

THE ROLE OF DIGITAL MARKETING IN SHAPING CUSTOMER ENGAGEMENT AND ITS IMPACT ON PURCHASE INTENTION ON ERIGO APPAREL CONSUMERS

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Abstract: The real impact of technological development is the presence of the Internet that can facilitate almost all human activities or activities included in purchasing activities to make digital marketing an important thing in the development of a company. The purpose of this research is to: (1) analyze the influence of Digital Marketing on Customer Engagement, (2) analyze the effect of Digital Marketing on Purchase Intention, (3) Analyze the effect of Customer Engagement on Purchase Intention. This type of research is causal research with a quantitative approach. The sample in the study was 105 consumers of local clothing apparel products under the Erigo brand. The data analysis technique used is SEM analysis with PLS. The results in this study show that: (1) Digital Marketing has a significant and positive effect on Customer Engagement; (2) Digital Marketing has a significant and positive effect on purchase intentions; (3) Customer Engagement has a significant and positive effect on purchase intentions.

Keywords: Digital Marketing, Customer Engagement, Purchase Intention

1. Introduction

Technological advances are now starting to become important in life. The real impact of technological development is the presence of the Internet that can facilitate almost all human activities or activities. Starting from activities for work, education, social to trade. Data from the Indonesian Internet Service Providers Association (APJII) shows that internet users in Indonesia continue to increase from year to year. This shows that more and more people in Indonesia are utilizing the Internet. The number of internet users continues to increase until 2019. The number of internet users is as many as 196,714,070, with an internet penetration of 73.7% of the population of 266,911,900 (Association of Internet Service Providers Indonesia, 2018).

The increasing number of internet users provides new opportunities in the business world, namely, creating an internet-based trading concept known as electronic commerce (e-commerce). It is also experienced by business people in the field of fashion. Based on data from Consumer News and Business Channel (CNBC) Indonesia (2019), The development of the Fashion industry is able to contribute about 18.01% or Rp 116 trillion (CNBC Indonesia, 2019). Along with the development of the fashion business increasingly demanding the owners of fashion businesses to utilize e-commerce. However, the McKinsey Survey showed that there was a 70-80% drop in offline shopping and online shopping by 30-40% in Europe and

North America in April. 74% of consumers in China said they avoided shopping malls within two weeks of stores opening even though offline sales transactions had resumed. This proves the increasing trend of online fashion shopping (Hana, 2020). Local clothing apparel products also experience the fashion industry's growth with the Erigo brand, which has developed a business by utilizing a wide variety of e-commerce.

Consumers are particularly vulnerable to changing trends. Consumers even have a "see now buy now" behaviour. Thus, online store owners have to compete in a saturated market. To survive, they must attract target customers to buy their products (Gazzola et al., 2020). Online purchase intentions are about the initial intention to buy. Online consumers who are unreachable through traditional marketing can be reached directly through digital marketing, thus explaining the upward trend of companies switching from traditional marketing to digital marketing (Nawaz & Kaldeen, 2020). Digital Marketing increases consumer engagement through online social networks (Hollebeek & Macky, 2019; Toor et al., 2017). The research results conducted by Kaihatu (2020) find that Digital Marketing has a significant positive effect on online Purchase Intention.

Good digital marketing can also help form customer engagement, as research results. Nawaz & Kaldeen (2020) find that digital marketing has been shown to have a significant and positive influence on Customer Engagement. Customer engagement is the level of cognitive, emotional, and behavioural interaction with a brand. Engagement is a proactive activity on the customer's side (Brodie et al., 2011). a psychological state results from interaction, which is repetitive (Brodie et al., 2011). Creating a higher level of Customer Engagement can serve as an important tool to encourage and influence their buying practices (Dessart et al., 2015). The results of Nawaz & Kaldeen (2020) found that customer engagement has a significant effect on purchase intentions.

2. Research Objectives

Based on the description of the background and phenomena that occur, the purpose of this study is to: (1) analyze the influence of Digital Marketing on Customer Engagement; (2) analyze the effect of Digital Marketing on Purchase Intention; (3) Analyze the effect of Customer Engagement on Purchase Intention.

3. Literature Review

Digital Marketing

Digital marketing refers to an internet system that simultaneously creates, promotes, and delivers value from producers to consumers through digital networks. The goal of digital marketing is to reach, grow, and retain consumers through internet channels (Key, 2017).

Customer Engagement

Brand engagement is the level of cognitive, emotional, and behavioural interaction with a brand. Engagement is a proactive activity on the customer's side. It is a psychological state resulting from interaction, and it is repetitive (Kaihatu, 2020).

Purchase Intention

Purchase intention is the probability of a consumer's willingness to make certain buying behaviours. Buying intentions are somewhat similar to decision-making, where consumers indicate their likelihood, willingness, or plan to buy a particular brand (Putra et al., 2020).

The impact of Digital Marketing on Customer Engagement

Digital marketing is defined as applying digital technology that integrates with traditional marketing communications to achieve marketing goals. Companies adopting digital marketing are gaining momentum to maintain an easy and smart trading process as the Internet has become a trading market (Leeflang et al., 2014). Digital Marketing aims to reach, grow, and retain consumers through internet channels (Key, 2017). Good digital marketing can also help the formation of customer engagement, as can the results of Nawaz & Kaldeen (2020) research, which found that digital marketing has been shown to have a significant and positive influence on Customer Engagement. Likewise, Kaihatu (2020) proves that digital marketing has a significant positive effect on consumer engagement.

Based on the description above, the first hypothesis is proposed, namely:

H1 : Digital marketing affects customer engagement.

The influence of Digital Marketing towards Purchase Intention

Digital marketing can attract a wide range of consumers, enabling businesses to communicate with consumers effectively through online media from various backgrounds and guiding them in the buying process (Lodhi & Shoaib, 2017). Digital marketing also effectively reinforces brand value by eliminating brand misconceptions in exchange for ideas, opinions, and consumer experiences, leading to greater buying intent (Tham et al., 2019). The research results conducted by Kaihatu (2020) found that Digital Marketing has a significant positive effect on online Purchase Intention. Nawaz & Kaldeen (2020) also prove that Digital Marketing has been shown to have a significant and positive influence on Purchase Intention. Likewise, Dastane (2020) found that digital marketing has a significant positive impact on online buying intentions.

Based on the description above, the second hypothesis is proposed, namely:

H2 : Digital marketing influences purchase intentions

The influence of Customer Engagement towards Purchase Intention

Customer engagement is defined as the power of individual participation and relationships with an organization's offerings and organizational activities initiated by a customer or organization (Vivek et al., 2012). Creating a higher level of Customer Engagement can serve as an important tool to encourage and influence their buying practices (Dessart et al., 2015). The results of Nawaz & Kaldeen (2020) study found that Customer Engagement has a significant effect on Purchase Intention. Joshi & Srivastava (2020) prove that customer engagement positively impacts buying intentions. Likewise, the results of the Sijabat et al. (2020) study found that customer engagement can positively affect purchase intention. Kaihatu (2020) also proves that Customer Engagement has a significant and positive effect on Purchase Intention.

Based on the description above, the third hypothesis is proposed, namely:

H3 : Customer engagement influences purchase intentions

4. Method

This type of research is causal research. Causal research is research conducted to test whether variables cause changes in other variables Sekaran & Bougie (2016). The study used quantitative methods to get the results of the relationship between the two. According to Creswell (2014), quantitative research requires researchers to explain how variables affect other variables.

A population is a whole group of people, events, or things that researchers want to investigate (Sekaran & Bougie, 2016). The population in the study was consumers of local clothing apparel products under the Erigo brand.

According to Sekaran & Bougie (2016), The sample is part of the population. The sample size used is a multivariate type. In this study, the sampling technique taken was accidental. This sample size refers to the guidelines for measuring samples according to Hair, et al. in (Ferdinand, 2011) Which uses variable indicators 5-10 times. So this study used a sample of 7 x 15 = 105 consumers of local apparel products under the Erigo brand.

The analysis used in this method is partial least square (PLS) software. PLS is an analysis tool that allows researchers to obtain latent variable values for predictive purposes. Partial Least Square is a powerful method because it is not based on many assumptions. Although PLS can also confirm theories, it can also explain the absence of latent variable relationships. By focusing on the data and with limited estimation procedures, the misspecification of the model does not affect parameter estimation (Ghozali & Latan, 2015).

5. Result and Discussion

Result

The results in this study were analyzed using SEM (Structural Equation Modelling) analysis with PLS (Partial Least Square) program tools. The analysis is done to analyze the influence of digital marketing on customer engagement, digital marketing on purchase intention, and customer engagement on purchase intentions. The test results can be described in the figure below.

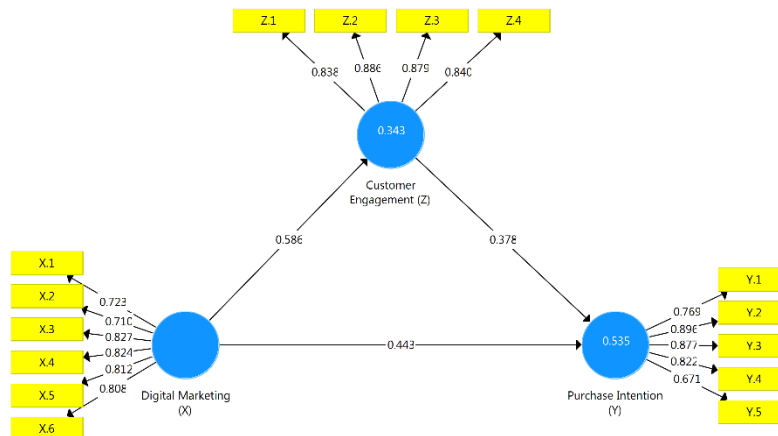


Figure 1. Measurement Model Test Results
Source: Output SmartPLS ver. 3.3.3 (2021)

The value of outer loadings on each questionnaire indicator that shows a number greater than 0.70 is considered good validity, so the data in figure 1 above has fulfilled this.

Table 2. Composite Reliability, Cronbach's Alpha, and R-Square

| Variable | Composite Reliability | Cronbach's Alpha | R-Square |
|-------------------------|-----------------------|------------------|----------|
| Digital Marketing (X) | 0,906 | 0,875 | |
| Customer Engagement (Z) | 0,920 | 0,883 | 0.343 |
| Purchase Intention (Y) | 0,905 | 0,866 | 0.535 |

Source: Output SmartPLS ver. 3.3.3 (2021)

The result of composite reliability values higher than the number 0.70 has high reliability. Thus, the test results listed in table 2 already meet the criteria of good reliability. The resulting Cronbach's alpha can increase the magnitude of composite reliability if a variable produces a value higher than 0.60. When viewed from the results in table 2, the entire variable has strong reliability. As for the magnitude of the R-Square value of customer engagement variables of 0.343, meaning that the customer engagement variable can be explained by the Digital Marketing variable of 34.3%. Likewise, the R-Square value of the Purchase Intention variable is 0.535, meaning that the Purchase Intention construct variable can be explained by the Digital Marketing and Customer Engagement variable of 53.5%.

Table 3. Path Coefficients Dan Indirect Effect

| Information | Origin Sample | T-Statistic | Cut off | Decision |
|--|---------------|-------------|---------|-------------|
| Digital Marketing (X) → Customer Engagement (Z) | 0,586 | 7,177 | ≥ 1,96 | Significant |
| Digital Marketing (X) → Purchase Intention (Y) | 0,443 | 4,095 | | Significant |
| Customer Engagement (Z) → Purchase Intention (Y) | 0,378 | 3,489 | | Significant |

Source: Output SmartPLS ver. 3.3.3 (2021)

1. The t-statistical value of digital marketing's influence on customer engagement is 7,177 ≥ 1.96 with a direct influence coefficient of 0.586. So the influence of both variables is positive and significant.
2. The t-statistical value of Digital Marketing's influence on Purchase Intention is 4,095 ≥ 1.96 with a direct influence coefficient value of 0.443. So the influence of both variables is positive and significant.
3. The t-statistical value of Customer Engagement's influence on Purchase Intention is 3,489 ≥ 1.96 with a direct influence coefficient value of 0.378. So the influence of both variables is positive and significant.

Discussion

Influence of Digital Marketing towards Customer Engagement

The analysis results found that Digital Marketing has a significant effect on Customer Engagement because the statistical T value of 7.177 means greater than 1.96. The influence of both variables is positive, which means the better digital marketing, the higher customer engagement. Based on the results, hypothesis H1, which reads "Allegedly there is an influence between Digital Marketing on Customer Engagement", can be expressed as acceptable. The results in this study are in line with the research results conducted by Nawaz & Kaldeen (2020). They find that digital marketing has been shown to have a significant and positive influence on Customer Engagement.

Influence of Digital Marketing towards Purchase Intention

Based on the research results, it is known that Digital Marketing has a significant influence on Purchase Intention because the statistical T value of 4.095 means greater than 1.96. This shows that the better the company's implementation of Digital Marketing, will increase purchase intention. Based on the results, hypothesis H2, which reads "Allegedly there is an influence between Digital Marketing on Purchase Intention", can be expressed as acceptable. The results of this study are in line with the findings of Kaihatu (2020), Who found that Digital Marketing had a significant positive effect on online Purchase Intention.

Influence of Customer Engagement towards Purchase Intention

Based on the study results, it is known that Customer Engagement has a significant influence on Purchase Intention because the statistical T value of 3.489 means greater than 1.96. This shows that the higher customer engagement formed in consumers will increase purchase intention. Based on the results, hypothesis H3, which reads, "Allegedly there is an influence between Customer Engagement on Purchase Intention", can be expressed as acceptable. The findings in this study are in line with the results of research conducted by Joshi & Srivastava (2020), which proves that customer engagement positively impacts a customer's buying intentions.

6. Conclusions

1. Digital Marketing has a significant and positive effect on Customer Engagement; it shows that an increase in Customer Engagement can be formed through good Digital Marketing.
2. Digital Marketing has a significant and positive effect on Purchase Intention; it can be interpreted that the better the implementation of Digital Marketing in introducing products to consumers through online media, the more it will increase Purchase Intention.
3. Customer Engagement has a significant and positive effect on Purchase Intention; it can be interpreted that consumers' feeling of being bound to a company in purchasing a product will increase the consumer's purchase intention.

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