



Print ISSN: 1738-3110 / Online ISSN 2093-7717
 JDS website: <http://www.jds.or.kr/>
<http://dx.doi.org/10.15722/jds.20.03.202203.83>

Can Coffee Shops That Have Become the Red Ocean Win with ESG?

Min-Kyu KWAK¹, Seong-Soo CHA²

Received: February 08, 2022. Revised: March 01, 2022. Accepted: March 05, 2022.

Abstract

Purpose: This study aims to investigate the relationship between ESG activities (Environment, Social, Governance) of coffee shops and their brand image, purchase intention. **Research design, data and methodology:** To test the hypothesis, a survey was conducted for about one month from May to June, 2021, and a total of 311 people responded to the survey, and the responses from 311 copies were used for the analysis. Validity and reliability analysis were performed, and the relationship between latent variables was empirically analyzed using the structural equation modelling. **Results:** The results of the study are as follows. First, among the ESG activities of coffee shops, the environmental and social sectors had a significant positive (+) effect on the brand image, but the governance aspect showed no significant effect on the brand image. Second, it was found that the symbolic image and the empirical image had a significant positive (+) effect on the purchase intention, but the functional image did not have a significant effect on the purchase intention. **Conclusions:** The results of this study suggest that as the number of coffee shops and the heated competition are increasing, it is possible to build a differentiated brand image through ESG activities rather than relying on the functions and services of competing products.

Keywords: Coffee Shops, Environment, Social, Governance, Brand Image

JEL Classification Code: A13, D12, Z33.

1. Introduction

Recently, Corporate Sustainability Management (CSM), which pursues sustainable growth by considering economic, environmental, and social issues affecting business management in a balanced way, is spreading. The perception of sustainability management is also changing to the extent that two-thirds of global corporate managers say that sustainability is essential to secure corporate competitive advantage. From 2008 to 2011, the ratio of market capitalization to assets of top companies in sustainable

management increased by 27.5% while those of non-listed companies rose only 3.2%, indicating that sustainable management is already leading to practical results. In addition, in terms of business performance such as sales and profits, the importance of sustainable companies is emerging, as companies with excellent sustainability management have excellent performances. As such, interest in sustainable management is being concentrated in Korea, and the Korea Corporate Governance Service (KCGS) has developed an ESG evaluation model to promote the sustainable development of domestic listed corporations. ESG activities are recognized as a factor that greatly affects

1 First Author, Assistant Professor, Laboratory of Microbial Physiology and Biotechnology, Department of Food and Nutrition, Institute of Food and Nutrition Science, Eulji University, Gyeonggi-do 13135, Republic of Korea;
 Email: genie6@eulji.ac.kr

2 Corresponding Author, Assistant Professor, Department of Food Science & Service, College of Bio-Convergence, Eulji University,

553 Sanseong-daero, Seongnam 13135, Gyeonggi-do, Republic of Korea, Tel: +82-31-740-7274; Email: sscha@eulji.ac.kr

© Copyright: The Author(s)

This is an Open Access article distributed under the terms of the Creative Commons Attribution Non-Commercial License (<http://creativecommons.org/licenses/by-nc/4.0/>) which permits unrestricted noncommercial use, distribution, and reproduction in any medium, provided the original work is properly cited.

the sustainability and long-term value of a company by minimizing the disadvantages that a company can cause to the environment and society and maximizing the effectiveness of the governance structure. A company's ESG performance is often used as a key indicator for investment (Hwang, Kim, & Jung, 2021).

Today, the purpose of corporations is expanding from maximizing profits to fulfilling broader social responsibilities. Since corporate evaluation depends on the degree of social responsibility performance, social responsibility is a normative system of corporate act that must satisfy the needs and expectations of stakeholders and society in general. For this reason, corporate social responsibility has developed as an important management strategy and has become a core responsibility for corporate sustainability, and corporations have come to recognize social responsibility activities as one of their social investments (Hong, Kang, Lee, & Huh, 2012). In Korea, after the 1997 financial crisis, numerous political and social changes began to take place, and among them, criticism of corporate antisocial act was formed very high. In other words, as the level of public demand for corporate publicity and social responsibility rises, not only the ethical level of managers, but also the overall ethical level of the company is being demanded, and it is a situation that has a big impact on society. This social atmosphere has become a stepping stone for highlighting the importance of corporate social responsibility and ethical management, and the practice of corporate social responsibility through ethical management not only gives trust and faith to the people but also becomes essential for corporate survival.

If a company neglects its social responsibility activities, it will seriously damage its image, brand value, economic loss, and brand equity. Accordingly, corporate social responsibility activities have already become an important issue in corporate business activities worldwide. Recently, many retailers and distributors are working to improve the environment, social responsibility, and governance. Coffee companies have recently replaced plastic straws with paper straws. In addition, disposable cups are limited and reusable cups are provided to customers who eat and drink in the store. College students and office workers consume coffee drinks at coffee shops almost every day. Coffee companies must put a lot of effort to deliver a corporate image that contributes to the environment and society to customers. Therefore, this study is to investigate ESG activities in the coffee shop among various distribution industries.

Coffee shops are now seen as an important issue that cannot but be considered. As good consumption is established as a culture centering on the MZ generation, more consumers are asking coffee shops for their environmental responsibility, and as a result, negative perceptions about coffee shops that consume a lot of

disposable products arise. However, it can enhance the image of the ESG brand of coffee shops, such as the use of paper straws, and has a positive effect on corporate performance. In addition, the number of consumers who practice "meaning out" to express their beliefs and values through consumption is increasing according to social changes, centering on the millennial generation. They emphasize ethical values such as fairness and justice, and are characterized by oriented and consuming products that fit their beliefs even though they are expensive. Coffee shops do not limit their purchasing activities to simple consumption, but can target those who lead to observance of personal beliefs and pursuit of social values through ESG activities. Although some coffee shops recognize and practice the necessity of ESG activities, there is a lack of research on ESG activities of coffee shops. Therefore, this study tried to find out whether the ESG activities of coffee shops directly affect the brand image, and to prove the relationship between the influence of the brand image improved by the ESG activities on the purchase intention.

2. Literature Review

2.1. ESG

'Sustainable management', a concept developed from 'sustainable development', is a term that has recently become a big issue in the world. In Korea, as social interest in sustainable management continues to increase, only three companies published a sustainability management report, a report on corporate environmental, social, and corporate governance (ESG) activities, for the first time in 2003. However, it increased to 135 companies and public institutions in 2018 (Korean Standards associations, 2019). The Korea Corporate Governance Service (KCGS) developed an ESG evaluation model to simulate the sustainable development of domestic companies (Hwang, Kim, & Jung, 2021). This suggests that as time goes by, more and more companies are focusing on ESG, and the number will increase in the future. ESG is a term that refers to Environment, Society, and Governance, and is a key factor that the UN PRI (UN Principles for Socially Responsible Investment) considers when making investment decisions (Omagwa & Muathe, 2019).

As more and more customers ask about environmental responsibility and transparent ethical management, including corporate social contribution activities, it is a term that many companies should pay attention to for sustainable management. Today's corporations must focus on ethical management methods, take the lead in environmental issues, and make profits through attitudes that solve social problems as members of society, not through product

production. As it is related to various social fields such as human rights, labor, ethics, development, and the environment, corporate social responsibility is growing as much as the role it plays. As the importance of ESG grows today, various previous studies focusing on the relationship between ESG and sustainable management have been carried out.

Companies should strive to achieve sustainable management by focusing on environmental concerns, social responsibility, and transparency in corporate governance. In Kim and Yang (2021) the voice of corporate social responsibility is growing due to the increase in consumer awareness and the expansion of the importance of ethical management. It was analyzed that the importance of non-financial responsibilities increases as companies are required to actively and proactively respond to this. Sustainability management has a positive effect on corporate image. It has been analyzed that reflection on sustainability management externally serves to deliver important corporate information to investors and stakeholders, and internally, it can present clear directions such as management goals, strategies and organizations, and execution tasks. Through this, it can be seen that ESG provides an opportunity for companies to grow step by step beyond simply meeting the needs of consumers.

2.1.1. Environment

It is thanks to the industrialization that started in England that the standard of living of the present human society has improved through the convenience of mechanical civilization (Noh & Cha, 2020). However, the environment destroyed by pollutants emitted and consumed without considering limited resources is threatening human health. Because of this, at the consumer level, more and more people are paying close attention to the environment every year, worrying about the potential threats to humanity. Green consumers can be defined as consumers who prefer products that cause relatively little damage to the environment, and expand the scope of their actions through boycotts of companies' products and services that cause environmental pollution (Roberts, 1996). Their intrinsic desire is reflected in their product selection behavior, so they consume in an environment-friendly way, and are very interested in personal hygiene and health, environmental pollution, and destruction of the ecosystem. Eco-friendly retail aimed at them focuses on the harmony between the economy and the environment. Eco-friendly retail emerged as interest in the natural environment coexisting with humans and all living things on Earth increased. In other words, this refers to retail in which companies generally take responsibility and focus on activities to improve or protect the environment to further improve the quality of life of consumers (Alsmadi, 2007).

2.1.2. Social

Corporate Social Responsibility (CSR) is that companies pursue environmental management, ethical management, social contributions, and interests in society as a whole, including workers, during production and sales activities, and make decisions and activities accordingly (Carroll, 1991). The social contribution of restaurant companies has been used as an effective managing technique to have a competitive structure with other companies. It was used for public relations and retailing in line with the public who demanded the social and economic functions of the company, and now it is recognized as a very important strategy for the success factor of the company. This is interpreted as leading the image of the company in a positive direction, and it can be inferred that it indirectly affects the creation of a new brand and sales of the company. In order for consumers to have a deeper positive image and a better corporate reputation for companies that are actively engaged in CSR activities, consumers must contribute a lot to the economic development related to consumers (Pirsch, Gupta, & Grau, 2007) A company must fulfill its social responsibility through continuous efforts in order to recognize a positive image among consumers.

2.1.3. Governance

Corporate governance refers to the distribution structure of decision-making authority among stakeholders of a company. Omagwa and Muathe (2019) explains that the governance structure (G) includes evaluation items related to shareholder rights protection, board of directors, audit bodies, and disclosure. Corporate governance should be designed to provide truthful information and attract shareholders through transparent management and efficiency. Korea's governance structure can be said to be a mechanism that minimizes transaction costs between companies and stakeholders in order to maximize corporate value for corporate organizations with various contractual relationships. A company with good governance provides effective information to shareholders and builds trust, which results in huge returns. Pava (1996) argued that for the long-term development of a company, a company and its members should fulfill their social responsibilities with a strong sense of ethics. This can be interpreted as a factor that corporate governance greatly affects the competitiveness of a country and should be paid attention to for sustainable management in the future.

2.2. Brand Image

Brand image can be said to be a brand image concept in a comprehensive sense including consumers' subjective feelings or associations, and rational judgments formed by

various attributes related to products or services and brands (Ahn, Lee, & Min, 2005). In other words, the brand image consists of everything that people associate with a specific brand, and is the image consumers feel about the products produced and sold by a specific company, and it is all emotional and aesthetic qualities that consumers associate with a specific brand (Cha & Seo, 2019; Cha & Lee, 2021). Park, Jaworski, and MacInnis (1986) explained the brand image by dividing it into functional, symbolic, and experiential images. Aaker (1996) defined it as a name or symbol used to evaluate a company or product or service and to differentiate it from its competitors, and argued that creating such a differentiated brand requires 'Strong', 'Favorable', and 'Unique' brand association. Barich and Kotler (1991) expressed it as 'a set of beliefs consumers have about a brand'.

Therefore, it can be said that the more positive the attitude of consumers toward a brand, the better the brand image is built (Barich & Kotler, 1991). Also, in order to build a strong consumer-based brand, it is important to create a brand image that can give meaning to the brand (Keller, 2003). Since the 1950s, brand image has been considered a very important concept in terms of consumer behavior research and retail management, and since it represents a perception or overall impression of the brand, it can be seen as a standard for consumers to purchase products and improve corporate performance (Šerić, Gil-Saura, & Ruiz-Molina, 2014). The positively formed brand image affects customers' perception of service quality and customer satisfaction, so once a negative image is formed, it is very difficult to recover, and the management of the brand image is also negatively affected in many aspects of the company (Cha & Lyu, 2019). Looking at the relationship between ESG activities and brand image, Han and Ryu (2003) said that social responsibility activities should be emphasized as active communication activities not only in advertising and public relations fields but also in customer and society. Lantos (2001) stated that a retailer must perform socially responsible activities to satisfy various stakeholders, and that performing these responsible activities not only promotes the public interest but also improves the corporate image.

2.2.1. Functional Image

Functional image is defined as the superiority of quality, performance, and attributes that consumers perceive for a specific brand (Yoon & Yoon, 2015). It is related to the functional needs of consumers and is a concept designed to satisfy external consumption needs. As a tangible dimension of a specific brand product, it refers to the association of a product with a functional image such as problem-solving ability or safety. In other words, it was said that the functional image can be formed by the psychological action

on the functional attributes that consumers receive while using a specific brand (Kim & Kim, 2011). Functional image refers to the most essential characteristics related to a brand's product (Keller, 1993). A brand with a functional image means a product or service that performs objectively and efficiently, and it can be understood that by using the brand, direct and specific results can be provided (Kim & Koh, 2010).

2.2.2. Symbol image

Symbolic image refers to an image that reflects voluntary expression, pride, and social recognition that enables one to express one's own social status as an intangible dimension of a specific product (Park, Jaworski, & MacInnis, 1986). In addition, consumers purchase products for the purpose of using the product itself, but also purchase products because of the desire to express themselves to others (Jeon & Yoo, 2015). Therefore, when consumers purchase a product, it can be said that the symbolic image is not purchased for the original purpose of use, but to show off their status, status, and dignity to others or to brag through the brand the product has. The symbolic brand image is a concept opposite to the functional brand image, and is defined as external characteristics of the brand, such as social recognition or personal expression, rather than characteristics related to the brand's product (Keller, 1993). Recently, as the functions and quality of products have been upgraded and competition has intensified, meaningful differentiation has become impossible, so the importance of symbolic images is being emphasized more (Bhat, & Reddy, 2001).

2.2.3. Empirical Image

Experiential image refers to providing consumers with sensual and sentimental enjoyment and experience related to product or product consumption. Consumers can express sensuous styles, emotional relationships with others through brands, express themselves or express their groups, and brands can relate to consumers, partners, or friends, not just products. Therefore, the brand not only recognizes the product aspect, but also allows consumers to recognize various experiences (sensory pleasure, diversity, cognitive stimulation, etc.) (Keller, 1993). For example, Starbucks is a representative company that has established itself as a global brand by delivering experiential values related to coffee to customers. Starbucks introduced the exotic atmosphere of the store, the friendly service of the clerks and rich knowledge of coffee, and the subtle scent of coffee and jazz music in the store as 'coffee experience'. A new coffee culture could be created by consolidating the concept. Simply put, the experiential brand image refers to the reflection of the pleasure and experience that consumers can

obtain by repeatedly using a specific brand's product or service (Keller, 1993).

2.3. Purchase Intention

Purchasing intention is 'the future behavior that a consumer will take, and is the likelihood that beliefs and attitudes will become behaviors' (Aaker, 1996). Purchasing intention is 'the future behavior that a consumer will take, and is the likelihood that beliefs and attitudes will become behaviors' (Nagar, 2015). Purchasing intention is an action that is induced to satisfy a certain purpose and need, and it appears differently depending on the consumer's individual personality, desire, attitude, and social environment. It appears in association with various actions such as product information, product observation, information search, store visit, comparison between brands, and product selection (Cha, 2020; Kwak, Lee, & Cha, 2021; Cha & Lee, 2021; Cha, Hong, & Shin, 2021). Although various forms appear, it is said that, as a whole, it is to explore a common process, and it is related to the consumer's choice of consumption and how to use it. Purchase intention is the will to purchase a specific product, and purchase behavior can be predicted according to the brand image. Kwak and Cha (2021) conducted a comparative study on the relationship between corporate image and brand assets and the effect on brand attitude and purchase intention, and said that corporate image has a positive effect on purchase intention. Till and Nowak (2000) stated that corporate image improved through social responsibility has a direct effect on purchase intention.

3. Methods

3.1. Research Model

In this study, a research model as shown in Figure 1 was presented to verify the empirical relationship based on previous studies on the effect of coffee retailer ESG activities on brand image and purchase intention.

3.2. Hypotheses

3.2.1. Relationship between ESG activities and brand image of coffee shops

As the coffee retailer reached the red ocean, coffee shops lost their differentiation and competitiveness to people only with the taste, quality, price, and service of drinks, and people do not decide their brand image based on these factors alone. Many factors influence brand image formation, and among them, ESG activities have become a key factor in brand image formation. Continuous corporate

social responsibility activities have a positive effect on corporate image and serve as a powerful communication tool (Brown & Dacin, 1997; Lantos, 2001). Furthermore, strategic ESG activities enhance corporate image and public interest, and increase corporate members and consumers' loyalty to the company (Brown & Dacin, 1997; Lantos, 2001). Public service activities planned and promoted by companies are effective in enhancing performance, such as enhancing corporate image. And (Yoon & Lee, 2019) said that social responsibility activities have a relatively more favorable effect on corporate image than corporate advertising. Therefore, based on previous studies, in this study, the following hypotheses were established to verify whether ESG activities affect the functional, symbolic, and experiential image of a company.

- H1-1:** Environmentally responsible activities of coffee shop will have a positive (+) effect on the symbolic image of the brand.
- H1-2:** Environmentally responsible activities of coffee shop will have a positive (+) effect on the functional image of the brand.
- H1-3:** Environmentally responsible activities of coffee shop will have a positive (+) effect on the experiential image of the brand.
- H2-1:** Socially responsible activities of coffee shop will have a positive (+) effect on the symbolic image of the brand.
- H2-2:** Socially responsible activities of coffee shop will have a positive (+) effect on the functional image of the brand.
- H2-3:** Socially responsible activities of coffee shop will have a positive (+) effect on the experiential image of the brand.
- H3-1:** Corporate governance of coffee shop will have a positive (+) effect on the symbolic image of the brand.
- H3-2:** Corporate governance of coffee shop will have a positive (+) effect on the functional image of the brand.
- H3-3:** Corporate governance of coffee shop will have a positive (+) effect on the experiential image of the brand.

3.2.2. Relationship between brand image of coffee retailer and purchase intention

When people choose a brand of a coffee retailer and purchase a product, the brand image among many influencing factors is increasing. Brand image greatly influences people's decision-making when purchasing a product, and has a positive effect on product satisfaction and

purchase intention. (Andreassen & Lindestad, 1998). An improved brand image through corporate social responsibility activities directly affects purchase intention, and consumers trust a company with a positive image and this trust has a strong influence on purchase intention (Purohit & Srivastava, 2001; Till & Nowak, 2000). Therefore, based on the results of previous studies, it can be seen that ESG activities have a positive (+) effect on purchase intention by forming a positive image for the brand. Therefore, in this study, to empirically verify this relationship, the following hypotheses were established based on the results of previous studies.

- H4:** Symbolic image of coffee brand will have a positive (+) effect on the purchase intention.
H5: Functional image of coffee brand will have a positive (+) effect on the purchase intention.
H6: Experiential image of coffee brand will have a positive (+) effect on the purchase intention.

3.3. Operational definition of variables.

In this study, ESG activities of coffee shops are measured by dividing them into Environment, Social, and Governance. Environmental Responsibility was measured in four items, including “providing eco-friendly products and services” (Yang & Kim, 2018). Social responsibility activities (Social) were measured in four items including “taking the lead in solving social problems” (Jung & Yoon, 2008). Corporate governance was measured in four categories, including “Transparent management of companies.” (Jung & Yoon, 2008). Brand image is measured by dividing it into functional image, symbolic image, and experiential image (Park, Jaworski, & MacInnis, 1986). Measurement items for functional image were measured with 4 items including “excellent service quality” based on previous studies. And the measurement items for the symbolic image were measured in four items, including “It fits my values well”. In addition, the measurement items for empirical images were measured in four items, including “providing enjoyment”. Purchase intention is an important variable in predicting consumer behavior, and it is necessary to measure the tendency of the consumer to take a specific action (Aaker, 1997). Therefore, in this study, the measurement items for purchase intention were measured based on the items used by Jung and Yoon (2008), Yang and Kim (2018) and four items including “I will repurchase the brand.” All items were answered on a Likert 5-point scale of ① Not at all ② Disagree ③ Moderate ④ Agree ⑤ Strongly agree

4. Results

There were 91 (29.3%) males and 220 (70.7%) females, with a high percentage of women. In terms of age, 7 people (2.3%) in their teens, 203 people (65.3%) in their 20s, 21 people in their 30s (6.8%), 11 people in their 40s (3.5%), 61 people in their 50s (19.6%), and 8 people (2.6%) in their 60s and older were the second highest in their 50s. In terms of educational background, 224 people (72%) were enrolled/ graduated from a four-year university, and 183 students (58.5%) had a job. As for marriage, 217 people (69.8%) were single, which was higher than that of 94 people (30.2%) who were married. The average monthly income was surveyed in the order of 196 people (63%) with less than 1.5 million won, 41 people with more than 4.5 million won (13.2%), 33 people with 1.5 to 2.5 million won (10.6%), 26 people with 2.5 million won to 3.5 million won (8.4%), and 15 people with 3.5 to 4.5 million won (4.8%). 83 people (26.7%) showed the highest monthly average number of using coffee shops that they frequently use 3~4 times.

Table 1: Characteristics of the participants (N = 311)

	Demographic traits	No. of sample(per)	Percentage (%)
Gender	Male	91	29.3
	Female	220	70.7
Age	10's	7	2.3
	20's	203	65.3
	30's	21	6.8
	40's	11	3.5
	50's	61	19.6
	Over 60	8	2.6
Occupancy	Student	183	58.8
	Office worker	25	8
	administrative position	20	6.4
	Professional	18	5.8
	Service/Sales Position	13	4.2
	Housewife	29	9.3
Marital status	etc.	23	7.4
	Single	217	69.8
Income per month (ten thousand KRW)	Married	94	30.2
	<150	196	63
	150-250	33	10.6
	250-350	26	8.4
	350-450	15	4.8
Number of uses	> 450	41	13.2
	1-2	75	24.1
	3-4	83	26.7
	5-6	71	22.8
	7-8	33	10.6
	<9	49	15.8

4.1. Measurement item assessment

Amos20.0 was used for statistical verification of data whose reliability and validity were verified. Convergence validity was measured by performing confirmatory factor analysis through Amos20.0. Fornell and Larcker (1981) explained that the extraction of mean variance (AVE) is more than 0.5 to have a valid correlation. The composite reliability (C.R) should be 0.6 or higher. The results obtained through Amos20.0 are shown in Table 4. As shown in Table 4, the value of AVE was greater than 0.5 and the value of C.R was greater than 0.8. Through this, it can be explained that a valid relationship between the factors has been established.

Table 2: Confirmatory factor analysis result

Variables	Measure	Standardized Regression Coefficient	CR	AVE
Environment	Env1	.851	0.869	0.626
	Env2	.664		
	Env3	.763		
	Env4	.871		
Governance	Gov1	.817	.865	.620
	Gov2	.901		
	Gov3	.807		
	Gov4	.592		
Social	Soc1	.803	.876	.642
	Soc2	.820		
	Soc3	.904		
	Soc4	.659		
Symbol image	Sy ima1	.665	.846	.582
	Sy ima2	.837		
	Sy ima3	.819		
	Sy ima4	.716		
Functional image	Fu ima1	.660	.872	.632
	Fu ima2	.745		
	Fu ima3	.857		
	Fu ima4	.897		
Empirical image	Em ima1	.752	.830	.551
	Em ima2	.666		
	Em ima3	.821		
	Em ima4	.722		
Purchase intention	Pur int1	.814	.868	.626
	Pur int2	.878		
	Pur int3	.604		
	Pur int4	.840		

Chi-square = 685.977(p =0.001, df=335), NFI=0.872, CFI=0.928, RMSEA=0.061

The discriminant validity of each factor whose uni-dimensionality was verified was analyzed, and the results are shown in Table 6. For discriminant validity, the square root of the mean variance (AVE) should be higher than the correlation coefficient between the variable and other latent variables. The criterion for judging the correlation is that when it is 0.9 or more, the correlation is very high, and when it is less than 0.2, there is almost no correlation. As shown in Table 5, the square root of the mean variance extraction (AVE) was greater than 0.5, and each variable recorded a higher value than the other variables. That is, it proves that discriminant validity among all variables is satisfied and can be used for research.

Table 3: Discriminant validity through correlation analysis

	Em ima	Env	Soc	Gov	Sy ima	Fun ima	Pur int
Em ima	0.74						
Env	0.66	0.79					
Soc	0.59	0.48	0.80				
Gov	0.36	0.27	0.54	0.78			
Sy ima	0.62	0.52	0.48	0.23	0.76		
Fun ima	0.64	0.49	0.46	0.23	0.56	0.79	
Pur int	0.71	0.64	0.43	0.32	0.65	0.52	0.79

The values presented at the diagonal are the square root of AVE

4.2. The effect of ESG activities on brand image and purchase intention

Table 6 is the result of analyzing the relationship between ESG activities and brand image of coffee shops. It was confirmed that the environmental activities and social contribution of coffee shops have a positive (+) effect on the brand image. However, the hypothesis that corporate financial structure has a positive effect on brand image was found to be incorrect. This explains that coffee shops' environmental responsibility for excessive use of plastics and social contribution activities used as effective promotion to gain an edge from competitors are important, while interest in corporate financial structure is rather low.

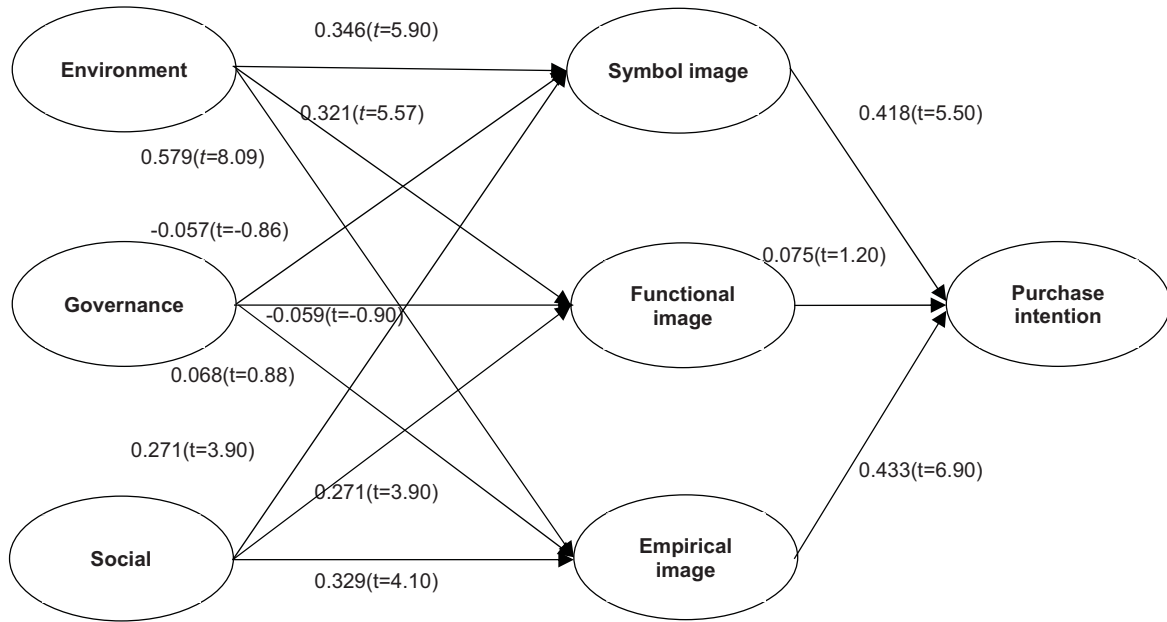


Figure1. Results of research hypothesis

Table 4: Results of research hypothesis (ESG)

Hypothesis	Paths	Path Coefficient	t value	p value
H1-1	Environment → Symbol image	0.346	5.90	***
H1-2	Environment → Functional image	0.321	5.57	***
H1-3	Environment → Empiric image	0.579	8.09	***
H2-1	Governance → Symbol image	-0.057	-0.86	0.39
H2-2	Governance → Functional image	-0.059	-0.90	0.37
H2-3	Governance → Empiric image	0.068	0.88	0.38
H3-1	Social → Symbol image	0.271	3.90	***
H3-2	Social → Functional image	0.271	3.90	***
H3-3	Social → Empiric image	0.329	4.10	***

* p < 0.05, ** p < 0.01, *** p < 0.001

Table 5 shows the relationship between each brand image and purchase intention. Symbolic image and empirical image are very significant as their p-value is lower than 0.001, which can be explained as having a positive (+) effect on purchase intention. On the other hand, it was analyzed that functional image did not have a positive (+) effect on purchase intention. What this means is that the

functional image of a coffee retailer does not have a significant effect on the purchase of consumers, whereas the overall atmosphere (symbolic image) and satisfaction through experience (experiential image) of the coffee retailer affect the purchase intention of consumers. Figure 1 shows the results of hypothesis testing.

Table 5. Results of research hypothesis (Brand image)

Hypothesis	Paths	Path Coefficient	t value	p value
H4	Symbol image → Purchase intention	0.418	5.52	***
H5	Functional image → Purchase intention	0.075	1.16	0.25
H6	Empirical image → Purchase intention	0.433	6.90	***

5. Conclusions

This study attempted to prove the necessity of ESG activities of coffee shops through conceptual consideration of ESG activities, which are considered as important as financial performance these days, and empirically investigate the effect of ESG activities on brand image and purchase intention. The study results are as follows.

First, among the ESG activities of coffee shops, the environmental and social fields were respectively related to the symbolic image (t=5.90/t=3.90), the functional image (t=5.57/t=3.90), and the empirical image (t=8.09/4.10).

Although it had a significant positive (+) effect, it was found that the governance aspect ($t=0.86/t=0.90/t=0.88$) did not have a significant effect on the brand image. In other words, it can be said that the brand image can be improved if environmental and social responsibility factors are actively implemented during ESG activities. This is when coffee shops feel that they are striving for the environment by taking the lead in environmental protection such as the use and sale of eco-friendly products, promotion of resource recycling, air pollution prevention, water quality protection, and plastic reduction as more green consumers are interested in the environment. It shows that it forms a positive image for the brand. In addition, it shows that activities for the public good of society, such as social giving, volunteer activities, solving social problems, improvement of the working environment, and human rights management, have a favorable effect on the brand image through the result that consumers are very interested. On the other hand, governance structure, which deals with systems such as corporate decision-making structure and transparency, corporate independence and internal control, is a familiar and important term for shareholders in general, but can be interpreted as a difficult and difficult term for individual consumers, that is, the general public. It is thought that it is a natural duty for a company to engage in ethically responsible activities. Also, unlike environmental and social activities, governance seems to have a major impact on brand image as it is difficult for consumers to directly feel it.

Second, it was found that symbolic image ($t=5.50$) and empirical image ($t=6.90$) had a significant positive (+) effect on purchase intention, but functional image ($t=1.20$) did not significantly affect purchase intention. In other words, since symbolic images affect purchase intentions, it can be seen that consumers purchase products for the purpose of expressing their identity and for social recognition. Therefore, in order to express to others that we are participating in solving environmental and social problems, we purchase products from coffee shops that are practicing ESG activities. Also, since the experiential image has a significant effect on purchase intention, it can be seen that the pleasure and satisfaction obtained while using a coffee retailer have a positive effect on purchase intention. On the other hand, it is judged that the functional image does not affect the purchase intention as many coffee shops satisfy the functional needs of most consumers as their products and services are standardized.

6. Implications and Limitations

This study provides many implications for coffee shops, ESG activities, and brand image research. The implications were explained by dividing them into theoretical and

practical implications, and through this study, it was intended to help many companies implement management strategies focusing on ESG management through these results.

As a theoretical implication, first, during ESG activities of coffee shops, environmental and social have a significant relationship with symbolic and empirical images, and brand images also have a significant positive (+) effect on purchase intention, suggesting theoretical grounds. Second, while previous studies focused on the brand image through eco-friendly management activities and social responsibility activities of coffee shops, this study is theoretically significant in trying to determine whether ESG activities of coffee shops affect brand image and purchase intention. In other words, it is meaningful that it laid the groundwork for the importance of ESG activities in coffee shops. Third, most of the previous studies on ESG activities to date have verified the fact that ESG activities have a significant positive (+) effect on corporate financial performance for general companies. This study has theoretical significance in that it has demonstrated that ESG activities affect not only corporate investment, but also brand image and purchase intention, focusing on coffee shops.

As a practical implication, first, the environmental and social fields among ESG activities were found to have a positive effect on the brand image. Therefore, it can be interpreted that in order to form a brand reputation and positive image, it is necessary to invest a lot in environmental and social responsibility enough to be recognized by consumers. In other words, focusing on environmental responsibility activities such as minimizing plastic use of coffee shops, using eco-friendly products, and energy saving campaigns, and ESG activities at the level of social responsibility such as social reduction, improvement of the working environment, and participation in cultural projects can contribute to differential brand image and economic performance. Second, it was demonstrated that the increasing number of coffee shops and heated competition situations does not matter much, and that the focus on forming a favorable brand image through ESG activities rather than relying on the function and service. Therefore, if the symbolic image and the experiential image leave a good impression on the customer, it is considered that the consumer is judged to be worth purchasing and will show the intention to purchase and repurchase. In other words, it has practical significance in that it laid the groundwork for the importance of ESG activities in coffee shops.

The limitations of this study are as follows. First, it can be seen that the representativeness of the sample is low because the proportion of women in their 20s is high. Second, in the process of establishing and analyzing the relationship between ESG activity and image, it may be

somewhat subjective due to the lack of prior research. Third, there is no significant difference from the existing CSR research.

Reference

- Aaker, D. A. (1996). *Building Strong Brands*. Free Press Publications. New York.
- Aaker, D. A. (1997). Brand Equity. La gestione del valore della marca. FrancoAngeli.
- Ahn, G. S., Lee, J. R. & Min, K. H. (2005). The Structural Relationship of Brand Image, Brand Trust, and Brand Loyalty. *Advertisement research* 69, 115-137.
- Alsmadi, S. (2007). Green marketing and the concern over the environment: measuring environmental consciousness of Jordanian consumers. *Journal of Promotion Management*, 13(3-4), 339-361.
- Andreassen, T. W., & Lindestad, B. (1998). The effect of corporate image in the formation of customer loyalty. *Journal of Service Research*, 1(1), 82-92.
- Barich, H., & Kotler, P. (1991). A framework for marketing image management. *MIT Sloan Management Review*, 32(2), 94.
- Bhat, S. and Reddy, S. K (2001). The impact of parent brand attribute associations and affect on brand extension evaluation. *Journal of Business Research*. 53(3), 111-122.
- Brown, T. J., & Dacin, P. A. (1997). The company and the product: Corporate associations and consumer product responses. *Journal of marketing*, 61(1), 68-84.
- Carroll, A. B. (1991). The pyramid of corporate social responsibility: Toward the moral management of organizational stakeholders. *Business horizons*, 34(4), 39-48.
- Cha, S. S, Hong, G. J, & Shin, M. H. (2021). Study on the Relationship between the Characteristics of SNS and Intention to Visit F&B Stores. *Journal of Distribution and Management Research*, 24(5), 5-18.
- Cha, S. S. (2020). Customers' intention to use robot-serviced restaurants in Korea: relationship of coolness and MCI factors. *International Journal of Contemporary Hospitality Management*. 32(9), 2947-2968.
- Cha, S. S., & Lee, S. H. (2021). The Effects of User Experience Factors on Satisfaction and Repurchase Intention at Online Food Market. *The Journal of Industrial Distribution & Business*, 12(4), 7-13.
- Cha, S. S., & Lee, S. H. (2021). The Influence of Ramen Selection Attributes on Consumer Purchase Intention. *The Korean Journal of Food & Health Convergence*, 7(4), 1-11.
- Cha, S. S., & Lyu, M. S. (2019). Influence of SNS characteristics on the brand Image of infant food products. *The Journal of Industrial Distribution & Business*, 10(8), 7-15.
- Cha, S. S., & Seo, B. K. (2019). The effect of brand trust of home meal replacement on repurchasing in online shopping. *Asian Journal of Business Environment*, 9(3), 21-26.
- Fornell, C., & Larcker, D. F. (1981). Evaluating structural equation models with unobservable variables and measurement error. *Journal of marketing research*, 18(1), 39-50.
- Han, E. K., & Ryu, E. A. (2003). A Study on the Corporate Social Responsibility Influencing of the Purchasing Intention. *Advertising research*, 60, 155-177.
- Hong, S. B., Kang, K. S., Lee, J. S., & Huh, B. Y. (2012). The effects on corporate image, brand image and purchase intention of Service companies' social responsibility. *KASTM*, 27, 453-473.
- Hwang, J., Kim, H., & Jung, D. (2021). The Effect of ESG Activities on Financial Performance during the COVID-19 Pandemic Evidence from Korea. *Sustainability*, 13(20), 11362.
- Jeon, C. S., & Yoo, Y. J. (2015). The influence of food-service's social responsibility activities to corporate image, long-term orientation, positive word of mouth. *The Journal of the Korea Contents Association*, 15(7), 555-566.
- Jung, H. S., & Yoon, H. H. (2008). The influence of corporate social responsibility of family restaurants on image, preference and revisit intention-based on the university students in Seoul. *Culinary science and hospitality research*, 14(2), 138-152.
- Keller, K. L. (1993). Conceptualizing, measuring, and managing customer-based brand equity, *Journal of Marketing*, 57(1), 1-22
- Keller, K. L. (2003). Brand synthesis: The multidimensionality of brand knowledge. *Journal of consumer research*, 29(4), 595-600.
- Kim, I., & YANG, J. (2021). A Systematic Review Study on the Start-Up Sustainability Factors by Franchises Growth Cycle in Korea: Focusing on the ERIS Model. *The Korean Journal of Franchise Management*, 12(2), 23-33.
- Kwak, M. K., & Cha, S. S. (2021). A study on the selection attributes affecting pet food purchase: After COVID-19 Pandemic. *International Journal of Food Properties*, 24(1), 291-303.
- Kwak, M. K., Lee, J., & Cha, S. S. (2021). Senior consumer motivations and perceived value of robot service restaurants in Korea. *Sustainability*, 13(5), 2755.
- Lantos, G. P. (2001). The boundaries of strategic corporate social responsibility. *Journal of consumer marketing*. 18(7), 595-632.
- Nagar, K. (2015). Modeling the effects of green advertising on brand image: investigating the moderating effects of product involvement using structural equation. *Journal of global marketing*, 28(3-5), 152-171.
- Noh, E. J., & Cha, S. S. (2020). Exploratory study to develop customers' experience measurement scale of H&B Store. *The Journal of Industrial Distribution & Business*, 11(7), 51-60.
- Omagwa, J., & Muathe, S. (2019). Corporate Governance, Financial Performance and Firm Value; Empirical Evidence from Commercial Banks in Kenya. *International Journal of Finance & Banking Studies*, 8(4), 41-48.
- Park, C. W., Jaworski, B. J., & MacInnis, D. J. (1986). Strategic brand concept image management. *Journal of marketing*, 50(4), 135-145.
- Pava, M. L. (1996). The Talmudic concept of "beyond the letter of the law": Relevance to business social responsibilities. *Journal of Business Ethics*, 15(9), 941-950.
- Pirsch, J., Gupta, S., & Grau, S. L. (2007). A framework for understanding corporate social responsibility programs as a continuum: An exploratory study. *Journal of business ethics*,

- 70(2), 125-140.
- Purohit, D., & Srivastava, J. (2001). Effect of manufacturer reputation, retailer reputation, and product warranty on consumer judgments of product quality: A cue diagnosticity framework. *Journal of Consumer Psychology, 10*(3), 123-134.
- Roberts, J. A. (1996). Green consumers in the 1990s: profile and implications for advertising. *Journal of business research, 36*(3), 217-231.
- Šerić, M., Gil-Saura, I., & Ruiz-Molina, M. E. (2014). How can integrated marketing communications and advanced technology influence the creation of customer-based brand equity? Evidence from the hospitality industry. *International Journal of Hospitality Management, 39*, 144-156.
- Till, B. D., & Nowak, L. I. (2000). Toward effective use of cause-related marketing alliances. *Journal of Product and Brand Management, 9*(7), 474-484.
- Yang, H. C., & Kim, Y. E. (2018). The effects of corporate social responsibility on job performance: Moderating effects of authentic leadership and meaningfulness of work. *The Journal of Asian Finance, Economics and Business, 5*(3), 121-132.
- Yoon, S. W., & Yoon, D. I. (2015). A Role of Functional and Symbolic Image of the Brand. *Journal of the Korea Academia-Industrial cooperation Society, 16*(3), 1745-1752.
- Yoon, S., & Lee, E. M. (2019). Social and psychological determinants of value co-creation behavior for South Korean firms: a consumer-centric perspective. *Asia Pacific Journal of Marketing and Logistics, 31*(1), 14-36.