

Analysis of the Influence of Customer Experience and Competitive Risk on Purchase Intentions Through the Mediation of Environmental Sustainability and Social Sustainability (A Case Study of the Wastra Nusantara Nes by HDK MSME)

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Abstract

Indonesian traditional textile micro, small, and medium enterprises (MSMEs) operate in an increasingly competitive market shaped by changing consumer preferences and growing expectations for environmentally and socially responsible business practices. This research examines the influence of customer experience and competitive risk on purchase intention through the mediating roles of environmental sustainability and social sustainability in NES by HDK, an Indonesian wastra nusantara MSME. A quantitative explanatory research design with a cross-sectional approach was employed. Primary data were collected using a structured five-point Likert-scale questionnaire distributed to 102 consumers selected through purposive sampling. The respondents had purchased NES by HDK products at least once, were at least 17 years old, and had interacted with the enterprise either directly or through digital platforms. The research model was analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS 4. The results showed that customer experience significantly influenced social sustainability, environmental sustainability, and purchase intention. Competitive risk significantly influenced both sustainability dimensions. Environmental sustainability significantly influenced purchase intention, whereas social sustainability did not have a significant effect. The mediation analysis further showed that environmental sustainability significantly mediated the relationship between customer experience and purchase intention, while the other tested indirect relationships were not significant. These findings indicate that environmental sustainability serves as a more behaviorally influential sustainability mechanism in this context. For culturally based MSMEs, strengthening product and service experiences while making environmental practices more visible may provide a more effective pathway to increasing purchase intention than relying solely on social value communication.

INTRODUCTION

Micro, small, and medium enterprises (MSMEs) are central to Indonesia's economic structure because they support employment, local production, and inclusive economic activity. Their strategic role makes business resilience and competitiveness important policy and managerial concerns. In increasingly open markets, MSMEs must respond not only to economic pressures but also to rapid technological changes, easier product comparisons, and shifting consumer expectations.

Consumer evaluation has expanded beyond price, design, quality, and functional utility. Environmental (Goodland, 1995) and social attributes increasingly influence product assessment, particularly in sectors where materials, production processes, local communities, and cultural identity are visible components (Dursun, 2017) of the value proposition. Sustainability (Vallance, Perkins and Dixon, 2011), therefore, is not merely a compliance issue but also a potential source of differentiation and perceived value.

This transition is especially relevant to the fashion and textile sector. Fast fashion has expanded consumer choices through rapid product cycles and competitive pricing while simultaneously increasing concerns regarding environmental impacts and labor conditions. Traditional textile products occupy a distinctive position in this landscape because they combine economic value with history, craftsmanship, aesthetics, cultural narratives, and community-based production.

Wastra Nusantara, including batik, tenun, songket, shibori, and other Indonesian textile traditions, embodies knowledge and skills passed down across generations. Its sustainability, therefore, involves more than business continuity; it also encompasses responsible material use, waste management, artisan livelihoods, community empowerment, cultural preservation, and the continuity of traditional knowledge. These characteristics create opportunities for Wastra MSMEs to compete through values that are difficult for mass-produced substitutes to replicate.

At the same time, traditional textile MSMEs face competitive risks arising from numerous sellers, lower-priced alternatives, imported products, imitation products, changing competitor strategies, and technology-enabled market entry. Such pressures can weaken differentiation if firms compete solely on price. They can also encourage enterprises to strengthen product authenticity, service quality, environmental responsibility, and social impact as strategic responses.

Customer experience is particularly important in this context. It encompasses consumers' cognitive, emotional, behavioral, sensory, and social responses throughout the customer journey (Lemon and Verhoef, 2016). For a Wastra enterprise, experience can be shaped by product quality, distinctive motifs, durability, service, product information, complaint handling, cultural education, and the pride associated with using culturally meaningful products. A positive experience may influence purchase intention directly and may also shape how consumers perceive the enterprise's sustainability practices (Luchs *et al.*, 2010).

Experiential marketing views consumers as individuals who seek sensory, affective, cognitive, behavioral, and relational experiences rather than merely functional benefits (Schmitt, 1999). (Pine and Gilmore, 1998) similarly describe an experience economy in which experiences themselves create economic value. These perspectives suggest that customer experience can become a strategic resource for small firms whose differentiation depends on narratives, authenticity, interpersonal interactions, and symbolic value.

Purchase intention is considered a proximal indicator of future buying behavior in consumer research. The Theory of Planned Behavior (Ajzen, 2012) explains behavioral intention through attitudes, subjective norms, and perceived behavioral control. In a sustainability context, positive evaluations of environmentally and socially responsible practices can strengthen consumer attitudes toward a product, although favorable attitudes do not always translate directly into purchasing behavior.

Environmental sustainability refers to business practices that minimize adverse ecological impacts, utilize resources responsibly, manage waste effectively, and preserve natural resources. Social sustainability concerns human and community well-being, including equity, employment, community empowerment, responsible work practices, and the preservation of cultural and social values. (Elkington, 1998) Triple Bottom Line framework places environmental and social dimensions alongside economic performance, making these two sustainability dimensions analytically related yet conceptually distinct.

Competitive risk in this study refers to uncertainty and pressure arising from the competitive environment, including price competition, new market entrants, competitor innovation, changing marketing strategies, technology adoption, and the risk of declining sales. From a strategic perspective, competitive rivalry can encourage firms to strengthen differentiation. In cultural MSMEs, sustainability may serve as one such differentiating factor.

Previous research has examined customer experience, sustainability, competitive pressure, and purchase intention across various combinations and sectors. Studies have investigated the direct effects of (Dodds, Monroe and Grewal, 1991) customer experience on purchase intention (Lemon & Verhoef, 2016), the influence of sustainability perceptions on consumer behavior (Schmitt, 1999) and the role of competitive pressure in shaping business strategy (Belton, 2017). However, previous studies have often treated sustainability as a single aggregate construct without distinguishing between environmental and social dimensions. Furthermore, limited research has simultaneously examined customer experience and competitive risk as antecedents, with environmental and social sustainability as parallel mediators, particularly in the context of Indonesian Wastra Nusantara MSMEs. This research gap is significant because traditional textile enterprises combine cultural preservation, community empowerment, and environmental responsibility within their value propositions.

To the best of the authors' knowledge, limited studies have simultaneously examined customer experience and competitive risk as antecedents, with environmental and social sustainability as parallel mediators, in the context of Indonesian Wastra Nusantara MSMEs. This constitutes the novelty and methodological contribution of the present study, distinguishing it from previous research that predominantly treats sustainability as a single construct or focuses on conventional business sectors.

Based on this rationale, this study aims to analyze the direct effects of customer experience and competitive risk on environmental sustainability, social sustainability, and purchase intention; examine the mediating roles of environmental sustainability and social sustainability in the relationships between customer experience and purchase intention as well as between competitive risk and purchase intention; and compare the relative effectiveness of environmental and social sustainability in explaining purchase intention among consumers of NES by HDK. The findings of this research are expected to provide both theoretical and practical benefits. Theoretically, this study contributes to the development of customer experience and sustainability literature by demonstrating that environmental and social sustainability serve as distinct mechanisms in translating customer experience into purchase intention, thereby providing a more nuanced understanding of sustainability's role in consumer behavior. Practically, this research provides valuable insights for Wastra MSME managers in developing sustainability-based differentiation strategies, for policymakers in designing

targeted support programs for culturally based MSMEs, and for future researchers as a foundation for comparative studies across different types of MSMEs or regions.

METHOD

Research Design and Setting

This research employed a quantitative explanatory design to examine the hypothesized relationships among latent constructs. A cross-sectional approach was used, with respondent perceptions collected during a specific period. The research was conducted at NES by HDK, a creative MSME producing fashion and craft products based on Indonesian traditional textiles, including batik, tenun, shibori, and upcycled products. The enterprise was selected because its activities involve customer experience, competitive pressures, environmental practices, and social-cultural initiatives.

Population and Sampling

The target population comprised consumers of NES by HDK. Purposive non-probability sampling was applied. Eligible respondents had purchased a NES by HDK product at least once, were at least 17 years old, had interacted with the enterprise either directly or through digital media, and voluntarily agreed to participate. A total of 102 completed questionnaires were used in the analysis.

Instrument and Data Collection

Primary data were collected through a structured questionnaire distributed online using Google Forms. Questionnaire items were derived from the operational definitions (Hsiao, Low and Scott, 2026) and indicators used in the thesis. Content validity was addressed through consultation with academic supervisors before distribution. Responses were recorded on a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). Data collection was followed by completeness checking, coding, tabulation, and PLS-SEM analysis in SmartPLS 4.

Table 1. Construct Operationalization and Indicator Summary

Construct	Items	Operational emphasis
Customer Experience (CE)	7	Product quality, distinctive motifs/design, durability, friendly and caring service, clear product information, responsive complaint handling, pride and satisfaction.
Competitive Risk (CR)	8	Industry competition, price competition, new competitors, unpredictable competitor marketing, competitor innovation, technology pressure, competitor market power, risk of sales decline.
Environmental Sustainability (ES)	10	Resource efficiency, sustainable resource use, waste management and separation, environmentally friendly materials, recyclable materials, emission/pollution reduction, environmental impact minimization, management commitment, long-term environmental strategy.
Social Sustainability (SS)	10 in the original instrument; retained indicators were	Social contribution, community/artisan empowerment, cultural preservation,

	evaluated in the measurement model	responsible practices, and related social- value perceptions.
Intention to Purchase (IP)	6	Consumer willingness and tendency to purchase NES by HDK products.

Source: Developed from the thesis instrument based on literature reviews

PLS-SEM Analysis

PLS-SEM was selected because the model contains multiple latent variables and mediation (Chen and Chang, 2013) paths and because the method is suitable for prediction-oriented analysis with relatively modest samples. The measurement model was evaluated using indicator loadings, Average Variance Extracted (AVE), discriminant validity, and reliability criteria. The structural model was evaluated through collinearity diagnostics, effect size, path significance, and bootstrapping. The thesis applied a significance criterion (Henseler, Ringle and Sarstedt, 2015) of $t > 1.96$ and $p < .05$ at the 5% level.

For convergent validity, AVE values above .50 were treated as acceptable. Discriminant validity was examined using cross-loadings, the (Fornell and Larcker, 1981) criterion (Flammer, 2015), and the Heterotrait–Monotrait ratio (HTMT). Structural relationships were then assessed through bootstrapped t-statistics and p-values. Indirect effects were evaluated separately to determine whether ES and SS transmitted the effects of CE and CR to IP.

RESULTS AND DISCUSSIONS

Respondent Profile

The study involved 102 respondents with diverse demographic characteristics in terms of age, gender, and occupation. Based on age, the majority of respondents were aged 51–60 years, comprising 72 respondents (70.59%), followed by those aged 21–30 years with 10 respondents (9.80%), aged 31–40 years with 7 respondents (6.86%), aged 61–70 years with 5 respondents (6.87%), and aged 41–50 years with 6 respondents (5.88%). In terms of gender, the sample was predominantly female, with 84 respondents (82.35%), while male respondents accounted for 18 respondents (17.65%). Regarding occupation, private employees constituted the largest group with 62 respondents (60.78%), followed by housewives with 19 respondents (18.63%) and retired respondents with 8 respondents (7.84%). Entrepreneurs accounted for 5 respondents (4.90%), while lecturers, consultants, and doctors each comprised 2 respondents (1.96%). State-owned enterprise employees and teachers each represented 1 respondent (0.99%). Overall, the respondent profile indicates that the sample was predominantly composed of female consumers aged 51–60 years and working as private employees. Therefore, the findings primarily represent (Sen and Bhattacharya, 2001) the perceptions and purchasing tendencies of the actual NES by HDK customer sample and should not be generalized to the entire population of Indonesian traditional textile consumers without further empirical evidence.

Descriptive Results

Across the questionnaire, mean scores were generally high. Customer-experience indicators ranged approximately from 4.35 to 4.54, indicating favorable evaluations of product quality, design, service, information, complaint handling, and overall shopping experience. Competitive-risk means were also above 4.0, suggesting that respondents recognized

substantial competitive pressure in the Wastra market. Environmental and social sustainability items similarly received high mean scores, indicating strong perceived commitment to sustainability practices.

Measurement Model

The measurement model was evaluated to determine whether the indicators adequately represented their respective latent constructs. The assessment focused on convergent validity through the Average Variance Extracted (AVE) and the observed outer-loading values. As presented in Table 1, all constructs achieved AVE values above the recommended threshold of 0.50. Customer Experience obtained an AVE of 0.636, Competitive Risk 0.516, Environmental Sustainability 0.778, Social Sustainability 0.689, and Intention to Purchase 0.746. These results indicate that each construct explained more than 50% of the variance in its indicators and therefore demonstrated acceptable convergent validity.

Table 2. Measurement Model Assessment

Construct	AVE	Observed Loading Range	Assessment
Customer Experience	0.636	0.730–0.844	Convergent validity supported
Competitive Risk	0.516	0.650–0.771	Convergent validity supported
Environmental Sustainability	0.778	0.820–0.924	Convergent validity supported
Social Sustainability	0.689	0.759–0.920	Convergent validity supported
Intention to Purchase	0.746	0.837–0.883	Convergent validity supported

Source: Primary data processed using SmartPLS 4, 2025

The indicator loadings also generally demonstrated satisfactory values. Customer Experience recorded loadings ranging from 0.730 to 0.844, Competitive Risk from 0.650 to 0.771, Environmental Sustainability from 0.820 to 0.924, Social Sustainability from 0.759 to 0.920 for the retained indicators, and Intention to Purchase from 0.837 to 0.883. Environmental Sustainability and Intention to Purchase showed particularly strong indicator representation, as reflected by their relatively high AVE values of 0.778 and 0.746, respectively. Overall, the results support the convergent validity of the measurement model.

Discriminant validity was additionally assessed using the Fornell–Larcker criterion, cross-loadings, and the Heterotrait–Monotrait Ratio (HTMT). The square roots of AVE were 0.718 for Competitive Risk, 0.798 for Customer Experience, 0.882 for Environmental Sustainability, 0.863 for Intention to Purchase, and 0.830 for Social Sustainability. Because Customer Experience, Environmental Sustainability, and Social Sustainability represent conceptually related constructs, the interpretation of discriminant validity should consider the complete cross-loading and HTMT results in conjunction with the Fornell–Larcker assessment rather than relying on a single criterion.

Structural Model Assessment

Following the measurement-model assessment, the structural (Hair, J. F. *et al.*, 2017) model was examined using the Variance Inflation Factor (VIF) and effect size (f^2). The VIF results presented in Table 2 ranged from 1.238 to 3.687. All values were below the threshold

of 5 used in this study, indicating that severe multicollinearity was not identified among the predictor constructs.

Table 3. Structural Model Diagnostics

Structural Path	VIF	f ²	Effect Interpretation
CR → ES	1.238	0.065	Small
CR → SS	1.238	0.085	Small
CE → ES	1.238	0.977	Large
CE → IP	2.807	0.272	Moderate
CE → SS	1.238	0.998	Large
ES → IP	3.624	0.153	Moderate
SS → IP	3.687	0.000	Negligible

Source: Primary data processed using SmartPLS 4, 2025

The effect-size results reveal considerable differences in the contribution of each predictor. Customer Experience produced the strongest effects on Environmental Sustainability ($f^2 = 0.977$) and Social Sustainability ($f^2 = 0.998$), indicating that customer experience plays an important role in explaining consumers' perceptions of both sustainability dimensions. Customer Experience also showed a moderate effect on Intention to Purchase ($f^2 = 0.272$). Environmental Sustainability had a moderate effect on Intention to Purchase ($f^2 = 0.153$), whereas Competitive Risk demonstrated relatively small effects on Environmental Sustainability ($f^2 = 0.065$) and Social Sustainability ($f^2 = 0.085$). In contrast, Social Sustainability showed essentially no incremental effect on Intention to Purchase ($f^2 = 0.000$). These findings suggest that environmental and social sustainability do not have equivalent roles in explaining consumers' purchase intentions.

Direct Effects and Hypothesis Testing

The direct relationships among the constructs were evaluated using the t-statistics and p-values generated by the PLS-SEM analysis. At the 5% significance level, a relationship was considered statistically significant when the t-statistic exceeded 1.96 and the p-value was below 0.05. The results presented in Table 4 indicate that six of the seven direct hypotheses were supported.

Table 4. Direct Effects and Hypothesis Testing

Hypothesis	Structural Path	t-statistic	p-value	Decision
H1	CE → SS	9.547	<0.001	Supported
H2	CE → ES	10.207	<0.001	Supported
H3	CE → IP	4.550	<0.001	Supported
H4	CR → SS	2.568	0.010	Supported
H5	CR → ES	2.110	0.035	Supported
H6	ES → IP	2.654	0.008	Supported
H7	SS → IP	0.155	0.877	Not supported

Source: Primary data processed using SmartPLS 4, 2025

Customer Experience had a statistically significant relationship with Social Sustainability ($t = 9.547$; $p < 0.001$), supporting H1. Customer Experience also significantly affected Environmental Sustainability ($t = 10.207$; $p < 0.001$), supporting H2. Furthermore, the direct relationship between Customer Experience and Intention to Purchase was statistically

significant ($t = 4.550$; $p < 0.001$), thereby supporting H3. Collectively, these findings demonstrate that customer experience is associated not only with consumers' purchase intentions but also with their perceptions of the environmental and social sustainability practices implemented by NES by HDK.

Competitive Risk was also significantly associated with both sustainability dimensions. The relationship between Competitive Risk and Social Sustainability was significant ($t = 2.568$; $p = 0.010$), supporting H4, while the relationship between Competitive Risk and Environmental Sustainability was significant ($t = 2.110$; $p = 0.035$), supporting H5. These findings indicate that perceptions of competitive pressure are associated with consumers' perceptions of the environmental and social sustainability dimensions examined in the model.

Environmental Sustainability significantly affected Intention to Purchase ($t = 2.654$; $p = 0.008$), supporting H6. In contrast, Social Sustainability did not significantly affect Intention to Purchase ($t = 0.155$; $p = 0.877$); therefore, H7 was not supported. This difference is an important finding because it demonstrates that the two sustainability dimensions do not have identical relationships with purchase intention. Although respondents recognized both environmental and social sustainability practices, only Environmental Sustainability showed a statistically significant direct relationship with Intention to Purchase in the tested structural model.

Indirect Effects and Mediation Analysis

The mediation (Aiman *et al.*, 2025) analysis was conducted to determine whether Environmental Sustainability and Social Sustainability transmitted the effects of Customer Experience and Competitive Risk to Intention to Purchase. Four indirect relationships were evaluated, as summarized in Table 5.

Table 5. Indirect Effects and Mediation Testing

Hypothesis	Indirect Path	β	t-statistic	p-value	Decision
H8	CE $\rightarrow$ SS $\rightarrow$ IP	0.015	0.152	0.879	Not supported
H9	CE $\rightarrow$ ES $\rightarrow$ IP	0.277	2.585	0.010	Supported
H10	CR $\rightarrow$ SS $\rightarrow$ IP	0.004	0.134	0.894	Not supported
H11	CR $\rightarrow$ ES $\rightarrow$ IP	0.071	1.569	0.117	Not supported

Source: Primary data processed using SmartPLS 4, 2025

The results show that the indirect effect of Customer Experience on Intention to Purchase through Social Sustainability was not statistically significant ($\beta = 0.015$; $t = 0.152$; $p = 0.879$). Thus, H8 was not supported. Although Customer Experience significantly affected Social Sustainability, Social Sustainability did not subsequently affect Intention to Purchase. Consequently, Social Sustainability did not function as a significant mediator between Customer Experience and Intention to Purchase.

In contrast, the indirect relationship between Customer Experience and Intention to Purchase through Environmental Sustainability was statistically significant ($\beta = 0.277$; $t = 2.585$; $p = 0.010$), supporting H9. This result demonstrates that Environmental Sustainability functions as a significant mediating mechanism through which Customer Experience is associated with Intention to Purchase. In other words, a favorable customer experience is associated with stronger perceptions of environmental sustainability, which subsequently correspond to higher purchase intention.

The mediation effect of Social Sustainability on the relationship between Competitive Risk and Intention to Purchase was not significant ($\beta = 0.004$; $t = 0.134$; $p = 0.894$), resulting in the rejection of H10. Similarly, the indirect effect of Competitive Risk on Intention to Purchase through Environmental Sustainability was not statistically significant ($\beta = 0.071$; $t = 1.569$; $p = 0.117$), and H11 was therefore not supported. Although Competitive Risk had significant direct relationships with both Environmental Sustainability and Social Sustainability, these sustainability dimensions did not significantly transmit the effect of Competitive Risk to Intention to Purchase.

Overall Research Findings

Taken together, the structural-model results demonstrate that Customer Experience occupies a central position in the proposed model because it significantly predicts Environmental Sustainability, Social Sustainability, and Intention to Purchase. Competitive Risk is also significantly associated with both sustainability dimensions, although its effects are comparatively smaller. The most important distinction emerges between Environmental Sustainability and Social Sustainability. Environmental Sustainability significantly predicts Intention to Purchase and serves as a significant mediator of the relationship between Customer Experience and Intention to Purchase, whereas Social Sustainability neither directly predicts Intention to Purchase nor significantly mediates the relationships tested in the model. Therefore, among the two sustainability dimensions examined, Environmental Sustainability demonstrates the stronger empirical role in explaining purchase intention among NES by HDK consumers.

Customer Experience and Social Sustainability

The significant effect of Customer Experience on Social Sustainability indicates that favorable interactions with NES by HDK shape how consumers perceive the enterprise's social contribution. Product aesthetics, service quality, information, cultural education, and the broader shopping experience can make artisan empowerment and cultural preservation more visible and meaningful to customers. In a culturally embedded product category, experience is therefore not limited to transaction quality; it also becomes a channel through which consumers interpret the social story behind the product.

This result is consistent with the conceptual view that customer experience develops across multiple touchpoints. When consumers encounter narratives about artisans, production traditions, local communities, or cultural meaning during those touchpoints, the social value of the enterprise becomes part of the experienced offering. For NES by HDK, this suggests that the social dimension is perceptually connected to experience even though it does (Flammer, 2015) not subsequently predict purchase intention in the structural model.

Customer Experience and Environmental Sustainability

Customer Experience also shows a strong significant relationship with Environmental Sustainability. This finding indicates that product and service experiences can influence whether consumers recognize environmentally responsible practices. Information about material choice, upcycling, resource efficiency, waste reduction, and responsible production can be embedded in the customer journey through product descriptions, exhibitions, direct interaction, packaging, social media, and live commerce.

The large reported effect size for CE $\rightarrow$ ES further suggests that environmental sustainability perceptions are closely tied to what customers encounter and learn through the brand experience. For a small enterprise, this has practical importance: sustainability practices

that remain invisible may have limited market value, whereas practices translated into credible customer-facing information can become part of the product's differentiated experience.

Customer Experience and Purchase Intention

The significant CE → IP relationship confirms that favorable experience is directly associated with stronger purchase intention. This is plausible for Wastra products, where consumers evaluate not only utility but also design, uniqueness, cultural meaning, service, and emotional satisfaction. The result reinforces the importance of maintaining consistent quality and service while using cultural storytelling to deepen perceived value.

Competitive Risk and Sustainability

Competitive Risk significantly affects both Environmental Sustainability and Social Sustainability. This pattern supports the strategic interpretation that competition can act as a stimulus for differentiation. When markets contain many alternatives, price pressure, new entrants, imitation, and competitor innovation, sustainability can provide a distinctive value proposition that is less dependent on price competition alone.

For NES by HDK, environmental differentiation can be expressed through responsible materials, upcycling, waste reduction, and visible ecological commitments. Social differentiation can be expressed through artisan empowerment, cultural preservation, education, and community benefits. The results therefore suggest that competitive pressure and sustainability are not necessarily opposing forces; competitive pressure may encourage stronger sustainability positioning.

However, the interpretation requires caution. Competitive Risk in this study is measured through consumer perceptions of market pressure, not through objective industry concentration, competitor financial data, or longitudinal changes in firm strategy. The significant paths should therefore be read as associations within the consumer-perception model rather than proof that competitive shocks causally caused NES by HDK to implement sustainability practices.

Environmental Sustainability and Purchase Intention

Environmental Sustainability significantly predicts Purchase Intention. This is one of the most managerially relevant results because it demonstrates that environmental attributes are not only positively perceived but are associated with intended buying behavior. Practices such as sustainable resource use, waste management, recyclable materials, pollution reduction, and long-term environmental commitment can therefore contribute to consumer value.

The result may reflect the relative concreteness of environmental attributes. Consumers can often connect material reuse, upcycling, natural or responsible inputs, and waste reduction directly to the product and production process. Such attributes may provide observable evidence that supports product differentiation and consumer trust. In contrast, social outcomes may be more distant from the immediate product experience and may require more explicit evidence before they influence purchase intention.

Social Sustainability and Purchase Intention

Social Sustainability did not significantly affect Purchase Intention ($t = 0.155$; $p = .877$). This finding is important because it prevents an overly broad conclusion that every sustainability dimension automatically increases buying intention. Consumers may appreciate artisan empowerment, cultural preservation, community contribution, and responsible social practices without making those considerations decisive in a purchase choice.

The pattern is consistent with an attitude–behavior gap. Positive attitudes toward social responsibility can coexist with purchase decisions that remain more strongly influenced by product quality, design, price, functionality, or environmental attributes perceived as directly connected to the product. Social sustainability may still contribute to legitimacy, reputation, cultural meaning, and long-term brand equity even when its incremental statistical (Bakeman, 2023) effect on purchase intention is not significant in this model.

For managers, the appropriate response is not to abandon social sustainability but to improve the visibility and credibility of social impact. Storytelling should move from general claims to specific evidence: who the artisans are, how collaboration supports livelihoods, what cultural knowledge is preserved, how revenue or training benefits communities, and how a consumer's purchase contributes to those outcomes.

Mediation through Environmental Sustainability

The significant indirect effect of Customer Experience on Purchase Intention through Environmental Sustainability ($\beta = .277$; $t = 2.585$; $p = .010$) shows that environmental perceptions provide a mechanism through which experience translates into purchase intention. A favorable experience can make environmental practices more salient, and those practices in turn can strengthen willingness to purchase.

This mediation result gives the dual-sustainability model its clearest empirical contribution. Environmental Sustainability is not merely another correlated attribute; it carries part of the effect of Customer Experience toward Purchase Intention. The implication is that customer-experience design and environmental strategy should not be managed independently. Environmental information should be integrated into product presentation, service encounters, digital content, packaging, exhibitions, and post-purchase communication.

Non-significant Mediation Paths

The indirect effect of Customer Experience through Social Sustainability was not significant ($\beta = .015$; $p = .879$). Although Customer Experience strongly predicts Social Sustainability, the mediator does not predict Purchase Intention; consequently, the indirect chain is not supported. This result demonstrates why mediation should be tested statistically rather than inferred from significant antecedent relationships.

The indirect effect of Competitive Risk through Social Sustainability was also not significant ($\beta = .004$; $p = .894$). Likewise, Competitive Risk $\rightarrow$ Environmental Sustainability $\rightarrow$ Purchase Intention was not significant ($\beta = .071$; $p = .117$), despite significant CR $\rightarrow$ ES and ES $\rightarrow$ IP direct paths. The magnitude and uncertainty of the combined indirect effect were insufficient to satisfy the study's significance criterion.

These findings refine the strategic interpretation of competitive risk. Competition is associated with stronger sustainability perceptions, but the data do not show that those sustainability perceptions transmit competitive risk into purchase intention. Competitive pressure may be more relevant to managerial adaptation and differentiation than to the consumer's immediate purchase mechanism.

Theoretical Implications

The study contributes to customer-experience and sustainability research by showing that environmental and social sustainability should not be treated as interchangeable dimensions. In the same model and customer context, they produce different downstream effects. Environmental Sustainability affects Purchase Intention and mediates Customer

Experience, while Social Sustainability does neither. This supports a multidimensional rather than unitary treatment of sustainability.

The findings also extend experiential perspectives by indicating that customer experience can influence sustainability perceptions. In culturally meaningful products, experience includes learning about materials, processes, artisans, heritage, and responsible practices. Sustainability is therefore partly interpreted through the experience architecture surrounding the product.

From a behavioral-intention perspective, the findings suggest that positive sustainability evaluation becomes consequential when it is sufficiently linked to perceived product value. Environmental practices appear to meet that condition in this sample more clearly than social practices.

Managerial Implications for NES by HDK

First, the enterprise should protect the customer-experience fundamentals that already receive favorable evaluations: product quality, distinctive design, durability, responsive service, clear information, and the sense of pride associated with Wastra products. These are not peripheral attributes; Customer Experience has significant relationships with both sustainability perceptions and Purchase Intention.

Second, environmental practices should be translated into visible consumer value. Upcycling, responsible material selection, resource efficiency, waste management, and environmental commitment should be communicated at the point of decision. Product tags, QR-linked stories, short-form video, marketplace descriptions, live shopping, exhibitions, and in-store conversations can connect environmental practices with specific products.

Third, social sustainability communication should become more concrete. Because social sustainability is positively perceived but does not predict Purchase Intention, general messages about empowerment and cultural preservation may not be sufficient. Communication should document measurable or observable outcomes and show the direct relationship between a purchase and artisan/community benefit.

Fourth, competitive risk should be managed through differentiation rather than reactive price competition. Wastra MSMEs may be structurally disadvantaged in a price race against mass-produced or imported alternatives. Authenticity, craftsmanship, cultural education, environmental responsibility, traceability, and customer intimacy offer more defensible bases of competition.

Fifth, the enterprise should segment sustainability communication. Consumers may differ in environmental concern, cultural involvement, price sensitivity, and knowledge of Wastra. The aggregate sample shows environmental sustainability as the stronger purchase mechanism, but targeted segments may respond differently to social narratives. Future customer analytics can test these differences.

Implications for Indonesian Wastra MSMEs

The results have broader relevance for small cultural enterprises, although generalization must remain cautious because the study concerns one MSME. The evidence suggests that sustainability can be incorporated into market strategy when it is connected to customer experience and differentiated value. Cultural preservation and environmental responsibility should be communicated as verifiable product attributes and business practices rather than as abstract promotional claims.

CONCLUSION

This study examined the relationships among customer experience, competitive risk, environmental sustainability, social sustainability, and purchase intention in NES by HDK, an Indonesian Wastra Nusantara MSME. Using data from 102 purposively selected consumers and PLS-SEM analysis, the study found that customer experience significantly influenced social sustainability, environmental sustainability, and purchase intention. Competitive risk significantly influenced both sustainability dimensions. Environmental sustainability significantly influenced purchase intention, whereas social sustainability did not have a significant effect. The mediation analysis provided the study's most distinctive finding: environmental sustainability significantly mediated the relationship between customer experience and purchase intention, while social sustainability did not. Neither environmental sustainability nor social sustainability significantly mediated the relationship between competitive risk and purchase intention. Thus, sustainability dimensions played unequal roles; environmental sustainability functioned as a meaningful behavioral pathway, whereas social sustainability was positively perceived but did not independently translate into purchase intention within the tested model.

The findings suggest that Wastra MSMEs can strengthen market differentiation by integrating environmental practices into the customer journey. Product quality, design, service, cultural storytelling, upcycling practices, responsible material use, and waste-reduction information should be communicated as a coherent customer experience. Social sustainability remains strategically valuable for cultural preservation and community legitimacy; however, its consumer-oriented communication should be more specific, credible, and connected to tangible outcomes. This study was limited to a single MSME and employed purposive, cross-sectional, self-reported data. The model focused on two sustainability mediators and may not have included other influential determinants, such as price, product quality, brand image, trust, social influence, and word of mouth. The demographic concentration of the sample also limited the generalizability of the findings.

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