0.134	0.055	2,451	0.014	Positive, Significant
E-Wom	0.145	0.14	0.058	2,411	0.016	Positive, Significant

Source: Processed Primary Data, 2025

The influence of WebQual on the intention to stay in Bali resulted in a Cr value of 2.06 with a p-value of 0.039. The p-value is smaller than statistical significance at $\alpha = 5\%$, so it can be said that WebQual has a positive and significant impact on the intention to stay again. These results indicate that the higher the quality of the hotel's website, the greater the intention to stay again.

The effect of price on re-stay intention yielded a Cr value of 2.451 with a p-value of 0.014. The p-value is less than statistically significant at $\alpha = 5\%$, indicating that price has a positive and significant impact on re-stay intention. These results indicate that the more affordable the price, the greater the re-stay intention.

The effect of e-WOM on re-stay intention yields a Cr value of 2.411 with a p-value of 0.016. The p-value is smaller than statistical significance at $\alpha = 5\%$, so it can be said that e-WOM has a positive and significant impact on re-stay intention. These results indicate that the more positive e-WOM, the higher the re-stay intention.

Although WebQual has the highest Standardized Regression Weight (0.159), it is actually the least statistically significant of the three (though still significant at $p < 0.05$). This is because user perception of website quality (WebQual) is highly subjective. One group of respondents may rate your website as excellent, while another group may rate it as average or poor, so this high variance in the data increases statistical power, so that even though the impact is large on average, the statistics assess the ratings as less "certain" or consistent than the other two variables.

Based on the test results, it can be seen that the WebQual, price, and e-WOM variables have a positive and significant impact on re-stay intention. Therefore, the second hypothesis, which states that WebQual, price, and e-WOM have a positive and significant impact on re-stay intention, is accepted.

5. DISCUSSION

According to Schiffman and Kanuk's (2007) Theory of Consumer Behavior, the repurchase decision-making process is influenced by external information search, alternative evaluation, and post-purchase experiences, which shape consumer attitudes. WebQual and e-WOM serve as crucial instruments in the external information search stage, where consumers gather digital evidence to minimize risk before rebooking. Furthermore, price plays a crucial role in the alternative evaluation stage, where consumers compare the hotel's value proposition with its competitors. When the integration of reliable WebQual, competitive pricing, and positive e-WOM meets or exceeds expectations from previous post-purchase experiences, this will foster favorable consumer attitudes in the form of loyalty and high trust, which directly trigger a strong drive to return stay intention.

Website quality is crucial in shaping guest behavior, particularly in the context of online transactions, as it influences the intention to return to the hotel. Return intention is characterized by preferential intentions, such as returning despite relatively similar prices and returning due to positive reviews from previous guests. WebQual is characterized by the quality of information provided. Generally, the information required from a hotel website includes general hotel information (photo gallery, facilities, contact information, reviews, current promotions or attractive packages), room information (room type, room amenities, room rates, room availability), booking information (online booking system, payment methods, booking confirmation), and additional information such as information about tourist attractions or other activities around the hotel, information about transportation access to and from the hotel, including the nearest airport or train station, and hotel policies related to check-in/check-out, cancellations, restrictions, and so

on. Complete information. Fulfilled information needs on a hotel website provide a positive experience for hotel guests and increase their intention to return to the hotel in the future.

Returning intention is also determined by price. According to Kotler (2009), price is one factor that must be managed harmoniously and in line with the goals of each business actor. Prices can be managed as harmoniously as possible by offering prices equivalent to the room type offered. Hotels offer special benefits on certain room types at certain prices, thus creating a preferential intention for guests to return to the hotel even if there are relatively similar prices at other hotels.

E-WOM also impacts the intention to stay again. E-WOM is described through content, namely reviews of the offered price. The intention to stay again is described through preferential intentions, namely staying again even though there are relatively similar prices and staying again because of positive reviews from previous guests. Customers generally seek product information to help make purchasing decisions. Currently, a wealth of product information is available to customers through advertisements, promotions, and so on; however, customers generally consider and trust information from friends or other customers more than information from retailers (Dellarocas et al., 2007; Liu, 2006). Information from reviews or comments from other hotel guests who have stayed at a hotel about comparable prices with the facilities and services provided by the hotel makes guests intend to stay again in the future even though the price is relatively similar.

The availability of the required information on the website and prices that are equivalent to the type of room offered as well as reviews from other guests who have stayed at the hotel about the prices offered will make guests intend to stay again in the future even though there are relatively similar prices offered by other hotels.

The results of this study demonstrate that WebQual, price, and e-WOM impact repeat stay intentions of guests at star-rated hotels in Batu City. This finding is supported by previous research conducted by Razak et al., 2016; Tandon et al., 2020; Hardiyanto and Firdaus, 2021, which found that WebQual influences repurchase intentions, and research by Mahendrayanti and Wardana, 2021; Hadi, 2021; Werdiastuti and Agustiono (2022) found that price influences revisit intention, while research by Arif (2019); Arima et al. (2020); Surya and Setiawan (2024); Putra et al. (2024); and Thadani (2012) found that e-WOM influences revisit intention.

6. CONCLUSION

Based on the results of data analysis and discussions that have been described in the previous chapters, the following conclusions can be drawn:

1. *WebQual* formed by usability, information quality, and service interaction quality. The biggest contribution to *WebQual* formation is information quality, which provides the required information. Price is formed by affordability, according to quality, according to benefits, according to capabilities, and competitiveness. The biggest contribution to price formation is according to capabilities and competitiveness, namely the price offered is more attractive compared to hotels in the same class. E-WOM is formed by intensity, opinion value, and content. The biggest contribution to e-WOM formation is opinion value, namely recommendations from guests who have stayed at star-rated hotels. Guest satisfaction is formed by meeting expectations, ease of obtaining, and

satisfaction with the overall service. The biggest contribution to guest satisfaction is meeting expectations, namely the price offered meets expectations because the price is commensurate with the service provided. Restay intention is formed by transactional intention, referential intention, preferential intention, and exploratory intention. The biggest contribution to restay intention is referential intention, namely providing an overview of the hotel's quality to others.

2. *WebQual*, price and e-WOM have a positive and significant impact on the intention to stay again. Availability of the required information on the website and the price controlled as harmoniously as possible by offering prices equivalent to the type of room offered where the hotel offers special benefits on certain types of rooms at certain prices, as well as reviews or reviews from other guests have an impact on the preferential intention of guests to return to stay at the hotel even though there are relatively similar prices at other hotels. The better the quality of the website, the more attractive the prices offered and the better e-WOM has an impact on the increasing intention of guests of star-rated hotels in Batu City to stay again in the future.

Based on the research results and conclusions that have been put forward, the suggestions put forward in this research are as follows:

1. Theoretically
In discussing the concept of consumer behavior for the attitude of repurchase intention, we develop a response to the SRA (Stimulus, Response, Action) concept with consumer satisfaction.
2. In Practical Terms
 - a. For business people, especially in the hotel industry, it is recommended to pay attention to several key aspects as an effort to increase hotel competitiveness, such as website quality which is the highest determining factor in encouraging hotel guests' intention to stay again, as well as increasing e-WOM through the website by providing a QR code at the reception desk as a means for hotel guests to provide reviews based on their experience of staying at the hotel.
 - b. The Batu City Government (Pemkot) is advised to strengthen an integrated digital tourism ecosystem, establish price transparency regulations, and facilitate online reputation management for star-rated hotels. As a tourist city, the Batu City Government acts as a regulator and facilitator to ensure these three factors encourage tourist return (return stay intention).
 - c. For the Batu City Government to prepare a Juanda airport shuttle service through a fleet owned by the Batu City Government to increase the attractiveness of visits to Batu City so as to provide a positive contribution to regional economic growth through increased income, job creation, and increased other economic activities around the hotel.
 - d. For further researchers, they can develop this research model for different types of businesses that use websites.

7. REFERENCES

- Aggarwal, A.G., & Aakash, A. (2018). Multi-Criteria-Based Prioritization Of B@C E-Commerce Websites. *Int J Soc Syst Sci* 10(3):201-222. <https://doi.org/10.1504/IJSSS.2018.093940>
- Armstrong, & Kotler. (2015), "Marketing An Introduction. Prentice Hall Twelfth Edition", England: Pearson Education, Inc
- Cheung, C. M., & Thadani, D. R. (2012). The Impact Of Electronic Word Of Mouth Communication; A Literature Analysis And Integrative Model, *Decis Support Syst* 54(1):461-470
- Dellacorras, C., Zhang, X. M., & Awad, N. F. (2007). Exploring The Value Of Online Product Reviews In Forecasting Sales: The Case Of Motion Pictures. *Journal Of Interactive Marketing* 21(4):23 - 45
- Fan, Q., Lee, J. Y., & Kim, J. I. (2013). The Impact Of Website Quality On Flow-Related Online Shopping Behaviors In C2C E-Marketplaces (A Cross-National Study). *Managing Service Quality*. Vol. 23 No. 5. 364-387
- Goyette. (2010). E-Wom: Word Of Mouth Measurement Scale For E-Service Context. *Journal Of Administrative Sciences*. Volume 27: 5-23
- Henry, & Assael. (2005). *Consumer Behavior And Marketing* Third Edition, Boston, Massachusetts: Wadsworth Inc
- Joshi, A., Kale, S., Chandel, S., & Pal, D. K. (2015). Likert Scale: Explored And Explained. *British Journal Of Applied Science & Technology*, 7(4), 396-403.
- Hellier, P. K., Geursen, G., Carr, R., & Rickard, J. A. (2003). Customer Repurchase Intention: A General Structural Equation Model. *European Journal Of Marketing*, Volume 9. Issue 4 P. 1762-1800. [Doi:10.1108/03090560310495456](https://doi.org/10.1108/03090560310495456).
- Leyminna, & Faundra, B. (2017). Effectiveness Of Regional Development Planning In Batu City. *Indonesia Onesearch*.
- Litvin, S. W., Goldsmith, R. E., & Pan B. (2008). Electronic Word Of Mouth In Hospitality And Tourism Management. *Tourism Management*. Vol.3. Issue 2, 458-468.
- Liu, Y. (2006). Word-Of-Mouth For Movies: Its Dynamics And Impact On Box Office Revenue, *Journal Of Marketing*, 70(3), 74-89.
- Lovelock, C., & Wright, LK (2007). *Services Marketing Management*, PT. Indeks, Indonesia
- Lwin, M. O., & Williams, J. D. (2006). Promises, Promises: How Consumers Respond To Warranties In Internet Retailing. *Journal Of Consumer Affairs*, 40(2), 236-260.
- Mowen, C., & Minor, M. (2002). *Consumer Behavior*. Jakarta: Erlangga.
- Muhammad, & Iqbal. 2019. "The Influence Of Motivation, Behavior, And Understanding On Community Decisions In Choosing Sharia Banks In Aceh Tamiang." *Journal Of Islamic Investment* 6(2):153-65.

- Parasuraman, A., Zeithaml, V.A., & Malhotra. (2005). E-SQUAL: A Multiple-Item Scale For Assessing Electronic Service Quality. *Journal Of Service Research*. 7(3), Pp. 292-310
- Reichheld, F.F. & Sasser, W.E., Jr. (1990). Zero Defections : Quality Comes To Services, *Harvard Business Review*, Vol 3(2), 105-111.
- Schiffman, LG, & Kanuk, LL (2007) *Consumer Behavior*. 9th Edition, Prantice-Hall.
- Seiders, K., Voss, GB, Grewal, D., Godfrey, AL, 2005. Do Satisfied Customers Buy More? Examining Moderating Influences In A Retailing Context. *J Mark*. 69(4), 26–43.
- Sheth, J. N., & Parvatiyar, A. (1995). The Evolution Of Relationship Marketing. *International Business Review*, 4(3), 397-418.
- Shrestha, S. (2016). Influencing Factors On Consumer Buying Behavior Of Smart Phones— A Research On The Buying Behavior Of Young Consumers In Kathmandu, Nepal. *Art And Design Review*. Vol. 8(3). 159-169
- Wang, D., Wang, J., & Xiang, Z. (2021). Imbrications Of IT And Hospitality Organizations. *Annals Of Tourism Research Empirical Insights*. Vol 2, Issue 2. 1-11.
- Zhu, F., & Zhang, X. (2010). Impact Of Online Consumer Reviews On Sales: The Moderating Role Of Product And Consumer Characteristics. *Journal Of Marketing*, 74, 133-148.



Implementation of a Mini Bank Laboratory as a Banking Simulation Tool at Wearnes Education Center

Ladystya Dwi
Leolita Amalia
Putri ^{1*}

¹ Faculty of Economic and
Business, Institut Teknologi
dan Bisnis Asia, Malang,
65113, Indonesia

*Corresponding Author
E- mail:
ladystyaamalia@gmail.com

ABSTRACT

This study aims to analyze the implementation of a mini bank laboratory as a banking simulation tool at Wearnes Education Center, identify the challenges encountered during its implementation, and examine its contribution to the development of students' banking competencies in supporting industry readiness. This study employed a qualitative descriptive approach involving 15 informants consisting of 10 students, 3 lecturers, and 2 mini bank laboratory administrators selected through purposive sampling. Data were collected through observation, in-depth interviews, and documentation, and analyzed using the interactive model of Miles and Huberman, including data reduction, data display, and conclusion drawing.

The findings indicate that the implementation of the mini bank laboratory effectively supports practice-based learning by providing students with direct experience in banking operational activities such as account opening, transaction recording, customer service, and financial administration. These simulation activities contribute to the improvement of both technical competencies and soft skills required in the modern banking industry, including communication skills, teamwork, service orientation, and self-confidence. The study also highlights the role of mini bank laboratories in bridging the gap between theoretical learning and the competency demands of the banking sector, particularly in the context of increasing digital banking transformation.

However, several challenges were identified, including limited facilities, insufficient integration with digital banking systems, and limited competencies of laboratory administrators in operating technology-based banking simulations. The novelty of this study lies in its focus on the implementation process and competency development within a vocational banking education context linked to industry needs. The practical implication of this study emphasizes the importance of strengthening digital infrastructure, enhancing human resource competencies, and integrating industry-oriented banking technology into vocational learning systems to improve graduates' work readiness.

Keywords: Mini Bank, Vocational Education, Banking Simulation, Student Competence, Practice-Based Learning

| Received June 2026 | Accepted July 2026 | Available Online August 2026 |
| DOI: <https://doi.org/10.64530/ijbams.v2i2.57>

1. INTRODUCTION

Vocational education in the banking sector plays a strategic role in preparing human resources who are job-ready and practically competent in responding to the rapid transformation of the banking industry. According to Bank Indonesia, digital banking transactions in Indonesia continue to experience significant growth each year, reflecting the increasing dependence of financial institutions on technology-based banking services. In addition, the Financial Services Authority (OJK) reported that the banking sector increasingly requires graduates who possess not only theoretical understanding but also practical competencies in banking operations, customer service, and digital financial

systems. Therefore, vocational education is expected to provide a balance between theoretical learning and practical experience to ensure graduates are aligned with industry demands. Unlike academic education, vocational education emphasizes practice-based learning that enables students to directly apply concepts in real working environments. Research by Sarmila et al., (2025) indicates that practice-based learning in vocational education significantly improves graduates' work readiness and adaptability to industry needs.

Based on data from the Indonesian Banking Development Institute (LPPI) and the Financial Services Authority (OJK), the banking sector currently requires graduates who possess not only theoretical understanding but also practical competencies in digital banking operations, customer service, and financial technology systems. However, several studies indicate that many vocational graduates still face difficulties adapting to real banking operational systems due to limited practical exposure during their education.

In addition, the rapid growth of digital banking services in Indonesia has significantly changed banking operational patterns. According to Bank Indonesia Scheuring & Thompson (2025), the volume of digital banking transactions continues to increase annually, indicating that banking institutions increasingly rely on technology-based services. This condition requires vocational education institutions to adapt learning systems that are capable of simulating real banking environments.

Despite the increasing importance of practice-based learning, previous studies mainly focus on the effectiveness of mini banks in improving learning outcomes, while limited attention has been given to the implementation process, operational challenges, and integration with digital banking systems. Furthermore, studies specifically examining mini bank laboratories in vocational institutions such as Wearnes Education Center remain scarce. Therefore, this study attempts to fill these gaps by exploring the implementation process, challenges, and impacts of the mini bank laboratory comprehensively.

Along with the rapid development of digital technology, the banking industry has undergone significant transformation. Digital banking, fintech, and service automation present both challenges and opportunities for educational institutions in preparing adaptive graduates. Syahfitri et al., (2025) states that banking digitalization requires the enhancement of students' digital competencies, particularly in mastering information systems and technology-based services.

In this context, the existence of a mini bank laboratory becomes highly relevant as a learning simulation tool. A mini bank allows students to engage in practical activities such as account opening, financial transactions, and customer service simulations. Research by Fania et al., (2024) shows that the use of banking simulation laboratories significantly improves students' operational understanding.

In addition to enhancing technical (hard) skills, the mini bank laboratory also contributes to the development of non-technical (soft) skills such as communication, service orientation, and professional ethics. Ramadhania et al., (2024) found that simulation-

based learning methods significantly improve students' confidence and communication skills.

Wearnes Education Center, as a vocational education institution, plays an important role in implementing practice-based learning, including through the mini bank laboratory. The institution aims to bridge the gap between theory and practice by providing learning facilities that closely resemble real banking conditions. However, the effectiveness of the mini bank implementation still requires further investigation, particularly in terms of management, utilization, and its impact on students.

In practice, the implementation of the mini bank laboratory is not without challenges, including limited facilities, human resource readiness, and integration with the learning curriculum. Setiawati et al., (2023) states that the main obstacles in laboratory-based learning are inadequate infrastructure support and insufficient training for instructors.

Based on the above description, the research questions are: (1) how is the implementation of the mini bank laboratory at Wearnes Education Center, (2) what challenges are encountered in its implementation, and (3) what is its impact on improving students' competencies. This study is expected to contribute to the development of more effective practice-based learning models in the field of banking

2. LITERATURE REVIEW

Concept of Mini Bank Laboratory

A mini bank laboratory is a practice-based learning facility designed to simulate banking operational activities within an educational environment. It enables students to understand real processes such as account opening, financial transactions, administrative recording, and customer service. According to Siregar et al., (2022) the use of a mini bank in learning significantly improves students' understanding of banking operational procedures due to direct experience (*learning by doing*).

Conceptually, a mini bank not only functions as a learning aid but also as a medium for integrating theory and practice. This aligns with the concept of vocational education, which emphasizes applied skills. Sukma et al., (2025) states that practical laboratories such as mini banks can enhance students' job readiness by providing experiences that closely resemble the real industry environment.

Experiential Learning Theory

The learning approach applied in mini bank laboratories is closely related to the Experiential Learning Theory proposed by (Kolb, 2014). This theory explains that effective learning occurs through direct experience and consists of four stages: concrete experience, reflective observation, abstract conceptualization, and active experimentation.

In the concrete experience stage, students directly participate in banking simulation activities such as account opening, transaction recording, customer service, and financial administration. The reflective observation stage occurs when students evaluate their experiences, discuss difficulties, and reflect on the learning process with lecturers

and peers. Furthermore, in the abstract conceptualization stage, students connect their practical experiences with banking theories learned in the classroom. Finally, in the active experimentation stage, students apply the knowledge and skills they have acquired to improve their performance in subsequent simulation activities.

Thus, the mini bank laboratory functions as an experiential learning environment that integrates theory and practice in vocational banking education. Therefore, Experiential Learning Theory serves as an important analytical framework in this study to examine how simulation-based learning contributes to improving students' competencies.

In the context of vocational education, experiential learning is a primary approach because students are required to learn through real practice. Rahmi & Friyatmi (2025) found that simulation-based learning significantly improves both conceptual understanding and practical skills. Furthermore, Devi & Thendral (2023) emphasized that experiential learning methods positively impact students' problem-solving abilities compared to conventional lecture-based methods.

The Role of Laboratories in Vocational Education

Laboratories play a crucial role in supporting the effectiveness of vocational education, particularly in the banking sector. They serve not only as practice spaces but also as learning environments that support comprehensive competency development. Maulana, (2023) states that the availability of adequate laboratory facilities improves learning quality, as students can directly apply theoretical knowledge. Furthermore, Siregar et al., (2022) found that the use of laboratories in vocational learning increases student engagement and accelerates material comprehension.

Thus, the mini bank laboratory becomes an essential component in creating contextual learning that aligns with the needs of the banking industry

Banking Student Competencies

Banking student competencies consist of two main aspects: hard skills and soft skills. Hard skills include technical abilities such as transaction recording, fund management, and the use of banking systems. Meanwhile, soft skills include communication, customer service, professional ethics, and teamwork.

Syahfitri et al., (2025) states that the banking industry requires graduates who not only possess technical expertise but also strong interpersonal skills. In addition, Jafar et al., (2024) found that simulation-based learning such as mini banks significantly improves students' confidence and communication skills.

Therefore, the implementation of a mini bank has the potential to enhance students' competencies comprehensively.

Previous Studies

Various studies have examined simulation-based learning in vocational education. Siregar et al., (2022) found that virtual laboratory-based learning improves students' practical understanding and engagement in vocational education. Rahmi & Friyatmi, (2025) emphasized that experiential learning significantly enhances students' problem-solving abilities and soft skills. In addition, Devi & Thendral, (2023) highlighted that

experiential learning approaches improve conceptual understanding through direct learning experiences. Furthermore, Jafar et al., (2024) found that simulation-based activities contribute positively to the development of students' communication skills and professional readiness.

However, most previous studies mainly focus on learning outcomes rather than examining the implementation process and operational challenges in depth. In addition, studies specifically discussing mini bank laboratory implementation within vocational banking institutions, particularly in relation to industry-oriented competency development, remain limited. Therefore, this study focuses on the implementation process, challenges, and impacts of the mini bank laboratory at Wearnes Education Center.

Based on the review of previous studies, several research gaps can be identified:

1. Previous studies mainly focus on learning outcomes rather than the in-depth implementation process of mini banks.
2. Studies on operational challenges in mini bank laboratories are still limited.
3. There is a lack of research examining the comprehensive impact of mini banks on student competencies within specific institutions.

Therefore, this study focuses on the implementation, challenges, and impact of the mini bank laboratory, aiming to fill the existing research gaps.

Implementation of the Mini Bank Laboratory in Wearnes Educational Institution

The implementation of a mini bank laboratory in educational institutions represents a concrete application of practice-based learning aimed at bridging the gap between theory and the workplace. In the context of vocational education, this implementation not only focuses on providing facilities but also includes system management, curriculum integration, and student involvement in comprehensive banking operation simulations. Sukma et al., (2025) states that the success of laboratory implementation is highly influenced by the institution's readiness in providing infrastructure and managerial support.

In general, the implementation of a mini bank in educational institutions is carried out through several stages, namely planning, implementation, and evaluation. In the planning stage, institutions determine learning objectives, simulation design, and the readiness of facilities and infrastructure. The implementation stage involves students actively participating in activities such as account opening, deposit and loan transactions, and customer service. Meanwhile, the evaluation stage is conducted to assess the effectiveness of learning and the level of student competency achievement. Ni'mah & Widodo (2022) found that structured laboratory implementation significantly enhances learning effectiveness.

In practice, the implementation of a mini bank laboratory also requires integration with the learning curriculum so that simulation activities are not separated from theoretical instruction delivered in the classroom. This is consistent with Experiential Learning Theory which emphasizes the importance of direct experience as part of the learning process. Devi & Thendral (2023) shows that integrating theory and practice through experiential learning improves students' understanding more deeply.

Wearnes Education Center, as a vocational education institution, has implemented the mini bank laboratory as part of its practice-based learning strategy. This implementation aims to provide students with real-world experience in understanding banking operational systems. Students are directly involved in various simulation activities such as financial transactions, administrative recording, and customer service. Thus, students not only gain theoretical knowledge but also acquire practical skills relevant to industry needs.

However, the implementation of the mini bank laboratory in educational institutions, including Wearnes Education Center, is not without challenges. Common obstacles include limited facilities, lack of training for laboratory administrators, and suboptimal integration with digital banking systems. Tan et al., (2023) states that limitations in infrastructure and human resources are the main barriers to optimizing educational laboratories.

Furthermore, the rapid development of digital banking technology requires continuous updates to the simulation systems used in mini bank laboratories. Adam et al., (2025) argues that digital transformation in the banking sector compels educational institutions to adapt their teaching methods to remain relevant to industry demands.

Therefore, the implementation of a mini bank laboratory in educational institutions not only serves as a learning medium but also as a strategic effort to improve the quality of graduates who are ready to face the challenges of the modern banking industry. Hence, examining its implementation, challenges, and impacts is essential to enhance the effectiveness of practice-based learning in the banking field.

Conceptual Framework

Based on theories and previous studies, the conceptual framework of this research can be described as follows:

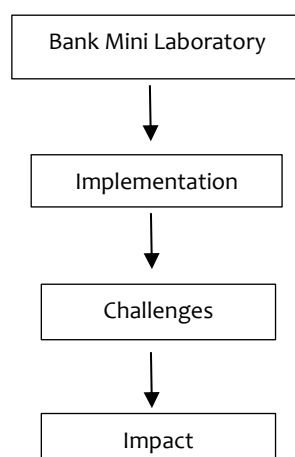


Figure 1. Proposed Conceptual Framework

The conceptual framework of this study illustrates the mini bank laboratory as a practice-based learning medium implemented in the student learning process. In its implementation, various challenges arise, including those related to facilities, human resources, and systems. This implementation subsequently has an impact on the improvement of students' competencies, both in terms of hard skills and soft skills.

3. METHODOLOGY

This study employed a qualitative approach with a descriptive design to obtain an in-depth understanding of the implementation of the mini bank laboratory as a banking simulation tool at Wearnes Education Center. The research was conducted from January to March 2026 at Wearnes Education Center, a vocational education institution that implements practice-based learning in the banking field.

The research subjects consisted of 15 informants selected using purposive sampling techniques. The informants comprised 10 students from different semesters who actively participated in mini bank laboratory activities, 3 lecturers teaching banking-related courses, and 2 mini bank laboratory administrators. Thus, the total number of informants involved in this study was 15 participants. The selection of informants was based on their direct involvement, experience, and understanding of the implementation of the mini bank laboratory.

The inclusion criteria for student informants were: (1) actively enrolled in banking-related vocational programs, (2) having participated in at least four mini bank laboratory practice sessions, and (3) having direct experience in banking simulation activities such as transaction recording, customer service, and financial administration. Lecturer informants were selected based on their involvement in teaching practice-based banking courses, while laboratory administrators were selected based on their responsibility for managing and operating the mini bank laboratory.

Prior to data collection, the researcher obtained research permission and ethical approval from Wearnes Education Center. All participants were informed about the objectives of the study, the confidentiality of their responses, and their voluntary participation in the research process. Informed consent was obtained from all informants before conducting interviews and observations to ensure ethical compliance throughout the study.

Data collection techniques included observation, in-depth interviews, and documentation. Observations were conducted during mini bank simulation activities to examine students' participation and operational procedures. Semi-structured interviews were conducted to obtain comprehensive information regarding participants' experiences, perceptions, and challenges encountered during the implementation process. Documentation techniques were used to collect supporting data such as laboratory activity records, photographs, schedules, and institutional documents.

The data analysis process employed the interactive model developed by Miles and Huberman, consisting of three stages: data reduction, data display, and conclusion drawing. Data validity was ensured through source triangulation, method triangulation, and member checking to confirm the consistency and credibility of the findings.

4. RESULTS

The findings indicate that the implementation of the mini bank laboratory at Wearnes Education Center has been carried out as an integral part of practice-based learning in vocational banking education. The mini bank laboratory functions as a simulation medium that allows students to directly experience banking operational activities such as account opening, transaction recording, financial administration, and customer service practices. This implementation is intended to bridge the gap between theoretical learning and practical application in the banking sector.

Based on observations conducted during learning activities, students actively participated in various operational roles, including tellers, customer service officers, and administrative staff. Through these activities, students gained direct exposure to banking workflows and operational procedures. The observation results also show that students became more familiar with banking terminology and transaction procedures after participating in simulation activities.

The interview findings further reveal that students perceive the mini bank laboratory as an effective learning medium for improving their practical understanding of banking operations. One student explained: "Through the mini bank simulation, I understand better how banking transactions are carried out directly. Previously, I only learned the theory in class, but now I can practice it myself." (Student Informant 3)

Another student stated that the implementation of the mini bank laboratory helped improve communication and customer service skills: "I became more confident when interacting with customers because we practiced directly as customer service officers and tellers." (Student Informant 7)

In addition to students' perspectives, lecturers also emphasized the effectiveness of the mini bank laboratory in supporting experiential learning processes. One lecturer stated: "The mini bank helps students connect theoretical concepts with real banking practices. Students become more active and understand operational procedures faster." (Lecturer Informant 2)

The findings indicate that the implementation of the mini bank laboratory has contributed positively to improving students' competencies, particularly in understanding banking operational systems and enhancing communication skills. Students not only developed technical abilities related to banking transactions but also improved soft skills such as teamwork, confidence, discipline, and service orientation.

However, this study also identified several challenges in implementing the mini bank laboratory. The primary challenge relates to limited facilities and infrastructure. Several supporting devices used in the simulation process are still limited in number, causing practice sessions to be less optimal for all students. In addition, the digital banking simulation system has not been fully integrated with modern banking technology currently used in the industry.

This issue was confirmed by one laboratory administrator who stated: “One of the challenges is that our simulation system is still not fully integrated with modern digital banking applications, so further development is still needed.” (Administrator Informant 1)

Another challenge identified is the limited duration of practice sessions within the academic schedule, which restricts students’ opportunities to gain more intensive hands-on experience. Furthermore, several instructors and laboratory administrators still require additional training to operate digital-based banking simulation systems effectively.

Despite these challenges, the overall findings demonstrate that the implementation of the mini bank laboratory provides substantial benefits for vocational banking education. Students generally expressed positive perceptions regarding the learning process because they were able to experience a learning environment that closely resembles real banking operations.

On the other hand, the positive impact of the mini bank laboratory implementation was reflected in students’ self-assessment and interview responses. Based on interview findings and observation results, most students reported increased confidence in understanding banking operational procedures and performing transaction simulations after participating in repeated practice sessions. Several lecturers also observed improvements in students’ communication abilities, transaction accuracy, and customer service performance during simulation activities compared to their initial practice sessions.

Observation field notes from the practice session conducted on February 26, 2026, showed that students were able to handle customer transaction simulations more systematically, communicate more confidently with customers, and complete administrative procedures with fewer operational errors compared to earlier sessions. One lecturer stated:

“At the beginning of the practice, many students were still hesitant when communicating with customers, but after several simulation sessions, they became more confident and understood the transaction procedures better.” (Lecturer Informant 1)

In addition, one student explained: “After participating in several mini bank practices, I became more confident in serving customers and understanding banking transaction flows.” (Student Informant 5)

Although this study did not employ quantitative pre-test and post-test measurements, the consistency between observation findings, interview responses, and lecturer evaluations indicates that the mini bank laboratory contributes positively to students’ practical understanding, communication skills, and work readiness in vocational banking education.

Overall, the mini bank laboratory at Wearnes Education Center contributes positively to improving students’ competencies through practice-based learning. Nevertheless, improvements in digital infrastructure, laboratory facilities, and human resource

competencies are still necessary to optimize the effectiveness of the mini bank laboratory in accordance with the current developments of the banking industry.

5. DISCUSSION

The findings of this study indicate that the implementation of the mini bank laboratory at Wearnes Education Center has played an important role in supporting practice-based learning in vocational banking education. The mini bank laboratory enables students to gain direct experience in banking operational activities such as account opening, transaction recording, customer service, and administrative management. This finding supports the concept of Experiential Learning Theory proposed by Kolb (2014), which emphasizes that effective learning occurs through direct experience and active participation.

The active involvement of students in simulated banking activities demonstrates that experiential learning can create a more contextual and meaningful learning environment. Through direct practice, students are able to understand banking operational procedures more comprehensively compared to relying solely on theoretical instruction in the classroom. This finding is consistent with previous studies conducted by Rahmi & Friyatmi, (2025), which found that simulation-based learning improves students' conceptual understanding and practical competencies.

Furthermore, the implementation of the mini bank laboratory contributes significantly to the development of students' technical competencies (hard skills). Students become more familiar with banking transaction procedures, financial administration, and banking operational systems. This indicates that practice-based learning through mini bank simulations can bridge the gap between theory and industrial practice. In vocational education, such alignment is essential to prepare graduates who are ready to enter the workforce and adapt to professional environments.

In addition to technical competencies, the findings also reveal improvements in students' non-technical competencies (soft skills), including communication abilities, self-confidence, teamwork, discipline, and customer service orientation. These competencies are highly important in the banking industry because banking services are strongly customer-oriented. The interview findings indicate that students became more confident when interacting with customers during simulation activities. This finding supports the study conducted by Jafar et al., (2024), which emphasizes that simulation-based learning positively contributes to communication skills and professional readiness.

Another important finding of this study is the role of the mini bank laboratory in increasing students' learning engagement. Students tend to become more active and motivated when learning activities involve direct practice rather than passive classroom instruction. This condition indicates that the mini bank laboratory not only functions as a learning facility but also serves as an interactive learning environment that encourages student participation and collaboration.

However, despite the positive contributions, this study also identified several challenges in implementing the mini bank laboratory. One of the primary challenges is the limitation

of facilities and infrastructure. Several devices used in the banking simulation are still limited in number, which affects the effectiveness of practical learning activities. In addition, the banking simulation system used in the laboratory has not been fully integrated with current digital banking technologies. This condition reflects the gap between industrial technological developments and educational facilities available in vocational institutions.

The findings also reveal that the competencies of laboratory administrators and instructors in operating digital-based banking systems still need improvement. As banking industries increasingly adopt digital technologies, vocational institutions are required to continuously update their learning systems and improve human resource capabilities. This finding is consistent with the study by Sari et al., (2024), which states that digital transformation in the banking sector requires educational institutions to strengthen technological competencies among educators and laboratory managers.

Moreover, the limited duration of practical sessions within the academic schedule also becomes an obstacle in optimizing students' learning experiences. Several students reported that they required more practice time to better understand operational procedures and improve their technical skills. Therefore, curriculum adjustment and more intensive practical scheduling may be necessary to maximize the effectiveness of simulation-based learning.

The findings of this study imply that the development of vocational education, particularly in the banking field, should not only focus on theoretical instruction but also prioritize experiential and industry-oriented learning approaches. The mini bank laboratory can serve as a strategic learning medium that supports competency-based education and enhances graduates' readiness for the modern banking industry.

Theoretically, this study strengthens the application of Experiential Learning Theory within vocational banking education by demonstrating that direct simulation activities significantly improve students' competencies. Practically, this study provides recommendations for educational institutions to improve laboratory facilities, integrate digital banking technologies, strengthen instructor competencies, and enhance collaboration with banking industries to ensure that learning systems remain relevant to industrial developments.

Overall, the implementation of the mini bank laboratory at Wearnes Education Center has shown positive contributions to improving students' competencies and learning experiences. Nevertheless, continuous development in terms of facilities, technology integration, and human resource capacity building remains necessary to optimize the effectiveness of practice-based learning in vocational banking education.

6. CONCLUSION

This study concludes that the implementation of the mini bank laboratory at Wearnes Education Center effectively supports practice-based learning in vocational banking education. Through direct involvement in banking simulations, students are able to improve both technical competencies related to banking operations and soft skills such as communication, confidence, and customer service abilities.

The findings contribute theoretically to strengthening the application of David A. Kolb's Experiential Learning Theory in vocational education, particularly in the context of banking simulation learning. Practically, this study highlights the importance of improving digital infrastructure, strengthening laboratory management, and enhancing human resource competencies to optimize simulation-based learning.

Overall, the mini bank laboratory serves as a strategic learning medium that can help vocational institutions prepare graduates who are more adaptive and ready to meet the demands of the modern banking industry.

7. REFERENCES

- Adam, N. F., Widiasmara, B., & Ummah, R. P. K. (2025). Implementasi Manajemen Pendidikan Di Era Transformasi Digital: A Literatur Review. *Journal Of Educational Research And Community Service*, 1, 204–209.
- Devi, M. K. K., & Thendral, M. S. (2023). Using Kolb's Experiential Learning Theory To Improve Student Learning In Theory Course. *Journal Of Engineering Education Transformations*, 70–81. <https://doi.org/10.16920/Jeet/2023/V37i1/23133>
- Fania, M., Iriani, T., & Arthur, R. (2024). Improving Vocational Student Competencies Through Industrial Class-Based Experiential Learning. *Jurnal Pensil : Pendidikan Teknik Sipil*, 13(1), 120–129. <https://doi.org/10.21009/Jpensil.V13i1.38151>
- Jafar, J., Sumardi, S., Nasir, N., Aziz, F., Anirwan, A., Buang, A., Ishak, P., Gunawan, R. N., & Abasa, S. (2024a). Hybrid Pelatihan Pengembangan Soft Skills Dan Hard Skills Untuk Mendukung Karir Mahasiswa Di Era Digital. *Global Abdimas: Jurnal Pengabdian Masyarakat*, 4(2), 158–165. <https://doi.org/10.51577/Globalabdimas.V4i2.602>
- Kolb, D. A. (2014). *Experiential Learning: Experience As The Source Of Learning And Development*. Ft Press.
- Maulana, A. (2023). Optimalisasi Pendidikan Dan Pelatihan Vokasi Di Indonesia. *Jurnal Pembangunan Dan Administrasi Publik*, 1–8.
- Ni'mah, M., & Widodo, W. (2022). Penerapan Model Pembelajaran Inkuiri Terstruktur Berbantuan Virtual-Laboratory Phet Untuk Meningkatkan Pemahaman Konsep Listrik Dinamis. *Pensa E-Jurnal: Pendidikan Sains*, 10(2), 296–304. <https://doi.org/10.26740/Pensa.V10i2.45289>
- Rahmi, E., & Friyatmi. (2025). Transformasi Kemampuan Problem Solving Mahasiswa Dengan Model Experiential Learning Berbasis Digital Literacy Pada Pembelajaran Kewirausahaan. *Jurnal Ecogen*, 8(3), 533–542. <https://doi.org/10.24036/Ecogen.V8.I3.18>
- Ramadhania, S., Abid, M. M., Suroso, M. S. P. A., & Permata, N. S. (2024). Pelatihan Pengembangan Soft Skills Mahasiswa Dalam Menghadapi Tantangan Berorganisasi. *Jubaedah : Jurnal Pengabdian Dan Edukasi Sekolah (Indonesian*

- Journal Of Community Services And School Education), 4(2), 380–388.
<https://doi.org/10.46306/Jub.V4i2.243>
- Sari, R., Chandra, H., & Dethan, S. H. (2024). Pengaruh Digitalisasi Perbankan Dan Pelatihan Karyawan Terhadap Produktivitas Kerja Pada Bank Mandiri. *Economist: Jurnal Ekonomi Dan Bisnis*, 1(4), 46–60. <https://doi.org/10.63545/Economist.V1i4.43>
- Sarmila, S., Moris, A., & Saril, S. (2025). Implementasi Kebijakan Praktek Kerja Lapangan (Pkl) Terhadap Kesiapan Kerja Siswa Di Smk Negeri 7 Bone. *Jurnal Mappesona*, 8(1), 37–45. <https://doi.org/10.30863/Mappesona.V8i1.5929>
- Scheuring, F., & Thompson, J. (2025). Enhancing Graduate Employability – Exploring The Influence Of Experiential Simulation Learning On Life Skill Development. *Studies In Higher Education*, 50(2), 256–270.
<https://doi.org/10.1080/03075079.2024.2334837>
- Setiawati, T. C., Subchan, W., Prastowo, S., & Basuki, B. (2023). Penyusunan Dokumen Mutu Laboratorium Guna Peningkatan Kualitas Pengelolaan Laboratorium Di Sekolah Menengah Kejuruan Negeri (Smkn): Preparation Of Quality Laboratory Documents To Improve The Quality Of Laboratory Management In State Vocational Schools (Smkn). *Pengabdianmu: Jurnal Ilmiah Pengabdian Kepada Masyarakat*, 8(3), 421–429. <https://doi.org/10.33084/Pengabdianmu.V8i3.4720>
- Siregar, E., Kusumawardani, D., & Bunyamin, E. M. (2022). Virtual Laboratory For Practical Learning In Vocational Education Using Nine Events Of Instruction Approach. *Journal Of Education Research And Evaluation*, 6(3), 457–467.
<https://doi.org/10.23887/Jere.V6i3.47691>
- Sukma, M., Purba, F., Sagala, P. N., Tarigan, N. C. W., Sihombing, T. V., & Sarah, S. (2025). Pengaruh Pkl (Praktek Kerja Lapangan) Terhadap Kesiapan Kerja Siswa Smk Negeri 3 Medan. <https://www.jiip.stkipyapisdompou.ac.id/jiip/index.php/jiip/article/view/7744>
- Syahfitri, A., Husna, H., Kristina, M., Azhizah, N., & Hasyim. (2025). Analisis Kompetensi Sdm Dan Transformasi Digital Terhadap Efektivitas Operasional Bank: Studi Literatur Pada Lembaga Perbankan Nasional. *Pendas : Jurnal Ilmiah Pendidikan Dasar*, 10(04), 280–289. <https://doi.org/10.23969/Jp.V10i04.36650>
- Tan, R. F., Kamaruzzaman, Z. A., Kamaruzzaman, Z. A., & Murti, G. T. (2023). An Exploration Of Experiential Learning Using Business Simulation And Gamification: A Case Study. *Journal Of ICT In Education*, 10(2), 98–112.
<https://doi.org/10.37134/Jictie.Vol10.2.6.2023>



Understanding Consumer Purchasing Decisions Through Word of Mouth: Evidence from Somethinc Users in Malang

Helena Lovelya
Purwanto^{1*}

¹Faculty of Economic and Business, Institut Teknologi dan Bisnis Asia, Malang, 65113, Indonesia.

*Corresponding Author
E-mail:
241012249@asia.ac.id

ABSTRACT

The rapid growth of the skincare industry in Indonesia has encouraged local brands to utilize Word of Mouth (WOM) and electronic Word of Mouth (e-WOM) as marketing communication strategies. This study aims to understand the role of WOM in shaping purchasing decisions of Somethinc consumers in Malang. This study employed a qualitative descriptive approach involving 12 informants selected through purposive sampling. Data were collected through in-depth interviews, observation, and documentation, and analyzed using interactive analysis techniques consisting of data reduction, data presentation, and conclusion drawing. The findings reveal that WOM and e-WOM significantly influence consumer perceptions, trust, purchase intentions, and purchasing decisions toward Somethinc products. Recommendations from friends, family, beauty influencers, and digital reviews on social media platforms such as TikTok and Instagram were found to strengthen consumer confidence regarding product quality and suitability. Positive consumer experiences also encouraged repeat purchases and sustainable WOM communication among consumers. This study contributes to consumer behavior and digital marketing literature by providing a deeper qualitative understanding of the role of WOM and e-WOM in skincare purchasing decisions.

Keywords: Word of Mouth, e-WOM, Purchasing Decision, Local Skincare, Consumers

| Received June 2026 | Accepted July 2026 | Available Online August 2026 |
| DOI: <https://doi.org/10.64530/ijbams.v2i2.58>

1. INTRODUCTION

The skincare industry in Indonesia has experienced significant growth in recent years, driven by increasing public awareness of skin health, lifestyle changes, and the growing beauty trends among young consumers (Riyadi & Adiwijaya, 2023). The rapid development of digital technology and social media has also transformed consumer purchasing behavior, particularly in the beauty and skincare sector. Data from Statista (2026) shows that Indonesia's skincare market continues to grow steadily and is projected to generate billions of dollars in revenue in the coming years, supported by increasing consumer demand and digital purchasing activities. In addition, the high use of social media platforms such as TikTok and Instagram has accelerated the growth of local skincare brands through digital marketing and online consumer engagement. One of the local skincare brands experiencing rapid growth is Somethinc, which has successfully utilized social media, beauty influencers, and digital consumer reviews to strengthen its market position among young consumers in Indonesia.

The growth of the skincare industry has encouraged the emergence of many local beauty brands competing to attract consumers through digital marketing strategies and social media engagement. One of the most popular local skincare brands in Indonesia is Somethinc, which has become one of the fastest-growing skincare brands in the local beauty industry (Riyadi & Adiwijaya, 2023). The brand's rapid growth is strongly supported

by intensive social media marketing, influencer collaborations, and active consumer interactions on digital platforms. Studies have shown that Somethinc successfully utilizes social media activities to increase consumer purchase intention and brand awareness.

The increasing use of social media platforms such as TikTok and Instagram has significantly influenced consumer purchasing behavior in Indonesia. Consumers no longer rely solely on traditional advertising, but actively seek product information through reviews, testimonials, and recommendations shared on digital platforms (Ariani et al., 2025). TikTok and Instagram have become important sources of product information because visual and interactive content can influence consumer perceptions and purchasing intentions more effectively. Research indicates that online reviews and digital content on TikTok significantly affect consumer purchasing decisions, especially among young consumers.

In the context of skincare products, *Word of Mouth* (WOM) and *electronic Word of Mouth* (e-WOM) play crucial roles in shaping consumer purchasing decisions. Skincare products are closely related to skin compatibility and product safety, causing consumers to be more careful before purchasing products. Recommendations from friends, family, beauty influencers, and online reviews are often considered more trustworthy than formal company advertisements because they are based on real user experiences. Previous studies have shown that WOM and e-WOM significantly influence consumer trust, purchase intention, and purchasing decisions toward skincare products (Nathania & Foek, 2023).

The role of e-WOM has become increasingly important with the rapid growth of beauty-related content on TikTok and Instagram. Consumers frequently access skincare tutorials, before-after reviews, product testimonials, and influencer recommendations before deciding to purchase products. Interactive digital communication allows information to spread quickly among consumers and creates stronger social influence on purchasing behavior (Fhaizyah & Hakim, 2025). Local skincare brands, including Somethinc, have actively utilized these platforms to build consumer engagement and strengthen brand image in the digital market.

Malang was selected as the research location because the city is dominated by young consumers and university students who actively use social media in their daily lives. The high intensity of social media usage among young consumers makes them highly exposed to WOM and e-WOM communication related to beauty and skincare products. This condition makes Malang a relevant context for examining how WOM influences purchasing decisions of local skincare consumers, particularly users of Somethinc products.

Although numerous studies have examined the influence of *Word of Mouth* (WOM) and *electronic Word of Mouth* (e-WOM) on consumer purchasing decisions in the skincare industry, most previous studies have predominantly employed quantitative approaches focusing on measuring statistical relationships among variables such as purchase intention, brand trust, and consumer loyalty. Studies conducted by Oktaviani & Estaswara (2022), Gunawan (2022) and H & Aditama (2026) primarily analyzed the direct influence of e-WOM on purchasing decisions using survey-based quantitative methods. Only a limited number of studies have explored WOM in the skincare industry through qualitative

approaches that deeply investigate consumers' personal experiences, perceptions, and social interactions during the purchasing decision-making process.

Furthermore, previous studies have not sufficiently explained how consumers interpret, evaluate, and internalize WOM information before deciding to purchase skincare products, particularly products involving skin compatibility, safety, and personal trust. Existing quantitative studies generally focus on the strength of variable relationships but are unable to comprehensively capture the emotional considerations, social influences, and credibility evaluations experienced by consumers when interacting with WOM and e-WOM content on digital platforms such as TikTok and Instagram. In addition, studies specifically examining Something consumers in Malang remain relatively limited, despite the city's large population of young consumers and active social media users.

Therefore, this study employs a qualitative descriptive approach to provide deeper insights into how WOM and e-WOM shape purchasing decisions through consumers' real experiences and perceptions. Unlike quantitative approaches that primarily produce statistical generalizations, this study aims to explore how consumers build trust, interpret digital reviews, evaluate product suitability, and respond to social influences before making skincare purchasing decisions. Through in-depth interviews and qualitative exploration, this study is expected to generate richer contextual understanding regarding consumer behavior and digital marketing communication in the local skincare industry.

2. LITERATURE REVIEW

Word of Mouth (WOM)

Word of Mouth (WOM) refers to interpersonal communication among consumers regarding experiences, opinions, and recommendations related to products or services. WOM usually occurs informally through conversations between friends, family members, colleagues, or social communities. In marketing studies, WOM is considered one of the most influential communication strategies because the information conveyed originates from real consumer experiences and is perceived as more trustworthy than company-generated advertisements. Consumer Behavior Theory by Kotler, P., & Keller, K. L., (2020), consumer purchasing decisions are strongly influenced by social and personal factors, including recommendations and experiences shared by others. This perspective is closely related to Consumer Behavior Theory, which explains that consumers tend to rely on social references before making purchasing decisions, especially for products involving personal risk and product suitability such as skincare products.

The role of WOM can also be understood through Social Influence Theory, which explains that individuals' attitudes and behaviors are significantly influenced by interactions with surrounding social groups. Consumers often adjust their perceptions and purchasing decisions based on opinions and experiences shared by people they trust. In the skincare industry, recommendations from friends, family, and beauty communities become highly influential because skincare products involve concerns regarding skin compatibility, safety, and effectiveness. Consumers tend to seek reassurance from other users before purchasing products in order to reduce uncertainty

and perceived risk. Therefore, WOM functions not only as a communication channel but also as a form of social influence capable of shaping consumer perceptions and behavior toward skincare products. Research by (Susanti et al., 2023) found that Word of Mouth positively influences purchasing decisions because consumers perceive recommendations from other users as more reliable than traditional promotional messages.

In the digital era, the concept of WOM has evolved into electronic Word of Mouth (e-WOM), where communication among consumers occurs through digital platforms such as TikTok, Instagram, YouTube, Shopee, and online communities. The development of e-WOM can be explained through Information Adoption Theory, which states that consumers adopt information based on its credibility, usefulness, and relevance. Consumers are more likely to trust online reviews, testimonials, and beauty influencer content when the information is considered authentic and relevant to their personal needs. Previous studies have shown that consumers actively evaluate the quality of digital information before making purchasing decisions, especially in the beauty and skincare industry where product suitability becomes an important consideration. Research by Oktaviani & Estaswara (2022) explained that e-WOM through social media significantly influences skincare purchasing decisions because consumers use online reviews as a primary source of product evaluation.

Furthermore, the influence of WOM and e-WOM on purchasing decisions can also be linked to the Theory of Planned Behavior (TPB). This theory explains that purchasing decisions are influenced by attitudes, subjective norms, and perceived behavioral control. Positive recommendations and reviews from other consumers contribute to the formation of favorable attitudes toward products and create social pressure that encourages purchasing intentions. In addition, Consumer Trust Theory emphasizes that trust plays a central role in consumer decision-making processes. Consumers who perceive WOM information as credible and honest are more likely to develop trust toward products and brands. In the context of skincare products such as Somethinc, trust becomes a critical factor because consumers seek assurance regarding product quality, safety, and compatibility with their skin conditions. Research by Gunawan (2022) found that electronic Word of Mouth significantly increases brand trust and brand image in skincare purchasing behavior.

Previous studies have consistently demonstrated that WOM and e-WOM significantly influence consumer purchasing behavior in the skincare industry. Research conducted by H & Aditama (2026) showed that electronic Word of Mouth and beauty influencers strongly influence purchasing decisions because interactive digital content can shape positive consumer perceptions toward skincare products. These findings indicate that WOM and e-WOM have become essential elements in modern digital marketing communication strategies, particularly in shaping consumer trust, purchase intentions, and purchasing decisions toward local skincare products.

Electronic Word of Mouth (e-WOM)

The development of digital technology and social media has given rise to a new form of communication known as *electronic Word of Mouth (e-WOM)*. e-WOM refers to

communication among consumers conducted through digital media such as Instagram, TikTok, YouTube, marketplaces, and various other online platforms. Unlike traditional WOM, which has a limited reach, e-WOM enables information to spread rapidly to a large number of people in a short period of time. This makes e-WOM one of the important factors in modern digital marketing strategies.

Usually, e-WOM appears in the form of product reviews, comments, ratings, testimonials, and product experience content shared by consumers through social media. This information often becomes the main reference for prospective buyers before making transactions. Consumers tend to rely on online reviews and digital recommendations because e-WOM significantly influences purchase intention by increasing trust and reducing uncertainty toward products in social commerce environments (Zhao et al., 2020). Research by Sepfiani et al., (2023) showed that e-WOM has a significant influence on purchasing decisions because it can enhance perceptions of product quality and consumer trust toward a brand. The more positive the information received by consumers, the greater the likelihood that consumers will make a purchase.

In the skincare industry, e-WOM has a very strong influence because consumers tend to seek product usage reviews before deciding to make a purchase. Video content such as skincare tutorials, before-and-after product results, and influencer reviews become sources of information considered relevant by consumers. Research by Dwiputri & Syahputra (2023) showed that e-WOM through the TikTok platform is able to increase consumers' purchase intention toward local skincare products because the visual and interactive delivery of information is considered more convincing.

Purchasing Decision

A purchasing decision is a process undertaken by consumers in determining their choice of a product or service. This process involves several stages, starting from problem recognition, information searching, evaluation of alternatives, and finally the decision to purchase a particular product. In consumer behavior theory, purchasing decisions are influenced by various factors such as personal needs, price, product quality, social environment and the information received by consumers before making a purchase.

In today's digital era, purchasing decisions are influenced not only by company promotions but also by the experiences and recommendations of other consumers. Information obtained through Word of Mouth and e-WOM becomes an important consideration because it is perceived as more authentic and based on real user experiences. Research by Rahayu & Sukaris (2024) showed that e-WOM has a significant influence on purchasing decisions because it helps consumers evaluate the quality and benefits of products before making a purchase.

In the context of skincare products, consumers' purchasing decisions tend to be influenced by their level of trust in the safety and effectiveness of the products. Consumers usually compare various reviews and recommendations before determining

which product best suits their skin needs. Therefore, *Word of Mouth* communication plays a major role in shaping consumers' confidence toward a skincare product. Research by Harsoyo & Utami (2024) showed that *electronic Word of Mouth* has a positive influence on purchasing decisions of Somethinc skincare products because it is able to enhance consumers' perceptions and trust toward the product.

Previous Studies

Various previous studies have shown that *Word of Mouth* (WOM) and *electronic Word of Mouth* (e-WOM) play important roles in influencing consumers' purchasing decisions, particularly in beauty and skincare products. Research by Moenardy & Winarni (2022) found that *Word of Mouth* significantly influences purchasing decisions among skincare consumers because recommendations from other users are considered more trustworthy than company promotions. Consumers tend to use the experiences of other users as their primary source of reference before purchasing a product. In addition to direct WOM, the development of social media has also strengthened the influence of *electronic Word of Mouth* in consumer decision-making processes. Research by Oktaviani & Estaswara (2022) showed that e-WOM through social media influences skincare purchasing decisions because user reviews and comments help consumers evaluate product quality before making a purchase.

Research by Gunawan (2022) also explained that *electronic Word of Mouth* is able to improve *brand image* and *brand trust*, thereby influencing skincare consumers' purchasing decisions. Furthermore, Tehuayo & Darso (2022) found that *electronic Word of Mouth* has a significant influence on purchasing decisions because digital information disseminated through social media is considered more accessible and relevant to the needs of modern consumers.

Recent research by H & Aditama (2026) also showed that *electronic Word of Mouth* and beauty influencers have a strong influence on skincare product purchasing decisions because they are able to shape positive consumer perceptions through interactive and informative digital content. Based on these various studies, it can be understood that WOM and e-WOM are important factors in shaping skincare consumers' purchasing decisions. However, most previous studies still employed quantitative approaches focusing on the relationships between variables. Research that deeply explores consumers' experiences and perceptions regarding how *Word of Mouth* shapes purchasing decisions through a qualitative approach remains relatively limited. Therefore, this study was conducted to explore more deeply the role of *Word of Mouth* in shaping purchasing decisions of Somethinc products among consumers in Malang.

Research Gap

Based on various previous studies, it is known that *Word of Mouth* (WOM) and *electronic Word of Mouth* (e-WOM) have a significant influence on consumers' purchasing decisions, particularly in skincare products. Most previous studies focused on measuring the relationships between variables using quantitative approaches, such as the influence of e-WOM on purchase intention, purchasing decisions, *brand image*, and *brand trust*. These studies mainly emphasized the magnitude of variable influence through statistical analysis, and therefore were not able to describe in depth how the process of *Word of*

Mouth is formed and received by consumers in real-life situations.

In addition, previous studies generally positioned consumers as objects of measurement rather than as subjects whose experiences and perceptions were explored in depth. In fact, in the context of skincare products, purchasing decisions are influenced not only by product information but also by personal experiences, trust levels, skin compatibility, and social influences from surrounding environments and digital media. Therefore, a more exploratory approach is needed to understand how *Word of Mouth* shapes consumers' beliefs and purchasing decisions before buying skincare products.

On the other hand, studies specifically examining Somethinc products using a qualitative approach are still relatively limited, especially in the context of consumers in Malang. In fact, Malang has consumer characteristics dominated by young people and university students who actively use social media as a source of beauty product information. Therefore, this study seeks to fill this research gap by exploring more deeply how *Word of Mouth*, both direct and digital, shapes purchasing decisions of Somethinc products among consumers in Malang through a qualitative exploratory approach.

The Role of Word of Mouth in Shaping Purchasing Decisions of Somethinc Products

Word of Mouth (WOM) plays an important role in shaping purchasing decisions of Somethinc products in Malang. In the context of this study, WOM is understood as the process of delivering information, experiences, and recommendations among consumers regarding Somethinc products, both directly and through digital media. Information obtained from friends, family, colleagues, and social media becomes one of the main considerations for consumers before deciding to purchase skincare products. In Malang City, the role of WOM becomes even stronger because the consumer characteristics are dominated by young people and university students who actively interact within social environments and digital media. Consumers tend to share experiences regarding skincare product usage, especially related to product quality, skin compatibility, product benefits, and results after usage. Recommendations from familiar people are considered more trustworthy because they come from real experiences and are not formal in nature like company advertisements.

In addition to direct communication, electronic Word of Mouth (e-WOM) also plays a major role in shaping purchasing decisions of Somethinc products in Malang City. Consumers obtain a great deal of information through TikTok, Instagram, Shopee, and various other digital platforms in the form of product reviews, comments, ratings, and beauty influencer content. Such information helps consumers recognize products, understand product benefits, and evaluate product quality and safety before making a purchase.

The role of WOM in this study is also reflected in the process of building consumer trust. Skincare products carry the risk of skin incompatibility, causing consumers to seek

references from other users before trying new products. When consumers receive many positive recommendations about Somethinc, a perception emerges that the product is

safe, high-quality, and worth using. These positive perceptions then influence purchase intention and ultimately consumers' purchasing decisions.

Besides shaping initial purchasing decisions, WOM also plays a role in creating customer loyalty and the further dissemination of information. Consumers who are satisfied after using Somethinc products tend to share their experiences with others, both through direct conversations and social media. This causes WOM to continue developing and become an indirect promotional medium capable of expanding the market reach of Somethinc products in Malang City.

Thus, the role of Word of Mouth in this study is viewed not only as a medium for delivering information, but also as a factor that shapes consumers' perceptions, trust, purchase intentions, and purchasing decisions toward Somethinc products. WOM becomes one of the most effective marketing communication strategies because it is able to influence consumer behavior through real experiences and social interactions among skincare product users.

Conceptual Framework

Based on theories and previous studies, the conceptual framework of this research can be described as follows:

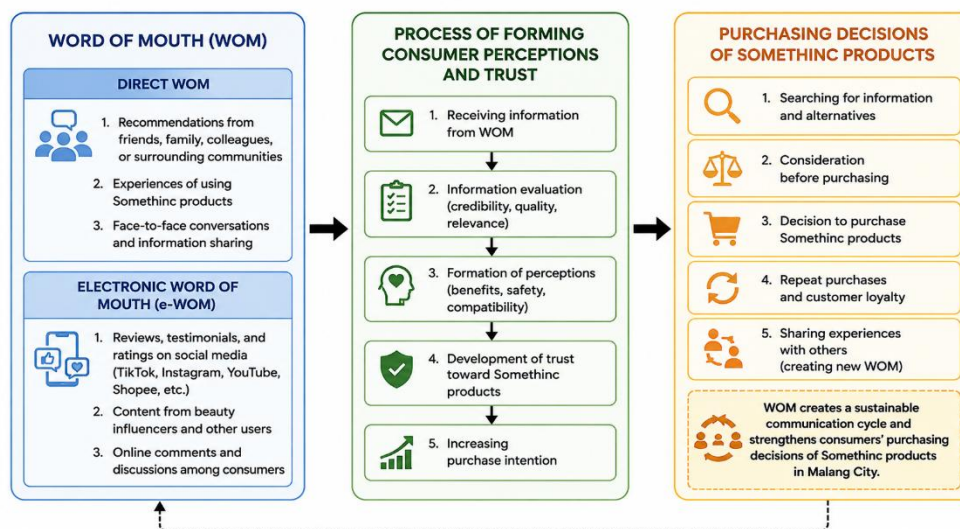


Figure 1. Proposed Conceptual Framework

This conceptual framework illustrates that *Word of Mouth* (WOM) acts as the primary source of information obtained by Somethinc consumers in Malang, both through direct communication and *electronic Word of Mouth* (e-WOM) on digital media. The information received by consumers is then evaluated based on its credibility, quality, and relevance, thereby shaping perceptions regarding the product's benefits, safety, and suitability. These positive perceptions will build consumer trust toward Somethinc products and encourage an increased intention to purchase.

When purchase intention becomes stronger, consumers will go through the purchasing decision process starting from information searching, consideration, and finally the act of purchasing. Positive experiences after the purchase not only create repeat purchases and customer loyalty, but also encourage consumers to share their experiences with others, allowing WOM to be formed again and creating a continuous communication cycle. This cycle strengthens the influence of WOM in shaping purchasing decisions of Somethinc products in Malang.

3. METHODOLOGY

This study employed a qualitative approach with a descriptive-exploratory research design. A qualitative approach was chosen because this study aims to gain a deeper understanding of how *Word of Mouth* (WOM) and *electronic Word of Mouth* (e-WOM) shape purchasing decisions of Somethinc consumers in Malang. Through this approach, the researcher was able to explore consumers' experiences, perceptions, and viewpoints regarding the information they received before purchasing skincare products. The descriptive-exploratory design was used to provide a comprehensive understanding of the social phenomena related to consumer purchasing behavior in the digital era.

This study employed a qualitative approach with a descriptive-exploratory research design. A qualitative approach was selected because this study aimed to gain an in-depth understanding of how *Word of Mouth* (WOM) and *electronic Word of Mouth* (e-WOM) shape purchasing decisions of Somethinc consumers in Malang. Qualitative research is considered appropriate for exploring and understanding the meanings individuals or groups ascribe to social phenomena and human problems (Creswell, J. W., & Poth, C. N., 2018). Through this approach, the researcher was able to explore consumers' experiences, perceptions, and interpretations regarding the information they received before purchasing skincare products. The descriptive-exploratory design was considered appropriate because it allows a deeper exploration of social interactions and consumer behavior related to digital marketing communication in the skincare industry.

The research was conducted in Malang City because the city is dominated by young consumers and university students who actively use social media platforms such as TikTok and Instagram as sources of beauty product information. The informants in this study consisted of 12 consumers of Somethinc products selected through purposive sampling techniques. The participants consisted of 9 female consumers and 3 male consumers aged between 19–27 years old. The inclusion criteria required informants to have used Somethinc skincare products for at least three months, purchased the products more than twice, actively accessed skincare-related information through social media, and obtained information regarding Somethinc products through direct WOM communication or e-WOM on digital platforms. Purposive sampling was considered appropriate because it enabled the researcher to select participants who possessed relevant experiences and information related to the research objectives.

The recruitment process was conducted gradually until the data reached saturation. Data saturation was identified when additional interviews no longer produced new information, themes, or perspectives related to the role of WOM and e-WOM in purchasing decisions. The variation in gender, age, and frequency of product usage was intended to obtain diverse perspectives regarding consumer experiences and social influences in skincare purchasing behavior.

The profile of informants involved in this study is presented in Table 1.

Table 1. Profile of Informants

Informant	Gender	Age	Duration of Use	Purchase Frequency	Main Source Information
I1	Female	21	8 months	4 times	TikTok
I2	Female	22	1 year	5 times	FriendRecommendation
I3	Male	24	6 months	3 times	Instagram
I4	Female	20	5 months	3 times	TikTok
I5	Female	23	1 year	6 times	Shopee Reviews
I6	Female	21	7 months	4 times	Beauty Influencer
I7	Male	24	9 months	4 times	TikTok
I8	Female	24	4 months	2 times	Instagram
I9	Female	24	1 year	5 times	TikTok
I10	Female	24	2 years	8 times	Friend Recommendation
I11	Male	24	10 months	4 times	Instagram
I12	Female	24	6 months	3 times	TikTok

Source: Processed by The Researcher, 2026

Data collection techniques were conducted through in-depth interviews, observation, and documentation. In-depth interviews were used to explore consumers' experiences and perceptions regarding the influence of WOM and e-WOM on purchasing decisions of Somethinc products. Observation was conducted to examine consumer behavior and communication activities related to skincare products both directly and through social media platforms. Documentation was used as supporting data in the form of screenshots of product reviews, social media comments, and digital content related to Somethinc products.

Data analysis employed an interactive analysis model consisting of data reduction, data presentation, and conclusion drawing (Miles, M. B., Huberman, A. M., & Saldaña, J., 2014). Data reduction was conducted by selecting and simplifying interview data according to the focus of the study. The data were then presented in descriptive narrative form to facilitate understanding of patterns and relationships among the information obtained. The final stage involved drawing conclusions to identify meanings and findings regarding the role of WOM and e-WOM in shaping purchasing decisions of Somethinc consumers in Malang City.

To ensure data validity and reliability, this study applied source triangulation and technique triangulation. Source triangulation was conducted by comparing information obtained from several informants with different backgrounds and experiences in using Somethinc products. Meanwhile, technique triangulation was carried out by comparing

data obtained from interviews, observations, and documentation to ensure consistency and accuracy. Through these validation techniques, the study was expected to produce credible and in-depth findings regarding consumer purchasing behavior toward local skincare products

4. RESULTS

The findings of this study indicate that *Word of Mouth* (WOM) and *electronic Word of Mouth* (e-WOM) play important roles in shaping purchasing decisions of Somethinc consumers in Malang. Most informants stated that they first became familiar with Somethinc products through recommendations from friends, family members, classmates, and social communities. Informants explained that interpersonal recommendations were considered more trustworthy because they originated from direct user experiences. One informant stated: “I first knew about Somethinc from my friends because many of them recommended the product and shared their positive experiences after using it.” (Informant 3). This finding indicates that WOM functions as an initial communication channel that introduces consumers to skincare products and creates early interest in purchasing decisions.

In addition to direct communication, the study found that *electronic Word of Mouth* (e-WOM) through social media platforms had a significant influence on consumer perceptions toward Somethinc products. Most informants admitted that they actively searched for product reviews through TikTok, Instagram, Shopee, and YouTube before purchasing skincare products. Review videos, product ratings, skincare tutorials, and beauty influencer content became important references for consumers in evaluating product quality and suitability. One informant explained: “I trusted Somethinc because many TikTok users shared positive reviews about its suitability for sensitive skin.” (Informant 7)

Another informant also stated:

“Before buying the product, I usually watched several skincare reviews on TikTok and Instagram to compare the results from different users.” (Informant 5). These findings demonstrate that e-WOM plays a major role in shaping consumer trust and perceptions through visual and interactive digital communication.

The results also reveal that consumers tend to evaluate the credibility and relevance of information before making purchasing decisions. Informants explained that they did not immediately trust a single source of information but instead compared various reviews from different social media platforms and users. Consumers were more likely to trust reviews that were detailed, honest, and relevant to their skin conditions. One participant mentioned: “I prefer reviews from users who have the same skin type as me because their experiences feel more convincing and realistic.” (Informant 8). This finding suggests that the credibility and relevance of information are important factors influencing consumer confidence in skincare products.

Furthermore, the study found that WOM and e-WOM significantly contribute to the formation of consumer trust toward Somethinc products. Recommendations and positive experiences shared by other users reduced consumers’ uncertainty regarding product

safety and effectiveness. Since skincare products involve compatibility with personal skin conditions, consumers tend to seek reassurance before purchasing products. One informant explained: “I was initially afraid of trying new skincare products, but after reading many positive reviews and recommendations, I became more confident to use Somethinc.” (Informant 2). This finding indicates that WOM not only functions as a source of information but also as a mechanism for reducing perceived risk in consumer decision-making.

The findings further show that visual digital content strongly influences consumers’ purchase intentions. Informants stated that skincare tutorials, before-after content, and product demonstrations on social media platforms increased their interest in purchasing Somethinc products. Interactive content enabled consumers to better understand product usage and expected results. One participant stated: “Tutorial videos and before-after skincare content on TikTok made me more confident to try Somethinc products.” (Informant 9). These findings highlight the important role of digital communication in influencing modern consumer behavior, particularly among young consumers who actively use social media platforms.

In addition to influencing initial purchasing decisions, WOM and e-WOM were also found to contribute to repeat purchases and consumer loyalty. Informants who experienced positive results after using Somethinc products tended to repurchase the products and share their experiences with others. Several participants actively uploaded product reviews and recommendations through social media platforms. One informant explained: “After using Somethinc and getting good results, I recommended it to my friends and uploaded my review on Instagram.” (Informant 11). This finding suggests that satisfied consumers not only become repeat buyers but also become promoters who continuously create new WOM communication.

Overall, the results demonstrate that WOM and e-WOM are important factors influencing consumer perceptions, trust, purchase intentions, and purchasing decisions toward Somethinc products. In the context of Malang City, where young consumers actively engage with social media, interpersonal communication and digital reviews strongly shape consumer behavior toward local skincare products. These findings indicate that WOM has evolved beyond traditional communication and has become an essential component of digital marketing strategies in the skincare industry.

5. DISCUSSION

The results of this study indicate that *Word of Mouth* (WOM) plays an important role in shaping purchasing decisions of Somethinc products among consumers in Malang. Consumers tend to obtain initial information about the products through recommendations from friends, family, and their closest social environment before making a purchase. These recommendations are considered more trustworthy because they come from real user experiences rather than company promotions. The findings of this study are consistent with the research conducted by Moenardy & Winarni (2022), which stated that *Word of Mouth* has a significant influence on purchasing decisions because interpersonal communication is able to increase consumers’ trust in the recommended products.

In addition to direct WOM, this study also found that electronic Word of Mouth (e-WOM) through social media had a very large influence on shaping consumer perceptions. Consumers tended to trust skincare information shared through TikTok, Instagram, and online reviews when the information was considered credible and relevant to their personal skin conditions. This finding is consistent with previous studies showing that social media information credibility significantly influences consumers' purchase intentions toward skincare products (Ranjith et al., 2025). Most informants admitted that they obtained information about Somethinc products through TikTok, Instagram, Shopee, and other digital platforms. Content such as product reviews, skincare tutorials, and user testimonials was considered helpful for consumers in understanding the quality and benefits of the products before making a purchase. These findings support the study conducted by Oktaviani & Estaswara (2022), which explained that *electronic Word of Mouth* influences purchasing decisions because consumers use digital reviews as the main reference source in evaluating skincare products.

This study also shows that consumers do not immediately trust a single source of information, but instead evaluate the credibility and quality of the information they receive. Consumers tend to compare various reviews before making purchasing decisions. Information considered honest, detailed, and relevant to their skin conditions becomes the most trusted source of information. This indicates that information credibility is an important factor in shaping consumers' confidence toward skincare products. These findings are in line with the study conducted by Gunawan (2022), which stated that *electronic Word of Mouth* is able to enhance *brand trust* and *brand image* because consumers place greater trust in real user experiences than in formal company promotions.

Besides influencing initial purchasing decisions, this study found that WOM also plays a role in creating consumer loyalty toward Somethinc products. Consumers who are satisfied with product quality tend to make repeat purchases and share their positive experiences with others through direct conversations and social media. Thus, WOM creates a continuously developing communication cycle among consumers. These findings support the study conducted by Tehuayo & Darso (2022), which explained that *electronic Word of Mouth* has a significant influence on repurchase behavior because positive consumer experiences encourage the formation of new recommendations to other potential consumers.

Overall, the results of this study indicate that WOM and e-WOM are important factors in shaping consumers' perceptions, trust, purchase intentions, and purchasing decisions toward local skincare products. In the context of Malang, which is dominated by young people and active social media users, communication among consumers has been proven to have a strong influence on consumer behavior. These findings are also consistent with the study conducted by H & Aditama (2026), which showed that *electronic Word of Mouth* and beauty influencers are able to shape positive consumer perceptions toward skincare products through interactive and informative digital content. Therefore, skincare companies should not only focus on product quality, but also pay attention to consumer experiences and digital communication strategies that are capable of creating positive WOM within society.

6. CONCLUSION

This study concludes that *Word of Mouth* (WOM) and *electronic Word of Mouth* (e-WOM) play important roles in shaping purchasing decisions of Somethinc consumers in Malang. Recommendations from friends, family, beauty influencers, and online reviews significantly influence consumer perceptions, trust, and purchase intentions toward skincare products.

The findings also show that social media platforms such as TikTok and Instagram have become important channels for digital skincare marketing. Review content, skincare tutorials, and user testimonials help consumers evaluate product quality, safety, and suitability before making purchasing decisions. Positive consumer experiences further encourage repeat purchases and continuous WOM communication among consumers.

Theoretically, this study contributes to consumer behavior and digital marketing literature by providing a qualitative understanding of how WOM and e-WOM influence skincare purchasing decisions. Practically, the findings imply that skincare companies should strengthen authentic digital communication, encourage positive consumer reviews, and optimize social media engagement to build consumer trust and loyalty.

Future research is recommended to examine WOM and e-WOM in different cities, demographic groups, or other local skincare brands using broader qualitative or mixed-method approaches. Further studies may also explore the influence of influencer credibility and consumer trust on digital purchasing behavior in the beauty industry

7. REFERENCES

- Ariani, W. V., Amin, N. H. A., & Wulandari, F. (2025). The Influence Of Price Discount, Hedonic Motivation, And E-Wom On Impulsive Buying Of Fashion Products. *Journal Of Management : Small And Medium Enterprises (Smes)*, 18(1), 227–247. <https://doi.org/10.35508/Jom.V18i1.15563>
- Creswell, J. W., & Poth, C. N. (2018). *Qualitative Inquiry And Research Design: Choosing Among Five Approaches*. (4th Ed.). Sage Publications, Inc.
- Dwiputri, A. L., & Syahputra, S. (2023). Minat Beli Skincare: Peran Electronic Word Of Mouth Di Tiktok. *Jurnal Manajemen Maranatha*, 22(2), 217–226. <https://doi.org/10.28932/Jmm.V22i2.6399>
- Fhaizyah, W. A., & Hakim, L. (2025). Komunikasi Pemasaran Terpadu Pada Brand Skincare Lokal: Analisis Komparatif Camille Beauty Dan Somethinc Di Instagram Dan Tiktok. *Mukasi: Jurnal Ilmu Komunikasi*. https://www.journal.yp3a.org/index.php/mukasi/article/view/5054?utm_source=chatgpt.com
- Gunawan, D. G. (2022). Pengaruh Label Halal, Electronic Word Of Mouth Dan Kualitas Produk Terhadap Keputusan Pembelian Skincare Safi Melalui Brand Image Dan Brand Trust. *Jurnal Ilmiah Ekonomi Islam*, 8(1), 815–824. <https://doi.org/10.29040/Jiei.V8i1.4508>

- H, S. N., & Aditama, R. R. A. (2026). Pengaruh Beauty Influencer, Digital Marketing, Dan Electronic Word Of Mouth Terhadap Keputusan Pembelian Produk Skincare Skintific. *Jurnal Ilmiah Ekonomi Dan Manajemen*, 4(4), 421–435. <https://doi.org/10.61722/Jiem.V4i4.9416>
- Harsoyo, T. D., & Utami, D. S. (2024). Pengaruh Country Of Origin, Brand Image, Electronic Word Of Mouth, Dan Celebrity Endorser Terhadap Keputusan Pembelian Konsumen Produk Skincare Somethinc. *Journal Of Indonesian Economic Research*, 2(1), 29–44. <https://doi.org/10.61105/Jier.V2i1.94>
- Kotler, P., & Keller, K. L. (2020). *Marketing Management* (16th Ed). Pearson Education.
- Miles, M. B., Huberman, A. M., & Saldaña, J. (2014). *Qualitative Data Analysis: A Methods Sourcebook* (3rd Ed.). Sage Publications, Inc.
- Moenardy, K. K., & Winarni, F. S. C. (2022). Pengaruh Word Of Mouth Dan Servicescape Terhadap Keputusan Pembelian. *Journal Of Management : Small And Medium Enterprises (Smes)*, 15(3), 495–514. <https://doi.org/10.35508/Jom.V15i3.6426>
- Nathania, D., & Foek, L. A. (2023). The Impact Of Electronic Word Of Mouth (E-Wom) On Consumer's Purchase Intention Towards Local Skincare Brand With Brand Image As The Mediator: A Case Of Somethinc. *Ibuss Management*, 11(1). <https://publication.petra.ac.id/index.php/ibm/article/view/13301>
- Oktaviani, B. R., & Estaswara, B. H. (2022). Pengaruh Electronic Word Of Mouth (Ewom) Di Media Sosial Twitter @Avoskinbeauty Terhadap Keputusan Pembelian Avoskin. *Publish: Basic And Applied Research Publication On Communications*, 1(1), 10–24. <https://doi.org/10.35814/Publish.V1i1.3492>
- Rahayu, P. D., & Sukaris, S. (2024). Analysis Of Electronic Word Of Mouth (E-Wom), Price, And Product Quality On Purchase Decisions At Skintific. *Jurnal Ekonomi*, 13(01), 633–642. <https://doi.org/10.54209/Ekonomi.V13i01.3660>
- Ranjith, P., Nisansala, S., Jayasingha, N., Weerasekara, K., Wisenthige, K., & Dayapathirana, N. (2025). Does Social Media Information Credibility Influence Social Commerce Purchase Intention Of Skincare Products? Evidence From Facebook. *Plos One*, 20(10), E0334126. <https://doi.org/10.1371/Journal.Pone.0334126>
- Riyadi, A. I., & Adiwijaya, K. (2023). The Effect Of Social Media Activities On Purchase Intention Study On Somethinc, A Local Skincare Brand In Indonesia. *Jpbm (Jurnal Pendidikan Bisnis Dan Manajemen)*, 9(3), 261–274. <https://doi.org/10.17977/Um003v9i32023p251>
- Sepfiani, P., Nst, M. L. I., & Harahap, M. I. (2023). Impact Of Electronic Word-Of-Mouth, Product Quality, And Brand Image On Purchasing Decisions In The Skincare Industry. *Journal Of Enterprise And Development (Jed)*, 5(Special-Issue-1), 318–338.

- Statista Market Forecast. (2026). Skin Care—Indonesia. Statista. Statista. <https://www.statista.com/outlook/cmo/beauty-personal-care/skin-care/indonesia>
- Susanti, I. D., Waru, A. P. D. T., & Janah, Y. (2023). Pengaruh Word Of Mouth Terhadap Keputusan Pembelian Produk Natasha Skin Care Jakarta Pusat. *Jurnal Administrasi Bisnis*, 3(1), 28–31. <https://doi.org/10.31294/Jab.V3i1.2020>
- Tehuayo, E., & Darso, S. B. E. D. (2022). Pengaruh Electronic Word Of Mouth, Experiential Marketing Dan Store Personality Terhadap Keputusan Pembelian Di Toko Buku Gramedia. *Jurnal Pendidikan Dan Konseling (Jpdk)*, 4(6), 3663–3674. <https://doi.org/10.31004/Jpdk.V4i6.8816>
- Zhao, Y., Wang, L., Tang, H., & Zhang, Y. (2020). Electronic Word-Of-Mouth And Consumer Purchase Intentions In Social E-Commerce. *Electronic Commerce Research And Applications*, 41, 100980. <https://doi.org/10.1016/J.Elerap.2020.100980>



The Influence of Host Attractiveness, Interactivity, and Perceived Enjoyment on Impulse Buying Behavior among Live Streaming Commerce Users in Kendari, Indonesia

Muhamad Ridhayantho^{1*},
Ramadhan Oktavian
ANP²

¹Faculty of Economic and
Business, Institut Dharma
Bharata, Indonesia

²Faculty of Economic,
Brawijaya University,
Malang, 65144, Indonesia

*Corresponding Author
E- mail:
ridhayantho07@gmail.com

ABSTRACT

The rapid development of live-streaming commerce has transformed online shopping by integrating real-time product demonstrations, entertainment, social interaction, and purchasing activities within digital platforms. This study aims to examine the influence of host attractiveness, interactivity, and perceived enjoyment on impulse buying behavior among live-streaming commerce users in Kendari, Indonesia. A quantitative research approach was employed using primary data collected through questionnaires distributed to 100 respondents who had purchased products through TikTok Shop or Shopee Live. Respondents were selected using purposive sampling based on specific criteria, including being at least 17 years old and having purchased products through live-streaming commerce within the previous six months. The data were analyzed using IBM SPSS Statistics through descriptive analysis, validity and reliability testing, classical assumption tests, and multiple linear regression analysis. The findings indicate that host attractiveness does not have a significant effect on impulse buying behavior, as demonstrated by a t-value of 1.543 and a significance value of 0.126. Similarly, interactivity does not significantly influence impulse buying behavior, with a t-value of 1.419 and a significance value of 0.159. In contrast, perceived enjoyment has a positive and significant effect on impulse buying behavior, with a t-value of 4.814 and a significance value of 0.001. These findings indicate that consumers' pleasurable, entertaining, and emotionally engaging experiences are more influential in stimulating spontaneous purchases than host attractiveness or direct interaction. The study contributes to the literature on live-streaming commerce and provides practical implications for online sellers and marketers to prioritize enjoyable and engaging content strategies to encourage impulse buying.

Keywords: Live-Streaming Commerce, Host Attractiveness, Interactivity, Perceived Enjoyment, Impulse Buying Behavior

| Received July 2026 | Accepted July 2026 | Available Online August 2026 |

| DOI: <https://doi.org/10.64530/ijbams.v2i2.61>

1. INTRODUCTION

Digital technology has changed the way people consume information, connect and conduct economic activities. In recent years digitalization has led to the growth of e-commerce and the introduction of a number of new innovations in digital marketing. One fast emerging innovation is live streaming commerce (LSC), which is a sales activity that integrates live streaming, social interaction, and purchasing transaction on a single digital platform. Live streaming commerce enables consumers to view live product demonstrations, interact with sellers in real-time and make purchases without leaving the platform. This leads to a more interactive shopping experience than traditional e-commerce (Mutmainah & Nadlifatin, 2026).

The growth of live streaming commerce is supported by the increasing use of internet and social media in Indonesia. The Digital 2025 report notes that Indonesia has approximately 212 million internet users, with a penetration rate of 74.6% of the total population, and about 143 million social media user identities at the start of 2025 (Simon Kemp, 2025). These results identify that Indonesian society is digitally integrated and has a broad network of various social media platforms that support digital trading activities.

Social media has evolved from a mere communication tool to a potent marketing and transactional platform. The availability of live streaming functionalities on platforms like TikTok, Shopee Live, Instagram Live, and Facebook Live enables companies and business entities to engage directly with prospective consumers. This feature enables users to view products in greater detail, pose inquiries directly, obtain recommendations from hosts, and access numerous limited-time special offers. This scenario fosters a more dynamic buying environment and promotes heightened consumer engagement relative to conventional e-commerce models (Zhu & Vijayan, 2025).

A prevalent phenomena in live streaming business is impulse purchasing behavior. Impulse buying refers to a spontaneous purchasing decision made without prior forethought, typically prompted by emotional impulses encountered during the shopping experience. In live streaming commerce, aspects like limited-time incentives, real-time interactions, product demos, and an entertaining ambiance can stimulate impulsive consumer purchases. Prior study indicates that the live streaming setting can enhance impulse buying inclinations, as consumers are exposed to multiple marketing stimuli concurrently during the program (Septiyani & Hadi, 2024).

The phenomena of impulse buying is gaining prominence as it substantially enhances sales in social commerce. Recent research indicate that real-time interactions and immersive experiences during live streaming significantly influence the development of impulse buying behavior. Moreover, live shopping formats that integrate entertainment with transactional components have demonstrated an enhancement in consumer involvement and the facilitation of prompt purchasing decisions (Huo et al., 2023).

In a live streaming commerce context, host beauty is considered a characteristic that influences impulse purchasing. The host is the individual who facilitates the live broadcast and serves as the primary intermediary between sellers and consumers. Hosts possessing an appealing look, proficient communication skills, amiable expressions, and the ability to foster intimacy with the audience are generally more effective in influencing customer behavior. Recent research indicates that the appeal of the streamer or host significantly enhances consumer engagement during live streaming and affects their purchasing decisions.

In addition to host appeal, interactivity is the primary feature that distinguishes live streaming commerce from conventional e-commerce. Interactivity denotes the capacity of consumers to engage directly with the host via comment functionalities, question-and-answer sessions, or real-time responses during the show. An elevated degree of interactivity can enhance the perception of social presence, foster a more intimate connection between consumers and hosts, and augment consumer engagement in the purchasing process. Numerous studies indicate that involvement positively influences consumer experience during live streaming and enhances impulse purchasing tendencies (Nailil Muna & Setyawan, 2024).

Another important factor is perceived enjoyment, which is the feeling of happiness consumers experience when watching live streaming. In some cases, consumers who participate in live streaming not only purchase products but also want to learn more about them, and some simply do it to fill their free time. When consumers feel they have gained information about a product or feel happier after participating in live streaming, this will trigger a positive emotional response that can lead to spontaneous purchasing intentions or decisions. Recent findings have found that perceived enjoyment has a positive influence on impulse buying in the context of live streaming shopping and social commerce (Agustintia & Putra, 2024) .

Live streaming has grown rapidly, prompting many researchers to become interested in conducting research related to live streaming on social media, particularly TikTok. Research examining host attractiveness, interactivity, and perceived enjoyment on impulse buying behavior in eastern Indonesia is still relatively limited. Indonesia is one of the countries with a relatively high rate of digital transformation, and eastern Indonesia is no exception, with its rapidly increasing digital development (Simon Kemp, 2025) media, especially Tiktok, is growing quite rapidly throughout Indonesia, this is also happening in the city of Kendari, the capital of Southeast Sulawesi Province. TikTok social media is a social media that collaborates with Tokopedia ecommerce where they provide yellow basket services and live streaming for selling, this is of interest to the public, especially the people of Kendari city. There is still very limited research that addresses impulse buying carried out on live streaming on TikTok social media.

Based on this description, this research aims to analyze the influence of host attractiveness, interactivity, and perceived enjoyment on impulse buying behavior among TikTok Shop and Shopee Live users in Kendari City, Southeast Sulawesi. It is hoped that this research can contribute to the development of literature regarding live streaming commerce and digital consumer behavior, as well as provide input for business actors in designing more effective live streaming strategies to increase sales through impulse purchases.

2. LITERATURE REVIEW

Live Streaming Commerce

To integrate live streaming, digital platforms are innovating by collaborating with e-commerce platforms. What differentiates them from traditional e-commerce platforms is the ease of live streaming (LSC), allowing consumers to interact directly during the live stream. LSC is characterized by direct communication, immediate product knowledge, and quick consumer feedback (Xu et al., 2021). This enhances the engaging experience. E-commerce is growing rapidly, as evidenced by the shift in shopping patterns from simply viewing product photos to live streaming. LSC is a tool to enhance the consumer experience and thus influence purchasing decisions. Consumer experiences can be positive experiences that can build positive emotions in consumers (Zhu & Vijayan, 2025).

Impulse Buying Behavior

Impulse buying behavior refers to a consumer's tendency to make spontaneous and unplanned purchase decisions without prior intention. This behavior is generally characterized by a sudden urge to purchase a product immediately, often driven by emotional reactions rather than careful cognitive evaluation. In digital shopping environments, impulse buying has become increasingly prevalent as consumers are frequently exposed to various persuasive stimuli that can trigger immediate purchase decisions (Huo et al., 2023).

Within the context of live streaming commerce, impulse buying behavior has attracted considerable attention because live-streaming platforms provide a highly interactive shopping environment that combines entertainment, social interaction, and real-time product presentation. Through live demonstrations, instant communication with hosts, and limited-time promotional offers, consumers may experience heightened emotional arousal and a stronger desire to purchase products without extensive deliberation (Wang et al., 2025).

Recent studies have demonstrated that live-streaming features significantly contribute to impulse buying tendencies. Factors such as scarcity messages, flash sales, fear of missing out (FoMO), and interactive communication between streamers and viewers have been found to encourage consumers to make immediate purchasing decisions ((Adyantari et al., 2025). Additionally, customer engagement, trust, and emotional arousal generated during live-streaming sessions have been identified as important mechanisms that strengthen impulse buying behavior among online consumers (Rizqi Adha et al., 2025).

Therefore, impulse buying behavior is widely recognized as a key outcome variable in live-streaming commerce research because it reflects consumers' spontaneous reactions to the dynamic, interactive, and emotionally engaging shopping environment created by live-streaming platforms. Understanding the determinants of impulse buying behavior is essential for explaining consumer decision-making processes and developing effective digital marketing strategies in the rapidly growing live commerce industry.

Host Attractiveness

Host attractiveness refers to the extent to which a live-streaming host is perceived as appealing, engaging, and capable of attracting viewers' attention during a live commerce session. In the context of live streaming, attractiveness extends beyond physical appearance and includes characteristics such as communication competence, confidence, charisma, expertise, and the ability to establish a positive connection with audiences. These attributes help create a favorable impression and enhance consumers' receptiveness to information delivered by the host.

The concept of host attractiveness is commonly explained through Source Attractiveness Theory, which suggests that individuals are more likely to be influenced by communicators they perceive as attractive, likable, and relatable. When consumers view a host as appealing and trustworthy, they tend to pay greater attention to product

information and are more willing to accept recommendations provided during live-streaming sessions (Xu et al., 2021). As a result, the host plays a crucial role in shaping consumers' attitudes and behavioral responses toward promoted products.

In live-streaming commerce, hosts serve as intermediaries between sellers and consumers by presenting product information, demonstrating product usage, and interacting directly with viewers. Attractive hosts can create a more enjoyable and entertaining shopping experience, which encourages viewers to remain engaged throughout the session. Research has shown that host attractiveness positively influences consumers' emotional responses, perceived enjoyment, and engagement during live-streaming activities (Septiyani & Hadi, 2024)

Recent studies have also highlighted the importance of host attractiveness in stimulating consumer purchasing behavior. Hosts who demonstrate enthusiasm, authenticity, and strong communication skills are more likely to increase consumers' trust and purchase intentions. Furthermore, attractive and interactive hosts can create emotional connections with viewers, which may encourage spontaneous purchasing decisions and increase impulse buying tendencies in live commerce environments (Wu et al., 2024)

Therefore, host attractiveness is recognized as an important antecedent in live-streaming commerce research because it contributes to consumers' positive shopping experiences, enhances emotional engagement, and influences purchasing decisions during live-streaming sessions.

Interactivity

Interactivity is the level of two-way communication that occurs between the host and consumers during live streaming. Interactivity is one of the main characteristics that differentiates live streaming commerce from traditional e-commerce (Fajar & Bambang Widjanarko Otok, 2024).

According to Social Presence Theory, high interaction can increase the perception of social presence so that consumers feel closer to the host and community involved in live streaming. These conditions can increase trust, engagement and a more enjoyable shopping experience. This research also shows that perceived enjoyment is able to mediate the relationship between interactivity and impulse buying. Similar results were found in other studies which stated that consumers were more likely to make impulse purchases when they could interact directly with the host through comments features or question and answer sessions (Zhang, 2025).

Perceived Enjoyment

Perceived enjoyment is the level of pleasure that consumers feel when using a system or participating in an activity without considering the functional benefits obtained. In the context of live streaming commerce, perceived enjoyment arises when consumers feel entertained, comfortable, and enjoy the experience while watching live broadcasts.

The concept of perceived enjoyment is widely used in the Technology Acceptance Model (TAM) to explain the behavior of digital technology users. Consumers who have positive

experiences tend to show higher levels of engagement and have a greater likelihood of making a purchase (Zhu & Vijayan, 2025).

Research by (Jiang et al., 2024) shows that perceived enjoyment has a positive influence on impulse buying behavior in live streaming shopping. The research results of (Agustintia & Putra, 2024) also found that perceived enjoyment had a significant effect on impulsive buying among live shopping users. In addition, recent research shows that pleasant visual experiences and social interactions during live streaming can increase perceived enjoyment which ultimately encourages impulse buying

Conceptual Framework

Based on the literature review above, the following hypotheses can be drawn for this study:

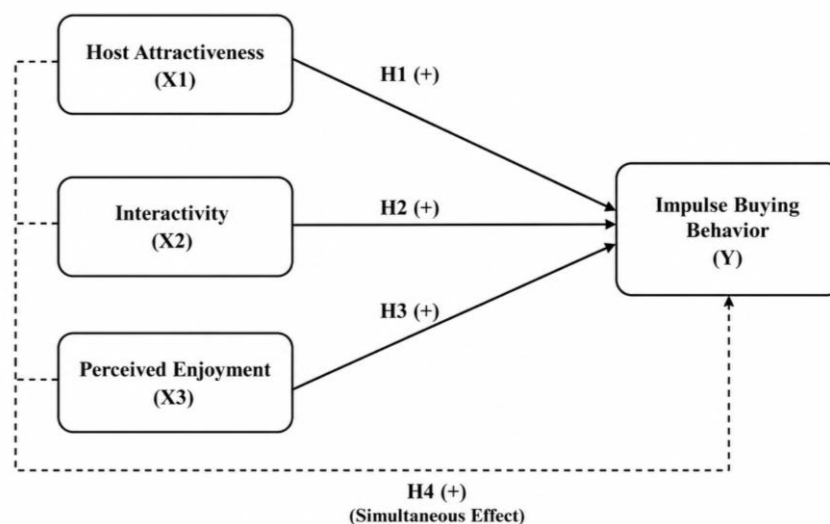


Figure 1. Conceptual Framework

H1: Host Attractiveness has a positive and significant effect on Impulse Buying Behavior.

H2: Interactivity has a positive and significant effect on Impulse Buying Behavior.

H3: Perceived Enjoyment has a positive and significant effect on Impulse Buying Behavior.

H4: Host Attractiveness, Interactivity, and Perceived Enjoyment simultaneously have a positive and significant effect on Impulse Buying Behavior.

This study develops a conceptual framework to examine the influence of live-streaming commerce characteristics on consumers' impulse buying behavior. The framework is based on the assumption that the characteristics of the live-streaming shopping environment can stimulate consumers' behavioral responses. In particular, the study focuses on three independent variables: Host Attractiveness, Interactivity, and Perceived Enjoyment, while Impulse Buying Behavior serves as the dependent variable.

Host Attractiveness refers to the extent to which consumers perceive the live-streaming host as appealing, engaging, confident, competent, and capable of establishing a positive connection with viewers. According to the Source Attractiveness Theory discussed in the

article, an attractive and likable communicator can increase consumers' attention and receptiveness to the information and recommendations delivered during live streaming. Therefore, host attractiveness is expected to encourage consumers to respond more positively and potentially make spontaneous purchasing decisions.

Interactivity represents the level of two-way communication between the host and consumers during a live-streaming session. Features such as comments, questions and answers, real-time responses, and audience involvement can create a stronger sense of social presence and engagement. Based on Social Presence Theory, greater interaction can make consumers feel closer to the host and the live-streaming community, potentially increasing their trust, engagement, and willingness to make impulse purchases.

Perceived Enjoyment refers to the degree of pleasure, entertainment, comfort, and positive emotion experienced by consumers while participating in live-streaming commerce. The article relates perceived enjoyment to the Technology Acceptance Model (TAM), suggesting that positive and enjoyable digital experiences can increase consumer engagement and purchasing behavior. In live-streaming commerce, an enjoyable experience can reduce consumers' tendency to engage in extensive evaluation and encourage spontaneous purchasing decisions.

The three independent variables are therefore proposed to influence Impulse Buying Behavior, which refers to spontaneous and unplanned purchasing decisions characterized by a sudden urge to purchase products without extensive prior consideration. The dynamic nature of live-streaming commerce, including real-time interaction, product presentation, entertainment, and emotional stimulation, provides an environment in which these impulse purchases can occur.

3. METHODOLOGY

This study examines host attractiveness, interactivity, and perceived enjoyment on impulsive buying behavior in live streaming purchases among consumers in Kendari. This study uses quantitative research because it functions to test the influence caused by cause and effect between variables so that statistical testing can be carried out. Respondent data is taken in the form of primary data through the distribution of questionnaires filled out by respondents. According to (Creswell, 2020), quantitative research is appropriate for testing relationships between variables and generating findings that can be generalized to a broader population.

The target population consisted of consumers residing in Kendari City who had previously purchased products through live-streaming commerce platforms, particularly TikTok Shop and Shopee Live. A purposive sampling technique was applied to ensure that participants met specific requirements, including being at least 17 years old, having experience watching live-streaming commerce sessions, and having made at least one purchase through a live-streaming platform within the previous six months. A total of 100 respondents were included in the study. (Hair et al., 2017) suggested that the minimum sample size for multivariate analysis should range from five to ten times the number of

measurement indicators. Given that this study employed 20 indicators, a sample of 100 respondents was considered adequate for conducting multiple linear regression analysis.

Data were gathered using a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). The Host Attractiveness variable was measured through four indicators adapted from (Nailil Muna & Setyawan, 2024), including physical attractiveness, communication ability, self-confidence, pleasant personality, and the ability to capture audience attention. Interactivity was assessed using four indicators derived from (Fajar & Bambang Widjanarko Otok, 2024), namely responsiveness to comments, two-way communication, opportunities for questioning, audience involvement, and response speed. Perceived Enjoyment was measured using three indicators adapted from (Zhu & Vijayan, 2025), covering enjoyment, entertainment, comfort, positive experiences, and overall pleasure during live-streaming sessions. Meanwhile, Impulse Buying Behavior was evaluated through Three indicators based on the framework proposed by (Rizqi Adha et al., 2025), including spontaneous purchases, unplanned buying, strong purchasing urges, rapid purchase decisions, and situationally driven buying behavior.

The collected data were analyzed using IBM SPSS Statistics. The analysis process included descriptive statistics, validity testing, reliability testing, classical assumption testing, and multiple linear regression analysis. Instrument validity was assessed using Pearson correlation analysis, with a significance threshold of 0.05. Reliability was evaluated through Cronbach's Alpha, where values exceeding 0.70 indicated acceptable internal consistency (Hair et al., 2019). Hypothesis testing was conducted using t-tests to examine the individual effects of each independent variable on impulse buying behavior and F-tests to determine their simultaneous effects. In addition, the coefficient of determination (R^2) was used to evaluate the extent to which the independent variables explained variations in consumers' impulse buying behavior within the live-streaming commerc (Hair et al., 2017).

4. RESULTS

Respondent Characteristics

A total of 100 respondents participated in this study. Based on age distribution, the majority of respondents were between 17 and 25 years old, accounting for 56 respondents (56%), while the remaining 44 respondents (44%) were between 26 and 35 years old. This finding indicates that live-streaming commerce is particularly popular among younger consumers, who tend to be more familiar with digital technologies and social commerce platforms such as TikTok Shop and Shopee Live. Younger consumers are generally more active in engaging with online content and are more likely to be influenced by interactive marketing activities conducted through live-streaming sessions.

Regarding occupational background, respondents were primarily students, private-sector employees, and entrepreneurs. Students represented a substantial proportion of the sample, reflecting the strong adoption of social media and live-streaming platforms among younger generations. Private-sector employees also constituted a significant segment, as they often utilize digital platforms for convenience and product discovery. In addition, entrepreneurs were well represented, indicating that individuals involved in

business activities are also active users of live-streaming commerce for both consumption and market observation purposes.

In terms of product categories purchased through live-streaming commerce, fashion products emerged as the most frequently purchased items among respondents. This finding suggests that fashion-related products are particularly suitable for live-streaming environments because consumers can directly observe product demonstrations, material quality, design details, and styling recommendations provided by hosts during live broadcasts. The visual and interactive nature of live-streaming commerce enables consumers to evaluate fashion products more effectively, thereby increasing their purchase intention and encouraging spontaneous buying behavior.

Overall, the demographic profile of the respondents indicates that live-streaming commerce is predominantly utilized by young consumers who are digitally connected and actively engaged with social media platforms. The dominance of fashion purchases further highlights the importance of visual presentation, host attractiveness, and real-time interaction in influencing consumers' purchasing decisions within the live-streaming commerce ecosystem.

Validity and Reliability

The validity of the measurement instrument was assessed using item-total correlation analysis. With a sample size of 75 respondents ($df = 73$) and a significance level of 5%, the critical r -value was 0.2272. The analysis indicated that all measurement items exceeded the minimum requirement, with the lowest correlation coefficient reaching 0.668. Therefore, all questionnaire items were confirmed to be valid and suitable for measuring the constructs examined in this study.

The reliability of the instrument was evaluated using Cronbach's Alpha. All constructs achieved alpha values above the recommended threshold of 0.70, with the lowest value being 0.855. These findings confirm that the instrument demonstrates satisfactory internal consistency and reliability, ensuring dependable measurement of the study variables.

Classical Assumption Test

Heteroscedasticity Test

The heteroscedasticity test was conducted using the Glejser method by regressing the absolute residual values (Abs_Res) on the independent variables, namely Host Attractiveness (IHA), Interactivity (I), and Perceived Enjoyment (PE). A regression model is considered free from heteroscedasticity when the significance value of each independent variable exceeds 0.05.

The results indicated that Host Attractiveness, Interactivity, and Perceived Enjoyment each obtained a significance value of 0.617, which is well above the established threshold of 0.05. These findings suggest that none of the independent variables significantly affect the absolute residuals. Therefore, the regression model does not exhibit heteroscedasticity, indicating that the variance of the residuals remains constant across

different levels of prediction. Consequently, the assumption of homoscedasticity is satisfied, and the model is suitable for further analysis.

Multicollinearity Test

The multicollinearity test was performed to examine the degree of correlation among the independent variables included in the regression model. This assessment was based on the Tolerance and Variance Inflation Factor (VIF) values. Multicollinearity is considered absent when the Tolerance value is greater than 0.10 and the VIF value is lower than 10. The analysis revealed that Host Attractiveness achieved a Tolerance value of 0.714 and a VIF value of 1.400. Interactivity obtained a Tolerance value of 0.622 and a VIF value of 1.609, while Perceived Enjoyment recorded a Tolerance value of 0.717 and a VIF value of 1.394.

Since all Tolerance values exceeded 0.10 and all VIF values were substantially below 10, the model can be considered free from multicollinearity issues. This indicates that each independent variable contributes unique explanatory power to the dependent variable without exhibiting excessive correlation with the other predictors. Therefore, the multicollinearity assumption has been adequately fulfilled.

Normality Test

The normality of the data was assessed using the One-Sample Kolmogorov–Smirnov test. The test results produced an Asymp. Sig. (2-tailed) value of 0.540. Since the significance value is greater than the recommended threshold of 0.05, the null hypothesis of normal distribution cannot be rejected.

Accordingly, the data are considered to be normally distributed, indicating that the normality assumption required for regression analysis has been satisfied. This result supports the appropriateness of applying parametric statistical techniques in the subsequent stages of analysis.

Table 1. Results Of Multiple Linear Regression Analysis

Model	T-Value	Sig.	Ket
Constant	2.055	00043	
Host Attractiveness	1.543	0.126	Rejected
Interactivity	1.419	0.159	Rejected
Perceived Enjoyment	4.814	0.001	Accepted

Source : SPSS Proceed, 2026

The t-test was employed to examine the individual effect of each independent variable, namely Host Attractiveness, Interactivity, and Perceived Enjoyment, on Impulse Buying. The results revealed that Host Attractiveness produced a t-value of 1.543 with a significance level of 0.126. Since the significance value exceeded the threshold of 0.05, Host Attractiveness was found to have no significant effect on Impulse Buying. Therefore, the hypothesis proposing a significant relationship between Host Attractiveness and Impulse Buying was not supported. This finding suggests that the attractiveness of the host alone is insufficient to encourage consumers to make spontaneous purchasing decisions during live-streaming sessions.

For Interactivity, the analysis generated a t-value of 1.419 and a significance value of 0.159. As the significance level was greater than 0.05, Interactivity did not significantly influence Impulse Buying. Consequently, the corresponding hypothesis was rejected. This result indicates that although interaction between hosts and viewers occurs during live-streaming activities, such interactions may not necessarily translate into unplanned purchasing behavior.

In contrast, Perceived Enjoyment demonstrated a t-value of 4.814 with a significance level of 0.001. Because the significance value was below 0.05, Perceived Enjoyment was found to exert a positive and statistically significant effect on Impulse Buying. Accordingly, the hypothesis regarding the influence of Perceived Enjoyment on Impulse Buying was accepted. This finding implies that consumers who experience greater enjoyment while engaging with live-streaming commerce are more likely to make impulsive purchasing decisions.

Overall, the results of the partial regression analysis indicate that Perceived Enjoyment is the only variable that significantly affects Impulse Buying. Meanwhile, Host Attractiveness and Interactivity do not exhibit a statistically significant influence on consumers' impulse buying behavior within the context of live-streaming commerce.

5. DISCUSSION

Statistically significant impact on impulse buying behavior among users of live-streaming commerce in Kendari. This result implies that consumers tend to make unplanned purchases when they view the host as appealing, persuasive, and competent in presenting products during live broadcasts. Within the context of live-streaming commerce, hosts serve as influential communicators who shape consumer perceptions and purchasing decisions. A host who is perceived positively can capture viewers' attention, build credibility, and create a favorable impression of the products being promoted.

As a result, consumers become more inclined to purchase items spontaneously without extensive prior consideration. These findings are consistent with (Nailil Muna & Setyawan, 2024), who highlighted the importance of streamer characteristics in influencing consumer engagement and purchasing outcomes in live commerce. Likewise, (Fajar & Bambang Widjanarko Otok, 2024) reported that attractive hosts can strengthen purchase intentions and encourage impulsive buying behavior, particularly among digitally active consumers.

The analysis further demonstrates that interactivity exerts a positive and significant influence on impulse buying behavior. This suggests that the ability of consumers to communicate directly with hosts during live-streaming sessions contributes to a greater likelihood of making spontaneous purchases. Interactive features such as live chats, immediate feedback, and real-time product explanations allow consumers to obtain relevant information efficiently while feeling actively involved in the shopping experience. Such interactions help establish a closer relationship between viewers and hosts, which can reduce doubts and increase confidence in purchasing decisions. The present finding

aligns with the work of Wang et al., (2025), who identified interactivity as a critical factor affecting consumer responses in live-streaming commerce. In addition, Xu et al., (2021) emphasized that active communication between sellers and consumers can enhance engagement and stimulate impulsive purchasing behavior.

The results also indicate that perceived enjoyment has a positive and significant effect on impulse buying behavior and represents the most influential variable among the predictors examined in this study. This outcome suggests that consumers who experience enjoyment, excitement, and entertainment while watching live-streaming content are more likely to engage in unplanned purchasing activities. Live-streaming commerce offers more than a transactional shopping experience; it also provides entertainment value that can generate positive emotions among viewers. When consumers are emotionally immersed and entertained, they are less likely to engage in extensive rational evaluation and more likely to make immediate purchasing decisions. This finding supports the argument of Sun et al. (2019), who emphasized the role of enjoyment in shaping online consumer behavior. It also reinforces recent evidence suggesting that pleasurable shopping experiences can strengthen purchase intentions and increase the tendency toward impulse buying in digital environments.

The results of the simultaneous analysis reveal that host attractiveness, interactivity, and perceived enjoyment jointly influence impulse buying behavior among live-streaming commerce users in Kendari. This indicates that impulsive purchasing decisions are not driven by a single factor but rather emerge from the interaction of communication effectiveness, social engagement, and emotional stimulation. Consumers are influenced not only by the products being offered but also by the overall experience created during live-streaming sessions. Consequently, businesses that utilize live-streaming commerce as a marketing channel should pay attention to the quality of hosts, encourage meaningful interaction with audiences, and develop entertaining content that enhances viewer enjoyment. The integration of these elements can create a more engaging shopping environment and increase the likelihood of spontaneous purchases.

From a theoretical standpoint, this study contributes to the growing body of knowledge on consumer behavior in digital commerce by providing empirical evidence regarding the roles of host attractiveness, interactivity, and perceived enjoyment in influencing impulse buying behavior. The findings support the view that both social and emotional factors are essential in understanding purchasing decisions within live-streaming commerce. From a managerial perspective, the results offer practical guidance for marketers, online sellers, and platform managers. Organizations are encouraged to select and train competent hosts, facilitate active communication with audiences, and design engaging live-streaming content that delivers enjoyable experiences. Such strategies can strengthen consumer involvement, improve shopping experiences, and ultimately enhance sales performance.

Although previous studies have generally reported that live streaming characteristics, including host attractiveness, positively influence impulse buying, empirical findings remain inconsistent across different contexts, platforms, and consumer groups. Several studies suggest that consumers' spontaneous purchase decisions are not solely driven by the host's physical attractiveness but are also influenced by other factors, such as product value, promotional strategies, perceived enjoyment, trust, and the quality of real-time interaction. These inconsistent findings indicate that the effectiveness of host

attractiveness may depend on specific market conditions and consumer characteristics. Therefore, further investigation is needed to examine whether host attractiveness remains a significant determinant of impulse buying in the context of live streaming commerce in Indonesia.

6. CONCLUSION

This study examined the effects of host attractiveness, interactivity, and perceived enjoyment on impulse buying behavior among live-streaming commerce users in Kendari, Indonesia. The findings reveal that all three independent variables have a positive and significant influence on impulse buying behavior. These results indicate that consumers are more likely to make spontaneous purchasing decisions when they perceive hosts as attractive and persuasive, experience active interaction during live-streaming sessions, and enjoy the overall shopping experience.

Among the examined variables, perceived enjoyment emerged as the only variable that had a significant positive effect on impulse buying behavior in live-streaming commerce. This finding indicates that consumers are more likely to make spontaneous purchases when they experience enjoyment and positive emotions during live-streaming sessions. Therefore, creating entertaining, engaging, and enjoyable shopping experiences should be a primary strategy for businesses seeking to increase impulse buying through live-streaming platforms.

In contrast, host attractiveness and interactivity did not show a statistically significant effect on impulse buying behavior in this study. These findings suggest that consumers' spontaneous purchasing decisions may not necessarily be driven by the host's personal appeal or the level of interaction during live streaming. Instead, the emotional experience generated while watching the live stream appears to play a more influential role in stimulating impulse purchases.

This study contributes to the growing literature on live-streaming commerce by demonstrating that emotional factors, particularly perceived enjoyment, are more influential than communication-related factors in explaining impulse buying within the context of this research. Nevertheless, this study has several limitations. First, the research was conducted only in Kendari, which may limit the generalizability of the findings to other regions. Second, only three independent variables were examined, whereas other factors such as trust, perceived value, social influence, customer engagement, and promotional strategies may also influence impulse buying behavior. Future studies are encouraged to incorporate these variables, use larger and more diverse samples, and examine different geographical contexts to provide a broader understanding of consumer behavior in live-streaming commerce.

7. REFERENCES

- Adyantari, A., Yuan, A., & Yupanzara, V. (2025). View Of Impulsive Buying Behavior In Live-Streaming Shopping Mechanism Do Fear Of Missing Out Matter. *Review Management And Entrepreneurship*, 9(1).

- Agustintia, D., & Putra, O. (2024). Pengaruh Trust, Service Quality Dan Perceived Enjoyment Terhadap Impulsive Buying Pada Live Streaming Melalui Platform Media Sosial Dan E-Commerce. *Medikonis*, 15(1), 60–68. <https://doi.org/10.52659/Medikonis.V15i1.96>
- Creswell, J. (2020). *Research Design. Qualitative, Quantitative And Mixed Method Approaches* (3rd Ed., Vol. 3). Sage.
- Fajar, F., & Bambang Widjanarko Otok. (2024). The Effect Of Attractiveness, Expertise, Visual Attractiveness And Interactivity On Online Impulsive Buying Behavior. *Jurnal Ilmiah Manajemen Kesatuan*, 12(4), 1337–1346. <https://doi.org/10.37641/Jimkes.V12i4.2741>
- Hair, J. F. ., Hult, G. T. M. ., Ringle, C. M. ., & Sarstedt, Marko. (2017). *A Primer On Partial Least Squares Structural Equation Modeling (PLS-Sem) (Second Edition)*. Sage.
- Huo, C., Wang, X., Sadiq, M. W., & Pang, M. (2023). Exploring Factors Affecting Consumer's Impulse Buying Behavior In Live-Streaming Shopping: An Interactive Research Based Upon Sor Model. *Sage Open*, 13(2). <https://doi.org/10.1177/21582440231172678>
- Jiang, C., He, L., & Xu, S. (2024). Relationships Among Para-Social Interaction, Perceived Benefits, Community Commitment, And Customer Citizenship Behavior: Evidence From A Social Live-Streaming Platform. *Acta Psychologica*, 250. <https://doi.org/10.1016/J.Actpsy.2024.104534>
- Mutmainah, A., & Nadlifatin, R. (2026). A Systematic Literature Review Of Motivation, Trust, And Purchase Intention In Live Shopping Commerce: Toward An Integrated S-O-R Conceptual Model. *Journal Of Information Systems And Informatics*, 8(2), 2248–2274. <https://doi.org/10.63158/Journalisi.V8i2.1562>
- Nailil Muna, K., & Setyawan, A. A. (2024). Consumer Perception Of Host Interaction In Live Streaming Shopping: An Analysis Of Purchase Intention And Impulse Buying In Indonesian Live Streaming Media. *International Summit On Science Technology And Humanity*.
- Rizqi Adha, A., Prabawani, B., & Dewi, R. S. (2025). Advances In Consumer Research Live Streaming Into Impulsive Buying: How Utilitarian, Hedonic, Symbolic Value And Trust Drive Gen Z Customer Engagement On Tiktok Live Commerce. *Asian Consumer Research Journal*. <https://acr-journal.com/>
- Septiyani, S., & Hadi, E. D. (2024). Pengaruh Flash Sale, Live Streaming Dan Hedonic Shopping Motivation Terhadap Impulse Buying (Study Pembelian Produk Berrybenka Pada Pengguna Aplikasi Shopee). *Jesya*, 7(1), 970–980. <https://doi.org/10.36778/Jesya.V7i1.1505>
- Simon Kemp. (2025, February 25). Digital 2025: Indonesia — Datareportal – Global Digital Insights. Data Reportal. https://datareportal.com/reports/digital-2025-indonesia?utm_source=chatgpt.com

- Wang, C., Chen, B., Hu, S., & Li, J. (2025). Streamer Interaction And Consumer Impulsive Buying In Live-Stream Commerce: The Mediating Roles Of Trust And Emotional Arousal With Anticipated Regret As Boundary Condition. *Frontiers In Communication*, 10. <https://doi.org/10.3389/fcomm.2025.1547639>
- Wu, Y. Y., Batool, H., & Yang, Y. J. (2024). Relationship Between The Characteristics Of E-Commerce Live Streaming And Purchase Intentions: Moderating Effect Of Hedonistic Shopping Value. *Emerging Science Journal*, 8(3), 1097–1117. <https://doi.org/10.28991/esj-2024-08-03-018>
- Xu, G., Chen, H., Li, F. L., Sun, F., Shi, Y., Zeng, Z., Zhou, W., Zhao, Z., & Zhang, J. (2021). Alime Mkg: A Multi-Modal Knowledge Graph For Live-Streaming E-Commerce. *International Conference On Information And Knowledge Management, Proceedings*, 4808–4812. <https://doi.org/10.1145/3459637.3481983>
- Zhang, X. (2025). The Impact Of Social Presence On Impulsive Purchase Intentions In Live Streaming E-Commerce. *International Journal Of Science And Business*, 43(1), 138–149. <https://ideas.repec.org/a/aif/journal/v43y2025i1p138-149.html>
- Zhu, X., & Vijayan, S. K. (2025). Antecedents Of Impulse Purchase Through Perceived Enjoyment Among Chinese Live Streaming Commerce Consumers. *Sage Open*, 15(3). <https://doi.org/10.1177/21582440251357159>



The Influence of User-Generated Content (UGC) And Store Atmosphere on Purchase Decision

Raida Syafira Azzahra¹,
Safarudin Hisyam
Tualeka^{2*},

¹ Faculty of Administration
Science, Universitas
Brawijaya, Malang, 65145,
Indonesia

² Faculty of Administration
Science, Universitas
Brawijaya, Malang, 65145,
Indonesia

*Corresponding Author
E- mail:
safarudinhisyam@ub.ac.id

ABSTRACT

The rapid growth of coffee shop businesses in Indonesia, together with the increasing use of TikTok, has changed how consumers obtain information before making purchase decisions. However, Toko Kopi Jaya Malang presents an interesting case because its growth is not mainly driven by official TikTok promotion, but by organic user-generated content and the distinctive atmosphere offered in its stores. This study aims to examine the influence of User-Generated Content (UGC) and store atmosphere on consumers' purchase decisions at Toko Kopi Jaya Malang. This research employed a quantitative approach with an explanatory research design. Data were collected from 215 respondents selected through purposive sampling and analyzed using IBM SPSS Statistics 31. The analysis involved classical assumption tests, multiple linear regression, and hypothesis testing. The results showed that UGC significantly influenced purchase decisions, $p < .05$, and store atmosphere also had a significant influence on purchase decisions, $p < .05$. Simultaneously, both variables significantly affected purchase decisions, with a coefficient of determination of $R^2 = .637$. This indicates that 63.7% of the variation in purchase decisions can be explained by UGC and store atmosphere. The study concludes that digital exposure through UGC and direct physical experience through store atmosphere are important factors in shaping consumer purchase decisions.

Keywords: User-Generated Content, Store Atmosphere, Purchase Decision, TikTok, Coffee Shop

| Received July 2026 | Accepted July 2026 | Available Online August 2026 |

| DOI: <https://doi.org/10.64530/ijbams.v2i2.62>

1. INTRODUCTION

The rapid growth of coffee consumption in Indonesia has changed the meaning of coffee from a functional beverage into an important part of contemporary lifestyle. Survey data from Snapcart Global (2023) show that most Indonesians consume coffee, and many of them drink it daily. Along with this trend, coffee shops have increasingly developed into social and experiential spaces where consumers not only purchase beverages but also interact, study, work, hold discussions, and build social identity (Hardiyanti & Puspa, 2021; Khalikussabir & Waris, 2021; Nisa et al., 2022). This transformation has intensified competition in the food and beverage industry, especially in urban areas such as Malang, where students, tourists, and local communities contribute to the growth of café and coffee shop businesses.

One local coffee shop that reflects this phenomenon is Toko Kopi Jaya Malang. The brand has become one of the well-known coffee shop chains in Malang, with several branches located across different areas of the city. Each branch offers a distinctive atmosphere that corresponds to its location and target consumers. Some branches are designed to support social interaction, while others are more suitable for working from a café or takeaway activities. This condition indicates that store atmosphere has become an important

strategic element in attracting consumers and differentiating the brand from competitors. Previous studies have also emphasized that store atmosphere can shape consumer comfort, emotional response, and purchase behavior (Berman & Evans, 2010; Levy & Weitz, 2012; Mowen & Minor, 2008).

The growth of Toko Kopi Jaya is particularly interesting because it has occurred despite the brand's limited official promotional activity on TikTok. In the digital era, social media has become an important channel for information exchange, brand communication, and consumer engagement in the food and beverage sector (Cash et al., 2022). TikTok is especially influential in Indonesia, as the platform has become widely used and plays a major role in shaping digital consumer behavior (GoodStats, 2025). However, unlike many coffee shop businesses that actively rely on official TikTok promotion, Toko Kopi Jaya appears to gain visibility largely through user-generated content, such as customer reviews, visit experiences, recommendations, and short videos shared voluntarily by consumers.

This phenomenon reveals a critical research problem concerning how consumers form purchase decisions when brand-controlled communication is limited. In the case of Toko Kopi Jaya Malang, consumers may rely not only on formal promotional messages but also on information produced organically by other consumers and on expectations regarding the physical experience offered by the store. A purchase decision involves selecting one alternative from two or more available choices (Schiffman & Kanuk, 2014) and generally develops through problem recognition, information search, evaluation of alternatives, purchase, and post-purchase evaluation (Kotler, 2012). However, the growing dependence on peer-generated information complicates this process because consumers may evaluate a coffee shop based on experiences presented by other users before directly verifying those claims. The central issue, therefore, is whether organic digital exposure can meaningfully shape purchase decisions when consumers must also consider the actual atmosphere and experience provided by the store.

User-Generated Content (UGC) is particularly important in addressing this problem because it has become a major source of information during consumers' search and evaluation stages. UGC refers to original content created and shared by users through digital media platforms (O'Hern & Kahle, 2013). Unlike company-generated content, UGC commonly presents personal experiences, subjective opinions, and consumer evaluations that may be perceived as more authentic and credible (Wang, 2024). Nielsen (2015) similarly reported that consumers frequently place considerable trust in opinions shared online by other consumers. Nevertheless, UGC is not controlled by the company, and its credibility, informational completeness, and evaluative tone may vary substantially across creators and content. Although previous studies indicate that trustworthy, informative, and relevant UGC can significantly influence purchase decisions (Alghaniy, 2024; De Vera, 2024; Uthaisar et al., 2023), it remains unclear how strongly such content affects purchase decisions in the context of a local coffee shop, where digital representations may either correspond with or differ from consumers' actual in-store experiences.

At the same time, purchase decisions in the coffee shop context remain strongly influenced by offline experience. Store atmosphere represents the physical and sensory

environment designed to create comfort, pleasure, and satisfaction during the consumption process (Mowen & Minor, 2008). Elements such as exterior design, interior layout, lighting, cleanliness, music, aroma, and overall ambiance can influence how consumers perceive a store and whether they are encouraged to purchase (Berman & Evans, 2010; Mulyani et al., 2019). A comfortable and attractive atmosphere can also motivate consumers to stay longer, return in the future, and share their experiences through social media, which may further strengthen the effect of UGC.

The complexity of this problem lies in the interaction between online and offline factors. On the one hand, consumers may first become aware of Toko Kopi Jaya through TikTok content created by other consumers. On the other hand, their purchase decisions may also depend on the store atmosphere they expect or experience directly. Therefore, the decision to purchase from a coffee shop is not merely the result of digital exposure or physical experience alone, but may emerge from the combination of both. This is especially relevant in Malang, where the number of restaurants, cafés, and coffee shops continues to grow and create a highly competitive business environment (Bapenda Kota Malang, 2025, as cited in Radar Malang).

Previous studies have examined UGC and store atmosphere as separate determinants of purchase decisions. Alghaniy (2024) and De Vera (2024) found that UGC influences purchase decisions, while Raniya et al. (2023), Khan et al. (2023), and Mulyani et al. (2019) showed that store atmosphere can affect consumer purchasing behavior. However, the findings on store atmosphere are not entirely consistent, as Wurniarto et al. (2022) found that store atmosphere did not significantly influence purchase decisions. Moreover, limited research has integrated UGC and store atmosphere as simultaneous predictors of purchase decisions, particularly in the context of local coffee shop consumers in Indonesia. This gap provides the theoretical, empirical, and methodological motivation for the present study.

Based on this background, this study aims to analyze and explain the influence of User-Generated Content and store atmosphere on the purchase decisions of Toko Kopi Jaya Malang consumers. Specifically, this study addresses three research questions: first, whether User-Generated Content significantly influences consumers' purchase decisions; second, whether store atmosphere significantly influences consumers' purchase decisions; and third, whether User-Generated Content and store atmosphere simultaneously influence consumers' purchase decisions.

This study applies a quantitative approach with an explanatory research design. Data were collected from Toko Kopi Jaya Malang consumers using purposive sampling and analyzed using IBM SPSS Statistics through classical assumption tests, multiple linear regression, and hypothesis testing. The findings show that both User-Generated Content and store atmosphere have significant partial effects on purchase decisions. Simultaneously, both variables also significantly influence purchase decisions, with the model explaining 63.7% of the variance in purchase decisions, $R^2 = .637$. These findings indicate that digital exposure through UGC and physical experience through store atmosphere jointly play an important role in shaping consumer purchase decisions.

This study contributes to the marketing literature by integrating online and offline determinants of purchase decisions in one research model. Theoretically, it enriches

consumer behavior studies by explaining how UGC, as an organic digital information source and store atmosphere as a physical experiential factor, influences purchase decisions. Practically, the findings provide insights for food and beverage business practitioners, especially coffee shop managers, to develop competitive strategies by encouraging positive consumer-generated content while maintaining a distinctive, comfortable, and memorable store atmosphere.

2. LITERATURE REVIEW

User-Generated Content (UGC)

This study examines the influence of User-Generated Content (UGC) and store atmosphere on purchase decisions in the context of Toko Kopi Jaya Malang consumers on TikTok. The literature review is developed by discussing the theoretical foundations of the main variables, namely UGC, store atmosphere, and purchase decision, followed by related empirical studies and the research gap that becomes the basis for the hypotheses and conceptual framework.

User-Generated Content (UGC) refers to original content created and shared by users through digital or media platforms. O'Hern and Kahle (2013) define UGC as original works produced by users and expressed through various forms of media. In the marketing context, UGC commonly reflects consumers' personal experiences with a brand, product, or service (Roma & Aloini, 2019). Unlike content produced directly by companies, UGC is often perceived as more authentic because it is created voluntarily by consumers and usually reflects their subjective evaluations and real experiences (Wang, 2024). This characteristic makes UGC important in digital consumer behavior, especially because consumers tend to trust information shared by fellow consumers more than formal company advertisements (Cheong & Morrison, 2018).

The theoretical basis of UGC can also be understood through the characteristics proposed by Wunsch-Vincent and Vickery (2007), namely publication requirement, creative effort, and creation outside professional routines and practices. Publication requirement means that the content is shared in a public or semi-public online space. Creative effort indicates that users add personal value, interpretation, or originality to the content. Meanwhile, creation outside professional routines means that the content is produced outside formal commercial or institutional processes. These characteristics explain why UGC is often perceived as more natural and credible in influencing consumers' evaluations. In addition, Rensink (2013) identifies several motivations behind UGC creation, including self-enhancement, social benefits, seeking advice, concern for other consumers, venting negative feelings, and helping the company. In this study, UGC is measured through content trustworthiness, content valence, and content information richness, as adapted from De Vera (2024) and Al-Abdallah and Jumaa (2022). These dimensions are relevant because TikTok content about Toko Kopi Jaya may influence consumers through credibility, positive or negative tone, and the richness of information provided.

Store Atmosphere

Store atmosphere is another important factor in shaping consumer purchase decisions, especially in the food and beverage industry. Store atmosphere refers to the physical and

sensory environment designed to create a certain consumer experience. Mowen and Minor (2008) explain that store atmosphere represents marketers' efforts to create an environment that generates pleasure, comfort, and satisfaction during the purchasing process. Similarly, Levy and Weitz (2012) describe store atmosphere as a combination of environmental elements designed to shape customer perceptions and enhance service experience. Berman and Evans (2010) further emphasize that store atmosphere does not only provide physical comfort but also strengthens emotional and social appeal, encourages consumers to spend more time in the store, and increases the possibility of purchase.

In this study, store atmosphere is important because Toko Kopi Jaya offers different atmospheres across its branches. This physical experience can become a competitive advantage, particularly in the coffee shop industry, where consumers do not only buy products but also seek comfort, aesthetic value, and social experience. According to Berman and Evans (2010), store atmosphere consists of four main elements: exterior, general interior, store layout, and interior displays. Exterior refers to the outer appearance of the store, including storefront, signage, entrance, and façade design. General interior includes lighting, color, aroma, music, temperature, cleanliness, and service quality. Store layout refers to the arrangement of tables, chairs, and service areas that facilitate consumer movement. Interior displays include signs, information boards, promotional materials, and product arrangements that help customers obtain information and enjoy the store environment. These elements collectively shape consumers' emotional responses and may influence their purchase decisions.

Purchase Decision

Purchase decision is the dependent variable in this study. Kotler and Armstrong (2017) define purchase decision as part of consumer behavior related to how individuals, groups, or organizations select, purchase, use, and evaluate products or services to satisfy their needs. Schiffman and Kanuk (2014) explain that a purchase decision refers to the act of choosing one alternative from two or more available options. Peter and Olson (2010) describe purchase decision as an integrative process in which consumers combine knowledge to evaluate alternatives and select one option. Therefore, purchase decision is not only a final act of buying, but also the result of psychological, social, informational, and situational considerations (Solomon, 2018).

The process of purchase decision is commonly explained through the five-stage consumer buying decision model. According to Kotler and Keller (2012), consumers pass through problem recognition, information search, evaluation of alternatives, purchase decision, and post-purchase behavior. In the context of this study, UGC is especially relevant during the information search and evaluation stages because consumers may rely on TikTok videos, reviews, and recommendations before deciding to visit or purchase from Toko Kopi Jaya. Meanwhile, store atmosphere is relevant both before and during the purchase process because consumers may evaluate the expected atmosphere through online content and later experience it directly in the store. Kotler and Keller (2016) also explain that purchase decision consists of several sub-decisions, including product choice, brand choice, dealer choice, purchase timing, purchase amount, and payment method.

Several previous studies support the relationship between UGC and purchase decision. Alghaniy (2024) found that UGC significantly influences skincare product purchase decisions among Generation Z TikTok users in Bandung. This finding shows that informative and credible content created by users can shape consumer choices. De Vera (2024) also found that the effectiveness of UGC influences purchasing decisions, particularly through content trustworthiness and information richness. However, De Vera's study was conducted in the Philippines and focused on general products and services, making it necessary to re-examine the role of UGC in the Indonesian coffee shop context. The present study extends these findings by applying UGC to the food and beverage sector, specifically Toko Kopi Jaya Malang consumers on TikTok.

Previous studies also show that store atmosphere may influence purchase decisions, although the findings are not entirely consistent. Khan et al. (2023) found that store design and atmosphere significantly affected shoppers' purchase decisions in the Delhi-NCR retail context. Kurnianingtyas (2023) found that store atmosphere, together with brand awareness and product variety, had a significant influence on purchasing decisions at Sanrio Supermarket. In the coffee shop context, Raniya et al. (2023) found that store atmosphere influenced purchase decisions among millennial coffee shop consumers in Banda Aceh. Mulyani et al. (2019) also confirmed that store atmosphere had a positive and significant effect on the purchase decision process in a restaurant setting. However, Wurniarto et al. (2022) found that store atmosphere had a negative and insignificant effect on purchase decisions at Blackup Coffee and Roastery Manado. These inconsistent findings indicate that the effect of store atmosphere may depend on business type, consumer characteristics, and research context.

Based on the reviewed literature, this study identifies three main research gaps. First, previous findings on the influence of store atmosphere on purchase decision remain inconsistent, requiring further examination in a different coffee shop context. Second, prior UGC studies have often focused on general products, skincare, or international consumer contexts, so their findings may not fully represent Indonesian coffee shop consumers. Third, limited studies have examined UGC and store atmosphere simultaneously as predictors of purchase decisions. Most prior studies tend to separate digital factors from physical store experience, even though consumers in the digital era often combine online information and offline experience before making purchase decisions. Therefore, this study contributes to the literature by integrating UGC as an online consumer-generated information factor and store atmosphere as an offline experiential factor in one conceptual model.

The objective of this study is to analyze and explain the influence of User-Generated Content and store atmosphere on the purchase decisions of Toko Kopi Jaya Malang consumers. Specifically, this study aims to examine the partial influence of UGC on purchase decision, the partial influence of store atmosphere on purchase decision, and the simultaneous influence of UGC and store atmosphere on purchase decision. Based on the theoretical and empirical review, the hypotheses are formulated as follows:

H1: User-Generated Content has a significant influence on purchase decision.
H2: Store atmosphere has a significant influence on purchase decision.
H3: User-Generated Content and store atmosphere simultaneously have a significant influence on purchase decision.

Hypotheses of The Research

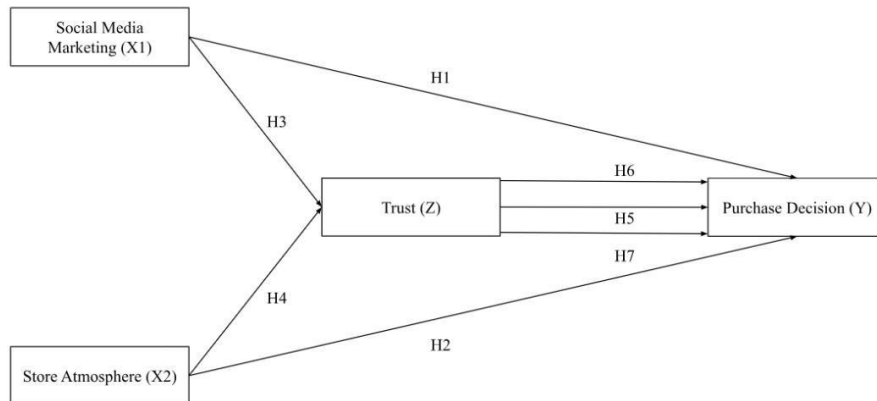


Figure 1. Proposed Conceptual Framework

The conceptual framework of this study positions User-Generated Content and store atmosphere as independent variables, while purchase decision is positioned as the dependent variable. The framework assumes that consumers' purchase decisions are shaped by both digital exposure through UGC and physical experience through store atmosphere. Conceptually, the relationship among variables can be illustrated as follows:

User-Generated Content (X1) → Purchase Decision (Y)

Store Atmosphere (X2) → Purchase Decision (Y)

User-Generated Content (X1) + Store Atmosphere (X2) → Purchase Decision (Y)

This framework shows that UGC and store atmosphere may influence purchase decisions both separately and simultaneously. UGC provides consumers with digital information, social proof, and perceived authenticity, while store atmosphere provides sensory, emotional, and experiential value. The integration of these two factors is expected to offer a more comprehensive explanation of purchase decision formation in the context of Toko Kopi Jaya Malang consumers on TikTok.

3. METHODOLOGY

This study employed a quantitative approach with an explanatory research design. The quantitative approach was selected because the study aimed to measure the influence of User-Generated Content (UGC) and store atmosphere on purchase decisions using numerical data and statistical analysis. Explanatory research was considered appropriate because the study sought to explain causal relationships between independent variables and the dependent variable (Sugiyono, 2023). In this study, User-Generated Content and

store atmosphere were treated as independent variables, while purchase decision was treated as the dependent variable.

Participants and Sample

The population of this study consisted of consumers of Toko Kopi Jaya Malang. The respondents were selected based on several criteria. First, respondents had to be Indonesian citizens aged at least 17 years old, because individuals in this age group are generally considered capable of making rational purchase decisions. Second, respondents had to be active TikTok users, as the study focused on User-Generated Content found on TikTok. Third, respondents had to have made at least one in-store purchase at Toko Kopi Jaya. Fourth, respondents had to have viewed, read, or interacted with user-generated content related to Toko Kopi Jaya on TikTok, such as videos, photos, or written reviews.

This study used a nonprobability sampling technique with a purposive sampling approach. Purposive sampling was used because the respondents needed to meet specific criteria relevant to the research objectives (Sekaran & Bougie, 2016). The minimum sample size was determined based on the number of questionnaire items. Since the instrument consisted of 32 items, the minimum sample was calculated by multiplying the number of items by 6, resulting in a minimum requirement of 192 respondents. After the data collection and screening process, a total of 215 are gathered which outnumbered the minimum sample, thus that number will be proceed to be analyzed.

Instruments

The research instrument used in this study was a structured questionnaire distributed online through Google Forms. The questionnaire was designed to measure three main variables: User-Generated Content, store atmosphere, and purchase decision. All items were measured using a five-point Likert scale, ranging from 1 = strongly disagree to 5 = strongly agree. The Likert scale was used because it allows researchers to measure respondents' attitudes, opinions, and perceptions toward the research variables (Sekaran & Bougie, 2016; Sugiyono, 2023).

The User-Generated Content variable was measured using indicators adapted from De Vera (2024), which were based on Al-Abdallah and Jumaa (2022). This variable consisted of three dimensions: content trustworthiness, content valence, and content information richness. These dimensions measured the extent to which TikTok content about Toko Kopi Jaya was perceived as credible, positive, and informative.

The store atmosphere variable was measured using indicators adapted from Mulyani et al. (2019). The dimensions included exterior, general interior, store layout, and interior display. These indicators measured respondents' perceptions of the physical and sensory environment of Toko Kopi Jaya, including its design, lighting, temperature, facilities, layout, decorations, and visual displays.

The purchase decision variable was measured using indicators adapted from Mulyani et al. (2019), based on the purchase decision concept from Kotler and Keller. The indicators covered several stages and aspects of consumer decision-making, including problem

recognition, information search, evaluation of alternatives, purchase decision, and post-purchase behavior.

Before further analysis, the research instrument was tested for validity and reliability. The validity test was conducted using Pearson Product-Moment correlation in IBM SPSS Statistics 31. An item was considered valid when the calculated correlation value was higher than the r-table value at a significance level of .05. The reliability test was conducted using Cronbach's alpha. An instrument was considered reliable when the reliability coefficient was greater than .60 (Arikunto, 2013; Ghozali, 2021).

Procedures

The data collection procedure was carried out through an online survey. The researcher distributed the questionnaire using Google Forms to respondents who met the predetermined criteria. The questionnaire contained statements related to respondents' perceptions of User-Generated Content on TikTok, store atmosphere, and purchase decisions at Toko Kopi Jaya Malang. Primary data were obtained directly from respondents through the completed questionnaires. In addition, secondary data were collected from books, journal articles, reports, and other credible references to support the theoretical foundation and interpretation of the study.

After the questionnaires were collected, the responses were screened to ensure that they matched the research criteria. Responses from eligible participants were then coded and processed using IBM SPSS Statistics 31. The final dataset was used to examine the relationship between User-Generated Content, store atmosphere, and purchase decision.

Data Analysis

The data were analyzed using descriptive and inferential statistical techniques. Descriptive statistical analysis was used to describe respondent characteristics and respondents' perceptions of each research variable. This analysis included the presentation of frequency distributions, percentages, mean scores, and other descriptive summaries.

Inferential statistical analysis was conducted to test the hypotheses. Before performing multiple linear regression analysis, the data were examined using classical assumption tests. The normality test was conducted using the Kolmogorov-Smirnov test, where data were considered normally distributed when the significance value was greater than .05. The multicollinearity test was conducted by examining tolerance and variance inflation factor values. A regression model was considered free from multicollinearity when the tolerance value was greater than .10 and the VIF value was less than 10. The heteroscedasticity test was conducted using a scatterplot between standardized predicted values and residuals to determine whether the variance of residuals was constant.

After the classical assumptions were fulfilled, multiple linear regression analysis was used to examine the influence of User-Generated Content and store atmosphere on purchase decision. The regression model used in this study can be written as follows:

$$Y = a + b_1X_1 + b_2X_2 + e$$

where Y represents purchase decision, X1 represents User-Generated Content, X2 represents store atmosphere, a represents the constant, b1 and b2 represent regression coefficients, and e represents the error term.

The coefficient of determination, R^2 , was used to determine how much variation in purchase decision could be explained by User-Generated Content and store atmosphere. Hypothesis testing was conducted using the t-test and F-test. The t-test was used to examine the partial influence of each independent variable on purchase decision, while the F-test was used to examine the simultaneous influence of User-Generated Content and store atmosphere on purchase decision. All hypothesis tests were evaluated at a significance level of .05.

4. RESULTS

The results are arranged systematically, beginning with respondent characteristics, instrument testing, descriptive statistics, classical assumption testing, multiple linear regression analysis, coefficient of determination, and hypothesis testing. The tables are presented to support the interpretation of the findings. For all statistical tables, the results should be read by comparing the obtained values with the required criteria, such as significance values below .05, tolerance values above .10, VIF values below 10, and higher mean scores indicating stronger respondent agreement.

Respondent Characteristics

The data were collected from 224 respondents who met the research criteria, namely Indonesian TikTok users aged at least 17 years old who had purchased at Toko Kopi Jaya and had viewed, read, or interacted with UGC related to Toko Kopi Jaya on TikTok. The respondent profile shows that the sample was dominated by female respondents, young consumers aged 18–24 years, and students or equivalent groups. This profile is relevant to the research context because young consumers and students are generally active social media users and are highly exposed to TikTok content.

Table 1. Respondent Characteristics

Characteristic	Category	Frequency	Percentage
Gender	Male	69	30.8%
	Female	155	69.2%
Age	17 years	1	0.4%
	18–24 years	216	96.4%
	25–30 years	5	2.2%
	>30 years	2	0.8%
Occupation	Student or equivalent	211	94.2%
	Entrepreneur	2	0.9%
	Private employee	7	3.1%
	State-owned enterprise employee	1	0.4%

Characteristic	Category	Frequency	Percentage
Monthly income/allowance	Civil servant	1	0.4%
	≤ Rp1,000,000	26	11.6%
	Rp1,000,001–Rp2,000,000	86	38.4%
	Rp2,000,001–Rp3,000,000	58	25.9%
	Rp3,000,001–Rp4,000,000	32	14.3%
	Rp4,000,001–Rp5,000,000	10	4.5%

Note. Percentages are based on 224 respondents.

Source : Data Proceed, 2026

Instrument Test Results

The instrument test was conducted to ensure that the questionnaire items were valid and reliable before further analysis. The validity test showed that all items had correlation values greater than the r-table value of .131, with significance values below .001. Therefore, all questionnaire items were declared valid. The reliability test was conducted using Cronbach's alpha. The results show that all variables had Cronbach's alpha values above .60, meaning that the instruments were reliable.

Table 2. Summary of Validity Test Results

Variable	Number of Items	r-Table	r-Count Range	Significance	Result
User-Generated Content	9	.131	.500–.626	< .001	Valid
Store Atmosphere	11	.131	Above .131	< .001	Valid
Purchase Decision	12	.131	.482–.631	< .001	Valid

Note. An item is considered valid when r-count > r-table.

Source : Data Proceed, 2026

Table 3. Reliability Test Results

Variable	Number of Items	Cronbach's Alpha	Result
User-Generated Content	9	.757	Reliable
Store Atmosphere	11	.846	Reliable
Purchase Decision	12	.796	Reliable

Note. A variable is considered reliable when Cronbach's alpha > .60.

Source : Data Proceed, 2026

Descriptive statistics were used to identify respondents' perceptions of each research variable. The mean score interpretation follows five categories: 1.00–1.80 = very bad, 1.81–2.60 = bad, 2.61–3.40 = moderate, 3.41–4.20 = good, and 4.21–5.00 = very good. A higher mean score indicates a stronger positive perception toward the variable.

Table 4. Descriptive Statistics of Research Variables

Variable	Number of Items	Grand Mean	Interpretation
User-Generated Content	9	4.20	Good
Store Atmosphere	11	Above 4.20	Very good
Purchase Decision	12	Above 4.20	Very good

Source : Data Proceed, 2026

The User-Generated Content variable obtained a grand mean of 4.20, indicating that respondents generally had positive perceptions of UGC related to Toko Kopi Jaya on TikTok. This means that respondents tended to agree that TikTok content created by other consumers was trustworthy, positive, and informative. Store atmosphere and purchase decision also showed high mean scores, indicating that respondents had favorable perceptions of Toko Kopi Jaya's physical environment and showed strong purchase decision tendencies.

Classical Assumption Test Results

Before multiple linear regression analysis was conducted, the data were tested using classical assumption tests. The tests included normality, multicollinearity, and heteroscedasticity tests.

Table 5. Normality Test Result

Test	N	Test Statistic	Asymp. Sig. (2-tailed)	Result
Kolmogorov-Smirnov	215	.053	.200	Normally distributed

Source : Data Proceed, 2026

The Kolmogorov-Smirnov test produced an Asymp. Sig. value of .200, which is greater than .05. Therefore, the residual data were normally distributed, and the normality assumption was fulfilled.

Table 6. Multicollinearity Test Results

Independent Variable	Tolerance	VIF	Result
User-Generated Content	.625	1.601	No multicollinearity
Store Atmosphere	.625	1.601	No multicollinearity

Source : Data Proceed, 2026

The multicollinearity test showed that both independent variables had tolerance values greater than 10 and VIF values below 10. Therefore, the regression model was free from multicollinearity.

The heteroscedasticity test was interpreted using a scatterplot between standardized predicted values and standardized residuals. The figure should be read by observing whether the dots form a clear pattern, such as a wave, funnel, or systematic distribution. If the dots spread randomly above and below the zero line, the model does not show

heteroscedasticity. In this study, the scatterplot indicated that the points were randomly distributed and did not form a specific pattern. Therefore, the regression model was considered free from heteroscedasticity.

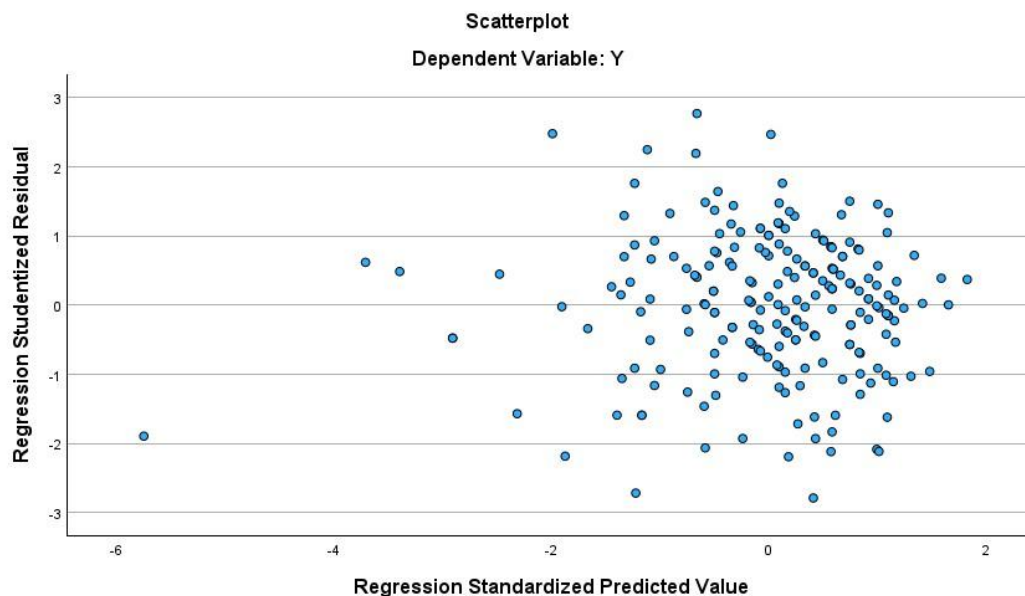


Figure 1. Scatterplot Test for Heteroscedasticity

Multiple linear regression analysis was used to determine the influence of User-Generated Content and store atmosphere on purchase decisions. The regression results are presented in Table 7.

Table 7. Multiple Linear Regression Results

Model	B	SE	β	t	p
Constant	5.247	2.360	—	2.223	.027
User-Generated Content	.726	.074	.515	9.842	< .001
Store Atmosphere	.386	.054	.371	7.095	< .001

Note. Dependent variable = Purchase Decision.

Source : Data Proceed, 2026

Based on Table 7, the regression equation is: $Y = 5.247 + 0.726X_1 + 0.386X_2$

The constant value of 5.247 indicates that when User-Generated Content and store atmosphere are held constant, the purchase decision score is 5.247. The coefficient of User-Generated Content is .726, meaning that every one-unit increase in UGC increases purchase decision by .726, assuming store atmosphere remains constant. The coefficient of store atmosphere is .386, meaning that every one-unit increase in store atmosphere increases purchase decision by .386, assuming UGC remains constant. Both variables have

positive coefficients, indicating that higher UGC and better store atmosphere are associated with stronger purchase decisions.

Coefficient of Determination

The coefficient of determination was used to identify how much variation in purchase decision could be explained by User-Generated Content and store atmosphere.

Table 8. Coefficient of Determination

R	R²	Adjusted R²	Standard Error of the Estimate
.798	.637	.634	3.39082

Source : Data Proceed, 2026

The R² value of .637 indicates that 63.7% of the variation in purchase decisions can be explained by User-Generated Content and store atmosphere. The remaining 36.3% is influenced by other factors outside the model, such as product quality, price perception, service quality, brand image, location, promotion, or customer satisfaction.

Hypothesis Testing

Hypothesis testing was conducted using the t-test and F-test. The t-test was used to examine the partial influence of each independent variable, while the F-test was used to examine the simultaneous influence of both independent variables.

Table 9. Summary of t-Test Results

Hypothesis	Relationship	t	p	Decision
H1	UGC → Purchase Decision	9.842	< .001	Supported
H2	Store Atmosphere → Purchase Decision	7.095	< .001	Supported

Source : Data Proceed, 2026

The t-test results show that User-Generated Content had a significant positive influence on purchase decisions, $t(212) = 9.842$, $p < .001$. Store atmosphere also had a significant positive influence on purchase decisions, $t(212) = 7.095$, $p < .001$. Therefore, H1 and H2 were supported. Among the two variables, User-Generated Content had the stronger influence because it had the higher standardized beta coefficient, $\beta = .515$.

Table 10. F-Test Result

Model	Sum of Squares	df	Mean Square	F	p
Regression	4283.122	2	2141.561	186.260	< .001
Residual	2437.510	212	11.498	—	—
Total	6720.633	214	—	—	—

Source : Data Proceed, 2026

The F-test result shows that User-Generated Content and store atmosphere simultaneously had a significant influence on purchase decisions, $F(2, 212) = 186.260$, $p < .001$. Therefore, H₃ was supported. This finding indicates that purchase decisions among Toko Kopi Jaya consumers are shaped by both digital exposure through User-Generated Content and physical experience through store atmosphere.

Overall, the results show that all hypotheses proposed in this study were supported. User-Generated Content significantly influenced purchase decisions, store atmosphere significantly influenced purchase decisions, and both variables simultaneously explained a substantial proportion of purchase decision variance.

5. DISCUSSION

This study examined the influence of User-Generated Content (UGC) and store atmosphere on purchase decisions among Toko Kopi Jaya Malang consumers on TikTok. The results show that both independent variables have positive and significant effects on purchase decisions, both partially and simultaneously. These findings support the proposed research model, which argues that consumers' purchase decisions in the coffee shop context are shaped by the interaction between digital exposure and physical consumption experience.

The first finding shows that User-Generated Content has a positive and significant influence on purchase decisions, $b = 0.726$, $SE = 0.074$, $\beta = .515$, $t(212) = 9.842$, $p < .001$. This result indicates that the stronger consumers' exposure to credible, positive, and informative TikTok content about Toko Kopi Jaya, the stronger their tendency to make purchase decisions. UGC functions not only as an additional source of information but also as a mechanism that shapes initial perceptions, builds trust, and strengthens consumer confidence before visiting or purchasing. This finding is consistent with O'Hern and Kahle (2013), who explain that UGC consists of original content created and shared by users through media platforms. It also supports Wang (2024), who argues that UGC can attract consumer attention because it reflects users' creativity and subjective preferences. Empirically, the result aligns with Alghaniy (2024) and De Vera (2024), who found that UGC significantly influences purchase decisions.

A notable finding in this study is the strong role of content valence. In the context of TikTok, positive tones, enjoyable reviews, and attractive visual narratives appear to strengthen consumers' interest in Toko Kopi Jaya. This finding differs from De Vera (2024), who found that content valence had a weak and insignificant effect on purchase decisions. The difference may be explained by the specific nature of TikTok as a short-form

video platform, where emotional appeal, storytelling, visuals, and user experience are delivered more dynamically than in general social media contexts. Therefore, this study provides a new empirical insight that positive UGC may become more influential when it is communicated through highly visual, entertaining, and experience-based platforms such as TikTok.

The second finding shows that store atmosphere has a positive and significant influence on purchase decisions, $b = 0.386$, $SE = 0.054$, $\beta = .371$, $t(212) = 7.095$, $p < .001$. This result means that a better store atmosphere increases consumers' tendency to make purchase decisions. In the coffee shop context, the physical environment is not merely a supporting element but an essential part of the consumption experience. Layout, lighting, comfort, cleanliness, facilities, and overall ambiance can create positive emotions and encourage consumers to stay longer, purchase products, and return in the future. This finding supports Mowen and Minor (2008), who state that store atmosphere is designed to create pleasure, joy, and satisfaction during purchase. It is also consistent with Berman and Evans (2010), who explain that store atmosphere can influence consumer emotions and responses through environmental elements.

The finding on store atmosphere is consistent with Raniya et al. (2023), Kurnianingtyas (2023), and Mulyani et al. (2019), who found that store atmosphere significantly influences purchase decisions. However, it differs from Wurniarto et al. (2022), who reported that store atmosphere had no significant influence on purchase decisions. This inconsistency suggests that the effect of store atmosphere may depend on the research context, consumer characteristics, and type of business. In the case of Toko Kopi Jaya, store atmosphere appears to be especially relevant because the brand offers different atmospheres across its branches and because consumers often evaluate coffee shops not only based on product quality but also based on comfort, aesthetics, and suitability for social or work-related activities.

The third finding shows that UGC and store atmosphere simultaneously have a significant influence on purchase decisions, $F(2, 212) = 186.260$, $p < .001$, $R^2 = .637$, adjusted $R^2 = .634$. This means that 63.7% of the variation in purchase decisions can be explained by UGC and store atmosphere, while the remaining 36.3% is explained by other factors outside the research model. This result indicates that purchase decisions are not shaped by a single factor, but by the combination of online and offline influences. UGC attracts consumers through TikTok exposure, while store atmosphere reinforces the decision through both digital representation and direct experience during the visit.

Theoretically, this study contributes to consumer behavior and digital marketing literature by integrating UGC and store atmosphere into one explanatory model. Previous studies often examined digital factors and physical store factors separately. This study shows that in the coffee shop context, online content and offline experience should be understood as complementary rather than separate elements. UGC can communicate the store atmosphere before consumers visit, while the actual store atmosphere can encourage

consumers to create and share new content after visiting. This creates a cycle in which physical experience produces digital exposure, and digital exposure stimulates future purchase decisions.

Empirically, the study provides evidence from the Indonesian local coffee shop context, particularly Toko Kopi Jaya Malang. This context is important because much previous research on UGC has focused on skincare products, general consumer goods, or international settings (Alghaniy, 2024; De Vera, 2024). By examining coffee shop consumers in Malang, this study extends the applicability of UGC and store atmosphere theories to the food and beverage sector. The finding that UGC is the most dominant predictor, $\beta = .515$, also suggests that organic consumer-generated promotion may be highly influential for local brands operating in a social media-driven market.

Practically, the results offer important implications for coffee shop owners and food and beverage business practitioners. Since UGC has the strongest influence on purchase decisions, Toko Kopi Jaya and similar businesses should encourage consumers to share reviews, videos, photos, and visiting experiences on TikTok. However, UGC should not only be positive but also informative. Content that clearly presents product information, prices, facilities, branch atmosphere, and customer experience can help potential consumers evaluate the brand more confidently. Businesses may also encourage UGC through reposting customer content, creating shareable store spots, developing campaign hashtags, collaborating with local communities, and providing consistent experiences that motivate consumers to voluntarily share their visits.

The economic benefit of these findings lies in the potential of UGC as a cost-efficient promotional strategy. Compared to formal advertising, UGC allows businesses to expand brand exposure through consumers' voluntary participation. For a growing coffee shop brand such as Toko Kopi Jaya, this can reduce dependence on paid promotion while increasing credibility because consumers often perceive peer-generated content as more authentic than company-generated content. However, the study also implies that UGC cannot stand alone. Store atmosphere must be maintained because consumer-generated content is usually based on real experiences. If the actual store experience does not match the positive content seen online, consumer trust may decline. Therefore, economic value can be created when digital exposure and physical service quality are managed consistently.

Despite its contributions, this study has several limitations. First, the study used purposive sampling, which means respondents were selected based on specific criteria. This method is appropriate because the study required respondents who had purchased from Toko Kopi Jaya and had been exposed to TikTok UGC. However, it also limits generalizability because the sample may not represent all Toko Kopi Jaya consumers or all coffee shop consumers in Indonesia. This limitation is not an error but a consequence of the selected sampling method, which prioritizes relevance of respondents over random representation.

Second, the study focused only on Toko Kopi Jaya Malang. This single-brand and single-location context provides deep insight into a specific local coffee shop phenomenon, but the findings may not fully apply to other coffee shop brands, cities, or industries. Consumer responses may differ in other regions with different levels of TikTok usage, coffee shop competition, purchasing power, and lifestyle preferences. Therefore, the external validity of the study is limited to contexts that share similar characteristics.

Third, the study used a cross-sectional survey design, meaning that data were collected at one point in time. This design can identify statistical relationships among variables, but it cannot fully explain long-term changes in consumer behavior. For example, consumers' reactions to UGC may change over time as TikTok trends, brand popularity, or store conditions change. Thus, although the study uses explanatory regression analysis, the interpretation of causality should remain careful.

Fourth, the study relied on self-reported questionnaire data. Respondents may answer based on memory, perception, or social desirability rather than actual behavior. For example, respondents may state that UGC influences their purchase decisions, but their actual purchases may also be affected by price, location convenience, peer influence, product quality, income, or brand familiarity. This limitation relates to measurement validity and suggests that future studies could combine survey data with behavioral data, interview data, or actual social media engagement metrics.

Fifth, the model only examined two independent variables: UGC and store atmosphere. Although the model explained a substantial proportion of purchase decision variance, $R^2 = .637$, the remaining 36.3% indicates that other relevant factors were not included. These factors may include product quality, price, service quality, brand image, electronic word of mouth, brand trust, location accessibility, promotion, lifestyle, and consumer satisfaction. This limitation does not weaken the significance of the current findings but shows that purchase decision is a multidimensional phenomenon that requires broader future investigation.

Future research should expand the model by including mediating or moderating variables such as brand trust, brand image, electronic word of mouth, perceived value, customer satisfaction, or consumer engagement. Future studies may also compare different social media platforms, such as TikTok, Instagram, and Google Reviews, to understand whether UGC works differently across digital environments. In addition, future researchers could examine different coffee shop brands, cities, or consumer segments to improve the generalizability of the findings. A longitudinal or mixed-methods approach would also be useful to capture how UGC and store atmosphere influence purchase decisions over time and to explore the deeper reasons behind consumer responses.

Overall, this study demonstrates that purchase decisions in the modern coffee shop industry are shaped by the integration of digital and physical experiences. UGC builds awareness, trust, and interest through social media, while store atmosphere strengthens purchase intention through direct sensory and emotional experience. The main

contribution of this study is the finding that these two factors do not operate separately; instead, they reinforce each other in shaping consumer purchase decisions. For coffee shop businesses, the implication is clear: sustainable competitiveness requires both strong digital visibility through consumer-generated content and a memorable store atmosphere that is worthy of being shared.

6. CONCLUSION

This study concludes that purchase decisions among Toko Kopi Jaya Malang consumers are shaped by the combination of digital exposure and physical store experience. User-Generated Content plays an important role in attracting consumers' attention, building trust, and strengthening their confidence before making a purchase. Content shared by other consumers on TikTok can function as social proof that helps potential buyers evaluate the brand, products, and visiting experience more naturally than formal promotional content.

Store atmosphere also contributes significantly to purchase decisions. A comfortable, attractive, and well-managed store environment can increase consumers' interest in visiting, staying longer, and purchasing products. This shows that the physical aspects of a coffee shop, such as layout, lighting, facilities, cleanliness, and overall ambiance, remain important even in a digital marketing environment.

The main point of this study is that UGC and store atmosphere should not be viewed as separate factors. In the case of Toko Kopi Jaya, both elements support each other. UGC introduces and represents the store experience through TikTok, while the actual store atmosphere confirms or strengthens consumers' expectations during their visit. Therefore, coffee shop businesses need to manage both online visibility and offline experience consistently.

For business practitioners, the findings suggest the importance of encouraging consumers to create more informative and engaging content, especially content that explains products, prices, facilities, and store ambiance. Toko Kopi Jaya should also maintain its store atmosphere across branches so that the experience shown online is consistent with the experience felt directly by consumers.

For future researchers, this study can be developed by adding other relevant variables, such as brand image, electronic word of mouth, brand trust, service quality, price perception, or customer satisfaction. Further studies may also examine different coffee shop brands, cities, consumer segments, or social media platforms to produce broader and more generalizable findings.

For general readers, this study shows that consumer purchase decisions are not formed instantly. They are influenced by what consumers see online, what they believe from other users' experiences, and what they feel when they directly visit the store.

7. REFERENCES

- Al-Abdallah, G., & Jumaa, S. (2022). User-Generated Content And Firm-Generated Content: A Comparative Empirical Study Of The Consumer Buying Process. *UKH Journal Of Social Sciences*, 6(1), 10–31. <https://doi.org/10.25079/Ukhjss.V6n1y2022.Pp10-31>
- Alfathi, B. R. (2025, January 22). Indonesia Jadi Produsen Kopi Terbesar Ke-4 Di Dunia. *Goodstats*. <https://goodstats.id/article/indonesia-jadi-produsen-kopi-terbesar-ke-4-di-dunia-6iqsk>
- Alghaniy, A. M., & Mukaram, M. (2025). Influence Of User Generated Content (UGC) On Skincare Product Purchase Decisions Among Generation Z On Tiktok: A Case Study In Bandung City. *Jurnal Ekonomi Manajemen Sistem Informasi*, 6(5), 2997–3005. <https://doi.org/10.38035/Jemsi.V6i5.5049>
- Anjanarko, T. S., & Ernawati. (2020). Study On Papaya Repurchasing Behavior At Carrefour Surabaya. *Journal Of Science, Technology And Society*, 1(2), 15–20.
- Arikunto, S. (2013). *Prosedur Penelitian: Suatu Pendekatan Praktik*. Rineka Cipta.
- Azwar, S. (2016). *Metode Penelitian*. Pustaka Pelajar.
- Berman, B. R., & Evans, J. R. (2010). *Retail Management: A Strategic Approach* (8th Ed.).
- Budiman, S., & Dananjoyo, R. (2021). The Effect Of Cafe Atmosphere On Purchase Decision: Empirical Evidence From Generation Z In Indonesia. *The Journal Of Asian Finance, Economics And Business*, 8(4), 483–490. <https://doi.org/10.13106/Jafeb.2021.Vol8.No4.0483>
- Cash, S. B., Alhabash, S., Fretes, G., & Ma, M. (2022). Food, Beverages And Social Media: Trends And Tools For Economic Research. In *A Modern Guide To Food Economics* (Pp. 297–326). Edward Elgar Publishing. <https://doi.org/10.4337/9781800372054.00022>
- Chanuhacha, C. (2019). Does Social Media Trend Affect People Decision To Eat Out? *Chulalongkorn University Theses And Dissertations*. <https://doi.org/10.58837/CHULA.IS.2019.7>
- Chen, T., Luo, X., & Zhao, L. (2022). The Impact Of Online Reviews On Consumers' Purchasing Decisions: An Eye-Tracking Study. *Frontiers In Psychology*, 13, Article 865702. <https://doi.org/10.3389/fpsyg.2022.865702>
- Cheong, H. J., & Morrison, M. A. (2008). Consumers' Reliance On Product Information And Recommendations Found In UGC. *Journal Of Interactive Advertising*, 8(2), 38–49. <https://doi.org/10.1080/15252019.2008.10722141>

- Creswell, J. W., & Creswell, J. D. (2023). *Research Design: Qualitative, Quantitative, And Mixed Methods Approaches* (6th Ed.). SAGE Publications.
- De Vera, R. M. (2024). The Content Effectiveness Of User-Generated Content To The Purchasing Decision Of Consumers. *Latin American Business And Sustainability Review*, 1(1), 49–58. <https://doi.org/10.70469/Labsreview.V1i1.5>
- Ghozali, I. (2021). *Aplikasi Analisis Multivariate Dengan Program IBM SPSS 26* (10th Ed.). Badan Penerbit Universitas Diponegoro.
- Guler, A. U. (2018). Inferring The Economics Of Store Density From Closures: The Starbucks Case. *Marketing Science*, 37(4), 611–630. <https://doi.org/10.1287/Mksc.2017.1078>
- Hardani, A., Ustiawaty, J., & Andriani, H. (2023). *Buku Metode Penelitian Kualitatif*. Pustaka Ilmu Group.
- Hardiyanti, N. Y., & Puspa, R. (2021). Coffee Culture Di Indonesia: Pola Konsumsi Konsumen Pengunjung Kafe, Kedai Kopi Dan Warung Kopi Di Gresik. *Jurnal Media Dan Komunikasi*, 1(2), 93–106. <https://doi.org/10.20473/Medkom.V1i2.26380>
- Hawkins, D. I., & Mothersbaugh, D. L. (2020). *Consumer Behavior: Building Marketing Strategy* (14th Ed.). McGraw-Hill Education.
- Iba, Z., & Wardhana, A. (2023). *Metode Penelitian*. Eureka Media Aksara.
- Khalikussabir, K., & Waris, A. (2021). The Impact Of Utilitarian Value, Hedonic Value, And Brand Image Of Modern Coffee Shop City Of Malang On Customer Satisfaction. *Jurnal Ekonomi & Bisnis JAGADITHA*, 8(2), 172–178. <https://doi.org/10.22225/Jj.8.2.2021.172-178>.
- Khan, M. A., Vivek, Minhaj, S. M., Saifi, M. A., Alam, S., & Hasan, A. (2023). Impact Of Store Design And Atmosphere On Shoppers' Purchase Decisions: An Empirical Study With Special Reference To Delhi-NCR. *Sustainability*, 15(1), Article 95. <https://doi.org/10.3390/Su15010095>
- Kotler, P., & Armstrong, G. (2017). *Principles Of Marketing* (17th Ed.). Pearson.
- Kotler, P., & Keller, K. L. (2012). *Marketing Management* (14th Ed.). Pearson Education.
- Kurnianingtyas, W. (2023). Assessing The Influence Of Brand Awareness, Product Variety, And Store Atmosphere On Purchasing Decisions At Sanrio Supermarket. *International Journal Of Service Science, Management, Engineering, And Technology*, 3(3), 20–25. <https://ejournalisse.com/index.php/Isse/article/view/64>
- Lamberton, C., & Stephen, A. T. (2016). A Thematic Exploration Of Digital, Social Media, And Mobile Marketing Research's Evolution From 2000 To 2015 And An Agenda

For Future Research. *Journal Of Marketing*, 80(6), 146–172.
<https://doi.org/10.1509/jm.15.0415>

Moran, G., Muzellec, L., & Nolan, E. (2014). Consumer Moments Of Truth In The Digital Context: How “Search” And “E-Word Of Mouth” Can Fuel Consumer Decision Making. *Journal Of Advertising Research*, 54(2), 200–204.
<https://doi.org/10.2501/JAR-54-2-200-204>

Mowen, J. C., & Minor, M. (2008). *Consumer Behavior* (5th Ed.). Pearson Prentice Hall.

Nielsen. (2015). Global Trust In Advertising: Winning Strategies For An Evolving Media Landscape. <https://www.nielsen.com/>

Nisa, A., Widhiasti, M. R., & Dewi, E. P. (2022). Indoor To Outdoor: Transformation Of Coffee Shops In Jakarta. *International Journal Of Built Environment And Scientific Research*, 6(1), 17–32. <https://doi.org/10.24853/ijbesr.6.1.17-32>

O’Hern, M. S., & Kahle, L. R. (2013). The Empowered Customer: User-Generated Content And The Future Of Marketing. *Global Economics And Management Review*, 18(1), 22–30. <https://doi.org/10.1016/S2340-1540%2813%2970004-5>

Peter, J. P., & Olson, J. C. (2010). *Consumer Behavior & Marketing Strategy*. Mcgraw-Hill.

Pramesti, K. D., & Alversia, Y. (2023). The Influence Of Attitude Toward User-Generated Content (UGC) In Tiktok On Purchase Intention. In *Proceedings Of The 7th Global Conference On Business, Management, And Entrepreneurship (GCBME 2022)* (Pp. 630–639). Atlantis Press. https://doi.org/10.2991/978-94-6463-234-7_66

Radar Malang. (2025, April 23). Tiga Bulan, 110 Resto Dan Kafe Anyar Beroperasi Di Malang. <https://radarmalang.jawapos.com>

Raniya, R. F., Lubis, P. H., & Kesuma, T. M. (2023). The Influence Of Social Media Marketing And Store Atmosphere On Purchase Decision Mediated By Consumer Trust In Millennial Coffee Shops In Banda Aceh. *International Journal Of Business Management And Economic Review*, 6(1), 144–155.
<https://doi.org/10.35409/IJBMER.2023.3466>

Rensink, J. M. (2013). What Motivates People To Write Online Reviews And Which Role Does Personality Play? A Study Providing Insights In The Influence Of Seven Motivations On The Involvement To Write Positive And Negative Online Reviews And How Five Personality Traits Play A Role [Master’s Thesis, University Of Twente]. University Of Twente Student Theses. <https://purl.utwente.nl/essays/63536>

- Roma, P., & Aloini, D. (2019). How Does Brand-Related User-Generated Content Differ Across Social Media? *Journal Of Business Research*, 96, 322–339. <https://doi.org/10.1016/j.jbusres.2018.11.055>
- Schiffman, L., & Kanuk, L. (2014). *Consumer Behavior: Global Edition*. Pearson Education.
- Sekaran, U., & Bougie, R. (2016). *Research Methods For Business: A Skill-Building Approach* (7th Ed.). Wiley.
- Snapcart. (2023, October 2). Indonesia's Coffee Consumption Trends In 2023. Snapcart. <https://snapcart.global/indonesias-coffee-consumption-trends-in-2023/>
- Solomon, M. R. (2019). *Consumer Behavior: Buying, Having, And Being* (13th Ed.). Pearson.
- Statista. (2023). Coffee—Indonesia. Statista Market Forecast. <https://www.statista.com/outlook/cmo/hot-drinks/coffee/indonesia>
- Sugiyono. (2023). *Metode Penelitian Kuantitatif, Kualitatif, Dan R&D*. Alfabeta.
- Uthaisar, S., Eves, A., & Wang, X. L. (2024). Tourists' Online Information Search Behavior: Combined User-Generated And Marketer-Generated Content In Restaurant Decision Making. *Journal Of Travel Research*, 63(6), 1549–1573. <https://doi.org/10.1177/00472875231195314>
- Wafa, I. (2025, May 3). Publik RI Habiskan Hampir 45 Jam Sebulan Di Tiktok, Kalahkan Rata-Rata Global. Goodstats. <https://data.goodstats.id/statistic/publik-ri-habiskan-hampir-45-jam-sebulan-di-tiktok-kalahkan-rata-rata-global-oxypf>
- Wang, J. (2024). Tiktok Under Marketing Saturation: Comprehensive Analysis Of User-Generated Content (UGC) Marketing. *Advances In Economics, Management And Political Sciences*, 85(1), 85–91. <https://doi.org/10.54254/2754-1169/85/20240848>
- We Are Social, & Meltwater. (2025, April 23). Digital 2025 April Global Statshot Report. <https://wearesocial.com/id/blog/2025/04/digital-2025-april-global-statshot-report/>
- Wuniarto, E., Kindangen, P., & Pandowo, M. H. C. (2022). The Influence Of Store Atmosphere And Consumer Emotion On Purchasing Decisions At Blackcup Coffee And Roastery Manado. *Jurnal EMBA: Jurnal Riset Ekonomi, Manajemen, Bisnis Dan Akuntansi*, 10(3), 497–506. <https://doi.org/10.35794/emba.v10i3.42082>
- Wunsch-Vincent, S., & Vickery, G. (2007). *Participative Web And User-Created Content: Web 2.0, Wikis And Social Networking*. OECD Publishing. <https://doi.org/10.1787/9789264037472-en>



Distress Prediction in Transportation-Logistics: Integrating Financial and Governance Factors

Sri Sulasmiyati^{1*},
Annisa Magfirah²

¹ Faculty of Administrative
Sciences, Brawijaya
University, Malang, 65145,
Indonesia

² Faculty of Administrative
Sciences, Brawijaya
University, Malang, 65145,
Indonesia

*Corresponding Author
E-mail: sri_su_fia@ub.ac.id

ABSTRACT

This study examines the influence of financial ratios and corporate governance mechanisms on financial distress in transportation and logistics companies listed on the Indonesia Stock Exchange over the 2019–2023 period. Financial performance is proxied by the Current Ratio (CR) for liquidity, Return on Assets (ROA) for profitability, and Debt-to-Equity Ratio (DER) for leverage, while Corporate Governance (CG) is measured through the proportion of independent commissioners and audit committee size. Financial distress is assessed using the Altman Z-Score. A purposive sampling technique yielded a final sample of 12 companies, generating 60 firm-year observations. Data were analyzed using descriptive statistics and inferential methods, including classical assumption tests, multiple linear regression, coefficient of determination, F-test, and t-test, with IBM SPSS Statistics version 26 employed for data processing. The empirical findings reveal that the five independent variables, when considered jointly, exert a statistically significant effect on financial distress. Individually, CR, ROA, DER, and the proportion of independent commissioners demonstrate significant partial effects, whereas audit committee size does not exhibit a statistically significant influence. By integrating financial ratios with corporate governance mechanisms, this study provides novel evidence on distress prediction in Indonesia's transportation and logistics sector, offering theoretical enrichment to the literature on financial distress and practical guidance for managers and regulators in strengthening early-warning systems.

Keywords: Financial Ratio, Corporate Governance, Financial Distress

| Received June 2026 | Accepted July 2026 | Available Online August 2026 |

| DOI: <https://doi.org/10.64530/ijbams.v2i2.64>

1. INTRODUCTION

Transportation and logistics serve as a key sector in facilitating Indonesia's economic expansion. This importance is reflected in the government's strong support for the development of the sector, which contributes approximately 24% of Indonesia's gross domestic product (GDP). Continued business growth also increases the demand for transportation and logistics services (Ghaisani & Takarini, 2022). Nevertheless, the sector suffered a sharp revenue contraction during the 2020 COVID-19 pandemic, as demand for transportation and logistics services dropped by up to 85% compared with the previous year. According to GDP growth rate data, the transportation and logistics industry underwent significant macroeconomic fluctuations, indicating that its constituent companies were disproportionately exposed to the risk of financial distress compared to firms in alternative sectors (Badan Pusat Statistik, 2020). Such conditions highlight the value of ascertaining the antecedents of financial distress, equipping corporate managers, investors, and other stakeholders with the necessary foresight to identify financial weaknesses before they escalate into outright bankruptcy.

The sources of corporate bankruptcy can be grouped under three basic models: Neoclassical, Financial, and Corporate Governance. Assessment of the Neoclassical and Financial models is conventionally conducted via the measurement of corporate financial performance, utilizing financial ratio analysis, including the CR to represent liquidity, ROA to indicate profitability, and the DER to capture leverage (Lizal, 2002). Meanwhile, the CG Model emphasizes that financial distress may also occur when a company has an adequate asset structure and financial structure but implements ineffective CG. This concern is acutely pertinent to Indonesia, which ranked at the bottom of the twelve Asian countries assessed for CG standards, achieving a governance score of a mere 35.7% (Asian Corporate Governance Association, 2023). Therefore, CG mechanisms, particular attention should be devoted to the share of independent commissioners and audit committee size, which should be evaluated conjointly with financial ratios in any rigorous analysis of the probability of financial distress.

Given the mixed findings reported in prior literature concerning the association between financial ratios, governance mechanisms, and corporate financial distress, further empirical validation is clearly required. This paper thus sets out to explore the role of CR, ROA, DER, the ratio of independent board commissioners, and audit committee size in determining the financial condition of transportation and logistics companies listed on the Indonesia Stock Exchange. Through the application of a quantitative explanatory design, the study relies on audited financial data and annual reports for the 2019–2023 period, processed using multiple linear regression. The regression results demonstrate that, when considered collectively, the five independent variables exert a statistically significant influence on the financial distress measure. Individually, CR, ROA, and DER have significant positive coefficients, independent commissioners have a significant negative coefficient, while audit committee size is not statistically significant. By combining financial performance measures and governance characteristics, this study extends the literature on financial distress within Indonesia's transportation and logistics industry.

2. LITERATURE REVIEW

Signaling Theory

At its core, Signaling Theory addresses the critical function of corporate disclosures, asserting that the information possessed and communicated by a firm is instrumental in shaping the perceptions and decisions of its shareholders, as well as those of other external market participants. The theory originated in 1970, when George Akerlof, in his study of the labor market, explained how information asymmetry or uncertainty concerning the quality of a seller's product could influence buyers' perceptions of that product (Kurniasih & Heliantono, 2024). Spence further developed Signaling Theory in 1973 by explaining how companies send signals to users of financial information (Spence, 2002). Signaling Theory is fundamentally intended to reduce information asymmetries between management and external stakeholders (Budiman, 2018).

Agency Theory

Under Agency Theory, the principal-agent relationship emerges when owners entrust managers with the authority to make corporate decisions consistent with shareholder interests (Jensen & Meckling, 1976). However, the resultant separation of ownership from control may foster conflicts of interest (Trisnawati, 2021). To address these conflicts,

governance mechanisms such as audit committees, independent commissioners, ownership structures, and external auditors function as effective monitoring tools, ensuring that managerial actions remain aligned with the objectives of principals (Perdana & Raharja, 2014).

Financial Performance

Financial performance is defined as a firm's achieved results over a reporting period, indicating its financial standing (Minister of Finance Decree No. 740/KMK.00/1989), and is evaluated using financial ratios (Khatami et al., 2017). Such performance is reported through financial statements namely, the profit or loss statement, statement of financial position, cash flow statement, and supporting notes (Barus et al., 2017). These documents originate from accounting processes that record and summarize economic activities. As stipulated by PSAK No. 1, financial statements are designed to inform users about an entity's financial condition, performance, and changes, thereby aiding economic decisions (Hery, 2016).

Financial Ratio Analysis

Financial ratio analysis helps evaluate firm health and detect distress by comparing related statement items (Hery, 2016), with the capacity to signal bankruptcy up to five years earlier (Asmarani & Lestari, 2020). This study applies three specific ratios: the CR with current assets/current liabilities) for liquidity and short-term solvency (Hery, 2016); ROA: net income/total assets for profitability and resource efficiency (Putri & Wijayanto, 2020; Hery, 2016); and the DER: total liabilities/equity for leverage-related financial risk (Hery, 2016).

The Concept of CG

CG refers to the frameworks and processes for directing corporate activities, promoting accountability, and generating sustainable stakeholder value (IFC, 2018). Under Indonesian Law No. 40/2007 (Art. 1(2)), firms must have three principal organs: the General Meeting of Shareholders (GMS), Board of Directors (BOD), and Board of Commissioners (BOC). The GMS holds residual powers, including decisions on profit distribution and board appointments (Art. 1(4)); the BOD manages and represents the company (Art. 1(5)); and the BOC exercises supervisory and advisory functions (Art. 1(6)). For public firms, POJK No. 33/2014 (Art. 20(3)) mandates that independent commissioners constitute at least 30% of boards exceeding two members, measured as the ratio of independent commissioners to total board membership (Septiana et al., 2016). Listed firms are also required to establish supporting bodies, including an Audit Committee of at least three members, comprising independent commissioners and external appointees, which assists the BOC under POJK No. 55/2015. Lastly, the IFC's Indonesia CG Manual outlines five core GCG principles: transparency (clear, timely disclosure), accountability (responsible reporting), responsibility (legal, social, and environmental compliance), independence (freedom from undue influence), and fairness (equitable stakeholder treatment).

Financial Distress

Financial distress signifies a state of severe financial deterioration that precedes actual bankruptcy (Platt & Platt, 2002). Lizal (2002) traces its origins to three theoretical models: the Neoclassical (resource misallocation), Financial (liquidity constraints and weak financing), and Corporate Governance (ineffective oversight despite adequate assets and capital structure). Accordingly, distress analysis functions as a vital early-warning mechanism for preemptive intervention. Among available prediction instruments, there are: Altman Z-Score, Grover G-Score, Springate S-Score, and Zmijewski X-Score, this study adopts the modified Altman model for non-manufacturing firms, given its proven predictive strength across sectors (Silvianti & Aslamiyah, 2024). This choice is empirically supported by Primasari (2017), who found Altman to be the most accurate (65.52%), followed by Springate (65.09%), Zmijewski (55.60%), and Grover (51.72%), and by Hafizah and Sa'adah (2024), who reported Altman's marked superiority over Zmijewski (74.29% vs. 37.14%). Consequently, the modified Altman Z-Score is applied here to assess financial distress in the non-manufacturing transportation and logistics sector.

Research Hypotheses

1) Effect of the CR on Financial Distress

CR which measures short-term solvency by comparing current assets to current liabilities (Hery, 2016), serves as a key liquidity indicator. Luis and Frinan (2022) assert that a higher CR signifies superior payment capacity, thereby reducing distress risk and, through the lens of Signaling Theory, conveying a positive signal to investors. However, this relationship is nuanced: an excessively high CR may reflect inefficient asset utilization, while a low CR indicates cash conversion difficulties that weaken debt-servicing capability and erode investor confidence (Hery, 2016). Despite these competing interpretations, empirical evidence consistently confirms a meaningful association between CR and financial distress (Herdyanto & Yudawisastra, 2019; Yudawisastra & Febrian, 2019; Hadi et al., 2024). Accordingly, we propose the following hypothesis:

H1: The Current Ratio has a significant effect on Financial Distress.

2) Effect of ROA on Financial Distress

ROA measures a firm's efficiency in generating earnings from its asset base. Within the framework of Signaling Theory, ROA conveys information about financial performance to both management and investors, thereby aiding decision-making (Carolina et al., 2017). A higher ROA indicates stronger profit-generating capacity, which supports operational activities and debt servicing, thus reducing financial distress risk. However, this protective effect may be offset when high profitability coincides with excessive operating costs or substantial debt burdens, as earnings may be consumed by these obligations. Conversely, a low ROA signals limited earnings capacity, impairing the firm's ability to fund operations and meet financial commitments, thereby elevating distress risk. Empirical evidence confirms a significant relationship between ROA and financial distress (Yudawisastra & Febrian, 2019; Dirman, 2020; Hadi et al., 2024). Accordingly, we propose the following hypothesis:

H2: ROA has a significant effect on Financial Distress.

3) Effect of the DER on Financial Distress

The DER measures the extent to which a firm's financing originates from debt relative to shareholders' equity, serving as a key leverage indicator. Consistent with Signaling Theory, DER conveys information about the company's financial structure to investors, supporting their investment evaluations (Sulistyo et al., 2022). A high DER signals substantial third-party obligations, which may elevate the risk of financial distress due to potential payment defaults, asset repossession, or financial losses from inadequate debt risk management (Silvia et al., 2020). Furthermore, increasing reliance on debt to finance operations may indicate early financial deterioration. Empirical evidence confirms a significant relationship between DER and financial distress (Hartianah & Sulasmiyati, 2017). Accordingly, we propose the following hypothesis:

H3: The DER has a significant effect on Financial Distress.

4) Effect of Independent Commissioners on Financial Distress

Independent commissioners are board members who maintain no affiliation with the company, thereby functioning as an autonomous governance mechanism. Drawing upon Agency Theory, Jensen and Meckling (1976) posit that the delegation of decision-making authority from principals (shareholders) to agents (managers) creates potential conflicts of interest, necessitating independent oversight to align managerial actions with shareholder interests. Independent commissioners fulfill this role by monitoring managerial conduct, limiting conflicts, and reducing agency-related costs (Ibrahim, 2018). A higher proportion of such commissioners is further expected to enhance supervision, coordination, and accountability through more objective strategic oversight (Indarti et al., 2020). Empirical evidence confirms a significant relationship between independent commissioner representation and financial distress (Puspaningsih et al., 2023; Widyaningsih, 2020; Hartianah & Sulasmiyati, 2017). Accordingly, we propose the following hypothesis:

H4: The proportion of independent commissioners has a significant effect on Financial Distress.

5) Effect of the Audit Committee on Financial Distress

From an Agency Theory perspective, divergent interests between principals and agents necessitate robust governance and monitoring mechanisms. The Board of Commissioners oversees managerial activities with support from the Audit Committee, which is expected to operate professionally and independently while enhancing supervision over financial reporting, risk management, audit processes, and CG implementation (Prihati & Khabibah, 2022). A committee of adequate size, comprising more than one member, diverse perspectives and more effective decision-making, as members with varied experience and financial expertise can evaluate corporate issues from multiple angles (Arrum & Wahyono, 2021). Active participation by all Audit Committee members, particularly in financial reporting oversight, is expected to strengthen monitoring of corporate financial activities and thereby reduce exposure to financial distress. Empirical evidence confirms a significant relationship between Audit Committee characteristics and financial distress (Rahmawati & Marsono, 2014). Accordingly, we propose the following hypothesis:

H5: Audit Committee size has a significant effect on Financial Distress.

3. METHODOLOGY

This study is grounded in a quantitative explanatory approach, with the Indonesia Stock Exchange serving as the research setting. Secondary data were obtained from audited financial statements accessible via IDX's official portal. The initial population included all 37 transportation and logistics companies listed during the 2019–2023 period. Following a purposive sampling strategy, 12 firms were ultimately retained based on the following criteria: (a) uninterrupted listing throughout the five-year period; (b) complete annual reporting, including detailed disclosures on Boards of Commissioners and Audit Committees; (c) financial statements presented in IDR; and (d) at least one year of reported losses. The exclusion was due to incomplete reporting and non-compliance with governance disclosure requirements, and the retained firms represent the largest and most consistently reporting companies in the sector. The dependent variable is proxied by financial distress, whereas the independent variables are represented by CR, ROA, DER, independent commissioner proportion, and audit committee size. The analytical framework encompasses both descriptive statistics and inferential techniques, with multiple linear regression applied to assess predictive relationships (Sugiyono, 2015).

4. RESULTS

Statistical Description Analysis

Table 1. Statistical Description Analysis

	Descriptive Statistics				
	N	Minimum	Maximum	Mean	Std. Deviation
CR	60	,025	7,684	1,32737	1,662033
ROA	60	-,576	2,072	-,02777	,309654
DER	60	-90,298	41,648	-,07298	13,619922
Independent Commissioners	60	,250	,500	,42283	,083588
Audit Committee	60	1.00	3.00	2.9667	.25820
Financial Distress	60	-47,814	34,130	-3,27592	12,290284
Valid N (listwise)	60				

Source : Data Processed, 2026

The descriptive statistics summarize six variables across 60 observations. CR ranges from 0.025 to 7.684 (mean = 1.33, SD = 1.66), indicating substantial variation in short-term liquidity. ROA spans –0.576 to 2.072 (mean = –0.028), suggesting, on average, marginal profitability across the sample. DER exhibits extreme dispersion, with values ranging from –90.298 to 41.648 (mean = –0.0729), reflecting considerable diversity in capital structure. Independent commissioners constitute between 25% and 50% of board members (mean = 42%), whereas audit committee size is relatively stable, averaging 2.97 or 3 members. The financial distress proxy demonstrates substantial variability, ranging from –47.814 to 34.130 (mean = –3.28, SD = 12.29), underscoring the heterogeneous financial conditions prevailing among the sampled transportation and logistics firms.

Inferential Statistical Analysis

Classical Assumption Tests

The preliminary Glejser test revealed the presence of heteroskedasticity, necessitating the exclusion of outlier observations in ROA, DER, and the financial distress indicator, along with two cases from PT Eka Sari Lorena Transport Tbk for the 2019–2020 period due to their non-compliance with the minimum 30% independent commissioner requirement. To further address the issue, the independent commissioner variable was subjected to an inverse transformation, while the audit committee variable underwent logarithmic transformation. Following these adjustments, the test yielded significance values exceeding 0.05 for all variables, and the residual scatterplot exhibited a random distribution, collectively indicating that heteroskedasticity was no longer present. Residual normality was assessed using the one-sample Kolmogorov–Smirnov test based on 53 observations, which produced a significance value of 0.084 ($p > 0.05$); consequently, the residuals satisfied the normality assumption. The absence of multicollinearity was confirmed, with tolerance values spanning 0.787 to 0.917 (exceeding the 0.10 threshold) and Variance Inflation Factor (VIF) values ranging from 1.091 to 1.271 (well below the cut-off of 10). Autocorrelation was similarly undetected, as the Durbin–Watson statistic stood at 1.796, comfortably falling within the acceptable bounds of 1.7689 to 2.2311. Overall, the regression model satisfied all requisite classical assumptions for multiple linear regression.

Multiple Linear Regression Analysis

Table 2. Multiple Linear Regression Analysis

		Coefficients^a		t	Sig.
Model		Unstandardized Coefficients	Standardized Coefficients		
		B	Std. Error	Beta	
1	(Constant)	9.748	9.210		1.058
	CR	3.398	.808	.408	4.206
	ROA	19.604	6.666	.293	2.941
	DER	.616	.213	.277	2.887
	INVERS_P5X4	-7.269	2.188	-.342	-3.322
	LN_X5	1.654	6.221	.025	.266

a. Dependent Variable: Financial Distress

Source : Data Processed, 2026

The estimated coefficients for each predictor variable, obtained from the multiple linear regression analysis summarized in Table 8, yield the following empirical equation:

$$Y = 9,748 + 3,398 X_1 + 19,604 X_2 + 0,616 X_3 - 7,269 X_4 + 1,654 X_5$$

In this equation, Y represents the dependent variable namely, the financial distress indicator, while X_1 through X_5 denote the respective explanatory variables (CR, ROA, DER, proportion of independent commissioners, and audit committee size). The constant term, 9.748, indicates the estimated baseline value of Y when all independent variables are held at zero. Each coefficient quantifies the marginal effect of its corresponding predictor on

the distress measure, holding all other variables constant. Specifically, a one-unit increase in X_1 , X_2 , X_3 , or X_5 is associated with an increase in Y of 3.398, 19.604, 0.616, and 1.654 units, respectively. Conversely, X_4 exhibits a negative relationship with Y , whereby a one-unit rise in the independent commissioner proportion corresponds to a decrease of 7.269 units in the distress indicator, suggesting that stronger board independence may mitigate distress risk. Notably, X_2 (ROA) demonstrates the most substantial positive coefficient among the regressors, implying the greatest relative influence on the predicted outcome.

Hypothesis Testing

1) Coefficient of Determination Test (Adjusted R-Squared)

Table 3. Coefficient of Determination Test (Adjusted R-Squared)

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.780 ^a	.609	.567	6,481845	1.796
a. Predictors: (Constant), LN_X5, Debt to Equity Ratio, Current Ratio, Return on Asset, INVERS_P SX4					
b. Dependent Variable: Financial Distress					

Source : Data Processed, 2026

As evidenced by the adjusted R-squared statistics reported in Table 9 (0.567), the five explanatory variables, CR, ROA, DER, independent commissioner ratio, and audit committee size, together account for 56.7% of the systematic variation in financial distress. The remaining 43.3% is attributable to unobserved factors not included in the research scope, suggesting avenues for future empirical inquiry.

2) Simultaneous F-Test

Table 4. Simultaneous Hypothesis Test (F-Test)

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3074.678	5	614.936	14.636	.000 ^b
	Residual	1974.673	47	42.014		
	Total	5049.350	52			
a. Dependent Variable: Financial Distress						
b. Predictors: (Constant), LN_X5, DER, CR, ROA, INVERS_P SX4						

Source : Data Processed, 2026

The simultaneous significance of the regression model was assessed using the probability value (Sig.) and the F-statistic. A significance value below 0.05 leads to the rejection of H_0 and acceptance of H_a , meaning that the independent variables collectively influence the dependent variable. As shown in Table 10, the significance value was 0.000, which was below 0.05. The calculated F-value of 14.636 also exceeded the critical F-value of 2.413. Therefore, CR, ROA, DER, independent commissioners, and the Audit Committee jointly

had a significant effect on financial distress, resulting in the rejection of H_0 and acceptance of H_1 .

3) t-Test

Table 8 presents the results of the t-test, evaluated using both significance values (Sig.) and calculated t-statistics. A significance value below 0.05 indicates rejection of H_0 and acceptance of H_a , meaning the variable has a significant partial effect on financial distress. The Current Ratio (Sig. = 0.000), ROA (Sig. = 0.005), DER (Sig. = 0.006), and independent commissioners (Sig. = 0.002) all show significant effects, while the Audit Committee (Sig. = 0.792) does not. The same conclusion is supported by the comparison of calculated t-values with the critical value (2.01174). CR (4.206), ROA (2.941), DER (2.887), and independent commissioners (-3.322) exceed the threshold, confirming their significance. In contrast, the Audit Committee (0.266) falls within the acceptance range, indicating no significant effect.

5. DISCUSSION

The multiple linear regression analysis, assessed through the F-test, reveals that the five predictor variables CR, ROA, DER, proportion of independent commissioners, and audit committee size, collectively exert a statistically significant influence on financial distress. The adjusted R-squared value of 56.7% indicates that the model accounts for more than half of the variance in the distress indicator, suggesting substantial explanatory power.

Individually, the CR demonstrates a significant partial effect on financial distress in a positive direction, indicating that higher liquidity ratios paradoxically correspond to increased distress risk. This counterintuitive finding arises from the asset composition characteristic of transportation and logistics firms, wherein current assets are predominantly composed of receivables and inventories, components that are inherently illiquid and difficult to convert rapidly into cash. Consequently, even when the CR appears favorable, firms may lack the requisite liquidity to meet maturing short-term obligations, thereby elevating distress exposure. This result corroborates the findings of Herdyanto and Yudawisastra (2019), Yudawisastra and Febrian (2019), and Hadi et al. (2024), who similarly documented a significant relationship between CR and financial distress.

ROA also exhibits a significant effect on financial distress in a positive direction, a finding that warrants careful interpretation. Consistent with the observations of Sulistyono et al. (2022), transportation and logistics firms may achieve elevated ROA through short-term efficiency measures, including cost reductions in asset management and operational expenditures. While these initiatives temporarily inflate net income, prolonged cost-cutting may compromise service quality, erode revenue streams, and ultimately precipitate losses, thereby increasing distress vulnerability over the long horizon. This pattern aligns with Signaling Theory, wherein a high ROA may initially convey positive performance signals, yet the underlying strategies may mask latent operational weaknesses that eventually manifest as financial deterioration. This outcome is consistent with Yudawisastra and Febrian (2019), Dirman (2020), and Hadi et al. (2024).

The DER demonstrates a significant effect on financial distress also in a positive direction,

reflecting the capital structure challenges inherent in the transportation and logistics sector, which requires substantial funding for fleet maintenance, infrastructure, and expansion. Firms in this industry exhibit a preference for debt financing over equity issuance to avoid dilution of ownership, consequently elevating their leverage ratios and associated financial risk. From an Agency Theory perspective, heightened debt levels increase the probability of default and amplify agency costs, as creditors impose restrictive covenants and monitoring requirements. This finding corroborates Hartianah and Sulasmiyati (2017), who reported a significant influence of DER on financial distress.

In contrast, the proportion of independent commissioners exerts a significant effect on financial distress in a negative way, affirming the efficacy of robust governance oversight. Independent commissioners, by virtue of their autonomy from management, perform supervisory functions with greater objectivity, enabling them to identify and preempt decisions that may engender excessive financial risk. This finding is consistent with Agency Theory, which posits that independent oversight mitigates agency conflicts by aligning managerial actions with shareholder interests (Jensen & Meckling, 1976). The result reinforces the empirical evidence of Puspaningsih et al. (2023), Widyaningsih (2020), and Hartianah and Sulasmiyati (2017).

Conversely, audit committee size does not exhibit a statistically significant partial effect on financial distress. This lack of significance may be attributed to the regulatory uniformity prescribed by Financial Services Authority Regulation No. 55/POJK.04/2015, which mandates a minimum of three members, resulting in limited cross-sectional variation that precludes meaningful differentiation in committee effectiveness. As such, audit committee size fails to capture the qualitative dimensions of committee performance, including members' financial expertise, independence, and diligence. This outcome aligns with Puspaningsih et al. (2023) and Widyaningsih (2020), who likewise reported no significant relationship between audit committee size and financial distress.

This study is subject to several limitations. First, the relatively small sample size of 12 firms with 60 firm-year observations may restrict the generalizability of the findings. Second, the five-year observation window (2019–2023) provides only a limited temporal perspective, which may not fully capture long-term industry dynamics. Third, the sector-specific focus on transportation and logistics companies listed on the Indonesia Stock Exchange constrains the applicability of results to other industries. Finally, the purposive sampling criterion requiring at least one year of reported losses may introduce selection bias, as firms with stronger financial performance were excluded. These limitations should be considered when interpreting the results and provide opportunities for future research to expand the dataset, extend the time horizon, and conduct cross-sectoral comparisons.

6. CONCLUSION

This study finds that the liquidity ratio, represented by CR, has a significant effect on financial distress on a positive way, suggesting that limited capacity to meet short-term liabilities may heighten a company's exposure to financial difficulties. The profitability ratio proxied by ROA also has a significant effect with a positive path, showing that a high

ROA is not necessarily favorable. A company with a high ROA may still experience financial distress when it cannot maintain sufficient funds to cover its costs. The leverage ratio, measured by DER, has a significant effect with a positive direction, suggesting that heavy dependence on debt financing may raise the likelihood of default and increase exposure to financial distress.

Regarding CG, independent commissioners exert a statistically significant influence on financial distress in a negative way. A higher proportion of independent commissioners improves corporate oversight and reduces financial distress. Audit Committee size, however, has no significant effect because it is standardized by Financial Services Authority regulations and therefore does not adequately reflect the committee's contribution to financial distress. Collectively, CR, ROA, DER, independent commissioners, and the Audit Committee exert a statistically significant joint influence on financial distress.

Future studies are encouraged to examine a longer observation period or incorporate additional variables to obtain more current and precise results. Transportation and logistics companies should maintain an appropriate composition of financial components, including debt and current assets. They should also regularly evaluate and strengthen GCG practices to support effective company management. Prospective investors should conduct a thorough assessment before making investment decisions, considering not only financial ratios but also CG mechanisms.

7. REFERENCES

- Aini, F. A., Andika, A., Gunawan, D., & Cahyadi, W. "Analysis Of The Determinants Of Financial Distress In Technology Sector Companies On The Indonesia Stock Exchange For The 2019-2022 Period." *Jurnal Ekonomi* 13, No. 2 (2024): 1787–98. <https://ejournal.seaninstitute.or.id/index.php/ekonomi/article/view/4735>
- Altman, E. I. "Predicting Financial Distress Of Companies: Revisiting The Z Score And ZETA Models." *Handbook Of Research Methods And Applications In Empirical Finance*, 2000, 428–256. <https://doi.org/10.4337/9780857936080.00027>
- Arrum, T. A., & Wahyono. "Pengaruh Operating Capacity, Profitability, Mekanisme Corporate Governance, Dan Firm Size Terhadap Kondisi Financial Distress." *Prosiding Seminar Nasional & Call For Paper STIE AAS* 4, No. 1 (2021): 744–46. <https://prosiding.stie-aas.ac.id/index.php/prosenas/article/view/169/167>
- Asian Corporate Governance Association. "CG Watch 2023: A New Order Biggest Ranking Reshuffle In 20 Years (Special Report)." Central, Hong Kong, 2023
- Asmarani, S. A., & Lestari, D. "Analisis Pengaruh Likuiditas, Leverage Dan Profitabilitas Terhadap Financial Distress (Studi Pada Perusahaan Manufaktur Sektor Industri Barang Konsumsi Yang Terdaftar Di BEI Pada Periode Tahun 2014-2018)." *Jurnal Ilmu*

Administrasi Bisnis 9, No. 3 (2020): 369–79.
<https://doi.org/10.14710/Jiab.2020.28140>

Ayuni, Dkk. “Analisis Hasil Survei Dampak Covid-19 Terhadap Pelaku Usaha,” 2020.

Badan Pusat Statistik Republik Indonesia. (2024, Oktober 13). Berita Resmi Statistik: Ekonomi Indonesia. www.bps.go.id

Barus, M. A., Sudjana, N. & Sulasmiyati, S. “Penggunaan Rasio Keuangan Untuk Mengukur Kinerja Keuangan Perusahaan (Studi Pada PT. Astra Otoparts, Tbk Dan PT. Goodyer Indonesia, Tbk Yang Go Public Di Bursa Efek Indonesia).” *Jurnal Administrasi Bisnis* 44, No.1(2017):154–63.
<https://administrasibisnis.studentjournal.ub.ac.id/index.php/jab/article/view/1740>

Budiman, N. A. “Factors Affecting Disclosure Of Social Responsibility Of The Company And Its Impact On Investor Reactions.” *Jurnal Riset Akuntansi Dan Bisnis Airlangga* 3, No. 2 (2018): 416–34. <https://doi.org/10.20473/Jraba.V3i2.46054>
Carolina, V., Marpaung, E. L., & Pratama, D. “Analisis Rasio Keuangan Untuk Memprediksi Kondisi Financial Distress (Studi Empiris Pada Perusahaan Manufaktur Yang Terdaftar Di Bursa Efek Indonesia Periode 2014-2015).” *Jurnal Akuntansi Maranatha* 9, No. 2 (2017): 137–45. <https://doi.org/10.28932/Jam.V9i2.481>

Dirman. A. “Financial Distress: The Impacts Of Profitability, Liquidity, Leverage, Firm Size, And Free Cash Flow.” *International Journal Of Business, Economics And Law* 22, No. 1 (2020): 17–25. <https://ijbel.com/previous-issues/august-2020/vol-22-august-2020-issue-1/>

Fiolina, A., & Yuyetta. E. N. A. “Pengaruh Corporate Governance Terhadap Financial Distress (Studi Empiris Pada Perusahaan Transportasi Dan Logistik Yang Terdaftar Di Bursa Efek Indonesia Tahun 2020-2022).” *Diponegoro Journal Of Accounting* 13, No. 2 (2024): 1–12.
<https://ejournal3.undip.ac.id/index.php/accounting/article/view/43881>

Ghaisani, N. P., & Takarini, N. “Analisis Pertumbuhan Laba Pada Perusahaan Sektor Transportasi Dan Logistik Di BEI.” *Scientific Journal Of Reflection: Economic, Accounting, Management And Business* 5, No. 4 (2022): 859–67.
<https://doi.org/10.37481/Sjr.V5i4.562>

Ghozali, I. *Aplikasi Analisis Multivariate Dengan Program IBM SPSS 25*. Badan Penerbit Universitas Diponegoro, 2018

Hadi, H., Bukhari, E., & Setyawati N. “Pengaruh Analisis Rasio Keuangan Terhadap Financial Distress.” *Jurnal Kajian Ilmiah* 24, No. 3 (2024): 293–302.
<https://doi.org/10.31599/Wkoncx36>

- Hafizah, D. & Sa'adah, L. "Analisis Komparatif Prediksi Kebangkrutan Dengan Metode Altman Z-Score Dan Zmijewski X-Score." *Creative Research Management Journal* 7, No. 2 (2024): 127–37. <https://doi.org/10.32663/09awrs60>
- Hartianah, D. P. & Sulasmiyati, S. "Pengaruh Aspek Operasional, Corporate Governance, Dan Makroekonomiterhadap Financial Distress (Studi Pada Perusahaan Agrikultur Yang Terdaftar Di Bursa Efek Indonesia Tahun 2011-2015)." *Jurnal Ilmu Administrasi* 47, No. 2 (2017): 65–73. <https://administrasibisnis.Studentjournal.Ub.Ac.Id/Index.Php/Jab/Article/View/1844>
- Herdyanto, R. & Yudawisastra, H. G. "The Financial Distress Indication On Mining Industry Of Oil And Gas Sub-Sectors In Indonesia." *Global Business And Management Research: An International Journal* 11, No. 1 (2019): 302–6. <https://www.proquest.com/scholarly-journals/financial-distress-indication-on-mining-industry/docview/2236126442/se-2>
- Hery. *Analisis Laporan Keuangan. Integrated*. PT Grasindo, 2016.
- Ibrahim, R. "Corporate Governance Effect On Financial Distress: Evidence From Indonesian Public Listed Companies." *Journal Of Economics, Business, And Accountancy Ventura* 21, No. 3 (2018): 415–22. <https://doi.org/10.14414/Jebav.V21i3.1626>
- Indarti, M. G. K., Widiatmoko, J., & Pamungkas, I. D. "Corporate Governance Structures And Probability Of Financial Distress: Evidence From Indonesia Manufacturing Companies." *International Journal Of Financial Research* 12, No. 1 (2020): 174–83. <https://doi.org/10.5430/Ijfr.V12n1p174>
- International Finance Corporation. (2018). *The Indonesia Corporate Governance Manual (Second Edition)*. Washington, D.C.: International Finance Corporation
- Jensen, M. C., & Meckling, W. H. "Theory Of The Firm: Managerial Behavior, Agency Costs And Ownership Structure." *Journal Of Financial Economics* 3, No. 4 (1976): 305–60. [https://doi.org/10.1016/0304-405X\(76\)90026-X](https://doi.org/10.1016/0304-405X(76)90026-X)
- Khatami, N., Hidayat, R. R., & Sulasmiyati, S. "Analisis Kinerja Keuangan Perusahaan Sebelum Dan Sesudah Initial Public Offering (IPO) Di Bursa Efek Indonesia (Studi Pada Perusahaan Non Finansial Yang Listing Di BEI Tahun 2011)." *Jurnal Administrasi Bisnis* 47, No. 1 (2017): 87–94. <https://administrasibisnis.Studentjournal.Ub.Ac.Id/Index.Php/Jab/Article/View/1820>
- Kurniasih, A. & Halianono. *Manajemen Keuangan: Teori Dan Riset Kebijakan Dividen*. Selat Media Patners, 2024

- Lizal, L. "Determinants Of Financial Distress: What Drives Bankruptcy In A Transition Economy? The Czech Republic Case (Transition Convergence)." Ortoroz, Solvenia, 2002
- Luis, T. & Frinan, F. "The Impact Of Corporate Governance, Profitability And Liquidity Toward Financial Distress In Consumer Goods Industry Listed At Indonesia Stock Exchange (5th National Conference Business, Management, And Accounting: "The Opportunity Of Digital And Technolo." Tanggerang, 2022
- Perdana, R. S., & Raharja. "Analisis Pengaruh Corporate Governance Terhadap Nilai Perusahaan." Diponegoro Journal Of Accounting 3, No. 3 (2014): 1–13. <https://ejournal3.undip.ac.id/index.php/accounting/article/view/6219>
- Platt H. D. & Platt M. B. "Predicting Corporate Financial Distress: Reflections On Choice-Based Sample Bias." Journal Of Economics And Finance 26, No. 2 (2002): 184–99. <https://doi.org/10.1007/BF02755985>
- Prihati, A. & Khabibah, N. A. "Studi Literatur: Pengaruh Mekanisme Good Corporate Governance Terhadap Financial Distress." Jurnal Akuntansi Universitas Jember 28, No. 2 (2022): 125–35. <https://doi.org/10.19184/jauj.v20i2.34692>
- Primasari, N. S. "Analisis Altman Z-Score, Grover Score, Springate, Dan Zmijewski Sebagai Signaling Financial Distress (Studi Empiris Industri Barang-Barang Konsumsi Di Indonesia)." Accounting And Management Journal 1, No. 1 (2017): 23–43. <https://doi.org/10.33086/amj.v1i1.70>
- Puspaningsih, A., Hidayati, A., & Zulkifri, M. "The Effect Of Corporate Governance And Leverage On Financial Distress Measured By G Score." Review Of Integrative Business And Economics Research 13, No. 3 (2023): 291–303. <https://buscompress.com/riber-13-3x.html>
- Putri, M. D. & Wijayanto, A. "Pengaruh Perputaran Kas Dan Perputaran Persediaan Terhadap Profitabilitas Perusahaan (Studi Pada Perusahaan Makanan Dan Minuman Yang Terdaftar Di Bursa Efek Indonesia Periode 2013-2018)." Jurnal Ilmu Administrasi Bisnis 9, No. 4 (2020): 402–11. <https://doi.org/10.14710/jiab.2020.28351>
- Rahmawati, M., & Marsono. "Analisis Pengaruh Karakteristik Komite Audit Terhadap Financial Distress." Diponegoro Journal Of Accounting 3, No. 3 (2014): 1–8. <https://ejournal3.undip.ac.id/index.php/accounting/article/view/6203>
- Septiana, N., Hidayat, R. R., & Sulasmiyati, S. "Pengaruh Mekanisme Good Corporate Governance Terhadap Profitabilitas Perusahaan (Studi Pada Perusahaan Makanan Dan Minuman Tahun 2011-2014)." Jurnal Administrasi Bisnis 38, No. 2 (2016): 147–55. <https://administrasibisnis.studentjournal.ub.ac.id/index.php/jab/article/view/152>

- Silvia, S., Linda, L., Nugroho, T., Jesica, J., & Yaasiin, F.N. "Effect Of GCG, ROA And DER To Predict Financial Distress On Property And Real Estate Companies In BEI 2014-2018 Period." *Jurnal Mantik* 4, No. 3 (2020): 1906–12. <https://doi.org/10.35335/MANTIK.VOL4.2020.1033.PP1906-1912>
- Silvianti, V. & Slamayah S. "Analisis Prediksi Kebangkrutan Menggunakan Metode Altman Z-Score Periode 2019 2022 (Studi Kasus Pada Pt X Di Jawa Timur)." *Management Studies And Entrepreneurship Journal* 5, No. 1 (2024): 1215–22. <https://doi.org/10.37385/Msej.V5i1.4279>
- Spance, M. "Signaling In Retrospect And The Informational Structure Of Markets." *The American Economic Review* 92, No. 3 (2002): 434–59. <https://doi.org/10.1257/00028280260136200>
- Sugiyono. *Statistika Untuk Penelitian*. Alfabeta Bandung, 2015
- Sulistyo, A. B., Aprillianto, B., Miqdad, M., Maharani, B., & Widyanti, N. W. "Explanation Study Of Agro-Industrial Firm Financial Performance Based On Capital Structure And Firm Strategy In The Covid-19 Pandemic." *Jurnal Riset Akuntansi Dan Bisnis Airlangga* 7, No. 2 (2022): 1343–61. <https://doi.org/10.20473/Jraba.V7i2.39888>
- Trisnawati, N. L. D. E. *Enterprise Risk Management Disclosure: Siklus Hidup Perusahaan Dan Kepemilikan Manajerial Terhadap Nilai Perusahaan*. Nilacakra, 2021
- Widyaningsih, A. "Financial Distress In Indonesia: Viewed From Governance Structure." *Jurnal Riset Akuntansi Dan Keuangan* 8, No. 2 (2020): 205–20. <https://doi.org/10.17509/Jrak.V8i2.27796>
- Yudawisastra, H. G., & Febrian, E. "Financial Distress Indications In Mining Sector Companies In LQ45 In Indonesia." *Global Business And Management Research: An International Journal* 11, No. 1 (2019): 203–8. <https://www.proquest.com/scholarly-journals/financial-distress-indications-mining-sector/docview/2236131045/se-2>



The Relationship Between Business Ethics and Distribution Channels in Efforts to Increase Sales Volume at CV Aneka Jaya

Ammar Abdillah S ^{1*}

¹Economic and Business,
Institut Teknologi dan Bisnis
ASIA Malang, 65141,
Indonesia

*Corresponding Author
E-mail :
amrabdillahs@gmail.com

ABSTRACT

This study aims to examine the implementation of business ethics and the effectiveness of distribution channels in influencing sales volume at CV Aneka Jaya Malang. The study was motivated by a decline in sales volume from 90% in 2023 to 80% in 2024 and 70% in 2025, despite the company's consistent application of ethical business practices and its established relationships with business partners. This study employed a descriptive qualitative approach using a single case study design. Data were collected through structured interviews, direct non-participant observation, and documentation involving the company's President Director, Operations Manager, and representatives of three partner stores. Data validity was ensured through source triangulation, technique triangulation, and member checking. The findings indicate that business ethics, particularly honesty, transparency, fair pricing, product responsibility, effective complaint handling, and integrity in partnership relationships, contribute significantly to maintaining partner trust, customer loyalty, and purchase intentions. However, ethical practices alone were insufficient to sustain sales volume when distribution operations encountered technical constraints. The study found that aging delivery vehicles, traffic congestion, extreme weather, and delivery delays frequently caused product shortages at partner stores, resulting in missed sales opportunities. Meanwhile, the company's centralized distribution system, inventory control, FIFO stock rotation, minimum stock thresholds, and the use of Transportation Management System (TMS) and GPS technologies supported product availability and distribution efficiency. The study concludes that business ethics and distribution channels play complementary roles in sustaining sales performance. Business ethics create trust and purchase intentions, while reliable distribution converts these intentions into actual transactions. Therefore, improving fleet reliability and digital inventory management is essential for restoring and strengthening sales volume sustainability.

Keywords: Business Ethics, Distribution Channels, Sales Volume, Customer Loyalty, Case Study

| Received July 2026 | Accepted July 2026 | Available Online August 2026 |

| DOI: <https://doi.org/10.64530/ijbams.v2i2.64>

1. INTRODUCTION

CV Aneka Jaya Malang operates in a highly competitive accessory distribution business in which sales performance depends not only on customer trust but also on the availability and timely delivery of products to partner stores. The company experienced substantial sales growth, reaching 90% in 2023 after increasing from 70% in 2020. However, this positive trend was subsequently reversed, with sales volume declining to 80% in 2024 and 70% in 2025. This decline represents a significant business problem because it occurred despite the company's continued commitment to ethical business practices, including transparency in product information, standardized and fair pricing, product warranties,

responsible complaint handling, and maintaining good relationships with business partners.

The decline therefore raises an important managerial question: why did sales decrease when the company continued to maintain ethical practices that had previously contributed to customer and partner loyalty? The findings suggest that ethical practices remained effective in maintaining trust and purchase intentions, but trust alone was insufficient to generate actual transactions when products were unavailable. Rising raw material costs also forced the company to gradually increase selling prices, making end consumers more price-sensitive. Partners reported that consumers continued purchasing but reduced their purchase quantities or shifted to smaller package sizes to maintain their spending levels.

At the operational level, the more critical problem was the reliability of the distribution system. Although CV Aneka Jaya used a centralized warehouse, scheduled deliveries, inventory thresholds, and TMS/GPS technology, an aging delivery fleet, traffic congestion, vehicle breakdowns, and extreme weather disrupted deliveries. These problems resulted in stock shortages at partner stores, meaning that customers who were willing to purchase could not always find the products they wanted. Consequently, potential purchase intentions were not converted into actual sales.

Thus, the central business problem is not a failure of business ethics or a loss of market confidence, but a disconnect between customer trust and the company's operational ability to fulfill demand. Business ethics function as a foundation for maintaining trust, loyalty, and purchase intentions, whereas distribution channels determine whether that intention can be realized through product availability. The study therefore needs to examine how ethical business practices and distribution effectiveness interact in explaining the decline in sales volume at CV Aneka Jaya. This business context strengthens the rationale for investigating the two factors simultaneously rather than treating business ethics as the sole explanation for sales performance. The study itself identifies this integration as an important research gap, particularly in the Indonesian SME and accessory distribution context.

Amidst increasingly intense business competition, sales volume serves as a key indicator for measuring a company's operational success and strategic competitiveness Putri et al., (2022). The factors influencing sales volume stability are diverse and interconnected, encompassing elements such as the application of business ethics and the effectiveness of distribution channels in ensuring product availability Wardana et al., (2023). Theoretically, business ethics exert a strong causal influence on increasing sales volume; the application of moral values such as honesty, fair pricing, and responsibility for product quality minimizes consumer risk perception, thereby fostering a high level of trust. This trust acts as an anchor for market loyalty, directly stimulating repeat purchase intentions and ultimately leading to both the stability and growth of sales volume.

This phenomenon is highly relevant to the operations of CV Aneka Jaya, a Malang-based supplier of various accessories that relies heavily on the smooth functioning of its distribution network to partner stores. Historical data reveals significant fluctuations in

sales volume; figures rose substantially from 70% in 2020 to a peak of 90% in 2023. However, this momentum was short-lived, as sales subsequently declined to 80% in 2024 and 70% the following year. Interestingly, this drop in sales volume occurred despite the company's consistent application of ethical practices that had previously succeeded in maintaining partner loyalty. In the context of actual business operations, this anomaly a decline in turnover was not caused by a loss of market confidence but rather by external economic dynamics and operational-technical hurdles. Rising raw material costs necessitated selling price adjustments, which temporarily dampened consumer purchasing power. Furthermore, the supply chain faced tangible logistical challenges such as an aging delivery fleet and extreme weather disruptions leading to frequent stockouts at partner stores and resulting in lost daily sales opportunities for the company.

This situation demonstrates that a company's ethical reputation fails to generate maximum revenue if products arrive late or are unavailable on store shelves due to distribution bottlenecks. Business ethics play a crucial role in sustaining consumer purchase intentions, whereas distribution channels perform a vital execution function by ensuring those intentions are converted into actual transactions in real-time Wahyudi et al., (2023). A review of existing literature reveals that prior studies have generally examined the impact of business ethics or distribution channel effectiveness in isolation. There is a scarcity of research exploring the simultaneous influence of these two variables on sales volume, particularly studies focusing on the accessory distribution industry or the Small and Medium-sized Enterprise (SME) sector in Indonesia. Consequently, this study aims to bridge this research gap by conducting an in-depth analysis of the implementation of business ethics and the effectiveness of distribution channels, as well as how they integrate to restore and boost sales volume at CV Aneka Jaya Aldila et al., (2024).

2. LITERATURE REVIEW

Stakeholder Theory

Stakeholder theory posits that a company's performance and sustainability are significantly influenced by various parties beyond just shareholders including customers, suppliers, employees, and the community Zain et al., (2021). To ensure long-term survival, companies are required to consider the well-being and rights of all these stakeholders in their decision-making processes.

Legitimacy Theory posits that a company's continued existence and success depend on its ability to operate in accordance with the values, norms, and expectations of the society in which it operates. Companies are expected to demonstrate responsible and ethical behavior to maintain social acceptance and avoid a legitimacy gap. By implementing ethical business practices, companies can strengthen their reputation, demonstrate accountability, and gain greater acceptance from customers and other stakeholders. Therefore, maintaining legitimacy through responsible business practices can support long-term organizational survival and performance (Velte, 2022).

Social Exchange Theory suggests that relationships between companies and their stakeholders develop through reciprocal exchanges of benefits, trust, and support. When

companies demonstrate ethical and socially responsible behavior, stakeholders are more likely to respond positively through increased trust, satisfaction, loyalty, and supportive behavior. In the context of business relationships, ethical practices can therefore create mutual value by strengthening stakeholder relationships and encouraging continued support for the company. This reciprocal relationship can ultimately contribute to improved corporate reputation, customer loyalty, and sustainable business performance (Islam et al., 2021).

Business Ethics

Business ethics serve as a guide encompassing moral principles and values such as transparency, honesty, fairness, and responsibility that companies employ in their operations Hamid et al., (2025). Consistent ethical business practices have proven effective in fostering a sense of security and enhancing customer loyalty, while also directly and positively impacting long-term sales growth Roni, (2022).

Theoretically, the relationship between business ethics and sales volume should not be understood as a simple direct effect. Rather, business ethics influence sales performance through a sequential causal mechanism involving perceived ethicality, reduction of perceived transaction risk, customer trust, purchase intention, customer loyalty, and repeat purchasing behavior. Ethical practices such as honesty in product information, transparent pricing, product responsibility, fair treatment, and responsive complaint handling provide observable signals that the company is reliable and will protect the interests of its customers and business partners. These signals reduce uncertainty regarding product quality, price fairness, and post-purchase risk, thereby increasing customers' confidence in conducting transactions with the company.

This mechanism is consistent with stakeholder theory and social exchange theory. From the stakeholder perspective, ethical treatment of customers and business partners strengthens the quality of relationships between the firm and its stakeholders because the company demonstrates that stakeholder interests are incorporated into its business decisions. From the social exchange perspective, consistent fairness and reliability create reciprocal expectations: when customers perceive that a company acts honestly and responsibly, they are more willing to maintain the relationship, continue purchasing, and reciprocate through loyalty and repeat transactions.

Recent empirical evidence supports this mechanism. A meta-analysis of 31 peer-reviewed studies found that perceived brand ethicality is positively associated with brand trust, brand loyalty, and purchase intention, indicating that ethicality operates through consumer–brand relationship mechanisms rather than merely through a direct sales effect (Geetha et al., 2024). Similarly, Zahira et al. (2023) found that perceived ethicality positively affects purchase intention and that brand trust partially mediates this relationship.

In the context of CV Aneka Jaya, this mechanism is evident in the company's implementation of transparent product information, standardized pricing, product warranties, complaint resolution, and responsible relationships with business partners. These practices can strengthen partner and customer confidence and reduce the

likelihood of switching to competing suppliers. The empirical findings support this interpretation because partner stores reported that transparent pricing and product information reduced complaints and encouraged repeat purchases. Therefore, business ethics function as a relational and behavioral mechanism that protects customer trust and purchase intention, thereby creating the potential for stable sales volume.

However, the theoretical relationship should not be interpreted as deterministic. Ethical practices can generate purchase intention and loyalty, but these intentions must be converted into actual transactions through product availability, appropriate pricing, and reliable distribution. This distinction is particularly important in the case of CV Aneka Jaya. The study found that the decline in sales was not primarily attributable to deteriorating trust or unethical business practices; instead, rising raw material costs, price sensitivity, vehicle problems, adverse weather, and stock shortages constrained the conversion of customer demand into actual purchases. Thus, business ethics establish the relational foundation for demand, whereas distribution capability determines whether that demand can be fulfilled. This explains why strong ethical practices may preserve customer loyalty while sales volume nevertheless declines when products are unavailable at the point of purchase.

Distribution Channel

A distribution channel is a structured route or system used to move physical products from the manufacturer to the end consumer, whether directly or through intermediary agents Anisa & Adnan, (2021). Selecting and managing efficient distribution channels accelerates the flow of goods, ensures product availability, and minimizes the loss of daily sales opportunities in the market Muh. Arif & Andi Sismar, (2024).

Transaction Cost Theory posits that companies choose and manage distribution channels based on their ability to minimize the costs and risks associated with economic transactions. These costs may include the costs of searching for distribution partners, negotiating agreements, monitoring performance, coordinating activities, and controlling opportunistic behavior. Therefore, companies tend to select distribution structures that provide an efficient balance between control, flexibility, and transaction costs. An effective distribution channel can reduce operational inefficiencies, improve coordination between producers and intermediaries, and ultimately enhance channel performance and business outcomes (Cuypers et al., 2021).

Commitment-Trust Theory of Relationship Marketing posits that successful relationships between companies and distribution channel members depend primarily on trust and commitment. In distribution channels, manufacturers, distributors, wholesalers, and retailers need to establish mutually beneficial relationships to ensure effective coordination, information sharing, and continuity of business activities. When channel members develop trust and commitment, they are more willing to cooperate, share information, resolve conflicts, and pursue common objectives. Therefore, strong relational commitment and trust can improve channel coordination, strengthen long-term partnerships, and contribute to better distribution channel performance (Morgan & Hunt,

1994; Gadde, 2021).

Sales Volume

Sales volume is a metric representing the quantity of products successfully sold by a business entity within a specific period. It serves as a definitive indicator of a company's success in meeting consumer demand and converting marketing strategies into financial profit Putri et al., (2022).

Theory of Planned Behavior (TPB) posits that an individual's behavioral intention is influenced by attitudes toward the behavior, subjective norms, and perceived behavioral control. In the context of purchasing decisions, consumers who have a positive attitude toward a product, receive supportive social influences, and perceive that purchasing the product is easy and accessible are more likely to develop stronger purchase intentions and engage in actual buying behavior. Increased purchase intentions and buying behavior can subsequently contribute to higher sales volume. Therefore, factors such as product availability, distribution channels, promotional activities, and perceived convenience can influence consumer behavior and ultimately increase a company's sales volume (Ajzen, 2020; Ikbal et al., 2021).

Stimulus–Organism–Response (S-O-R) Theory posits that external environmental stimuli influence an individual's internal psychological state, which subsequently leads to a behavioral response. In the context of sales, marketing stimuli such as product availability, distribution channels, promotions, price, and information can influence consumers' perceptions, emotions, and evaluations of a product. These internal responses may encourage consumers to make purchasing decisions, resulting in increased purchase behavior and sales volume. Therefore, companies can increase sales volume by providing appropriate marketing stimuli that create favorable consumer responses and facilitate purchasing decisions (Mehrabian & Russell, 1974; Das et al., 2021).

Conceptual Framework

The conceptual framework of this study positions distribution channels and business ethics as two primary instruments that culminate in the achievement of sales volume Wahyudi et al., (2023). Business ethics serve to enhance trust and strengthen sustained purchase intentions, while distribution channels function to efficiently ensure product availability for consumers.

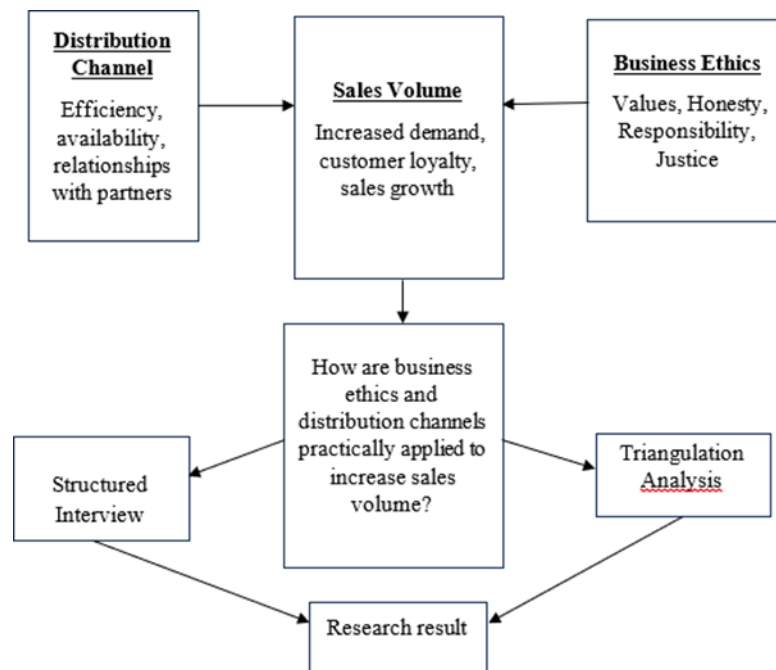


Figure 1. Framework of Thinking

3. METHODOLOGY

Research Design and Justification for the Case Study

This study employs a descriptive qualitative approach with a single case study design. A qualitative approach was selected because the research aims to explore the complex phenomenon of how the application of business ethics and the effectiveness of distribution channels interact to influence sales volume within a real-world context. The use of a case study design at CV Aneka Jaya is based on several key methodological justifications:

1. **Unique Phenomenal Context:** CV Aneka Jaya is experiencing an operational anomaly in which sales volume has declined, despite the company consistently upholding business ethics. The case study design enables the researcher to investigate this phenomenon in a contextual and holistic manner, without separating it from its actual business environment.
2. **Process-based Research Questions ("How" and "Why"):** The focus of this research is to understand how ethical practices and distribution channel constraints operate concurrently, and why technical logistics factors can disrupt the positive impact of a company's ethical reputation. A case study design is the most appropriate approach for addressing questions of this type.
3. **Integration of Multi-Source Data:** Case studies provide a flexible framework for collecting and comparing data from various sources such as interviews, operational observations, and internal documents to obtain a comprehensive picture.

Participant Selection and Criteria

Participants in this study were selected using purposive sampling a technique involving the deliberate selection of informants based on their criteria and capacity to provide rich, relevant, and in-depth information regarding the research focus. The participants were divided into two main groups:

1. Company Internal Informant:
 - a) President Director of CV Aneka Jaya: Selected due to holding the highest authority in determining the company's business ethics policies, pricing strategies, and partner negotiations, as well as managing the impact of rising raw material costs.
 - b) Operations Manager: Selected due to direct responsibility for overseeing the supply chain workflow, warehouse management, delivery fleet scheduling, product packaging, and the resolution of daily logistical issues.
2. External Informants (Partner Stores / Retail Distributors):
 - a) Three representatives either owners or managers of partner stores in the Malang City area that display CV Aneka Jaya's accessory products.
 - b) Partner Store Criteria: Has maintained an active business partnership with CV Aneka Jaya for a minimum of two (2) consecutive years, and represents a variety of sales scales and geographic locations (e.g., shops in major commercial hubs, suburban areas, and partners with high vs. moderate order volumes) to gain diverse perspectives on ethical consistency and product delivery reliability.

Data Collection Technique

Data collection was carried out systematically using three main techniques:

1. Structured Interview: Interviews were conducted using a flexible interview guide. This technique allowed the researcher the freedom to delve deeper into the informants' responses. The interview focused on perceptions regarding the application of ethics (pricing honesty, product quality, complaint handling) and distribution effectiveness (timeliness, stock availability, and the condition of goods).
2. Direct Non-Participant Observation: The researcher directly observed daily operational processes at CV Aneka Jaya, including the sorting flow, packaging process, loading of goods onto delivery vehicles, and the physical condition of the transport fleet. This observation aimed to verify firsthand the technical logistics issues occurring in the field.
3. Document Analysis: Secondary data were collected by reviewing official company documents, including stock turnover reports, monthly sales recapitulation records (2020–2025), cooperation agreements (MOUs) with partner stores, and delivery records or delivery notes.

Data Validity Testing

To ensure the credibility, transferability, and validity of the findings of this qualitative research, the researcher employed the following strategies:

1. Data Source Triangulation: Comparing and cross-referencing information

obtained from the President Director, the Operations Manager, and three partner stores to ensure the absence of bias from any single party.

2. Data Collection Technique Triangulation: Verifying the consistency between interview data, field observations, and official documentation regarding sales and logistics.
3. Member Checking: The researcher presents summaries of interview transcripts and drafts of key interpretations back to key informants (the President Director, the Operations Manager, and partner representatives) to confirm that the written narrative accurately reflects the facts and intentions conveyed by the informants.

4. RESULTS

Implementation of Business Ethics at CV Aneka Jaya

The application of business ethics at CV Aneka Jaya is analyzed through several key indicators, including honesty, product responsibility, price fairness, employee communication ethics, and commitment to complaint handling and partnership relations.

1. Honesty and Transparency Regarding Product Information

Interview findings indicate that the value of honesty has been internalized as a fundamental pillar of the company's operations, extending from headquarters down to retail partners. Management emphasizes that transparency regarding information is a non-negotiable principle. As stated by the President Director (Owner) of CV Aneka Jaya, "Honesty has been our core value since our inception." This statement is reinforced by the Operations Manager, who explains the practical manifestation of this value: "It is demonstrated through transparent operational data reporting."

Externally, retail partners confirm that this transparency is consistently upheld in day-to-day service. Retail Partner 2 and Retail Partner 3 stated: "Honesty is a key part of the company's ethics, and we remain open and transparent in all situations," and "We provide channels for consumers to report any information discrepancies whether via the call center number listed on the receipt or by reporting directly to our store staff."

2. Product Liability and Fair Pricing Policy

The company demonstrates its sense of responsibility by providing quality assurances and compensation for products that fail to meet standards. The owner of CV Aneka Jaya stated that the company's commitment is to "deliver quality products and safeguard partners' rights." The Operations Manager added that the company provides "product warranties for customers and support for partners."

Source triangulation confirms that these warranty guarantees are honored at the retail level without creating difficulties for partner stores. A representative from Partner Store 2 emphasized, "We are prepared to provide replacements for any goods or food items that are expired or unfit for use." Regarding fairness, the company implements a standardized selling price policy to prevent unfair competition among partners. The owner explained the policy directly: "Selling prices are standardized so that there are no price discrepancies between partners." Feedback from partners indicates that this transparent pricing approach provides business certainty across the entire distribution network. Partner Store 2 explained, "We provide service in accordance with Standard Operating Procedures (SOPs), and

prices are clearly displayed and uniform for everyone (transparent)."

3. Communication Ethics, Complaint Handling, and Partnership Integrity

The attitude and communication ethics of sales staff are directly correlated with consumer comfort and the frequency of repeat purchases. The Operations Manager highlighted the negative consequences of neglecting communication ethics, noting, "Complaints often arise when cashiers fail to smile, which reduces sales revenue." Conversely, Store Partner 2 explained the positive impact of employing ethical greetings: "Gestures like greeting customers at the door or offering assistance in finding items make customers feel valued and comfortable, thereby encouraging repeat orders or return visits."

Regarding the handling of customer complaints, the company has established standard procedures focused on problem resolution rather than defensiveness. The Owner emphasized the core principle: "Do not be defensive; always apologize and provide a solution." This principle is translated into operational guidelines as outlined by the Operations Manager and implemented by partners under the SOP: "Listen, Apologize, Resolve, and Compensate if necessary." "We require employees to listen without interrupting, show genuine concern, and avoid defensiveness (such as shifting blame back to the customer)." (Interview with Store Partner 1) "We provide compensation in accordance with procedures such as product returns or refunds without complicating the process, ensuring consumer rights are met immediately." (Interview with Store Partner 3). Ethical considerations also underpin the company's relationships with suppliers, where financial integrity is paramount. The Owner stated, "Invoice payments are always made on time." This policy was confirmed by Store Partner 1, who emphasized their shared commitment: "We are committed to adhering to agreed-upon payment terms to support their cash flow."

Distribution Flow and Inventory Control

1. Distribution Flow and Inventory Control

The attitude and CV Aneka Jaya's distribution network centers on a main warehouse facility that supplies partner stores through a planned supply chain system. The owner explained that distribution flows "from the main warehouse, utilizing a dedicated fleet for deliveries." To maintain product availability and freshness at the retail level, the company employs inventory control measures based on stock rotation and strict delivery schedules. The Operations Manager elaborated: "Stock management is handled via fixed delivery schedules (e.g., 2–3 times a week). This allows stores to organize their workforce for unloading and shelf stocking."

This system is supported by a minimum inventory threshold (re-order point) alert mechanism at the warehouse level, as described by Partner Store 1: "The company sets minimum stock thresholds at the central warehouse for each product type. When inventory levels hit this limit, the system automatically signals the procurement department to place a re-order with the supplier."

2. Utilization of Logistics Technology

To support efficient goods movement, CV Aneka Jaya has adopted distribution monitoring and demand data analysis technologies. The company's owner and

operations manager explained, "We monitor the real-time location of our delivery fleet using TMS (Transportation Management System) and GPS technologies. These tools help determine the fastest routes to avoid traffic congestion, save fuel, and ensure accurate arrival times at partner stores."

3. Operational-Technical Constraints and the Threat of Lost Sales

Despite well-planned systems and technology adoption, qualitative findings reveal technical and operational obstacles in the field that frequently disrupt the smooth flow of distribution. The Operations Manager outlined the key determinants and primary challenges of the supply chain: "Vehicle condition and optimal route selection are crucial. Fleet issues or traffic congestion directly result in empty store shelves." "Traffic jams, bad weather, or vehicle breakdowns en route prevent goods from arriving on time." (Operations Manager Interview) These delivery delays caused by fleet issues and extreme weather are directly felt by partner stores and can potentially lead to failed transactions (lost sales). This point was succinctly and explicitly emphasized by Partner Store 2: "A delay of just one day can cause us to miss our weekly targets."

Sales Volume Dynamics and Intersections Between Variables

1. Sales Trends and Market Response to Innovation.

CV Aneka Jaya's sales performance reflects dynamics driven by a combination of product reliability, stock availability, and macroeconomic conditions. During periods of growth, increased sales volume was fueled by successful product innovation and consistent product availability on store shelves. The owner and operations manager identified the primary drivers of sales as "product innovation and maintaining customer trust," as well as "stock availability and smooth promotional execution."

2. The Impact of Rising Raw Material Prices on Consumer Sensitivity.

It has been confirmed that the decline in sales volume during the period in question was not caused by a loss of partner trust or a deterioration in business ethics, but rather by pressure from raw material costs that necessitated an adjustment to selling prices. Addressing the rise in production costs, the owner explained a strategy of gradual price adjustments: "If a price hike becomes unavoidable, we raise prices in stages to avoid causing shock."

Although the price increases were implemented gradually, interview data with store partners reveal a shift in behavior and price sensitivity among end consumers. Store Partner 1 described these changes in detail: "Customers tend to be more price-sensitive. They continue to shop, but purchase volumes have dropped, or they are switching to smaller package sizes to keep their spending the same."

3. The Synergy of Business Ethics and Distribution Efficiency on Sales Stability.

A comprehensive analysis reveals that business ethics and distribution channels play complementary and mutually reinforcing roles in maintaining sales volume. Distribution channels ensure the physical availability of products, while business ethics foster purchasing decisions and loyalty (preference and loyalty). The owner emphasizes the critical link between smooth distribution and sales performance: "No

goods mean no sales. Distribution is the lifeblood."

The combined impact of ethical compliance specifically transparency and timely payment and distribution channel efficiency is detailed by retail partners based on their operational evaluations: "Price transparency (matching shelf prices with checkout prices) and honesty regarding expiration dates have reduced customer complaints by 20–30%. Trusting customers are more likely to make repeat purchases without hesitation." (Retail Partner Interview 1) "Ethical, timely payments to suppliers ensure the company receives priority during market shortages. Consequently, our stores maintain stock levels while competitors face shortages." (Retail Partner Interview 2) "Rapid distribution ensures that fresh and food products enjoy a longer shelf life and superior quality. This has been shown to boost sales volume in the food category by 10–15%." (Retail Partner Interview 3).

Collectively, this qualitative evidence confirms that the company's ethical reputation successfully fosters market loyalty; however, the stability of sales volume remains heavily dependent on the operational reliability of distribution channels to prevent stockouts at the retail level.

5. DISCUSSION

The consistent application of business ethics by CV Aneka Jaya has proven to foster strong emotional bonds and a sense of security among its partners and customers Azizah & Cahyaningtyas, (2023). This collective trust strategically serves as a safety net when the company faces threats from economic fluctuations. In the face of price volatility specifically price hikes or an influx of low-cost products from competitors, this reputational equity successfully prevents customer churn and safeguards revenue from a drastic collapse. These findings corroborate earlier studies asserting that ethical responsibility and integrity are effective in building long-term loyalty Masni & Saleh, (2022).

Nevertheless, high purchase intent and established loyalty alone cannot sustain the sales targets set by Muh. Arif & Andi Sismar (2024). Distribution channels play a vital role as the final executors of the process. The company's decline in sales actually stemmed from technical logistical obstacles, such as fleet breakdowns or delays. Supply delays resulted in lost daily sales opportunities, as consumers abandoned their purchase intentions upon finding partner store shelves empty. These findings reinforce empirical evidence that efficiency and precision in distribution routing must work in synergy to ensure product availability, thereby maintaining stable sales momentum Zebua et al., (2024).

In terms of implementation, this study has limitations, namely a relatively short observation period and the absence of direct sentiment assessment regarding satisfaction among end-consumer buyers. Based on the evaluation, the strategic and practical implications of this research necessitate that company management invest in the gradual renewal of operational vehicle assets. Furthermore, transitioning inventory recording to a digital system is recommended to ensure accurate stock management, with

the ultimate goal of preventing future lost sales.

6. CONCLUSION

The synergy between business ethics and the efficiency of distribution channels proves to be more than just a set of separate concepts; it is a vital collaboration that determines the stability and sales volume growth of CV Aneka Jaya. Business ethics manifested through honest product information, quality guarantees, and fair pricing serve as a highly effective foundation for fostering trust, curbing customer churn amidst price fluctuations, and securing customer purchase intent Masni & Saleh, (2022). Subsequently, the directly managed, centralized distribution system must be prepared to fulfill this purchase intent by ensuring an uninterrupted physical supply of goods to the market Muh. Arif & Andi Sismar, (2024). Evaluations indicate that the company can only multiply its revenue performance if constraints regarding logistics fleet adequacy are promptly addressed to prevent stockouts and maximize every available transaction opportunity Zebua et al., (2025).

7. REFERENCES

- Ajzen, I. (2020). The Theory Of Planned Behavior: Frequently Asked Questions. *Human Behavior And Emerging Technologies*, 2(4), 314–324. <https://doi.org/10.1002/Hbe2.195>
- Agusriadi, Anugrah. 2023. “Pengaruh Saluran Distribusi (Sub Agen Dan Pangkalan) Terhadap Volume Penjualan Barang NSPO Pada PT. Indah Pusaka Mandiri (IPM) Dumai.” *JIABIS: Jurnal Ilmu Administrasi Bisnis Dan Sosial* 1 (3): 24–27
- Aldila, Aisyiyah Nur, Annisa Zahra Salsabilla, Dan Nurharyanti Nurharyanti. 2024. “Pengaruh Saluran Distribusi Dan Kebijakan Promosi Terhadap Perilaku Pembelian Konsumen Dan Dampaknya Terhadap Volume Penjualan.” *Jurnal Ilmu Ekonomi, Manajemen Dan Bisnis* 2 (1): 1–8
- Anisa, Fatma, Dan M. Fachri Adnan. 2021. “Evaluasi Program Penyaluran Pupuk Bersubsidi Melalui Kartu Tani Di Kecamatan Padang Sago, Kabupaten Padang Pariaman.” *Jurnal Ilmu Sosial Dan Pendidikan (Jisip)* 5 (4)
- Azizah, Nur, Dan Fadilla Cahyaningtyas. T.T. Pengaruh Csr, Kinerja Lingkungan, Dan Biaya Lingkungan Terhadap Profitabilitas (Studi Empiris Perusahaan Industri Dasar Dan Bahan Kimia)
- Cuypers, I. R. P., Hennart, J.-F., Silverman, B. S., & Ertug, G. (2021). Transaction Cost Theory: Past Progress, Current Challenges, And Suggestions For The Future. *Academy Of Management Annals*, 15(1), 111–150. <https://doi.org/10.5465/Annals.2019.0051>
- Das, G., Spence, M. T., & Agarwal, J. (2021). Social Selling Cues: The Dynamics Of Posting Numbers Viewed And Bought On Customers' Purchase Intentions. *International*

Journal Of Research In Marketing, 38(4), 994–1016.
<https://doi.org/10.1016/j.ljresmar.2021.01.001>

- Hamid, Anisa, Putri Aulia Hermawati, Dan Tita Dwi Adeli. 2025. “Analisis Etika Bisnis Dalam Praktik Manajemen Perusahaan Di Indonesia.” *Integrative Perspectives Of Social And Science Journal* 2 (03 Juni): 3321–30
- Ikbal, M., Saragi, S., & Sitanggang, M. L. (2021). The Effect Of Sales Distribution Channels And Promotion Policies On Consumer Buying Behavior And Its Impact On Sales Volume. *The International Journal Of Business Review (The Jobs Review)*, 4(1), 23–32. <https://doi.org/10.17509/Tjr.V4i1.36172>
- Islam, T., Islam, R., Pitafi, A. H., Xiaobei, L., Rehmani, M., Irfan, M., & Mubarak, M. S. (2021). The Impact Of Corporate Social Responsibility On Customer Loyalty: The Mediating Role Of Corporate Reputation, Customer Satisfaction, And Trust. *Sustainable Production And Consumption*, 25, 123–135. <https://doi.org/10.1016/j.spc.2020.07.019>
- Masni, Masni, Dan Hamsir Saleh. 2022. “Implementasi E-Marketing Dan Etika Bisnis Untuk Meningkatkan Volume Penjualan Bagi Pelaku UMKM Di Masa Pandemi Covid-19.” *Gorontalo Accounting Journal* 5 (1): 11. <https://doi.org/10.32662/gaj.v5i1.1777>
- Morgan, R. M., & Hunt, S. D. (1994). The Commitment-Trust Theory Of Relationship Marketing. *Journal Of Marketing*, 58(3), 20–38. <https://doi.org/10.1177/002224299405800302>
- Muh. Arif Dan Andi Sismar. 2024. “Peran Saluran Distribusi Dalam Meningkatkan Volume Penjualan Pada Toko Sinar Aneka Sorong Papua Barat Daya.” *Jurnal Bisnis Dan Kewirausahaan* 13 (1) : 47–55. <https://doi.org/10.37476/jbk.v13i1.4437>
- Putri, Anju Gracya Pramudita, Emma Lilianti, Dan Panca Satria Putra. 2022. “Analisis Faktor-Faktor Yang Memengaruhi Volume Penjualan Pada Perusahaan Subsektor Rokok Yang Terdaftar Di Bursa Efek Indonesia.” *Jurnal Akuntansi* 14 (2): 187–97
- Roni, LO. 2022. Strategi Pemasaran Dan Etika Bisnis Pada Penjualan Kosmetik Secara Online Menurut Islam (Studi Kasus Pada Pelaku Bisnis Di Era Pandemi Covid-19). *At Tariiz: Jurnal Ekonomi Dan Bisnis Islam*, 1 (04), 227–238
- Velte, P. (2022). Meta-Analyses On Corporate Social Responsibility: A Literature Review. *Management Review Quarterly*, 72, 627–675. <https://doi.org/10.1007/s11301-021-00211-2>
- Wahyudi, Asep Nur, Astrid Aprica Isabella, Dan Hairudin Hairudin. 2023. “Pengaruh Kualitas Produk Dan Saluran Distribusi Terhadap Volume Penjualan Pada CV. Citra Abadi (CA) Bandar Lampung.” *Journal Of Society Bridge* 1 (3): 40–51

- Wardana, Ilham Tri, Muhammad Arif, Dan Nurul Jannah. 2023. "Analisis Faktor-Faktor Yang Mempengaruhi Volume Penjualan Pada Kedai Kopi Batang Kopi Kecamatan Batang Serangan." *Jurnal Ekonomika Dan Bisnis* 3 (1): 105–13
- Waruwu, Cindy Martalenta, Yupiter Mendrofa, Maria Magdalena Batee, Dan Eduar Baene. 2024. "Analisis Pengaruh Saluran Distribusi Terhadap Peningkatan Volume Penjualan Pada CV. Abadi Sukses Motor Kota Gunungsitoli." *Jurnal Ilmiah Muqoddimah: Jurnal Ilmu Sosial, Politik, Dan Humaniora* 8 (2): 722–27
- Zain, Ratna Ningrum Wulandani, Chandra Hendriyani, Danang Nugroho, Dan Budiana Ruslan. 2021. "Implementation Of CSR Activities From Stakeholder Theory Perspective In Wika Mengajar." *Abiwara: Jurnal Vokasi Administrasi Bisnis* 3 (1): 102–7
- Zebua, Darniwati, Yupiter Mendrofa, Emanuel Zebua, Dan Idarni Harefa. 2025. "Analisis Saluran Distribusi Dalam Meningkatkan Volume Penjualan Produk Di Pt. Indomarco Adi Prima Kota Gunungsitoli." *Jurnal Ilmiah Metadata* 7 (1): 194–204