

MARKETING | RESEARCH ARTICLE

# The Effect of Servitization on Purchase Intention Using Digital Technology and Service Business Focus as Mediating Variable

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## ABSTRACT

The development of digital technology has changed the business landscape significantly, especially in terms of improving operational efficiency and customer experience. One strategy that companies are increasingly implementing is servitization, namely a shift from a product-based business model to a service that provides added value for customers. This study aims to analyze the influence of servitization on purchase intention and the role of digital technology and service business focus as mediators in this relationship. This research uses quantitative methods with data collection techniques through questionnaires distributed to 75 respondents consisting of coffee shops and restaurant businesses in Solo Raya. Data analysis was carried out using the Partial Least Squares-Structural Equation Modeling (PLS-SEM) method with the help of SmartPLS 3.0 software. The research results show that servitization positively and significantly affects purchase intention, digital technology, and service business focus. However, digital technology does not directly influence purchase intention, indicating that digital technology alone is insufficient to increase customer purchase intention without an appropriate service strategy. Meanwhile, service business focus has been proven to significantly influence purchase intention and mediate the relationship between servitization and purchase intention. These findings confirm that companies that implement servitization and have a strong focus on business services are better able to increase customer purchasing intentions than relying solely on digital technology. Therefore, companies are advised to adopt digital technologies and ensure that their service strategies can increase customer value.

**Keywords:** Servitization, Digital Technology, Service Business Focus, Purchase Intention, PLS-SEM.

**JEL Code:** M00, M31, Q13, Z33.

## I. Introduction

Digital technology has brought revolutionary changes across various sectors of life, particularly in how individuals and organizations communicate, interact, and conduct daily activities. Digital transformation has become a key element in global economic development. Concepts such as Society 5.0 in Japan and the Industrial Revolution 4.0 in Indonesia emphasize adopting new technologies such as IoT, AI, and robotics to create efficiency, innovation, and sustainability (Danuri et al., 2019). These technologies enable more efficient



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operational integration, increased productivity, and real-time personalization of user experiences. This transformation reshapes work processes and interactions, requiring the adoption of new technologies to thrive in the rapidly evolving digital business ecosystem (Timoty Agustian Berutu et al., 2024).

The future direction of digital technology is centered on improving efficiency and how technology can provide innovative, sustainable, and inclusive solutions. This leads to new product and service innovations and allows organizations to adapt to dynamic market demands. Implementing technologies such as augmented reality (AR), virtual reality (VR), blockchain, and AI-powered devices continues to create new potentials that strengthen the relationship between consumers and service providers. These technologies provide opportunities for developing a more adaptive and responsive business ecosystem. Innovations such as big data and AI support data-driven decision-making, increase productivity, and expand market capacity. Additionally, digital technology has dramatically transformed traditional marketing approaches into more modern methods through digital media. Platforms such as social media, search engines, mobile applications, and online marketplaces allow companies to reach consumers more broadly, quickly, and efficiently. Studies show that AI and Big Data Analytics are crucial in creating personalized experiences, enhancing customer satisfaction, and improving business efficiency (Thayyib et al., 2023). Innovations such as big data and AI facilitate faster and more accurate data analysis, ultimately increasing the efficiency of business and marketing strategies (Ribeiro & Reis, 2020). Marketing strategies that leverage these technologies enhance brand visibility and foster more intensive consumer interactions. This promotes better personalization, increases customer loyalty, and strengthens brand image (Kumar et al., 2021). In the digital era, businesses adapting to technological advancements have a greater chance of survival and growth. Therefore, understanding the direction of digital technology development, including data analytics and AI, is crucial for addressing challenges and seizing opportunities in this era of digital transformation (Ribeiro & Reis, 2020).

Servitization transforms business from a product-centric focus to a service-oriented approach embedded within the product. This concept was first introduced in the 1980s in response to the growing customer demand for more comprehensive solutions beyond just physical goods (Vandermerwe & Rada, 1988). Servitization enables companies to offer added value through maintenance, training, or digital services integrated with the main product. In the past, servitization was primarily applied in the manufacturing industry. For example, heavy equipment companies provide maintenance services as part of their offerings (Baines et al., 2013). The focus was on increasing customer loyalty and extending the product lifecycle. However, in the last decade, servitization has expanded into various industries, including the service sector, retail, and F&B, driven by digital technology (Kohtamäki et al., 2020). Technologies such as mobile applications, artificial intelligence, and data analytics enable companies to provide more personalized, interactive, and efficient services (Paschou et al., 2020). Servitization has significant potential to influence purchase intention. Through additional services, customers gain functional benefits from the product and enjoy a better experience and solutions tailored to their needs. Previous research has shown that servitization can enhance customers' perceived value of a brand, strengthen the relationship between companies and consumers, and encourage more positive purchasing decisions (Gebauer et al., 2021). For instance, a coffee shop that provides a digital application for ordering, personalized promotions, and loyalty programs can create a satisfying customer experience, ultimately increasing their purchase intention (Ran et al., 2023).

The servitization process drives purchase intention through several key mechanisms. First, additional services increase the perceived value of the product or brand, making customers feel they receive more benefits than merely purchasing the product (Grönroos & Helle, 2010). Second, excellent and personalized services foster customer satisfaction and trust, which are crucial to building purchase intention (Wirtz & Lovelock, 2021). Third, servitization integrated with digital technology allows companies to engage more closely with customers, understand their needs, and provide more relevant solutions, thereby strengthening purchase intention (Kohtamäki et al., 2020).



## II. Literature Review and Hypothesis Development

### 2.1. Servitization

Servitization is integrating products with services to provide higher value to customers and transform the business model from selling tangible products to a holistic marketing offering of products and services (Ruiz-Alba et al., 2019). Product-service bundles can enhance value as they go beyond the benefits of mere product purchases (Dissanayake & Weerasinghe, 2022). This business strategy focuses on adding services as a core component in physical product offerings. It involves transitioning from a product-centric business model to a service-centric approach, where companies offer products, seek to solve customer problems and enhance value co-creation by understanding customer needs, preferences, interests, and situations (Hakanen et al., 2018). According to Martín-Peña et al. (2023), servitization is a strategic approach that enhances customer relationships by providing added value, strengthening customer loyalty, and offering competitive advantages. Companies that successfully implement servitization can establish more sustainable business models. Consumers are more willing to consume sustainably due to increased awareness of the environmental impact of servitization.

### 2.2. Service Business Focus

The focus of a service business can be operationalized by integrating digital services into business processes to strengthen customer relationships. This focus includes adapting technology and platform-based service strategies to enhance value and operational efficiency (Vargo & Lusch, 2017). This definition involves the company's ability to adapt and leverage changes in the service ecosystem, including continuous innovation and the development of dynamic capabilities to enhance competitiveness (Nenonen et al., 2018). Service business focus refers to strategies that position services as key elements in business operations. Martinez et al. (2010) explain that companies emphasizing services can better meet customer needs and build stronger consumer relationships. According to Fehrer et al. (2018), a service business's focus involves improving customer experience and expanding customer engagement through personalized services and data-driven solutions.

### 2.3. Purchase Intention

Purchase intention is an essential indicator that describes a consumer's desire or readiness to purchase a product or service offered by a company. Buying intention is fundamentally influenced by the product's perceived value, including functional and emotional dimensions (Tosun & Tosun, 2024). According to Levrini and Dos Santos (2021), purchase intention is influenced by various factors, including perceived value, product quality, and services offered by the company. Their research findings indicate that combining high-quality products and relevant services significantly enhances purchase intention. Consumer enjoyment plays a crucial role in shaping purchase intention, as it substantially mediates the relationship between gamification elements and purchasing decisions (Xu et al., 2020). Understanding the dynamics of purchase intention is vital for businesses seeking to tailor their marketing strategies effectively to meet consumer needs. The perceived value of a product, both in terms of functional and emotional benefits, plays a significant role in shaping purchase intention (Reddy et al., 2022).

### 2.4. Digital Technology

Digital technology has transformed how companies interact with customers and offer products and services. In the context of servitization and service business focus, digital technology enables companies to seamlessly provide integrated services, from after-sales services to subscription-based services. Traditional



manufacturing firms operating in relatively conservative industries have recently faced digital transformation (Kohtamäki et al., 2020). Manufacturers are investing in new digital technologies (such as the Internet of Things, big data, and cloud computing) to offer more innovative products and services (Gebauer et al., 2021). The application of digital technology refers to using digital tools to transform business processes and organizational management (Nasiri et al., 2020). According to Kapoor et al. (2022), for product-based companies, digitalization presents new opportunities for long-term competitive advantages through services but also poses new challenges and requires trade-offs among strategic options, fundamentally altering intra-company and inter-company processes and relationships, as well as the dynamics of the service ecosystem.

## 2.5. Effects of Servitization on Purchase Intention

Research conducted by (Minaya et al., 2023) explains that servitization has a positive and significant effect on purchase intention, discussing that servitization effectively leads to business differentiation by integrating products and services, creating a more sustainable competitive advantage. Through servitization, companies offer physical products and value-added services that enhance the overall customer experience. Maintenance, technical support, or training provide more complete and personalized solutions, strengthen customer relationships, and encourage loyalty. Meanwhile, research conducted by (Tabacco et al., 2024) also explains that servitization affects purchase intention, showing that servitization has a positive and significant impact on customer purchasing decisions; not only increasing operational efficiency, servitization also allows companies to meet customer needs better but increasing their satisfaction and loyalty.

H1: Servitization has a positive and significant effect on purchase intention.

## 2.6. Effects of Servitization on Digital Technology

Gebauer et al. (2021) highlight that servitization positively and significantly influences digital technology. They found that digital technology enables companies to offer more personalized, responsive, and innovative services. Integrating technologies such as data analytics, the Internet of Things (IoT), and artificial intelligence (AI) helps improve operational efficiency and customer experience, reinforcing the value offered through service-product combinations. Similarly, Kohtamäki et al. (2020) find that servitization and digital technology collaborate closely to create more innovative business models. Companies adopting servitization use digital technology to accelerate innovation, expand service portfolios, and enhance customer experience.

H2: Servitization has a positive and significant effect on digital technology.

## 2.7. Effects of Servitization on Service Business Focus

Servitization directly contributes to improving service business focus because by adding services as part of the business strategy, companies are naturally more service-oriented than product-oriented. This helps companies to focus more on customer needs and satisfaction. Research conducted by (Minaya et al., 2023) explains that servitization has a positive and significant effect on service business focus, indicating that servitization works synergistically in influencing service business focus by strengthening the shift from products to more complex and value-added services. Servitization allows companies to develop various services integrated with their physical products, such as maintenance, training, or consulting services, which add value to customers. This strengthens the business focus on sustainable services, increases long-term customer value, and creates competitive differentiation. Meanwhile, research conducted by (Tabacco et al., 2024) also explains that servitization has a positive and significant effect on service business focus, discussing the impact of servitization on business sustainability by changing the company's focus towards more



sustainable services. By integrating value-added services such as maintenance and repair, servitization helps extend product life cycles, reduce waste, and optimize resource use. The service business focus strategy enhances long-term customer relationships, strengthens loyalty, and improves business performance.

H3: Servitization has a positive and significant effect on service business focus.

#### 2.8. Effects of Digital Technology on Purchase Intention

Digital technology influences purchase intention by enhancing convenience, customer experience, and service accessibility. Technologies such as mobile applications, digital payments, and data-driven personalization increase the likelihood of consumers purchasing. Research conducted by Verhoef et al. (2021) explains that digital technology positively and significantly impacts purchase intention, highlighting the role of digital transformation in influencing consumer behavior, including purchase intention. They explain that digital technology creates a more personalized and interactive customer experience through customized product recommendations and a more efficient online shopping experience. This strengthens customers' intention to purchase because digital technology enhances convenience, speed, and the relevance of interactions with brands or companies. Similarly, research conducted by Behl et al. (2023) also states that digital technology has a positive and significant impact on purchase intention, exploring the effects of digital technology on purchase intention during the COVID-19 pandemic. They found that digital technology significantly influenced consumer behavior, where e-commerce platforms, shopping applications, and other digital services increased customer engagement. Digital technology reinforced purchase intention by providing easier and faster access to products and services during the pandemic when physical interactions were highly restricted.

H4: Digital technology has a positive and significant effect on purchase intention.

#### 2.9. Effects of Service Business Focus on Purchase Intention

Service business focus enhances purchase intention by creating a better customer experience, building trust, and providing added value through relevant and high-quality services. Research conducted by Liu et al. (2024) explains that service business focus positively and significantly impacts purchase intention, discussing how customer experience is closely related to purchase intention, especially in the context of service businesses. It was found that a service business focus that prioritizes quality, responsiveness, and customer satisfaction directly impacts increasing purchase intention. Customers who experience excellent service from a business are more likely to make repeat purchases, increasing customer loyalty. Similarly, Lin et al. (2021) research also state that service business focus positively and significantly impacts purchase intention, emphasizing the importance of product differentiation supported by firm services in influencing consumer purchasing behavior.

H5: Service business focus positively and significantly affects purchase intention.

#### 2.10. Mediating Role of Digital Technology

Digital technology mediates the relationship between servitization and purchase intention by enhancing the services' impact. Digital technology enables services to become more personalized, fast, and efficient, ultimately driving customers' purchase intention. Ieva and Ziliani's (2018) research explains that digital technology significantly mediates the relationship between servitization and purchase intention, emphasizing the importance of digital innovation in strengthening this connection. Digital technology allows



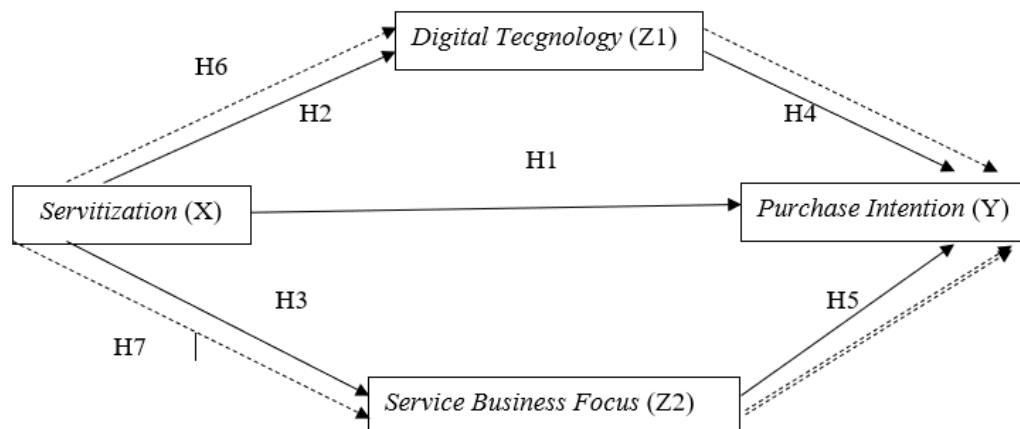
companies to introduce new service models that are more flexible and responsive to customer needs, thereby increasing the perceived value of the services. This study shows that digital technology improves service quality and enhances customer engagement, ultimately mediating the relationship between servitization and purchase intention. Similarly, research conducted by Pla-Barber and Ghauri (2012) also states that digital technology significantly mediates the relationship between servitization and purchase intention, highlighting its role as a crucial mediator. Digital technology enables companies to offer customers more innovative and personalized service experiences.

H6: Digital technology significantly mediates the relationship between servitization and purchase intention.

## 2.11. Mediating Role of Service Business Focus

Service business focus mediates the relationship between servitization and purchase intention by ensuring that the additional services from servitization are genuinely aimed at enhancing the customer experience, thereby encouraging them to purchase. Research conducted by Esmaeilpour and Mohseni (2019) explains that service business focus significantly mediates the relationship between servitization and purchase intention, discussing how service business focus plays a mediating role in the impact of servitization on purchase intention. Similarly, research conducted by Liu et al. (2024) also states that service business focus significantly mediates the relationship between servitization and purchase intention, highlighting how companies that implement servitization—integrating products and services—tend to be more successful in influencing customer purchase intention when their focus is centered on service. This study shows that a service business focus strategy helps create a more comprehensive and satisfying customer experience, ultimately strengthening purchase intention through increased customer satisfaction and loyalty.

H7: Service business focus significantly mediates the relationship between servitization and purchase intention.



**Figure 1. Conceptual Framework**

## III. Research Method

### 3.1. Types of Research, Population, and Sample

This quantitative study investigates a specific population or sample by collecting numerical data, emphasizing hypothesis testing through standardized instruments and statistical data processing (Sugiyono, 2022). The population in this study consists of coffee shops and restaurants in Solo Raya that have

implemented digital technology in their business operations to improve efficiency and customer experience (Bougie & Sekaran, 2020). The sample was selected using non-probability sampling with a purposive sampling technique, which involves selecting samples based on specific criteria relevant to the research objectives. Based on a 90% confidence level and a 9.5% margin of error, the required sample size was calculated using Lemeshow's formula:

$$n = \frac{Z^2 \cdot P \cdot (1 - P)}{e^2}$$

If the population size (N) is unknown, Lemeshow's formula determines the sample size for an unknown population. The variables are defined as follows:

- $Z = 1.64$  (90% confidence level)
- $P = 0.5$  (maximum estimation)
- $e = 0.095$  (sampling error 9.5%)

Since the population size is unknown, the sample was determined using Solvin's formula with an error margin of 9.5%, resulting in 75 respondents.

### 3.2. Sampling Method and Measurement Scale

The data collection method in this study is questionnaires, an essential step in gathering relevant data. A questionnaire is a technique for collecting data by distributing written questions or statements to respondents for them to answer (Sugiyono, 2022). The distribution of questionnaires aims to obtain data, which is processed using the Likert scale, a scale used to measure individuals' attitudes, opinions, and perceptions of social phenomena (Sugiyono, 2022). The Likert scale measures four main variables: Servitization, Digital Technology, Service Business Focus, and Purchase Intention. Servitization Coreynen et al. (2019) include developing additional services integrated with products, implementing solution-based strategies, transforming business models towards result-oriented services, and service innovation to support core products. Digital Technology Soto-Acosta, P (2020) involves the application of digital technology in customer service, adopting digital tools for business operations, using AI and data analytics to enhance services, and technological innovations supporting digital transformation. Service Business Focus Sjödin et al. (2019) focus on service innovation, developing long-term customer relationships, service quality management, and customer satisfaction levels related to the provided services. Purchase Intention Hwang & Choi (2020) include the desire to purchase a specific product, readiness to buy in the future, and willingness to choose a product over competitors. Each indicator is measured using a Likert scale ranging from strongly disagree (1) to agree (5) strongly.

### 3.3. Data Analysis Method

This research uses Structural Equation Modeling (SEM) based on Partial Least Squares (PLS) with the SmartPLS 3.0 software (Ghozali, 2021). The measurement model evaluation (outer model) includes convergent validity, assessed by loading factor  $> 0.7$  and AVE  $> 0.5$  (Ghozali & Latan, 2021; Hair Jr et al., 2021), discriminant validity, evaluated by HTMT  $< 0.90$  or  $0.85$  (Henseler et al., 2021; Kline B. Rex, 2021), and reliability, assessed by composite reliability or Cronbach's Alpha  $> 0.7$  (Sugiyono, 2022). The structural model evaluation (inner model) is conducted through R-Square, Q-Square, and bootstrapping with 5,000 subsamples to test the significance of path coefficients at a 5% significance level ( $\alpha = 5\%$ ) (Hair et al., 2018; Sarstedt et al., 2020). Hypothesis testing is based on P-values, where  $P \leq \alpha$  indicates a significant relationship (Sugiyono, 2022). A multicollinearity test ensures tolerance  $\geq 0.1$  and VIF  $\leq 10$  (Ghozali, 2021). Primary data is obtained through



questionnaires, with validity tested using Spearman correlation and reliability tested using Cronbach's Alpha (Sarstedt et al., 2020).

## IV. Results and Discussion

### 4.1. Respondent Demographics

Based on Table 1, most respondents were in the age range of 20-30 years, namely 34 people (45.33%), followed by 31-40 years of age, as many as 27 people (36.00%). Respondents aged 41-50 totaled 11 people (14.67%), while respondents over 50 were the least, only three (4.00%). Regarding gender, most respondents were male, as many as 54 people (72.00%), while women totaled 21 people (28.00%). Based on the latest education, most respondents have a high school / vocational high school education, as many as 53 people (70.67%), followed by respondents with Diploma / Bachelor's education (D3 / S1), as many as 21 people (28.00%), and those with Masters / Doctoral education (S2 / S3) only one person (1.33%). This shows that respondents are dominated by young age groups, men, and middle education (SMA/SMK).

**Table 1. Respondent Demographics**

Category	Criteria	Frequency	Percentage (%)
Age	20-30 Year	34	45,33%
	31-40 Year	27	36,00%
	41-50 Year	11	14,67%
	>50 Year	3	4,00%
Gender	Man	54	72,00%
	Woman	21	28,00%
Last Education	SMA/SMK	53	70,67%
	Diploma/ Bachelor (D3/S1)	21	28,00%
	Magister/Doctoral (S2/S3)	1	1,33%
Total		75	100,00%

### 4.2. Convergent Validity

An indicator is declared to meet convergent validity in a suitable category if the outer loading value is  $> 0.7$ . Based on Table 2, it is known that each indicator of the research variable has an outer loading value  $> 0.7$ , indicating that there are no variable indicators whose outer loading value is below 0.5, so all indicators are declared feasible or valid for research use and can be used for further analysis. The following is the outer loading value of each indicator on the research variables:

**Table 2. Outer Loading Value**

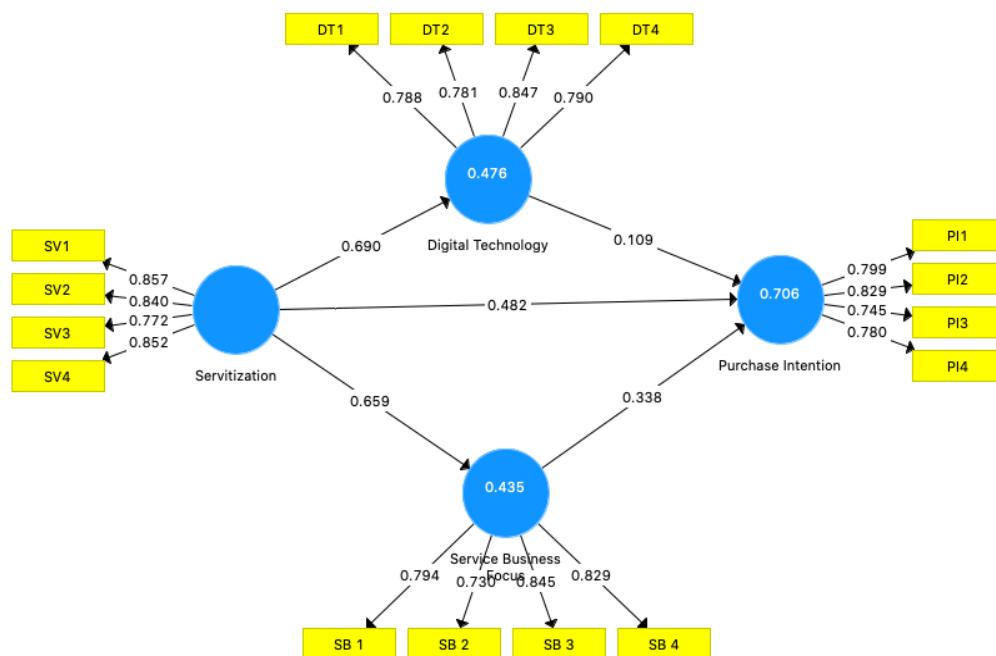
Variable	Indicator	Outer Loading
Servitization	SV 1	0.857
	SV 2	0.840
	SV 3	0.772
	SV 4	0.852
Digital Technology	DT 1	0.788
	DT 2	0.781
	DT 3	0.847
	DT 4	0.790
Service Business Focus	SB 1	0.792



Variable	Indicator	Outer Loading
	SB 2	0.730
	SB 3	0.845
	SB 4	0.829
	PI 1	0.799
Purchase Intention	PI 2	0.829
	PI 3	0.745
	PI 4	0.780

#### 4.3. Data Analysis

The following is a schematic of the PLS program model tested:



**Figure 2. Outer Model**

#### 4.4. Discriminant Validity

Assessing discriminant validity by looking at the AVE (Average Variance Extracted) value > 0.5 to be considered valid in convergent validity. Based on Table 3, each variable in this study shows the AVE (Average Variance Extracted) value, which is > 0.5. Each variable in this study has a value for Servitization of 0.705, Digital Technology of 0.634, Service Business Focus of 0.641, and Purchase Intention of 0.622. This shows that each variable in this study can be considered valid regarding discriminant validity. The following is the AVE value of each variable in this study:

**Table 3. Average Variance Extracted Value**

Variable	AVE (Average Variance Extracted)	Information
Servitization (X)	0.691	Valid
Digital Technology (Z1)	0.643	Valid
Service Business Focus(Z2)	0.641	Valid
Purchase Intention (Y)	0.622	Valid

#### 4.5. Reliability Test

A variable can be declared to fulfill composite reliability if it has a composite reliability value  $> 0.7$ . Table 4 shows that the composite reliability value of all research variables is  $> 0.7$ . For Green Human Resources, it is 0.923, Eco-Friendly Attitude is 0.896, Eco-Friendly Behavior is 0.912, Green Work Engagement is 0.902, and Green Innovation is 0.931. This shows that each variable has met the composite reliability, so it can be concluded that the overall variable has a high level of reliability. Below is the composite reliability value of each variable in this study.

**Table 4. Composite Reliability**

Variable	Composite Reliability
Servitization (X)	0.899
Digital Technology (Z1)	0.878
Service Business Focus (Z2)	0.877
Purchase Intention (Y)	0.868

#### 4.6. Cronbach Alpha

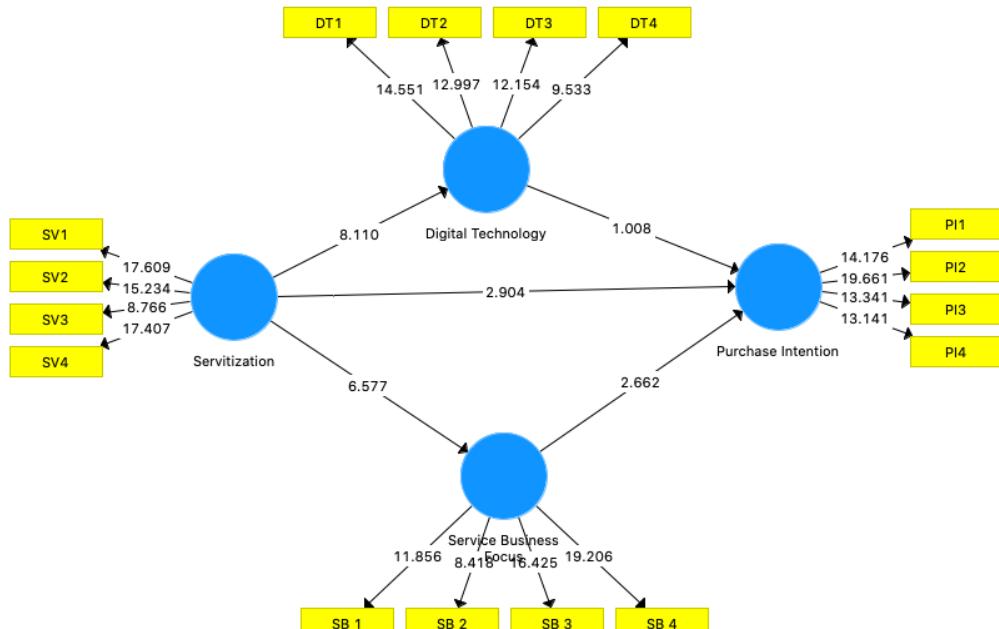
Table 5 shows that the Cronbach alpha value of all variables in this study is above  $> 0.6$ , which means that the alpha value has met the requirements so that all constructs can be reliable.

**Table 5. Cronbachs Alpha**

Variable	Composite Reliability
Servitization (X)	0.850
Digital Technology (Z1)	0.816
Service Business Focus (Z2)	0.814
Purchase Intention (Y)	0.800

#### 4.7. Inner Model Analysis

This study will explain the results of the goodness of fit test, path coefficient test, and hypothesis testing.



**Figure 3. Inner Model**

#### 4.8. Model Goodness Test

This model goodness test consists of two tests, namely R-Square (R<sup>2</sup>) and Q-Square (Q<sup>2</sup>). The R<sup>2</sup> or R-Square value shows the determination of exogenous variables on endogenous variables. A more excellent R<sup>2</sup> value indicates a better level of determination. R<sup>2</sup> values of 0.75, 0.50, and 0.25 show that the model is strong, moderate, and weak (Ghozali, 2021). Based on Table 6, the R-squared value shows the magnitude of the influence of the observed variables. Servitization affects Digital Technology by 47.6% (medium category), Purchase Intention by 70.6% (strong category), and Service Business Focus by 43.5% (medium category). These values illustrate the independent variable's level of relationship and influence on the dependent variable.

**Table 6. R-Square value**

	<b>R Square</b>	<b>R Square Adjusted</b>
Digital Technology	0.476	0.469
Purchase Intention	0.706	0.693
Service Business Focus	0.435	0.427

#### 4.9. Q-Square Test

The Q<sup>2</sup> value in structural model testing is done by looking at the Q<sup>2</sup> (Predictive relevance) value. The following are the results of the calculation of the Q-Square value:

$$\begin{aligned} Q\text{-Square} &= 1 - [(1 - R_{21}) \times (1 - R_{22}) \times (1 - R_{22})] \\ &= 1 - [(1 - 0.600) \times (1 - 0.839) \times (1 - 0.839)] \\ &= 1 - (0.087) \\ &= 0,913 \end{aligned}$$

The calculation results show a Q<sup>2</sup> of 0.913, which means that the model can explain 91.3% of the data diversity, while factors outside the model influence 8.7%. Thus, this model has a good goodness of fit.

#### 4.10. Hypothesis Test

Hypothesis testing in this study uses the path coefficient score table to measure the influence between variables. Testing is done through bootstrapping to obtain t-statistics or p-values. A p-value <0.05 indicates a significant direct effect, while a p-value >0.05 indicates no direct impact. With a t-statistic significance limit of 1.96 (at the 5% level), the effect is considered significant if the t-statistic > 1.96. Hypothesis testing was conducted using SmartPLS 3.2 software, with path coefficient scores as test results.

#### 4.11. Path Coefficient

Based on Table 7, the results of hypothesis testing show that Servitization has a positive and significant effect on Purchase Intention with a t-statistic of 2.904, an effect of 0.482, and a p-value of 0.004, so this hypothesis is accepted. Servitization also significantly affects Digital Technology, with a t-statistic of 8.110 and 6.577 in two different tests and a p-value of 0.000, which indicates that both hypotheses are accepted. However, Digital Technology does not significantly affect Purchase Intention, as it has a t-statistic of 1.008 and a p-value of 0.314, so this hypothesis is rejected. In addition, results are repeated in the first and fifth hypotheses, showing that Servitization affects Purchase Intention. Overall, these results confirm that



Servitization plays an essential role in Purchase Intention and Digital Technology, while Digital Technology does not directly influence Purchase Intention.

**Table 7. Path Coefficient (Direct Effect)**

	Hypothesis	Original Sample	T Statistic	P-Values	Information
Servitization → Purchase Intention	H1	0.482	2.904	0.004	significant
Servitization → Digital Technology	H2	0.690	8.110	0.000	significant
Servitization → Service Business Focus	H3	0.659	6.577	0.000	significant
Digital Technology → Purchase Intention	H4	0.109	1.008	0.314	not significant
Service Business Focus → Purchase Intention	H5	0.338	2.662	0.008	significant

#### 4.12. Indirect Effect Test

Based on Table 8, the hypothesis test results show that Digital Technology does not mediate the relationship between Servitization and Purchase Intention, with a t-statistic of 0.887, an effect of 0.075, and a p-value of 0.376. This hypothesis is rejected since the t-statistic  $< 1.96$  and the p-value  $> 0.05$ . Meanwhile, Service Business Focus mediates the relationship between Servitization and Purchase Intention, with a t-statistic of 2.05, effect of 0.232, and p-value of 0.041. This hypothesis is accepted since the t-statistic  $> 1.96$  and the p-value  $< 0.05$ . Thus, Service Business Focus significantly mediates, while Digital Technology does not mediate in the relationship. The following is the Specific Indirect Effect value.

**Table 8. Spesific Indirect Efect**

	Hypothesis	Original Sample	T Statistic	P Values	Information
Servitization → Digital Technology → Purchase Intention	H6	0.075	0.887	0.376	not significant
Servitization → Service Business Focus → Purchase Intention	H7	0.223	2.05	0.041	significant

#### 4.13. Discussion

This study shows that Servitization has a significant effect on Purchase Intention. Shifting from a focus on products to services has created added customer value. Through Servitization, companies can offer more personalized solutions, increase customer engagement, and provide more valuable experiences, such as after-sales service, subscriptions, and exceptional service packages. This strategy provides a competitive advantage by building customer loyalty in the increasingly fierce market competition. The results of this study align with the findings of (Reim et al., 2019) and (Homburg et al., 2017), which state that Servitization has a significant effect on Purchase Intention. In addition, this study shows that servitization significantly affects digital technology. Companies implementing this strategy tend to be more open to technological innovations, such as using digital platforms, the Internet of Things (IoT), and artificial intelligence (AI) to support their services. Digital Technology enables improved operational efficiency and customer experience through more accurate data analysis. This finding aligns with research (Parida et al., 2014) and (Kohtamäki et al., 2020), which state thatitization is a key driver in adopting Digital Technology.

The results also indicate that Servitization significantly influences Service Business Focus. This strategy encourages companies to shift from simply selling products to becoming service-based solution



providers. With a greater focus on services, companies can better understand customer needs, provide better support, and build long-term relationships. This approach also offers greater flexibility in the face of market changes, making it a more sustainable business model. These findings are consistent with the research (Reim et al., 2019) and (Kindström & Kowalkowski, 2014), confirming that Servitization significantly influences Service Business Focus.

However, this study found that Digital Technology does not significantly influence Purchase Intention. Although digital technology improves operational efficiency and service quality, its influence on customer purchase intention appears more indirect. This suggests that the presence of technology alone is not enough to influence purchasing decisions. Companies must integrate technology with marketing strategies, personalized services, and a more assertive emotional approach to be more effective. This result aligns with research (Rabetino et al., 2015) and (Kohtamäki et al., 2020), which states that Digital Technology does not directly affect Purchase Intention. In contrast, this study shows that Service Business Focus significantly influences Purchase Intention. A service-oriented business focus provides added value that customers feel directly, such as ease of access, responsive customer support, and solutions tailored to their needs. This approach increases customer trust and encourages loyalty, which ultimately contributes to repeat purchase decisions and recommendations to others. This result is supported by research (Kindström & Kowalkowski, 2014) and (Homburg et al., 2017), confirming that Service Business Focus significantly affects Purchase Intention. In the relationship mediated by Digital Technology, this study found that Digital Technology does not considerably mediate the relationship between Servitization and Purchase Intention. Although it encourages the adoption of digital technology, the presence of such technology does not directly increase customer purchase intention. This suggests that Digital Technology is more effective when combined with other elements, such as a more personalized service strategy or a more relevant marketing approach. This finding aligns with the study (Parida et al., 2014) and (Kohtamäki et al., 2020), which states that Digital Technology is not the main factor in mediating the relationship between Servitization and Purchase Intention.

Instead, this study shows that Service Business Focus is a significant mediator between Servitization and Purchase Intention. When companies implement strategies focusing on service business, they can create a better customer experience, which drives purchase intention. Service Business Focus helps bridge the gap between service innovation Servitization offers, and customer expectations. This result aligns with research (Eggert et al., 2014) and (Kindström & Kowalkowski, 2014), which shows that Service Business Focus is essential in strengthening the relationship between Servitization and Purchase Intention.

## V. Conclusion

This study demonstrates that Servitization significantly impacts Purchase Intention, Digital Technology, and Service Business Focus. Servitization has been proven to increase customer purchase intention, encourage the adoption of digital technology in business processes, and direct companies to focus more on services. However, although Digital Technology is identified as an important factor, no significant influence on Purchase Intention was found. This indicates that digital technology alone cannot enhance customer purchase intention without the right service strategy. Service Business Focus significantly increases purchase intention and mediates the relationship between servitization and Purchase Intention. Thus, companies implementing Servitization and maintaining a strong focus on service business are more capable of increasing customer purchase intention rather than relying solely on digital technology.

Although this research provides valuable insights, several limitations need to be considered. First, the limited sample size of 75 respondents may reduce the ability to generalize the findings to a larger population. Additionally, this study was conducted only on coffee shops in Solo Raya, which have specific cultural characteristics and consumer preferences, meaning the results may not fully apply to other regions or industry sectors. Quantitative research design may not wholly capture subjective dimensions or in-depth customer experiences. Lastly, this research was conducted within a specific timeframe, so it does not reflect long-term consumer behavior changes.



Future research should explore specific aspects of Servitization, such as personalized services or subscription-based models, which can enhance Purchase Intention. Given that Digital Technology does not directly influence purchase intention, future studies could focus on integrating technology with marketing strategies or customer service. Moreover, further research should delve deeper into service aspects that provide added value, such as interaction quality and responsiveness. Other factors like customer experience and perceived value are also essential to consider. Finally, comparative studies across different sectors or regions could provide broader insights into Servitization and Service Business Focus dynamics.

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