

**CONSUMER BEHAVIORAL STRATEGY:
HOW IT AFFECT FIRM PERFORMANCE
IN FOOD & BEVERAGES INDUSTRY**

By

IVAN HALIM
21953004

MASTER'S DEGREE
in

MASTER OF BUSINESS ADMINISTRATION
FACULTY OF BUSINESS & COMMUNICATION

SWISS GERMAN UNIVERSITY


SWISS GERMAN UNIVERSITY
The Prominence Tower
Jalan Jalur Sutera Barat No. 15, Allam Sutera
Tangerang, Banten 15143 - Indonesia

Revision after Thesis Defense on 9th August 2021

STATEMENT BY THE AUTHOR

I hereby declare that this submission is my own work and to the best of my knowledge, it contains no material previously published or written by another person, nor material which to a substantial extent has been accepted for the award of any other degree or diploma at any educational institution, except where due acknowledgement is made in the thesis.

Ivan Halim

Student

Approved by:

Date

Dr. Soebowo Musa

Thesis Advisor

Date

Dr. Nila K. Hidayat, SE., MM.

Dean

Date

Ivan Halim

ABSTRACT

CONSUMER BEHAVIORAL STRATEGY: HOW IT AFFECT FIRM PERFORMANCE IN FOOD & BEVERAGES INDUSTRY

By

Ivan Halim

Dr. Soebowo Musa

SWISS GERMAN UNIVERSITY

The situational effect from Covid-19 pandemic will change the consumer behavior, especially in food & beverages industry, thus will influence particularly on consumer purchase intent and will affect the firm performance in the end. The difficulties in analyzing consumer behaviour as a vast construct, creating the need for an up-to-date look on consumer behaviour from strategic management perspective, other than from marketing and psychology area, like predominantly done before. Hence this study aims to fill those gaps by focusing on consumer purchase intent and perceived non-financial firm performance especially in food and beverage industry. This study also verifies and confirms the relationship of consumer purchase intent as an independent variable and its correlating variables as dependent variables, which are commodity value, substitution effect, social causes, emotional attachment and situational constraints. Our work also shows that substitution effect variables significantly impacted the firm performance, and showing the relationships between strategy execution to consumer purchase intent and firm performance, thus can be used as practical solutions for food and beverages business owners to sustain their firm performance in the future.

Keywords: Consumer Behaviour, Consumer Purchase Intent, Firm Performance, Strategy Execution, Commodity Value, Substitution Effect, Emotional Attachment, Situational Constraint, Social Cause, Foods and Beverages, Restaurant





DEDICATION

I dedicate this work to my parents (Yefri Halim & Lisa Kang)
and
for the betterment of foods and beverages industry.

SWISS GERMAN UNIVERSITY

ACKNOWLEDGEMENTS

First of all, I would like to thank God for allowing me to finish this work on time. Secondly, I would like to thank my wife Irine, my sons Irvine & Ivern, who have given me daily mental support and also provided understandings that is required in order to complete this thesis and also for brightening up my days when things get tough. Thank you for putting a smile back on my face.

I am grateful to my advisor, Dr. Soebowo Musa, for without his inspiring advices and discussions for the better, this study would not be finished. Also, for all the teams of SGU, thank you for providing your assistance.

Lastly, special thanks for those who have volunteered to participate in the research, despite being conducted in the difficult time of pandemic. Hope that all of you are always in good health physically and spiritually going through this pandemic era.

TABLE OF CONTENTS

	Page
STATEMENT BY THE AUTHOR	2
ABSTRACT	3
DEDICATION	5
ACKNOWLEDGEMENTS	6
TABLE OF CONTENTS	7
LIST OF FIGURES.....	11
LIST OF TABLES	12
CHAPTER 1 – INTRODUCTION	14
1.1. Background	14
1.2. Research Problems	25
1.3. Research Questions	26
1.4. Research Objectives	27
1.5. Research Context	28
1.6. Scope and Limitations	28
1.7. Significance of Study	29
1.8. Structure of The Study	30
CHAPTER 2 - LITERATURE REVIEW	31
2.1. Conceptual Framework	31
2.1.1. Commodity Value	31
2.1.2. Substitution Effect	35
2.1.3. Emotional Attachment	37
2.1.4. Situational Constraint.....	39
2.1.5. Social Cause	40
2.1.6. Consumer Purchase Intent	41
2.1.7. Strategy Execution	44
2.1.8. Firm Performance	50
2.2. Study Differences/Similarities	54
2.3. Research Model & Hypothesis Development	56

2.3.1.	Commodity Value and Consumer Purchase Intent	57
2.3.2.	Ssubstitution Effect and Consumer Purchase Intent	57
2.3.3.	Emotional Attachment and Consumer Purchase Intent	58
2.3.4.	Situational Constraint and Consumer Purchase Intent	59
2.3.5.	Social Causes and Consumer Purchase Intent	60
2.3.6.	Consumer Purchase Intent and Strategy Execution	60
2.3.7.	Strategy Execution and Firm Performance	61
2.3.8.	Cconsumer Purchase Intent and Firm Performance	62
CHAPTER 3 – RESEARCH METHODS		63
3.1.	Research Design & Type of Study	63
3.2.	Research Context	65
3.3.	Data Collection Method	67
3.3.1.	Sampling	67
3.3.1.1.	Sampling Method	67
3.3.1.2.	Sampling Procedures	67
3.3.1.3.	Measure Data Collection	69
3.3.1.4.	Research Samples	69
3.3.1.5.	Research Instruments	70
3.3.2.	Variables	71
3.3.2.1.	Dependent Variable	71
3.3.2.2.	Independent Variables	73
3.3.2.3.	Control Variables	77
3.3.3.	Validity and Reliability	78
3.3.3.1.	Validity	78
3.3.3.1.1.	Content Validity	78
3.3.3.1.2.	Face Validity	80
3.3.3.1.3.	Construct Validity	80
3.3.3.1.4.	External Validity	81
3.3.3.2.	Reliability	81
3.3.4.	Confirmatory Composite Analysis	82

3.3.5.	Ethical Consideration	83
3.4.	Questionnaire Development	83
3.5.	Data Coding	84
3.6.	Data Analysis Method	86
CHAPTER 4 – RESULTS AND DISCUSSION		89
4.1.	Sample and Procedures	89
4.2.	Demographic Data of Respondents.....	91
4.3.	Data Analysis	92
4.3.1.	Data Screening and Analysis	92
4.3.2.	Descriptive Statistics Analysis	94
4.3.3.	Normality Test	100
4.3.4.	Correlations Test	102
4.3.5.	Homogeneity Test Using One-way ANOVA	103
4.3.6.	Linearity Test	104
4.3.7.	Multicollinearity Test	105
4.4.	Structural Equation Modelling (SEM)	107
4.4.1.	Measurement Model Analysis	108
4.4.1.1.	Commodity Value Measurement Model Analysis	108
4.4.1.2.	Substitution Effect Measurement Model Analysis	110
4.4.1.3.	Emotional Attachment Measurement Model Analysis	111
4.4.1.4.	Situational Constraint Measurement Model Analysis.....	112
4.4.1.5.	Social Cause Measurement Model Analysis	113
4.4.1.6.	Consumer Purchase Intent Measurement Model Analysis	114
4.4.1.7.	Strategy Execution Measurement Model Analysis	115
4.4.1.8.	Firm Performance Measurement Model Analysis	116
4.4.2.	Structural Model Analysis	117
4.4.3.	Hypothesis Testing Results	117
4.4.4.	Overall Model Fit Analysis	119
4.5.	Discussion	119
4.5.1.	Commodity Value (CV) and Consumer Purchase Intent (CPI)	120

4.5.2. Substitution Effect (SE) and Consumer Purchase Intent (CPI)	121
4.5.3. Emotional Attachment (EA) and Consumer Purchase Intent (CPI)	123
4.5.4. Situational Constraint (STC) and Consumer Purchase Intent (CPI)	125
4.5.5. Social Cause (SC) and Consumer Purchase Intent (CPI)	126
4.5.6. Consumer Purchase Intent (CPI) and Strategy Execution (STE)	128
4.5.7. Strategy Execution (STE) and Firm Performance (FP)	131
4.5.8. Consumer Purchase Intent (CPI) and Firm Performance (FP)	133
4.5.9. Overall Research Model	135
4.6. Research Contributions	136
4.6.1. Theoretical Contributions	136
4.6.2. Managerial/Practical Contributions	138
CHAPTER 5 – CONCLUSION & RECOMMENDATIONS	141
5.1. Conclusion	141
5.2. Research Limitations	145
5.3. Future Research	145
REFERENCES	147
APPENDIX A – Measurement Items	162
APPENDIX B – Questionnaire Translation and Back-translation Comparison ...	166
APPENDIX C – Survey on Google Form (Printed Version)	170
Curriculum Vitae	188

LIST OF FIGURES

Figures	Page
Figure 1.1. Shock Decomposition of the Growth of Hours Worked by Sector ...	15
Figure 1.2. Total Food & Beverages Industry Growth Around the World	17
Figure 1.3. The Traditional Funnel	21
Figure 1.4. Dimensions of Consumer Behaviour	23
Figure 1.5. Research Conceptual Model Framework	26
Figure 2.1. Literature Review on the Conceptual Model Framework	31
Figure 2.1.6. Five-Stage Model of The Consumer Buying Process	43
Figure 2.1.7.1. The Origin of Strategy Execution	45
Figure 2.1.7.2. The Influencing Factors of Strategy Execution	48
Figure 2.1.7.3. Factors Influencing Detailed Relation of Strategy Executive	49
Figure 2.1.8. Factors that Drive Performance for Performant Company	52
Figure 2.3. Research Model Framework	56
Figure 2.4. Research Model Framework and Hypothesis	62
Figure 3.1.1. Research Model and the Relevant Theories for Each Construct	63
Figure 3.3.1.2 Sampling Process Steps	68
Figure 3.4. Questionnaire Structure Design Process	84
Figure 3.6. Structural Model for Data Analysis	88
Figure 4.2.1. Demographic Data of the Survey Respondents.....	91
Figure 4.3.3.2 Histogram Result of Normality test	101
Figure 4.4.2 Research Model of the Study	117
Figure 4.4.3.1 Structural Coefficient of the Model	118
Figure 4.4.3.2 T-Value of the Model	118
Figure 4.5.9. The Relationship of the Constructs, based on the Hypotheses Supported. The Values Indicate T-value and Structural Coefficient Respectively	136

LIST OF TABLES

Tables	Page
Table 2.2. Comparison with Previous Research	55
Table 3.1.2. Research Design and Approach	65
Table 3.2.1. Number of Medium and Large Scale of Food and Beverage Service Activities by Province and Business Type	66
Table 3.2.2. Research Context of This Study	67
Table 3.3.1.5. Research Instruments	70
Table 3.3.2.1. Breakdown of Firm Performance Observed Variable	73
Table 3.3.2.2.1. Commodity Value Variable, Dimensions & Its Indicators	73
Table 3.3.2.2.2. Substitution Effect Variable & Its Indicators	74
Table 3.3.2.2.3. Emotional Attachment Variable & Its Indicators	74
Table 3.3.2.2.4. Situational Constraints Variable, Dimensions & Its Indicators	75
Table 3.3.2.2.5. Social Cause Variable, Dimensions & Its Indicators	75
Table 3.3.2.2.6. Consumer Purchase Intent Variable & Its Indicators	76
Table 3.3.2.2.7. Strategy Execution Variable, Dimensions & Its Indicators	77
Table 3.3.2.3. Control Variables	78
Table 3.3.1.1.1. Past Studies Measuring the Constructs	79
Table 3.3.2.2. Cronbach's Alpha from Past Study	82
Table 3.5. Notations Used to Represent Variable/Constructs, Indicators & Dimensions	85
Table 4.2.2. Demographic Data Table of Survey Respondents	92
Table 4.3.2. Descriptive Statistics Result	99
Table 4.3.3.1. Normality Test Results	100
Table 4.3.4. Spearman's Rho Correlation Test Results	103
Table 4.3.5. Compared Means Test Analysis	104
Table 4.3.6. Linearity Test Result	105
Table 4.3.7. Tolerance/VIF Score from Multicollinearity Test	106
Table 4.3.8. Tolerance and VIF Score from Multicollinearity Test against Pure Dependent Variable	106

Table 4.4.	Standard Cut-off Values for Model Fit Measurements	108
Table 4.4.1.1.	Commodity Value Measurement Model Analysis Results	109
Table 4.4.1.2.	Substitution Effect Measurement Model Analysis Results	110
Table 4.4.1.3.	Emotional Attachment Measurement Model Analysis Results	111
Table 4.4.1.4.	Situational Constraint Measurement Model Analysis Results	112
Table 4.4.1.5.	Social Cause Measurement Model Analysis Results	113
Table 4.4.1.6.	Consumer Purchase Intent Measurement Model Analysis Results	114
Table 4.4.1.7.	Strategy Execution Measurement Model Analysis Results	115
Table 4.4.1.8.	Firm Performance Measurement Model Analysis Results	116
Table 4.4.3.3	Hypothesis Testing Results	119
Table 4.4.4.	Overall Model Fit Analysis Results	119
Table 4.6.2.	Paths Study Results	139
Table 5.1.	Research Findings Summary, Research Gap and Questions	144



SWISS GERMAN UNIVERSITY