

STORYTELLING-DRIVEN PRODUCT DESIGN FOR LANNA COMMUNITY IDENTITY: AN EMPIRICAL INVESTIGATION OF CONSUMER PERCEPTION AND PURCHASE BEHAVIOR

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ABSTRACT

This research advances theoretical understanding of community-based product design by explicating the mechanisms through which cultural storytelling embedded in product design influences consumer purchase decisions. Drawing on the community identity and user perception frameworks, the study investigates how Lanna cultural narratives shape consumer evaluations through multiple perceptual pathways. Data were collected from 526 tourists and local consumers who purchase community-based products in Chiang Mai and Lamphun Provinces, and analysed using Partial Least Squares Structural Equation Modelling (PLS-SEM). The results demonstrate that storytelling exerts significant positive effects on several dimensions of user perception, including creative design, perceived reputation, and product attributes. However, source credibility does not exhibit a statistically significant effect on customer purchase decision. Importantly, the findings reveal that the influence of storytelling on purchase decisions is fully mediated by cost-value assessment, reputation, and user need, rather than operating through direct effects. This study contributes to theory by demonstrating that community identity-based storytelling functions as an indirect value-creation mechanism, shaping consumer behavior through differentiated perceptual evaluations rather than generalized emotional responses. By clarifying these mediation pathways, the research extends existing storytelling and user perception theories and offers a refined explanatory model for understanding consumer decision-making in community-based and culturally embedded product contexts.

Keywords: community identity; product design; storytelling; user perception; user purchase decision

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1. INTRODUCTION

Presently, in contemporary society, fostering a strong sense of community identity has emerged as a powerful catalyst for bolstering local economic development (Meyer & Auriacombe, 2019). The intertwining of community identity with economic prosperity has become a popular and effective approach to invigorating local economies. This symbiotic relationship is characterized by a shared recognition of the unique attributes, heritage, and values that define a particular community (Feldhoff, 2013). A vibrant community identity serves as a distinctive brand, attracting both residents and visitors alike (Kumar & Kaushik, 2017; Gao & Wu, 2017). Local businesses, when aligned with and contributing to the community's identity, can tap into a sense of authenticity and belonging. Moreover, a well-defined community identity can act as a magnet for tourism, drawing individuals eager to experience the distinctive culture, traditions, and offerings that make a locale special (Constant & Zimmermann, 2016; Fusté-Forné & Nguyen, 2018; Yang et al., 2022). As tourists engage with local businesses and cultural events, they inject capital into the community, stimulating economic growth and providing new opportunities for entrepreneurship (Richards, 2020; Scheyvens & Biddulph, 2018; Cao & Shi, 2021). When residents actively participate in shaping and promoting the identity of their community, a shared sense of pride and ownership emerges. This shared commitment often translates into a heightened interest in sustaining and improving the local economy (Dolezal & Novelli, 2022; Rasoolimanesh et al., 2019). Moreover, initiatives such as local festivals, cultural events, and community-based marketing strategies can leverage the unique aspects of a community's identity to enhance its appeal and economic viability (Perić et al., 2016; Mahon & Hyyryläinen, 2019). Small businesses, often the lifeblood of local economies, can thrive when they align with and contribute to the shared narrative of the community (Rahman et al., 2022; O'Hara et al., 2023). The incorporation of local identity into community products presents a significant opportunity for value enhancement and market differentiation. In the context of Thailand, the country's diverse cultural heritage and rich traditions serve as valuable resources for product development and marketing strategies. Many studies reveal that by integrating elements of local identity, producers can create unique value propositions that appeal to both domestic and international consumer segments. Local identity, as conceptualized in previous research, encompasses several key components such as traditional craftsmanship, indigenous materials, regional aesthetic motifs, and cultural narratives. In Thailand, there is much evidence that illustrates the successful application of this approach: Chiang Mai's textile industry, which incorporates traditional Lanna patterns in handwoven fabrics. Ayutthaya's innovative coconut sugar products, infused with indigenous herbs. Phuket's batik industry, drawing inspiration from Peranakan cultural aesthetics.

While the role of community identity in product development is acknowledged, the specific mechanisms through which storytelling, as a key component of that identity, influences consumer perception and purchase behavior, particularly among tourists, remain under-explored. Therefore, this research seeks to address the following questions. First, how does the integration of cultural storytelling that reflects Lanna identity into product design influence consumer perception? Second, through which perceptual mechanisms does this influence translate into purchase behavior? This research aims to fill this gap by examining the effectiveness of incorporating community specific narrative elements into product design to enhance consumer appeal.

The researcher focuses on examining how the integration of storytelling techniques that reflect the distinctive cultural identity of individual communities can potentially increase purchase decision for locally produced goods. By exploring this intersection, this research contributes to the literature on experiential marketing, cultural tourism, and sustainable community development by offering insights that inform strategies for local businesses to enhance competitiveness, promote cultural heritage, and support sustainable economic growth. The result of this research posits that products imbued with authentic, community-specific narratives may create a more compelling value proposition for tourists, potentially leading to increased sales and, by extension, economic benefits for local communities.

This paper is structured as follows: The subsequent section provides a review of the relevant literature on community identity, storytelling, and user purchase decision, leading to the development of research hypotheses. This is followed by a detailed description of the research methodology, including the sampling process and data analysis techniques. The results section then presents the findings from the PLS-SEM analysis. Finally, the paper concludes with a discussion of the theoretical and practical implications of the findings, along with the study's limitations and suggestions for future research.

2. LITERATURE REVIEW

This section reviews the literature foundational to understanding the relationship between community identity, product design, and consumer behavior. It begins by establishing the importance of community identity as a driver for local economic development. It then narrows the focus to the strategic role of storytelling in communicating this identity. This review examines how narrative strategies influence key consumer variables, specifically user perception and purchase decisions. By identifying significant gaps in the extant literature, this analysis provides the theoretical basis for the proposed hypotheses.

2.1. Community identity

Community identity serves as a foundational element that shapes collective experience, fosters social cohesion, and preserves cultural heritage (Keleg et al., 2021). It is a dynamic and multifaceted force formed through social interactions (Thongpanya, 2018) and expressed through shared symbols that delineate the community from the broader society (Belanche et al., 2021). While research confirms the importance of nurturing a strong identity for community well-being, less is known about how the specific, tangible elements of this identity can be translated into economic value for community-based products. Therefore, this study examines how the unique cultural identity of the Lanna community, when embedded into product design, serves as the core content for strategic storytelling.

2.2. Storytelling

Product storytelling has emerged as a strategic approach to engage consumers by building emotional connections that influence decision-making. Research has explored this from multiple angles: from its foundational narrative elements in crowdfunding to its role in strengthening consumer-brand relationships (Dessart, 2018) and shaping positive product experiences (Gilliam

& Zablah, 2013). In the context of high-value goods, narratives emphasizing craftsmanship and heritage can enhance perceived quality and justify premium pricing. A common thread across these studies is the power of narrative to create an emotional connection and enhance a product's perceived value. A critical review of the literature indicates that prior studies are largely confined to mainstream commercial or luxury brand contexts. Consequently, a notable scholarly gap persists concerning the function of narrative principles within the distinct framework of community-based enterprises, where values of authenticity and shared culture are prioritized over aspirational status. The present research seeks to bridge this gap by examining how narratives rooted in Lanna product identity shape consumer perceptions, a factor we posit as the principal mediator of purchasing decisions.

2.3. User perception

User perception is a critical mediator between a product and a purchase decision. Research has identified several key determinants, including the aesthetic appeal of a product's design (Blijlevens et al., 2017) and its perceived usability (Thüring & Mahlke, 2007). More recent studies emphasize the role of narratives in shaping perception by enhancing a product's perceived value and fostering emotional bonds (Gilliam & Zablah, 2013). Dahlén et al. (2009) reported that reputation generated through positive publicity enhances consumer-perceived value and brand trust. Furthermore, perception is not static; it is influenced by cultural and social contexts and evolves as users gain more experience with a product. Although prior research provides a valuable foundation, it tends to analyse perceptual factors in isolation rather than holistically. Consequently, the interplay between multiple dimensions of perception, such as creative design, reputation, and cost-value assessment, remains underexplored when activated by a singular stimulus like a cultural narrative. This study, therefore, investigates how a unified storytelling strategy simultaneously impacts a spectrum of consumer perceptions within the specific context of Lanna community products.

2.4. User purchase decision

The decision to purchase local products is a complex behavior influenced by a range of factors. Key drivers identified in the literature include consumer ethnocentrism (Sharma, 2015), the perceived authenticity and origin of products, and sustainability considerations (Memery et al., 2015). Consumers often perceive local foods and goods as fresher, more trustworthy, and higher in quality (Feldmann & Hamm, 2015), and a strong connection to the local community can further motivate purchases as a form of support (Spilková & Perlín, 2013). These studies effectively identify what motivates consumers, but they less frequently explore how these motivations are activated. The mechanism through which product design and marketing communications can trigger perceptions of authenticity, quality, and community connection remains an area ripe for investigation. This research posits that storytelling is a primary mechanism for this activation process and will test how it ultimately influences the final purchase decision.

In summary, this review of the literature reveals two critical gaps. First, while the power of storytelling is well-documented, its specific application and mechanisms within the context of community-based enterprises, where cultural identity is the core asset, remain under-theorized. Second, previous research has often examined consumer perception and purchase drivers as

separate phenomena, without empirically testing a comprehensive model that maps the precise pathways from a narrative stimulus through multiple perceptual mediators to a final purchase decision. This study addresses these gaps directly by proposing and testing an integrated structural model. The following section outlines the methodology employed to empirically validate this model and test the series of hypotheses developed from this literature review.

3. METHODOLOGY

3.1. Quantitative research methodology

This research employed a quantitative research approach using a survey questionnaire as the primary data collection instrument. The research methodology consisted of several key components.

3.1.1. Scope of population and sample size

For this study, a purposive sampling method was employed to obtain the sample population. The target respondents comprised tourists and individuals who exhibit a preference for purchasing locally produced goods within the provinces of Chiang Mai and Lamphun, situated in the northern region of Thailand. The selection of these provinces was driven by their prominence as major tourism destinations renowned for their vibrant community-based enterprises and diverse range of locally sourced products available for purchase. By targeting this specific demographic segment that actively engages with and consumes local products, the research aims to gain valuable insights into consumer behavior, preferences, and decision-making factors that relate to product storytelling. To determine an adequate sample size, a power analysis was conducted using G*Power 3.1. Based on a medium anticipated effect size ($f^2 = 0.15$), a significance level (α) of 0.05, and a statistical power of 0.80, the minimum required sample size was calculated as 160 using G*Power 3.1, assuming a maximum of eight predictors for the most complex endogenous construct in the structural model. Therefore, the final obtained sample of 526 respondents is well above this threshold, ensuring sufficient statistical power for the analysis. A total of 600 questionnaires were distributed (both online and paper-based formats). Out of these, 526 were returned complete and valid for analysis, yielding a high response rate of 87.7%.

3.1.2. Questionnaire design

The research instrument was a structured questionnaire consisting of 40 items. These items were adapted from established scales in prior literature to fit the study's context. For instance, items for storytelling drew upon the work of Gilliam and Zablah (2013), while items measuring user perception and purchase decision were based on frameworks from Karahanna et al. (2018) and Sharma (2015), respectively. To ensure the instrument's quality, both validity and reliability were rigorously assessed. Content validity was established through a review by a panel of three academic experts in marketing and community-based tourism. Their feedback was used to refine item wording for clarity and relevance. Subsequently, a pilot test was conducted with 30 respondents who matched the target population profile. The pilot data was used to assess the internal consistency of the constructs, with all initial Cronbach's alpha values exceeding the

recommended threshold of 0.70, indicating satisfactory reliability before the main survey was launched.

3.1.3. Data collection procedure

The data collection was conducted over a period of three months, from May to July 2024. A dual-mode approach was utilized to maximize reach. For the paper-based format, trained enumerators distributed questionnaires in person at key tourist locations, such as prominent community shops and weekend walking streets in Chiang Mai and Lamphun. A purposive sampling method was employed to recruit participants who met the specific screening criteria (i.e., tourists or local consumers who had recently purchased a community product). To ensure data quality, enumerators briefly explained the research purpose and were available to clarify any questions. The online version, via Google Forms, was promoted via online community in Facebook (jjmarketchiangmai, walkingstreetCM and walkinlp) targeting local consumer groups. Participation was entirely voluntary, and informed consent was explicitly obtained from all respondents at the beginning of the questionnaire. Anonymity and confidentiality of the responses were assured.

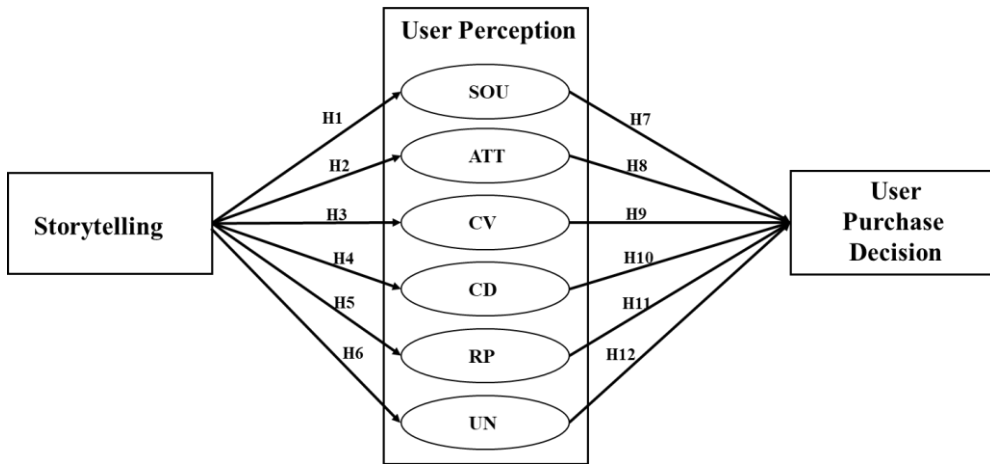
3.1.4. Statistical data analysis

In this research, SmartPLS software was used to perform partial least squares structural equation modeling (PLS-SEM) that contains the measurement model, the fit to the structural model, and the model. Using SmartPLS, researcher examined a few of the minimum sample size to approve the validity and dependability of the study model and questionnaires. Next, the ability of the structural model to accurately depict a hypothetical relationship is assessed.

3.1.5. Research model and hypothesis

The conceptual framework presented in Figure 1 demonstrates an interconnected relationship between three major constructs: Storytelling, User Perception, and User Purchase Decision. The framework reveals how storytelling techniques influence user perceptions, which subsequently shape purchase decisions through a series of hypothesized relationships. The community-driven storytelling framework necessitates the integration of three fundamental components: Data Management (DM), Data Presentation (DP), and Data Storytelling (DST). These storytelling components directly influence user perception through six distinct hypothetical pathways (H1-H6). The user perception factor captures six main elements that shape consumer understanding: Source Credibility (SOU), Product Attribute (ATT), Cost-Value assessment (CV), Creative Design (CD), Reputation and Publicity (RP), and User Need (UN). The framework then illustrates how these perceptual elements influence the factor of User Purchase Decision through another set of hypotheses (H7-H12). The User Purchase Decision encompasses five key aspects of consumer purchase decision: Awareness (AN), Study (ST), Evaluation (EVA), Decision-Making (DC), and Purchasing Behavior (BEH). The sequential flow from storytelling through perception to purchase decision represents a comprehensive model of how local product entrepreneurs communication strategies can effectively guide consumer behavior through carefully managed storytelling approaches.

Figure 1: Conceptual Framework



Based on the various descriptions above, the research hypotheses can be arranged as follows.

Hypothesis 1: Storytelling has a significant influence on source of user perception.

Hypothesis 2: Storytelling has a significant influence on attribute of user perception.

Hypothesis 3: Storytelling has a significant influence on cost-value of user perception.

Hypothesis 4: Storytelling has a significant influence on creative design of user perception.

Hypothesis 5: Storytelling has a significant influence on reputation and publicity of user perception.

Hypothesis 6: Storytelling has a significant influence on user need of user perception.

Hypothesis 7: User perception by source credibility has a significant influence on user purchase decision.

Hypothesis 8: User perception by product attribute has a significant influence on user purchase decision.

Hypothesis 9: User perception by cost-value assessment and valuable has a significant influence on user purchase decision.

Hypothesis 10: User perception by creative design positively has a significant influence on user purchase decision.

Hypothesis 11: User perception by reputation and publicity has a significant influence on user purchase decision.

Hypothesis 12 : User perception by user need has a significant influence on user purchase decision.

4. RESULTS AND DISCUSSION

4.1. Results

4.1.1. Demographic profile of the respondents

Table 1 : Demographic profile of the respondents

Criteria	Category	Frequency	Percent
Sex	Male	181	34.4
	Female	339	64.4
	Not specified	6	1.1
Age	19 yrs. - 20 yrs.	32	6.1
	21 yrs. - 30 yrs.	258	49.1
	31 yrs. - 40 yrs.	117	22.2
	41 yrs. - 50 yrs.	69	13.1
	More than 51 yrs.	50	9.5
Education	Below Bachelor's degree	142	27
	Bachelor's	340	64.6
	Master's	44	8.4
Job	Private Company	175	33.3
	Student	110	20.9
	Business Owner	100	19
	Government Officer	56	10.6
	State Enterprise	25	4.8
	Merchant	13	2.5
	Contractor	11	2.1
	Retirement	3	0.6
	Others	33	6.2
Income	Lower Than 15,000 Baht	212	40.3
	15,000 - 30,000 Baht	189	35.9
	30,001 - 50,000 Baht	74	14.1
	50,001 - 70,000 Baht	24	4.6
	70,001 - 80,000 Baht	4	0.8
	More than 80,000 Baht	23	4.4

4.1.2. Measurement model assessment

The evaluation of the measurement model in PLS-SEM was conducted by examining several key indicators: outer loadings, Cronbach's alpha, Composite Reliability (CR), and Average Variance Extracted (AVE). As presented in Table 2, the measurement model demonstrates overall robustness. Most constructs exhibit Composite Reliability (CR) values that surpass the recommended threshold of 0.7, and Average Variance Extracted (AVE) values that exceed the critical benchmark of 0.5, as established by Hair et al. (2011). These results indicate strong internal consistency, reliability and convergent validity for the model. A detailed examination, however, revealed several indicators with outer loadings below the conventional 0.7 threshold. In accordance with the guidelines proposed by Hair et al. (2014), which permit the retention of indicators with loadings between 0.4 and 0.7 if they contribute to content validity and their removal does not significantly improve the construct's composite reliability, a careful,

theory-driven decision was made to retain these indicators. Specifically, the following indicators were retained: In the cost-value (CV) construct, indicator CV1 presented the lowest loading at 0.434. Its retention was justified by its essential role in capturing the tangible perception of price, a unique facet not fully encapsulated by other indicators. Similarly, the behavior (BEH) construct included two indicators with lower loadings, BEH1 (0.487) and BEH2 (0.610). These were retained as they capture distinct and complementary aspects of purchase behavior initial decision and repeat purchase behavior, respectively. Within the user purchase decision second-order construct, several first-order indicators exhibited loadings slightly below the threshold: AN1 (0.652), AN2 (0.661), DC1 (0.695), DC2 (0.672), EVA1 (0.691), EVA2 (0.749), ST1 (0.691), and ST2 (0.749). Additionally, the user need (UN) construct included UN5 with a loading of 0.667. The retention of these indicators was deemed appropriate as they are theoretically integral to ensuring the content validity and comprehensive measurement of their respective constructs. In all cases, the constructs themselves maintained satisfactory composite reliability ($CR > 0.7$) and average variance extracted ($AVE > 0.5$), confirming that the inclusion of these lower-loading indicators did not compromise the overall structural integrity and methodological rigor of the model. This balanced approach ensures a comprehensive theoretical measurement while adhering to established statistical best practices.

Table 2: Validity and Reliability for Constructs

Construct	Indicators	Loading	Cronbach's alpha	CR	AVE
Data management (DM)	DM1	0.75	0.84	0.90	0.76
	DM2	0.90			
	DM3	0.72			
Data Presentation (DP)	DP1	0.82	0.83	0.90	0.75
	DP2	0.79			
	DP3	0.78			
Data Storytelling (DST)	DST1	0.77	0.86	0.91	0.78
	DST2	0.81			
	DST3	0.77			
Source (SOU)	SOU1	0.86	0.80	0.88	0.71
	SOU2	0.86			
	SOU3	0.84			
Attribute (ATT)	ATT1	0.77	0.70	0.83	0.63
	ATT2	0.80			
	ATT3	0.81			
Cost-Value (CV)	CV1	0.43	0.72	0.82	0.55
	CV2	0.81			
	CV3	0.80			
	CV4	0.83			
Creative Design (CD)	CD1	0.91	0.87	0.92	0.80
	CD2	0.91			
	CD3	0.87			
Reputation and Publicity (RP)	RP1	0.78	0.82	0.89	0.74
	RP2	0.90			
	RP3	0.88			

Table 2: Validity and Reliability for Constructs (cont.)

Construct	Indicators	Loading	Cronbach's alpha	CR	AVE
User Need (UN)	UN1	0.78	0.82	0.87	0.58
	UN2	0.82			
	UN3	0.72			
	UN4	0.82			
	UN5	0.66			
Awareness (AN)	AN1	0.65	0.80	0.91	0.83
	AN2	0.66			
Study (ST)	ST1	0.69	0.84	0.92	0.86
	ST2	0.74			
Evaluation (EVA)	EVA1	0.69	0.84	0.92	0.86
	EVA2	0.74			
Decision (DC)	DC1	0.69	0.63	0.84	0.73
	DC2	0.67			
Behavior (BEH)	BEH1	0.48	0.50	0.79	0.66
	BEH2	0.61			

Table 3: The Heterotrait-Monotrait Ratio of Correlations (HTMT)

Latent variables	DM	DP	DST	SOU	ATT	CV	CD	RP	UN	AN	ST	EVA	DC	BEH
DM														
DP	0.83													
DST	0.73	0.91												
SOU	0.48	0.50	0.53											
ATT	0.56	0.61	0.61	0.68										
CV	0.59	0.47	0.44	0.45	0.63									
CD	0.59	0.68	0.51	0.44	0.63	0.62								
RP	0.71	0.73	0.64	0.46	0.65	0.68	0.78							
UN	0.52	0.54	0.50	0.41	0.48	0.63	0.57	0.61						
AN	0.58	0.59	0.58	0.41	0.45	0.52	0.48	0.64	0.45					
ST	0.55	0.43	0.44	0.15	0.38	0.43	0.36	0.49	0.39	0.48				
EVA	0.42	0.34	0.36	0.23	0.32	0.44	0.36	0.43	0.40	0.37	0.75			
DC	0.64	0.68	0.63	0.44	0.46	0.60	0.49	0.59	0.57	0.62	0.62	0.71		
BEH	0.62	0.52	0.48	0.41	0.39	0.59	0.41	0.57	0.53	0.57	0.59	0.59	0.94	

As shown in Table 3, HTMT values were assessed using the liberal threshold of 0.90. While a few construct pairs slightly exceeded this value, they were theoretically distinct and retained. (Hair et al., 2011). This finding suggests that each construct measured through these latent variables maintains its unique identity, showing little meaningful overlap with other constructs (Hair et al., 2011)

4.1.3. Structural model assessment

Table 4 presents the structural model assessment results, examining direct effects and hypothesis decisions. The analysis reveals that hypotheses H1 through H6 are all accepted, as evidenced by p -values less than 0.05 and t -Statistics values exceeding 1.96. This indicates significant direct relationships between the storytelling variable and SOU, ATT, CV, CD, RP, and UN variables. Regarding relationships with user purchase decision, hypotheses H9, H11, and H12 are accepted, demonstrating p -values below 0.05 and t -Statistics above 1.96. This confirms that CV, RP, and UN have significant direct effects on user purchase decision. Conversely, hypotheses H7, H8, and H10 are rejected due to p -values exceeding 0.05, indicating that SOU, ATT, and CD do not exhibit significant direct effects on customer purchase decision. The findings suggest that while storytelling significantly influences various mediating variables, only certain factors (CV, RP, and UN) directly impact customer purchase decision, while others (SOU, ATT, and CD) do not demonstrate statistically significant direct effects on purchase behavior.

Table 4: Structural Model Assessment (Direct Effect Result and Decision)

Hypothesis	Relationship	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	t -Statistics ((O/STDEV))	p -values	Decision
H1	Story -> SOU	0.46	0.46	0.04	9.94	0.000	Accepted
H2	Story -> ATT	0.52	0.52	0.04	11.72	0.000	Accepted
H3	Story -> CV	0.49	0.49	0.03	13.43	0.000	Accepted
H4	Story -> CD	0.56	0.56	0.03	15.59	0.000	Accepted
H5	Story -> RP	0.65	0.65	0.02	22.38	0.000	Accepted
H6	Story -> UN	0.50	0.50	0.04	11.74	0.000	Accepted
H7	SOU -> PUR	0.05	0.05	0.04	1.13	0.255	Rejected
H8	ATT -> PUR	0.03	0.04	0.05	0.76	0.446	Rejected
H9	CV -> PUR	0.20	0.20	0.05	3.82	0.000	Accepted
H10	CD -> PUR	0.01	0.01	0.05	0.27	0.783	Rejected
H11	RP -> PUR	0.31	0.31	0.06	5.10	0.000	Accepted
H12	UN -> PUR	0.17	0.18	0.05	3.55	0.000	Accepted

*Story = Storytelling, PUR = User purchase decision

Table 5 illustrates the structural model assessment results, specifically examining indirect effects and mediation decisions. The analysis reveals varying mediation patterns across different relationship paths: The indirect effects through CV, RP, and UN demonstrate significant mediating roles (p -values < 0.05, t -Statistics > 1.96). Specifically, the Story -> CV -> PUR path (t -Statistics = 3.369, p = 0.001), Story -> RP -> PUR path (t -Statistics = 4.825, p = 0.000), and Story -> UN -> PUR path (t -Statistics = 3.132, p = 0.002) all exhibit significant mediation effects. Conversely, the paths through SOU (t -Statistics = 1.085, p = 0.278), ATT (t -Statistics = 0.754, p = 0.451), and CD (t -Statistics = 0.272, p = 0.785) do not demonstrate significant mediation effects, as evidenced by p -values exceeding 0.05 and t -Statistics below 1.96. These findings indicate that CV, RP, and UN effectively mediate the relationship between storytelling and user purchase decision, while SOU, ATT, and CD do not serve as significant mediating variables in this context.

Table 5: Structural Model Assessment (Indirect Effect Result and Decision)

Relationship	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	t-Statistics (O/STDEV)	p- values	Decision
Story ->SOU ->PUR	0.025	0.025	0.023	1.085	0.278	No Mediation
Story ->ATT ->PUR	0.020	0.021	0.027	0.754	0.451	No Mediation
Story ->CV ->PUR	0.101	0.103	0.030	3.369	0.001	Mediation
Story ->CD ->PUR	0.008	0.010	0.031	0.272	0.785	No Mediation
Story ->RP ->PUR	0.205	0.204	0.043	4.825	0.000	Mediation
Story ->UN ->PUR	0.090	0.092	0.029	3.132	0.002	Mediation

In summary, the results indicate strong support for the hypothesized relationships between storytelling and all facets of user perception (H1-H6). The analysis further reveals that the influence of storytelling on user purchase decision is not direct, but is significantly mediated by three key factors: cost-value assessment (CV), reputation and publicity (RP), and user need (UN). Conversely, source credibility (SOU), product attributes (ATT), and creative design (CD) did not demonstrate a significant direct effect on the final purchase decision. These findings suggest a nuanced pathway where storytelling shapes a consumer's perceptual framework, within which specific value-based and need-based considerations become the decisive drivers of behavior.

Figure 2: Smart-PLS Analysis Result

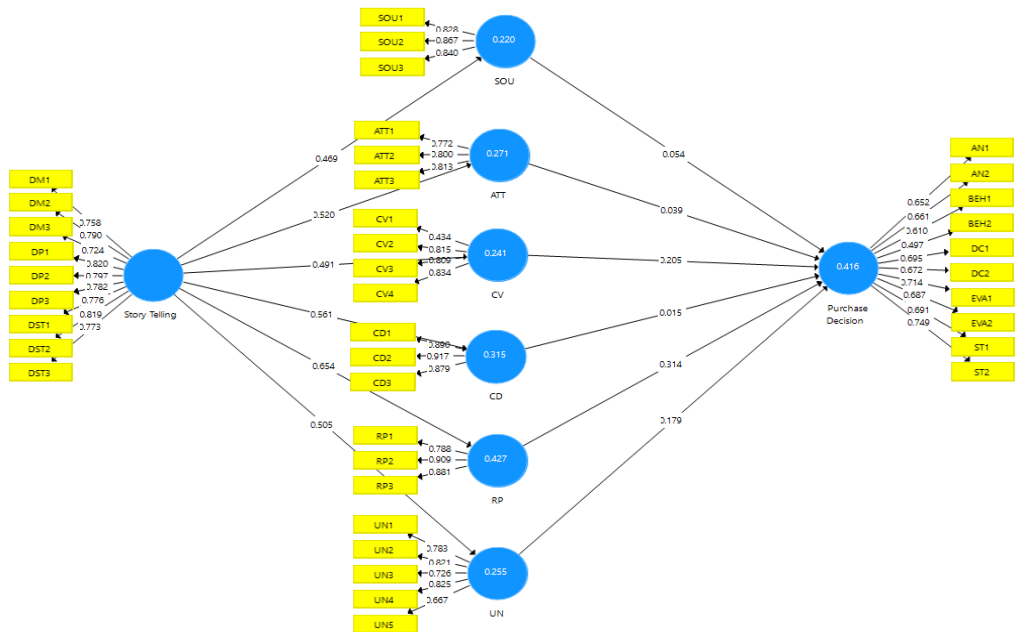


Table 6: R-Square and Adjusted R-Square Value

Variables	R-Square	Adjusted R-Square
SOU	0.22	0.21
ATT	0.27	0.26
CV	0.24	0.23
CD	0.32	0.32
RP	0.42	0.42
UN	0.25	0.25
AN	0.32	0.31
BEH	0.20	0.19
DC	0.27	0.26
EVA	0.18	0.17
ST	0.21	0.20

Table 7: Effect Size of f-Square

Relationship	f-Square (f^2)	Effect Size
Story -> SOU	0.280	Medium
Story -> ATT	0.370	Large
Story -> CV	0.310	Medium
Story -> CD	0.460	Large
Story -> RP	0.740	Large
Story -> UN	0.340	Medium
SOU -> PUR	0.004	Small
ATT -> PUR	0.002	Small
CV -> PUR	0.040	Small
CD -> PUR	0.00	Small
RP -> PUR	0.070	Small
UN -> PUR	0.030	Small

Tables 6 and 7 represent comprehensive analyses of the model's predictive power and effect sizes. The R-Square and Adjusted R-Square values (Table 6) demonstrate varying levels of explanatory power across different variables. Notably, RP exhibits the highest predictive power with R-Square and Adjusted R-Square values of 0.42, while CD and AN both show moderate predictive strength (R-Square = 0.32). Conversely, EVA demonstrates the lowest predictive capability (R-Square = 0.18, Adjusted R-Square = 0.17). The effect size analysis (Table 7) reveals distinct patterns in the relationships between variables. Storytelling demonstrates strong effects on several variables, particularly on RP (f-Square = 0.74, large effect), CD (f-Square = 0.46, large effect), and ATT (f-Square = 0.37, large effect). However, the relationships between various factors and user purchase decision consistently show small effect sizes, with values ranging from 0.002 to 0.07. This suggests that while storytelling significantly influences intermediary variables, its translated impact on user purchase decision is relatively modest. These findings indicate a complex structural relationship where storytelling's influence is more pronounced in shaping intermediary variables than in directly affecting user purchase decision outcomes. The analysis supports a model where indirect effects through mediating variables may be more significant than direct effects on purchase decisions.

4.1.4. Interpretation of key findings

The significant mediating role of cost-value assessment (CV), reputation (RP), and user needs (UN) suggests that in the context of Lanna community products, consumers are pragmatic. While a compelling story can capture their attention and build a positive image, the final decision hinges on practical considerations. This aligns with consumer behavior theories suggesting that even in experiential purchases, economic and functional value remain critical (Feldmann & Hamm, 2015). For tourists and local buyers, a product's story must translate into a justifiable price (cost-value), be backed by positive community or peer feedback (reputation), and fulfil a genuine personal requirement (user need), whether functional or sentimental. Conversely, the non-significant direct effects of source credibility, product attributes, and creative design on user purchase decision offer a fascinating insight. When a consumer buys into the narrative of community heritage, the credibility of a single source or specific, technical product attributes may become less important.

Similarly, while creative design is appreciated (as shown by the link from storytelling), it may not be a primary purchase driver if the product's core value is perceived to be its cultural authenticity rather than its aesthetic novelty. This finding provides a nuanced counterpoint to studies that emphasize aesthetics as a primary driver (e.g., Blijlevens et al., 2017), suggesting that context (community vs. commercial) is a critical determinant.

4.1.5. Influence of demographic variables

To provide additional insights, a post-hoc exploratory analysis was conducted to assess whether key demographic variables influenced the model's relationships. Using the multi-group analysis (MGA) function in SmartPLS, we compared the structural model's path coefficients across gender (male vs. female) and primary income groups (lower than 30,000 THB vs. higher than 30,000 THB). The results of the permutation tests revealed no statistically significant differences ($p > 0.05$) in any of the path coefficients between these groups. This suggests that the proposed model and its significant relationships hold consistently across these key demographic segments within the collected sample, strengthening the robustness of the findings.

4.2. Discussion

The structural equation modelling analysis revealed complex relationships between storytelling, user perception, and user purchase decisions in the Lanna community context. This section discusses the findings in relation to existing theories and previous research while highlighting new insights.

4.2.1. Direct effects of storytelling on user perception

The analysis confirmed significant direct effects of storytelling on all six perception variables (H1-H6), aligning with Dessart's (2018) theory of narrative transportation. However, the strength of these relationships varied notably. The strongest impact was on reputation and publicity ($\beta = 0.65$, $p < 0.001$), followed by creative design ($\beta = 0.56$, $p < 0.001$). This finding extends Dahlén et al. (2009) work by demonstrating that storytelling's influence on brand reputation is particularly potent in community-based contexts. Specifically, community storytelling appears to leverage principles of 'collective identity' and 'perceived authenticity,' fostering a sense of connection and shared heritage.

4.2.2. Mediation effects in purchase decisions

A particularly novel finding was the strong mediating role of cost-value assessment, reputation, and user need in the storytelling-purchase relationship. While previous research (Spilková et al., 2016) emphasized direct narrative effects, our results suggest a more nuanced pathway where storytelling influences purchase decisions primarily through these mediating variables. The lack of significant direct effects from source credibility, product attributes, and creative design on user purchase decisions (H7, H8, H10 rejected) challenges conventional marketing wisdom. This unexpected finding might be explained by Thongpanya's (2018) theory of dynamic identity formation in community contexts, where functional attributes become secondary to value and reputation considerations.

4.2.3. Theoretical implications

This research advances existing theoretical frameworks in two key dimensions:

Community identity integration

Extending the local place identity concept articulated by Belanche et al. (2021), the findings illustrate that strategic storytelling functions as a mechanism through which community narratives are converted into economic value. The presence of mediating effects indicates that community identity shapes consumer purchase decisions via differentiated perceptual pathways, rather than being driven solely by generalized emotional resonance.

Value creation mechanisms

The findings introduce a novel dimension to Karahanna et al.'s (2018) user perception framework by highlighting the critical role of cost-value assessment in customer purchase decisions. This insight demonstrates that compelling storytelling must transcend emotional engagement, demanding a clear and precise articulation of tangible value propositions.

4.2.4 Unexpected findings and alternative explanations

Several unexpected findings warrant discussion. The weak direct effect of creative design on customer purchase decisions contradicts previous findings by Blijlevens et al. (2017). While our interpretation points to the primacy of authenticity, an alternative explanation could be that the sample, consisting of tourists and local consumers already engaged with community products, may possess a pre-existing appreciation for the Lanna aesthetic, thus rendering novel design a less critical factor in their decision-making process. Furthermore, while the model demonstrates strong explanatory power, it is important to acknowledge that other factors not examined in this study could also explain the observed relationships. For instance, the overall tourism experience, the physical atmosphere of the point of sale, or peer influence during the shopping moment could also serve as significant unobserved variables influencing purchase behavior. These considerations, tied to the limitations of a cross-sectional design as noted in the methodology, highlight avenues for future, more comprehensive models.

4.2.5 Practical implications and applications

The findings offer significant practical implications for community-based entrepreneurs and local product development. Our research demonstrates that storytelling strategies should prioritize communicating value propositions and building community reputation rather than focusing primarily on creative design or product attributes. Community enterprises can enhance their market position by developing narratives that explicitly address cost-value considerations while simultaneously strengthening their community reputation. Notably, the strong mediating role of reputation suggests enterprises should integrate reputation management as a core component of their storytelling strategy, moving beyond traditional product-centric marketing approaches.

For local entrepreneurs, particularly in tourism-driven economies like the Lanna region, this means developing integrated narrative strategies that emphasize both tangible and intangible

value. These strategies should showcase how community identity translates into product value, helping justify pricing decisions and build long-term customer relationships. Entrepreneurs should consider developing storytelling frameworks that connect their products' heritage with contemporary consumer needs, creating narratives that resonate with both local and tourist markets. Community organizations and policymakers can support these efforts by developing platforms and channels that amplify authentic community narratives. This might include training programs for local artisans in storytelling techniques, creating community branding guidelines that maintain consistency while allowing for individual expression, and establishing quality standards that reinforce the reputation of community-produced goods. Additionally, the findings suggest value in creating collaborative marketing initiatives where multiple community enterprises can benefit from shared narrative building and reputation management efforts. The research also highlights the importance of maintaining authenticity in storytelling approaches while adapting to modern market demands. Local entrepreneurs should focus on developing narratives that authentically represent their community's heritage while clearly articulating the value proposition to contemporary consumers. This balanced approach can help preserve cultural integrity while building sustainable business models that support local economic development.

This discussion synthesizes empirical findings to reveal a nuanced model of consumer behavior within the community identity context. The key takeaway is that the power of storytelling lies not in its direct impact on sales, but in its ability to build a rich perceptual framework for the consumer. This analysis's primary contribution to theory is the elucidation of the mediating roles of cost-value, reputation, and user needs, demonstrating that even in culturally rich transactions, pragmatic considerations are paramount. For practice, it provides a clear roadmap for artisans to focus their narrative strategies on building trust and communicating value. Building on this, future research should endeavor to explore these dynamics longitudinally or through experimental designs to further disentangle the causal pathways between narrative exposure and consumer action.

5. CONCLUSION

This research explored the strategic role of storytelling in product design within the Lanna community context of northern Thailand, yielding significant theoretical and practical insights. Through rigorous analysis using Partial Least Squares Structural Equation Modeling (PLS-SEM) with data from 526 respondents, the study revealed nuanced relationships between storytelling approach, consumer perception, and user purchase decision. The findings demonstrated that storytelling's influence on user purchase decision operates primarily through three key mediating variables: cost-value assessment, reputation, and user need, rather than through direct effects. Specifically, storytelling showed strong direct effects on reputation and publicity ($\beta = 0.65$, $p < 0.001$) and creative design ($\beta = 0.56$, $p < 0.001$), while its impact on purchase decision was predominantly mediated through these perceptual factors. This empirical extends theoretical understanding by demonstrating how community-based storytelling operates through specific perceptual pathways rather than broad emotional appeals. The results challenge conventional marketing wisdom by showing that source credibility and product attribute, while important, do not directly drive purchase decision in community-based context. Instead, the findings suggest that effective storytelling must balance authentic cultural representation with clear value propositions. For practitioners, particularly in tourism-driven economies like the Lanna region,

these findings offer actionable insights for developing narrative strategies that emphasize both tangible and intangible value. Local entrepreneurs can enhance their market position by developing storytelling frameworks that connect their products' heritage with contemporary consumer needs, creating narratives that resonate with both local and tourist markets. However, several limitations warrant consideration. The geographic specificity of focusing on the Lanna community, while providing rich cultural context, may limit generalizability. The cross-sectional nature of the data collection fails to capture temporal dynamics in narrative influence, and the focus on tourist perspectives might not fully represent all stakeholder viewpoints. This research ultimately demonstrates that successful community-based product marketing requires a sophisticated understanding of how storytelling influences consumer behavior through carefully managed perceptual pathways. These insights provide a foundation for developing marketing strategies that support both economic development and cultural preservation in community-based enterprises.

This research contributes to the achievement of Sustainable Development Goals (SDGs), particularly Goal 8 (Decent Work and Economic Growth) and Goal 11 (Sustainable Cities and Communities), by demonstrating how cultural storytelling can enhance the sustainability of community-based enterprises. The integration of cultural identity into product storytelling not only promotes economic resilience but also preserves intangible heritage, aligning with the principles of sustainable consumption and production under Goal 12.

6. LIMITATION AND FUTURE RESEARCH

While this finding provides valuable insights into the relationship between storytelling and consumer behavior in community-based product development, several important limitations and future research opportunities warrant discussion. The geographic specificity of focusing solely on the Lanna community in northern Thailand, while providing rich cultural context, may limit the generalizability of findings to other cultural settings or market environments. The cross-sectional nature of the study captures only a snapshot of storytelling effects, potentially missing important temporal dynamics in how narrative influence evolves over time and how consumer perceptions may shift with repeated exposure to community narratives. Despite the robustness of the quantitative methodology, the incorporation of complementary qualitative approaches could yield deeper insights into how consumers interpret and internalize community narratives. Additionally, the study's focus on tourist and local consumer perspectives might not fully capture the complexity of stakeholder relationships within community-based enterprises, including producers, local authorities, and cultural custodians. Future research could address these limitations by exploring similar relationships in different cultural contexts, particularly comparing communities with varying levels of tourism development and cultural preservation. Longitudinal studies would be valuable in understanding how storytelling effectiveness changes as communities evolve and markets mature. Researchers might also investigate how digital platforms and social media affect the transmission and reception of community narratives, particularly in reaching younger consumer demographics. Additional research opportunities exist in examining how community storytelling interacts with broader market trends, such as sustainability consciousness and authentic tourism experiences. Investigating the role of technology in preserving and transmitting community narratives while maintaining authenticity could provide valuable insights for both theory and practice. Furthermore, exploring how

different stakeholder groups within communities can collaborate in narrative development while maintaining cultural integrity presents an important area for future investigation. Understanding these aspects would contribute significantly to both theoretical frameworks and practical applications in community-based enterprise development, potentially leading to more effective and sustainable approaches to cultural preservation through commercial activity.

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