

The Prediction of Purchase Intention Based on Digital Marketing, Customer Engagement, and Brand Preference

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ABSTRACT

This study was conducted to predict purchase intention based on digital marketing, customer engagement, and customer perceived value. This study used a quantitative descriptive method by distributing online questionnaires via Google form to respondents who know and have purchase intentions. This study also used 181 samples which 160 data can be used and analysed using Partial Least Squares-Structural Equation Modelling (PLS-SEM) with the help of Smart PLS software. The results of data analysis showed that digital marketing, customer engagement, and brand preferences can predict purchase intentions. The results of this study are expected to provide implications for companies to determine the right strategy to create and increase consumer buying intentions.

Keywords: *Digital marketing, customer engagement, brand preference, purchase intention.*

1. INTRODUCTION

One of the conveniences come with globalization is making the world borderless. Advances in technology make it easier for us to carry out daily activities, one of which is shopping. Before globalization, purchasing a product takes a long time and process. After globalization, people can shop easily and quickly online, for cosmetics, electronics, groceries and others.

In 2020, it is known that fashion products are the best-selling products in online shopping [1]. Before globalization, the fashion industry in Indonesia was still limited and not diverse. After globalization, the fashion industry in Indonesia became more diverse and recognizes various clothing models inspired by foreign culture [2]. So there are differences in the fashion industry before and after globalization.

Since the era of globalization, many foreign fashion brands have been present in Indonesia. This causes increasingly fierce competition in which companies not only compete with local products but also compete with foreign products. Therefore, many fashion brands in Indonesia are competing and looking for ways to maintain the continuity of their business so that this becomes a challenge for companies.

To support local brands in competition with foreign brands, the Indonesian government urges the public to use and love local products such as using clothing and supporting accessories. This is an effort to love and appreciate the creativity of domestic products. In line with this, people's interest in local fashion products become higher, thus

creating business opportunities to sell local fashion products. Therefore, companies must find ways so that business continuity is guaranteed and able to compete with competitors. One way that companies can do is to create and increase consumer buying intentions.

2. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

2.1. Digital Marketing

Digital marketing is a new technique in the field of online marketing by impacting consumers through a wide range of interaction channels, such as social media [3]. Furthermore, digital marketing is a way of promoting goods and services through an e-commerce platform with a real-time response to the internet connection [4]. From several definitions, it can be concluded that digital marketing is a marketing channel that uses digital media and internet connections to promote products to a wider range of people.

2.2. Customer Engagement

Customer engagement refers to the relationship between buyers and brands that are emotionally involved and directly related to product purchases [5]. Furthermore, customer engagement is a state of mind of being emotionally invested with the focal object, which leads to

customers' frequent interactions with the focal object [6]. Based on several definitions of customer engagement, it can be concluded that customer engagement is consumer participation that can be felt emotionally which leads to customer interaction with certain brands.

2.3. Brand Preference

Brand preference is the result of consumer evaluation, where they tend to choose one brand among the others and create intention to buy [7]. In addition, brand preference is considered as a consumer behavior tendency that reveals the buyer's attitude towards a brand [8] [9]. Therefore, brand preference can be interpreted as the tendency of consumers to use and choose products from certain brands compared to other brands.

2.4. Purchase Intention

Purchase intention is defined as consumers' willingness to purchase a product provided by specific brands [10]. In addition, purchase intention can be perceived as a consideration of customers when buying a product or service [11]. From some of these definitions, it can be concluded that purchase intention is a process of making a purchase based on certain considerations owned by consumers.

2.5. The relationship between digital marketing and purchase intention

Previous research in Malaysia with the e-commerce sector stated that digital marketing has a positive influence on purchase intention [4]. Furthermore, previous research in the city of Madurai stated that digital marketing has a positive and significant influence on purchase intention [12]. With digital marketing, consumers can more easily find information about a product. This can strengthen the consumer's purchase intention of the product. In addition, research in the city of Surabaya also states that digital marketing has an influence on purchase intention [13]. The right digital marketing can easily generate consumer buying intentions for a product. Based on this research, the following hypotheses are proposed:

H1 : Digital marketing can positively predict purchase intention.

2.6. The relationship between customer engagement and purchase intention

Customer engagement is one of the important things in purchase intention. In a study conducted in Sri Lanka, it was stated that there was a positive and significant relationship between customer engagement and purchase intention [14]. With good customer engagement, potential consumers feel more involved in the brand of a product to be purchased. Furthermore, research conducted in Canada states that

customer engagement is an important factor that influences purchase intention [6]. These results are also in line with research conducted in Pakistan which states that there is a significant and positive relationship between customer engagement and purchase intention [15]. Based on this research, the following hypotheses are proposed:

H2 : Customer engagement can positively predict purchase intention.

2.7. The relationship between brand preference and purchase intention

The results of previous studies stated that brand preference had a significant influence on purchase intention [10]. In addition, research conducted at supermarkets in Ho Chi Minh City, Vietnam stated that brand preference can have a positive influence on purchase intention [8]. Consumers who already have a brand preference in mind, have high tendency to buy a certain brand compared to other brands. This shows that brand preference have an influence on purchase intention. The results of this study are also in line with research conducted in France which states that brand preference has an influence on purchase intention [16]. Based on this research, the following hypotheses are proposed:

H3 : Brand preference can positively predict purchase intention.

3. RESEARCH METHODOLOGY

This study uses a cross-sectional descriptive research design to obtain an overview of digital marketing, customer engagement, and brand preferences in predicting purchase intention. This study uses a non-probability sampling method with convenience sampling technique. The population of this study is all consumers who know and have the intention to buy. The sample in this study was 181, of which 160 data could be used. Data analysis used the Partial Least Square-Structural Equation Modeling (PLS-SEM) method with the help of Smart PLS software. Furthermore, this study uses a 5-point Likert scale where 1 indicates "strongly disagree" and 5 indicates "strongly agree". The questionnaire indicators used in this study were 18 indicators adapted to explain four different variables, where five indicators each explain digital marketing variable [4] [17], customer engagement variable [18] [6], and purchase intention variable [19] [4], as well as three indicators explaining the brand preference variable [8].

4. RESULT & DISCUSSION

The results of data processing show that the majority of respondents are female (62%), aged from 21 years to 25 years (56%), latest education is high school or equivalent (59%), occupation as students or university students (58%), living in West Jakarta (40%), with expenses < Rp 500.000 per month to buy fashion products (49%), with good quality

being the reason for choosing to use the product (55%). The results of testing the outer model with loading factor analysis with the value of each indicator above 0.7 (> 0.7) [20] and construct reliability analysis with an AVE value greater than 0.5 (> 0.5) [20], also discriminant validity using cross loading analysis. Cross loading is valid if the value of

the resulting variable cross loading is greater than with other variables [21]. The results of testing the validity and also reliability analysis can be seen in Table 1 Measurement Model Assessment Results and Table 2 Discriminant Validity Results below.

Table 1 Measurement Model Assessment Results

Variables	Indicator	Factor Loading	AVE	Cronbach's Alpha	Composite Reliability
Digital Marketing	DM01	0.769	0.611	0.841	0.844
	DM02	0.811			
	DM03	0.726			
	DM04	0.804			
	DM05	0.796			
Customer Engagement	CE01	0.751	0.577	0.817	0.872
	CE02	0.754			
	CE03	0.731			
	CE04	0.763			
	CE05	0.798			
Brand Preference	BP01	0.871	0.775	0.854	0.912
	BP02	0.915			
	BP03	0.854			
Purchase Intention	PI01	0.830	0.638	0.857	0.862
	PI02	0.815			
	PI03	0.823			
	PI04	0.805			
	PI05	0.714			

Table 2 Discriminant Validity Results (Cross Loading)

Indicator	Digital Marketing	Customer Engagement	Brand Preference	Purchase Intention
DM01	0.769	0.570	0.485	0.613
DM02	0.811	0.628	0.563	0.666
DM03	0.726	0.549	0.535	0.558
DM04	0.804	0.589	0.582	0.647
DM05	0.796	0.647	0.576	0.584
CE01	0.563	0.751	0.597	0.622
CE02	0.698	0.754	0.511	0.597
CE03	0.516	0.731	0.466	0.554

CE04	0.546	0.763	0.582	0.608
CE05	0.576	0.798	0.586	0.671
BP01	0.641	0.650	0.877	0.728
BP02	0.627	0.653	0.915	0.717
BP03	0.580	0.608	0.848	0.667
PI01	0.717	0.628	0.682	0.830
PI02	0.648	0.656	0.613	0.815
PI03	0.653	0.709	0.696	0.823
PI04	0.584	0.653	0.649	0.805
PI05	0.526	0.561	0.541	0.713

From the results of the analysis, it can be seen that all variables in this study meet the validity and reliability requirements. Furthermore, the inner model test will be carried out which aims to determine the relationship between variables and find out whether the results of the

hypothesis are supported or not supported. The hypothesis is supported if the significance value between variables is less than 0.05 with a 95% confidence interval. The hypothesis testing results can be seen in Table 5.

Table 3 R-Squared Assessment Results

Variables	R-Squared
Purchase Intention	0.777

Table 4 Predictive Relevance (Q2) Results

Variables	Predictive Relevance (Q2)
Purchase Intention	0.481

Table 5 Path Coefficient and Hypotheses Testing Results

Hypotheses	Path Coefficient	Sig. Value	Results	Conclusions
H1: Digital marketing can positively predict purchase intention.	0.282	0.000	Significant	Supported
H2: Customer engagement can positively predict purchase intention.	0.323	0.000	Significant	Supported
H3: Brand preference can positively predict purchase intention.	0.369	0.000	Significant	Supported

Based on the results of the structural model test, it is known that the test results of the coefficient of determination (R²) on the purchase intention variable are 0.777, which means that 77.7% of the purchase intention variable can be explained by digital marketing variable, customer engagement variable, and brand preference variable. The remaining 22.3% of the purchase intention variable can be explained by other variable. Furthermore, based on the results of the predictive relevance test (Q²) in Table 4, the results are 0.481 which is greater than 0 (>0) which means that the variables used in this study can predict the research model well.

Based on the results of hypothesis testing in Table 5, it can be seen that H1 is supported, which means that digital marketing can positively and significantly predict purchase intention. The results of this study are in line with previous

studies [4] [12] [13]. The right digital marketing can predict purchase intention. If a company wants to increase and create consumer purchase intentions, digital marketing can be an important factor to pay attention to.

Furthermore, based on the results of hypothesis testing, it can be seen that H2 is supported, which indicates that customer engagement can predict purchase intention positively and significantly. The results of this study are in line with previous studies [14] [6] [15]. In addition to the right digital marketing, the creation of good customer engagement can also create and increase consumer purchase intentions. Customer engagement that is well established is expected to be able to make consumers have higher purchase intention for the brand.

The result of the last hypothesis testing in this study proves that H3 is supported, which means that brand preference can predict purchase intention positively and significantly. The results of this study are also in line with previous studies where brand preference is able to influence purchase intention [10] [8] [16]. Brand preference is one of the important factors to create and increase consumer buying intentions. Companies must be able to create a brand preference in the minds of the public. People who already have a brand preference are more likely to have a higher purchase intention.

5. CONCLUSION & IMPLICATION

Based on the results of the analysis and discussion, it can be concluded that digital marketing, customer engagement, and customer perceived value can positively and significantly predict purchase intention. Companies that want to increase and create consumer purchase intention, can pay attention to these factors. Digital marketing that is in accordance with the needs of the community can create consumer buying intentions for a brand. To support the success of digital marketing, companies must also be able to create good customer engagement between companies and consumers. With good customer engagement, it is expected to increase consumers' purchase intentions for the brand. In addition to digital marketing and customer engagement, the company is also expected to create a strong brand preference in the minds of the public. With a strong brand preference, consumers will have a higher purchase intention for the brand compared to other brands. The implications of this research are expected to help companies to determine the right marketing strategy by taking into account several factors that can create and increase consumer buying intentions so that they can compete with foreign fashion brands and domestic fashion brands.

6. LIMITATION & SUGGESTION FOR THE FUTURE RESEARCH

In this study, there are several limitations such as the majority of respondents being in Jakarta, and the number of samples and variables tested are limited. For future researchers, it is hoped that the questionnaire can be distributed more widely so that it is not focused on one place only, but can represent several places and can obtain a larger number of samples. In addition, further researchers are also expected to test other variables that can predict purchase intention.

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