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Research Paper

Do Store Image and Customer Values Influence Purchase Intention of Private Label Products among Generation Z?

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Abstract

Retailers increasingly rely on private label products to strengthen store differentiation and improve margins. In contemporary retail environments characterized by digital marketing and omnichannel interactions, consumers often evaluate private label products based on their perceptions of the retail store and the value they derive from it. However, limited research has examined how store image shapes customer value and purchase intention among Generation Z, a digitally connected consumer segment. This study investigates the relationship between store image, customer value, and purchase intention for private label products among Generation Z consumers in modern retail settings. Data were collected through a survey of 175 respondents aged 16–27 who had purchased private-label products from minimarkets, supermarkets, or hypermarkets in Bandung, Indonesia. The data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM). The findings show that store image significantly influences customer value, while its direct effect on purchase intention is not significant. Customer value, however, has a significant positive effect on purchase intention and fully mediates the relationship between store image and purchase intention. These findings highlight the importance of strengthening customer value perceptions through both in-store experiences and digital communication channels, particularly when targeting Generation Z consumers in omnichannel retail environments.

Keywords: *Customer Value, Generation Z, Private Label Products, Purchase Intention, Store Image*

INTRODUCTION

The contribution of retail to Gross Domestic Product (GDP) in Indonesia is quite large, which is 12.84% in 2022 and 12.94% in 2023. Compared to other industries, retail ranks third in terms of GDP contribution. In Indonesia, retail not only provides national-branded products but also provides private-label products in accordance with the Republic of Indonesia's Minister of Trade's regulations in 2013, article 21 paragraph 1, which states that modern stores consisting of minimarkets, supermarkets, and hypermarkets can market their own brand goods or private labels.

A retailer brand or private label is any merchandise that is managed and sold only in certain retail stores (PLMA, 2024; Bhatt & Bhatt, 2016). Private label is a strategy to differentiate a store from competitors, increase margins, build consumer loyalty, and create a competitive advantage for the store (Levy et al., 2019; Sprott & Shimp, 2004; Kumar & Steenkamp, 2007).

According to a 2024 Private Label Manufacturers Association (PLMA) poll, global private label sales have grown by 34% over the past four years, with total sales in 2023 reaching $236 billion, an all-time high and an increase of $10 billion from the year before.

In 2023, the market share of private label items in the Asia Pacific, including Indonesia, is a pitiful 6%, compared to 14% in North America (Nielsen, 2022). A purchase intention survey is one method of measuring future sales, according to Kotler and Keller (2016). Low sales of private label products have resulted from Indonesian consumers' low purchasing intentions, which has affected the low market share of private label products.

Factors that drive purchase intention are store image and customer value. Customer value is all the benefits that customers feel when they own or consume a product (goods and services) (Macdonald et al., 2016). Curvelo et al. (2019) and Nguyen et al. (2022) state that customer value has four dimensions, namely emotional value, performance value, economic value, social value, and conditional value. Sweeney and Soutar (2001) and Nguyen et al. (2022) state that emotional value is: the benefits that arise from feelings when consuming a product, performance value is the benefits obtained from the physical performance of the product such as: reliability, durability, and price, economic value is the benefits generated from the product compared to the costs incurred, social value is the perceived benefit from the product's ability to improve self-image, while conditional value is the benefits obtained from consuming a product associated with certain circumstances.

Previous research on store image, customer value, and purchase intention has been conducted by Abbas et al. (2020), Norfarah et al. (2018), Mostafa and Elseidi (2018), Graciola et al. (2020), and Tulimelli et al. (2023) in supermarkets and hypermarkets in the countries of Malaysia, Cairo, Brazil, Bahrain, and India. In Indonesia, previous research on store image and customer value on purchasing intentions has been conducted by Retnawati et al. (2018) and Andarini and Alversia (2023). But the object of the research discusses consumers who buy private label products from all generations and uses only the economic value dimension of customer value.

Generation Z in Indonesia occupies the largest position with a population of around 74.95 million out of 282.47 million people, or around 27.93% (IDN Research Institute, 2024). Generation Z in Bandung is 775,094 or 31.24% (BPS Kota Bandung, 2019). Generation Z is usually associated with e-commerce products or green products, as done by Haque et al. (2020), Sullivan and Kim (2018), Thomas and Mathew (2018), Khan and Mohsin (2017), Paul et al. (2016), Hsu et al. (2017), and Nguyen et al. (2017).

Despite the growing importance of private label products in global retailing, their market share in many Asian markets, including Indonesia, remains relatively low. Prior studies have examined the influence of store image and perceived value on purchase intentions; however, most of this research has focused on general consumer populations or has operationalized customer value primarily through economic value. Consequently, limited attention has been given to the multidimensional nature of customer value and to the consumption behavior of Generation Z in the context of private label products.

Generation Z consists of individuals born between 1997 and 2012, and is a highly tech-savvy generation having grown up with smartphones, social media, and unlimited internet access, resulting in fast-paced and convenient consumption patterns and a stronger response to digital stimuli and interactive online environments. Generation Z consults both online and offline networks more often before purchasing; online shopping is the most common method for convenience, and they also prefer offline shopping, where they often recommend retailer websites (Redler & Hurth, 2020).

Only a few studies have discussed private label products among Generation Z, such as those conducted by Redler and Hurth (2020) and research by Musso et al. (2022), which states that Generation Z buys private label products because the product quality is good (performance value) and the price matches the product quality (economic value).

Generation Z represents a strategically important market segment due to its large demographic size and distinctive consumption characteristics. As digital natives, Generation Z consumers tend to seek information from multiple sources and evaluate both functional and experiential aspects of products before making purchasing decisions. However, empirical evidence regarding how store image shapes Generation Z consumers' perceived value and purchase

intention toward private label products remains limited.

To address this gap, the present study examines the relationships among store image, customer value, and purchase intention for private label products among Generation Z consumers in Indonesia. Specifically, this study aims to:

1. Examine the effect of store image on customer value.
2. Analyze the direct effect of store image on purchase intention for private label products.
3. Investigate the influence of customer value on purchase intention.
4. Test the mediating role of customer value in the relationship between store image and purchase intention.

LITERATURE REVIEW

Private label products have become an increasingly important strategy for retailers to differentiate themselves, improve profit margins, and strengthen store brand identity. Unlike national brands that are produced by manufacturers and distributed across multiple retail outlets, private label products are owned and sold exclusively by specific retailers. As a result, consumer perceptions of the retail store itself play a crucial role in shaping attitudes toward these products. In particular, the image of a retail store often functions as a quality cue that influences how consumers evaluate the value and credibility of private label offerings.

Previous studies suggest that store-related attributes contribute to the formation of store image and influence consumers' purchasing behavior. A positive store image can enhance consumers' perceived value by signaling product reliability, price fairness, and a favorable shopping experience. Perceived value, in turn, has been identified as a key determinant of behavioral outcomes, including purchase intention and repurchase behavior. However, empirical findings regarding the direct and indirect relationships between store image, customer value, and purchase intention remain mixed, particularly in the context of private label products.

To explain these relationships, this study adopts the Stimulus–Organism–Response (S-O-R) framework Marbun et al. (2024) which suggests that external stimuli such as store image influence consumers' internal evaluations, such as perceived value, which subsequently shape behavioral responses such as purchase intention.

Store Image and Customer Value

According to Burlison and Oe (2018), the store image is a combination of intangible/psychological elements like customer comfort with service and location, and tangible/functional elements like product quality, pricing, and physical amenities. Graciola et al. (2020) and Chen (2024) added that the store image is a customer's impression of a store obtained from two attributes, namely tangible aspects consisting of: product diversity, price, display, facilities, and location. While intangible aspects consist of: services, employee friendliness, store atmosphere, and comfort. In the context of this study, store image is defined as the perception that customers have of the store based on its merchandise, prices, atmosphere, staff, and service. Graciola et al. (2020) and Chen (2024) emphasized that tangible and intangible aspects of the store can influence and increase customer value. Chang and Tseng (2011) argue that the store image that can influence customer value is defined as a reliable store image, user-friendliness and convenience of online store applications, and affordable and reasonable product prices. Therefore, it is reasonable to expect that a positive store image will increase the perceived value of private label products among consumers.

H_1: Customer value is positively and significantly impacted by store image

Store Image and Purchase Intention

Private brands differ from national brands in that (1) private brands are brands that are produced and distributed in certain retail stores, whereas national brands are product brands that are produced by manufacturers and distributed to various retail stores, (2) private brands allow larger margins for retail stores, (3) private brands are a means for retail stores to create unique products to gain a competitive advantage (Levy & Grewal, 2022; Redler & Hurth, 2020).

Store image may also influence consumers' purchase intentions by shaping their overall perception of a retail environment. When consumers perceive a store as trustworthy, well-organized, and offering high-quality merchandise, they may develop greater confidence in the products sold within that store, including private label products (Mostafa & Elseidi, 2018; Lin et al., 2017).

Purchase intention is defined as the willingness of customers to purchase specific goods or services in the future, according to Ahuja et al. (2003) and Wu et al. (2011). When customers have positive purchase intentions and a favorable store image, this results in actual product sales. Purchasing intention, according to Dash et al. (2021), includes the choice to buy, repurchase, and have future purchasing intentions. Imtiyaz et al. (2022) and Prasad et al. (2019) both stressed that the buying intention is a real purchasing decision.

According to Ahuja et al. (2003), Wu et al. (2011), Dash et al. (2021), Imtiyaz et al. (2022), and Prasad et al. (2019), the study defines purchase intention as the endeavor and fervent desire to try, purchase, and consume a specific product, as well as the choice to repurchase the product after determining that it is worthwhile.

Purchase intention can be influenced by several factors, including store layout, product variety, pricing, experience, and sensations that customers get when shopping, according to Norfarah et al. (2018). The importance of store image in the purchasing process affects consumers' intentions to make a purchase (Younis & Ebeid, 2021). According to Jiang et al. (2023), customers' intentions to make a purchase are significantly influenced by three aspects of an e-store's image: delight, uncertainty, and service. From the research by Norfarah et al. (2018), Younis and Ebeid (2021), and Jiang et al. (2023), based on this reasoning, the following hypothesis is proposed:
H2: Purchase intention is significantly and favorably impacted by store image.

Customer Value and Purchase Intention

Customer value is the benefit that arises when a product is purchased or used (Lusch et al., 2007; Macdonald, 2016). This customer value consists of: (i) economic value, which refers to benefits generated compared to costs, such as reasonable product prices and lower prices compared to other products; (ii) functional value (performance value), which refers to benefits generated from the physical performance of the product, such as reliability, safety, and durability; (iii) social value, which refers to benefits generated from the product's ability to enhance self-concept, such as consuming socially acceptable products and making a good impression on others; and (iv) conditional value, which refers to perceived benefits that arise from certain situations or conditions, such as purchasing a product at a discount or during a price reduction (Sheth et al., 1991; Khan & Mohsin, 2017; Curvelo et al., 2019).

The purchase intention of private-label products is influenced by customer value (Maharani et al., 2021). This view is consistent with Graciola et al. (2020) and Bilal et al. (2023), who also found that customer value affects purchase intention. Nguyen et al. (2024) stated that customer value in the form of hedonic and utilitarian value positively affects purchase intention. Furthermore, Konuk (2018) and Curvelo et al. (2019) argue that products that are affordable compared to competitors, provide benefits, ensure safety and good quality, and enhance one's

social image act as mediators between customer value and purchase intention. Therefore, the following hypothesis is proposed:

H_3 : Purchase intention is significantly and favorably influenced by customer value

Store image, Customer value, and Purchase intention

Positive store image can also increase purchase intention through customer value (Graciola et al., 2020). A similar opinion was expressed by Ananda et al. (2021), who discovered that customer value generated from high economic value, advantages commensurate with price, and good product quality can impact purchase intention through store image. According to Chang and Tseng (2011), e-store image is an attribute that can help create customer value, thereby influencing purchase intention. Jiao et al. (2021) stated that a more positive e-store image might influence customers' emotional and functional value, which in turn can increase their intention to buy. Moon et al. (2013) claimed that, through consumer value, destination image might affect visit intention.

According to Chen (2024), the association between store image and purchase intention is partially mediated by consumer value. A positive store image may strengthen consumers' perceptions that private label products offer good quality, reasonable prices, and acceptable social value. These enhanced value perceptions can then motivate consumers to consider purchasing the product. Empirical research has provided evidence that perceived value mediates the relationship between store image and behavioral intentions (Chang & Tseng, 2011; Graciola et al., 2020). Thus, the following hypothesis is proposed:

H_4 : Purchase intention is positively and significantly impacted by store image, with customer value acting as a mediating variable.

Based on the theoretical arguments and prior empirical findings discussed above, the conceptual framework of this study proposes that store image influences purchase intention both directly and indirectly through customer value.

RESEARCH METHOD

This study employs a quantitative explanatory research design to examine the relationships among store image, customer value, and purchase intention for private label products. The research adopts a cross-sectional survey approach, where data are collected from respondents at a single point in time to test the proposed theoretical model and hypotheses.

Data were collected through a survey by distributing questionnaires to 210 consumers aged 16–27 who shop at modern retail outlets and had purchased private label products in the last three months (May–July 2024) at modern stores such as minimarkets, supermarkets, and hypermarkets in Bandung. Bandung is located in the Province of West Java, the fourth most populous city in Indonesia. Additionally, West Java has the second-largest number of supermarkets in Indonesia (Kusnandar, 2021). Although 210 questionnaires were distributed, only 175 met the requirements for processing in terms of completeness of responses. Thirty-five questionnaires were excluded because they were not completed.

The questionnaire comprised 30 items. The store image variable items were adopted from Mathur and Gangwani (2016), Konuk (2018), and Wang (2019), covering five dimensions: merchandise (four items), price (two items), service (three items), store atmosphere (four items), and employees (three items). The customer value variable was adopted from Khan and Mohsin (2017), Curvelo et al. (2019), and Maharani et al. (2020), consisting of four dimensions: economic value (two items), performance value (three items), social value (two items), and conditional value (two items). The purchase intention variable was adopted from Mohseni et al. (2018), Retnawati et al. (2018), Konuk (2018), and Maharani et al. (2020).

The sampling method employed was purposive sampling. The ordinal scale used in this study ranged from 1 to 5. The sample selection criterion was consumers aged 16–27 who had purchased private label products in the last three months at modern retail stores such as minimarkets, supermarkets, and hypermarkets.

The study applies Partial Least Squares Structural Equation Modeling (PLS-SEM) to analyze both the measurement model and the structural relationships among the constructs (Hair et al., 2017). For greater clarity, the following path map can be used to represent the study hypothesis:
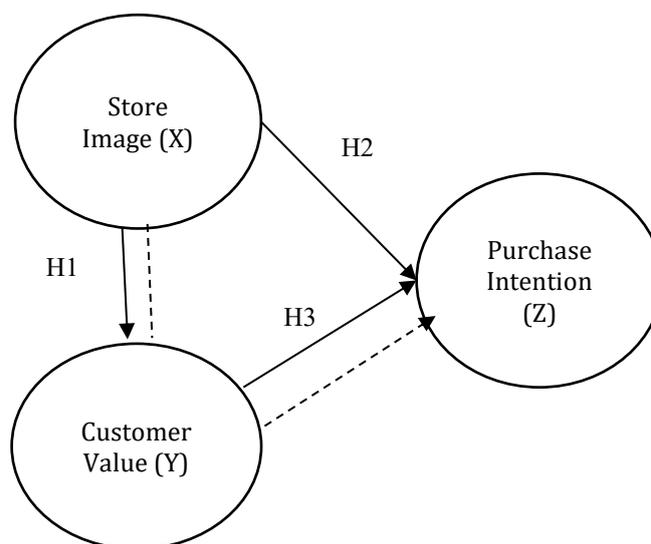

Figure 1. Research hypothesis

FINDINGS AND DISCUSSION

The findings of the survey data processing, which involved 175 respondents and consisted of 30 questions that represented the three research variables of store image, customer value, and purchase intention, are shown in this part. Table 1 presents the respondent profile based on demographic factors. The sample is composed of 60 (34.3%) males and 115 (65.7%) women, with most respondents (66, or 37.7%) being in the 22–24 age range. Most respondents are privately employed (57, or 32.6%) and have a bachelor's degree (68, or 38.9%). 81 (46.3%) of the respondents buy less than two private label products, and the majority (48, or 27.4%) earn between IDR 1,500,00 and IDR 1,500,001-3,000,000 per month.

Table 1. Respondent Profile

Demographic Factors	Category	Frequency	%
Gender	Men	60	34.3
	Women	115	65.7
Age Group	16–18	24	13.7
	19–21	44	25.1
	22–24	66	37.7
	25–27	41	23.4

Demographic Factors	Category	Frequency	%
Job	Students	44	25.1
	Government employees / SOE	30	17.1
	Private sector employee	57	32.6
	Businessman	28	16
	Housewife	16	9.1
Education	Junior High School	25	14.3
	Senior High School	44	25.1
	Diploma (D1–D3)	21	12
	Bachelor	68	38.9
	Postgraduate (S2/S3)	17	9.7
Monthly Income	≤ Rp1,500,000	43	24.6
	Rp1,500,001–3,000,000	48	27.4
	Rp3,000,001–4,500,000	45	25.7
	Rp4,500,001–6,000,000	22	12.6
	> Rp6,000,000	17	9.7
Private Label Product Items Purchased	< 2 items	81	46.3
	3–5 items	59	33.7
	> 6 items	35	20
Total		175	100

Source: Questionnaire processed 2024

The first step in modeling how store image affects consumer value and how it affects purchase intention is to assess the study questionnaire. Validity and reliability are the two primary criteria that the research instrument must fulfill.

Validity was measured using CR, Cronbach's Alpha, AVE, and HTMT/Fornel Lacker. The following are the results of this study:

Table 2. Composite Reliability

Variable	Composite Reliability	Result
Customer Value	0.843	Reliable
Purchase Intention	0.825	Reliable
Store Image	0.879	Reliable

Source: data processed (2024)

Based on the results of the Composite Reliability test with a criterion of ≥ 0.70 (Hair et al., 2022), all constructs in this study were declared reliable. Customer Value had a value of 0.843, Purchase Intention 0.825, and Store Image 0.879.

Table 3. Alpha Cronbach

Variable	Composite Reliability	Result
Customer Value	0.843	Reliable
Purchase Intention	0.825	Reliable
Store Image	0.879	Reliable

Source: data processed (2024)

Based on the results of the Cronbach's alpha test, with a threshold criterion of > .70 (Hair et al., 2022), all constructs in this study were declared reliable. The Customer Value variable had a value of .792, Purchase Intention .735, and Store Image .852.

A Heterotrait–Monotrait Ratio (HTMT) value of < .90 indicates adequate discriminant validity (Hair et al., 2022). All constructs in this study met the discriminant validity criterion. The HTMT value between Customer Value and Purchase Intention was .779, between Customer Value and Store Image .848, and between Store Image and Purchase Intention .624.

Furthermore, a construct is declared to meet discriminant validity if the square root of the AVE ($\sqrt{AVE}$) value is greater than the correlation between the other constructs (Hair et al., 2022). The results of the study show that the $\sqrt{AVE}$ value for Customer Value is 0.618, Purchase Intention is 0.677, and Store Image is 0.575. However, the $\sqrt{AVE}$ value for several constructs is still smaller than the correlation value with other constructs, such as the correlation between Customer Value and Purchase Intention (0.620) and Customer Value and Store Image (0.709).

This study employs a first-order measurement model, which measures dimensions using indicators, and a second-order measurement model, which measures variables by dimensions. The first order model displayed in Table 2 is as follows.

Table 4. First Order Measurement Model

Variabel	Dimension	Indicator	Loading	Mean	SD
Store Image	Merchandise K=4 Alpha= 0.709 CR= 0.823 AVE=0.537	A variety of food and beverage products in this store	0.775	3.274	0.912
		A variety of non-food and beverage products in this store	0.797	3.286	0.902
		The quality of all food and beverage products in this store	0.741	3.640	0.704
		Quality of all non-food and beverage products in this store	0.602	3.611	0.685
	Price K=2 Alpha= 0.556 CR= 0.818 AVE=0.692	The price of the product in this shop is low	0.836	3.577	0.714
		The price of the product in this shop is lower than in other shops	0.828	3.331	0.847
	Service	This store provides	0.548	4.240	0.719

Variabel	Dimension	Indicator	Loading	Mean	SD
	K=3 Alpha= 0.552 CR= 0.771 AVE=0.536	various payment methods (cash, credit card, and ATM debit)			
		Handling of consumer complaints at this store	0.764	3.406	0.766
		Quality of service at this store	0.851	3.680	0.670
	Store ambience K=3 Alpha= 0.741 CR= 0.853 AVE=0.659	The comfort of the ambience created by this shop	0.845	3.686	0.624
		The cleanliness of the shop space	0.808	3.771	0.698
		The attractiveness of the appearance of this shop	0.781	3.537	0.701
	Employees K=2 Alpha= 0.711 CR= 0.838 AVE=0.633	Friendliness of the employees in this store	0.810	3.726	0.738
		Product knowledge of the employees in this store	0.798	3.646	0.727
		The employees in this store always provide solutions for consumers	0.778	3.446	0.732
Customer Value	Economic value K=2 Alpha= 0.650 CR= 0.851 AVE=0.739	Convenience private-label products are cheap	0.832	3.737	0.719
		Prices of convenience private label products are in accordance with their quality	0.887	3.726	0.638
	Performance value K=3 Alpha= 0.686 CR= 0.829 AVE=0.622	Convenience private-label products are well produced	0.623	3.046	0.921
		Convenience private-label products are safe to consume	0.876	3.640	0.589
		The quality of convenience private-label products is reliable	0.843	3.623	0.648
	Social value K=2 Alpha= 0.607	Buying convenience private label products makes me feel	0.843	3.029	0.887

Variabel	Dimension	Indicator	Loading	Mean	SD
	CR= 0.836 AVE=0.717	accepted by the surrounding community			
		Public impressions of convenience private label products	0.851	3.360	0.598
	Conditional value K=2 Alpha= 0.592 CR= 0.831 AVE=0.710	Buying convenience private label products because national products are out of stock	0.825	3.611	0.902
		Buying convenience private label products when there is a promotion for this product	0.860	3.697	0.854
Purchase Intention	K=5 Alpha= 0.792 CR= 0.860 AVE=0.549	I intend to find information about convenience private label products	0.765	2.846	0.867
		I always compare information about convenience private label products with national branded products	0.783	3.006	0.887
		I have a strong desire to buy convenience private label products again	0.566	3.486	0.794
		I will buy convenience private label products again when I need them	0.779	3.246	0.767
		I am willing to recommend convenience private label products to my family	0.786	3.229	0.847
		I am willing to recommend convenience private label products to my friends	0.775	3.274	0.912

Source: Data processed 2024

Table 2 presents all valid items after removing invalid items from the analysis. Measurement model analysis for items against all dimensions is declared valid and reliable with validity coefficients greater than 0.500

Table 5. Second-Order Measurement Model

Variable	Dimension	Loading	R^2	Mean	SD
Store Image	Merchandise	0.682	0.465	3.453	0.801
	Price	0.618	0.382	3.454	0.78
	Service	0.773	0.598	3.775	0.718
	Store atmosphere	0.818	0.669	3.665	0.674
	Employees	0.806	0.65	3.606	0.733
	L = 5				
	CR = 0.859				
	AVE = 0.553				
Customer Value	Economic Value	0.761	0.579	3.731	0.678
	Performance Value	0.863	0.745	3.436	0.719
	Social Value	0.727	0.529	3.194	0.743
	Conditional value	0.564	0.318	3.654	0.878
	L = 4				
	CR = 0.823				
	AVE = 0.543				

*) Description: L is the number of valid and reliable dimensions.
Source: Data processed 2024

According to the findings of the second-order measurement model analysis for the customer value and store image variables show that all dimensions are valid and reliable. This indicates that this dimension is the dimension that is least related to customer value compared to other dimensions. Table 5 shows that the dimensions with the highest loadings on the store image variable are store atmosphere (0.8018) and employees (0.806). Meanwhile, the highest loadings on the customer value dimension are performance value (0.863) and economic value (0.761).

The results of the multicollinearity test (Inner VIF) indicate that if the Inner VIF value is <5, the model is declared free of multicollinearity (Hair et al., 2022).

Table 6. VIF Value

Variabel	Customer Value	Purchase Intention	Store Image
Customer Value		2.013	
Purchase Intention			
Store Image	1.000	2.013	

Source: Data processed (2024)

Based on the results of the multicollinearity test (Inner VIF) with a VIF value of <5, it can be concluded that the research model is free from multicollinearity issues.

As for the Effect Size (f^2), the influence of Store Image on Customer Value has an f^2 value of 1.013, indicating a very large influence. Customer Value on Purchase Intention has an f^2 value of 0.216, which is categorized as a moderate influence. Store Image on Purchase Intention has an f^2 value of 0.019, which is categorized as a small influence.

Furthermore, for Predictive Relevance (Q^2), the Customer Value variable has a Q^2 value of 0.183 and Purchase Intention a value of 0.160. Because both values are greater than 0 ($Q^2 > 0$), it can be concluded that the research model has good predictive ability in explaining endogenous variables. Meanwhile, the Store Image variable does not have a Q^2 value because it is an exogenous variable in the model.

Next, examine how store image affects customer value and purchase intention using the influence model. Each latent variable has one arrow representing its path coefficient value, which indicates the strength of the influence. Ordinary least squares (OLS) is used to estimate the influence parameters, and the bootstrap approach is used to test hypotheses (Hair et al., 2017). Acceptance of the influence hypothesis is indicated by a p-value of less than 0.05.
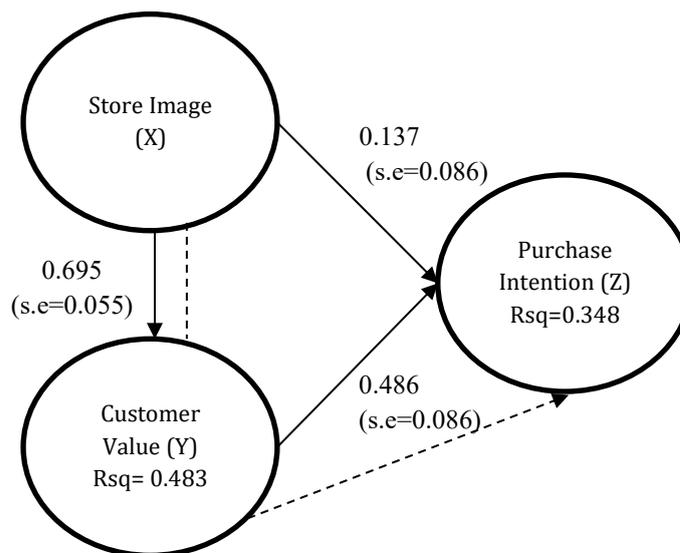

Figure 2. Model of the Influence of Store Image on Customer Value and Its Impact on Purchase Intention

Description: se: Standard error
Solid line: direct effect, dotted line: indirect effect

The results indicate that store image does not have a significant direct effect on purchase intention. One possible explanation is that consumers tend to associate modern retail stores primarily with national brands rather than private label products. As a result, a positive perception of the store may not automatically translate into a stronger intention to purchase private label products. Instead, store image appears to influence purchase intention indirectly by enhancing consumers' perceptions of the value offered by private label products. This finding suggests that

retailers must communicate the specific benefits of their private label products rather than relying solely on store reputation.

Table 7. Parameter Estimation of the Influence of Store Image on Customer Value and Its Impact on Purchase Intention

	Estimate	Std. Error	t-value	p-value	Finding
Store Image → Customer Value	0.695	0.0546	12.700	0.000	Significant
Store Image → Purchase Intention	0.137	0.0857	1.600	0.112	Not Significant
Customer Value → Purchase Intention	0.486	0.0857	5.680	0.000	Significant
Store Image → Customer Value → Purchase Intention	0.338	0.054	6.304	0.000	Significant

Source: Data processed 2024

The analysis's findings show that customer value is directly impacted by store image ($\beta = 0.695$, $p < 0.001$). Purchase intention is also directly influenced by store image ($\beta = 0.137$, $p = 0.112$), and it is significantly influenced by customer value ($\beta = 0.486$, $p < 0.001$). Furthermore, store image indirectly influences purchase intention through customer value ($\beta = 0.338$, $p < 0.001$). Although there is no significant direct correlation between store image and purchase intention ($p = 0.112 > 0.05$), there is a strong indirect correlation through customer value. This implies that the influence of store image on purchase intention is amplified by customer value, which serves as a critical mediating variable.

The analysis results also indicate that store image explains 48.3% of the variance in customer value, and 34.8% of the variance in purchase intention explained by the combination of customer value and store image. On the other hand, the comparatively low coefficient of determination implies that additional factors might impact customer value and purchase intention, the suggested model sufficiently fits the data, as evidenced by the large goodness-of-fit (GoF) score of 0.520, which surpasses the suggested criterion of 0.36. In other words, this model effectively describes the phenomenon that changes in store image have a positive, direct relationship with customer value and an indirect, positive relationship with purchase intention. Changes in store image, facilitated by customer value, are shown to lead to changes in purchase intention.

Based on the calculation of Variance Accounted For (VAF), the VAF value was obtained at 70.35%, which comes from the comparison between the indirect effect (0.363) and the total effect (0.516). This value indicates that most of the influence of Store Image on Purchase Intention is explained through Customer Value as a mediating variable. In addition, the results of the significance test show that the indirect effect is significant (p-value 0.000), while the direct effect of Store Image on Purchase Intention is not significant (p-value 0.211). Therefore, it can be concluded that Customer Value plays a full mediation role in the relationship between Store Image and Purchase Intention. This indicates that store image does not directly influence the purchase intention of Gen Z consumers in modern retail.

According to the study's findings, a favorable store image can raise customer value because it significantly increases consumer value ($\beta = 0.695$). This result confirms the findings of Graciola et al. (2020) and Tulimelli et al. (2023), who discovered that customer value is positively and significantly impacted by store image. Product variety, competitive pricing, well-organized product

displays, full amenities, amiable staff that provide excellent customer service, and a welcoming retail environment are all characteristics of a store image that can boost customer value. Similarly, Chang and Tseng (2011) argued that an e-store image that can create customer value is a store image that can be trusted, offering ease and convenience in using online store applications, along with reasonable and economical product prices.

The store image does not significantly affect purchase intention, as indicated by the direct effect of store image on purchase intention of .137. This finding aligns with research by Calvo-Porral and Lévy-Mangin (2017), Mathur and Gangwani (2016), and Younis and Ebeid (2021), who discovered that, as a result of the high number of national brands in stores, store image has no discernible impact on purchase intention. Consequently, respondents primarily associate the store with national brands, and the presence of private label products is less salient. Store image is shaped through consistent positioning and promotions, supported by a retail mix (Levy et al., 2019). To create a modern store image emphasizing private label products, store management should promote these products on social media platforms widely used by Generation Z, such as Instagram, TikTok, and Facebook, or through the retailer's website (Redler & Hurth, 2020). This is especially important given Generation Z's lack of loyalty to specific retailers (Merriman, 2015), which found that store image significantly influences purchase intention. Store image significantly influences purchasing intentions due to the large variety of goods offered, good quality merchandise, employees who have good product knowledge, and low merchandise prices.

This study's findings contradict those of Abbas et al. (2020), Norfarah et al. (2018), and Graciola et al. (2020), which state that store image has a significant direct influence on purchase intention. Store image significantly influences purchasing intentions due to the large variety of goods offered, good quality merchandise, employees who have good product knowledge, and low merchandise prices.

According to the study's findings, purchase intention is significantly and positively impacted by customer value (β = .348). This indicates that the purchase intention of private label products is influenced by customer value, which includes social value, economic value, performance value, and conditional value (Curvelo et al., 2019; Charton-Vachet et al., 2020; Moslehpour et al., 2022; Balaji & Maheswari, 2021; Tulimelli et al., 2023). Product benefits can be delivered through various sales promotion media or by making private label products widely available in various modern stores.

Additionally, the store image variable significantly influences purchase intention indirectly through customer value (β = .338). This implies that increased customer value and a stronger store image will encourage more consumers to have greater purchase intention for private label products. This finding aligns with research conducted by Moon et al. (2013), Chang and Tseng (2011), Konuk (2018), Graciola et al. (2020), Ananda et al. (2021), and Tulimelli et al. (2023), who imply that a favorable store image can enhance purchase or repurchase intention through customer value. Generation Z is more receptive to opinions and input from reference groups through online and offline networks before purchasing goods and tends to seek information from retailer websites (Chaston, 2012; Redler & Hurth, 2020). Therefore, promotions related to store image should be designed around reference group themes that highlight the benefits and positive impressions associated with private label products. By leveraging the influence of reference groups, retailers can effectively enhance the perception of private label products among Generation Z consumers, particularly through promotions posted on social media or retailer websites.

CONCLUSIONS

Customer value is significantly impacted by store image, which occurs because of product diversity, affordable and competitive product prices compared to competitors, neatly arranged product displays, complete facilities, good service accompanied by friendly store employees, and a comfortable store atmosphere.

Store image does not have a significant direct influence on purchase intention, but store image has a significant indirect influence on purchase intention through customer value, meaning that store image cannot drive purchase intention without going through customer value. This is because modern stores sell many national branded products, so it is already embedded in the minds of consumers that the image of modern stores is identical to selling national branded products. This image of Modern Stores that has been embedded in the minds of consumers is utilized by modern store managers to sell private label products that are cheaper but of comparable quality to national branded products. Thus, driving purchase intention towards private label products.

Purchase intention is influenced by customer values, including conditional, social, functional, and economic values. Additionally, through customer value, store image significantly influences purchase intention.

This study contributes to the literature on retail marketing and consumer behavior in several ways. First, it extends the application of the Stimulus–Organism–Response (S-O-R) framework in the context of private label products by demonstrating that store image functions as an environmental stimulus that influences consumers' internal evaluations in the form of customer value, which subsequently shapes purchase intention. The findings support the argument that consumer behavioral responses are not always driven directly by external stimuli but are often mediated by psychological evaluation processes. Also, this research contributes to the private label and retail branding literature by highlighting the mediating role of customer value, while enriches the literature on Generation Z consumer behavior by demonstrating that their purchase intentions toward private label products are strongly associated with perceived value rather than store perception alone.

LIMITATION & FURTHER RESEARCH

This study has limitations in the context or sample; this study was obtained from a single area of Indonesia and was carried out for a variety of products. Research on a single product type and several Indonesian regions can be the topic for future studies.

Despite certain limitations, this study has strengths in relation to its examination of conditional values, which have rarely been used by other researchers, and its use of several dimensions from several previous studies to measure store image. Additionally, this study adds to the body of knowledge regarding customer purchase intentions.

The findings of this study can also contribute to retailers increasing sales of their private label products. Competitive pricing and product quality on par with national brands, a positive public perception of private label products, a wide selection of private label products, excellent in-store service, a welcoming store environment, and helpful staff who assist customers are all factors that need to be considered.

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