

PURCHASE INTENTION OF FASHION PRODUCT AS AN IMPACT OF DIGITAL MARKETING, MEDIATED BY CUSTOMER ENGAGEMENT IN THE GENERATION Z

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Abstract: This research is to study the impact of digital marketing on consumer engagement and purchase intention, consumer engagement on purchase intention, and the mediating effect of consumer engagement in the relation between digital marketing and purchase intention. The population in this research was generation Z. Samples were 236 students in two private universities in Surabaya. Data were analyzed with Andrew Hayes PROCESS model 4. The results show that all hypotheses were supported. The findings of this research contribute to the online communication strategy of online shop owners to reach generation Z.

Keywords: Generation Z; digital marketing; customer engagement; purchase intention.

Abstrak: Tujuan penelitian ini adalah untuk menguji pengaruh digital marketing terhadap consumer engagement dan purchase intention, consumer engagement terhadap purchase intention, serta efek mediasinya dalam hubungan antara digital marketing dan purchase intention. Populasi dalam penelitian ini adalah generasi Z. Sample berjumlah 236 diperoleh dari mahasiswa dua universitas swasta di Surabaya. Data dianalisis dengan Andrew Hayes PROCESS model 4. Hasil analisis menunjukkan semua hypothesis diterima. Temuan penelitian ini berkontribusi terhadap strategi komunikasi pemilik online shop terutama untuk sasaran generasi Z.

Kata kunci: Generasi Z; digital marketing; customer engagement; purchase intention

INTRODUCTION

Generation Z is born between 1995 and 2009 (Goh & Lee, 2018). The oldest of this generation are now in their 20s and started to enter the workforce and decide what they are going to spend with their income (Dimock, 2019; Williams, 2015). With the figure of 22 percent workforce, generation Z shaped 40 percent of consumers globally (Thangavel et al., 2019). Even when the traditional brick-and-mortar way of shopping still exists among them, they are the generation of internet savvy (Kim, 2019; Thangavel et al., 2019). They are the generation that has access to digital communication technology since their childhood. This access exposes this generation to digital marketing on a scale never experiences by the previous generation (Bassiouni & Hackley, 2014). Thus, they are known as ‘Digital Natives’ (Singh, 2014). They use technology heavily as an instrument (Priporas et al., 2017). Thus, the option to shop online is natural to them.

The trend of online shopping is blooming across the globe (Jackson & Ahuja, 2016; Vieira et al., 2019). The consequences for the online shop or brand owner are the broadening market that challenges them to be more attractive to the buyers. The appeal itself does not only depend on the decoration of their façade but to make sure that the target market knows that they exist.

In 2018, internet users bought 57% fashion related products online. Thus, the competition is tight for an online shop, especially in the fashion business which contributes 1.3 trillion dollars and employs more than 300 million people globally (Gazzola et al., 2020). The fashion industry itself is characterized by a trend that moves rapidly. Consumers are very prone to the changing trend. Consumer even has the behavior of “see now buy now”. Thus, the online shop owner has to compete in a saturated market. To survive, they have to draw the target customer to purchase their product (Gazzola et al., 2020; Priporas et al., 2017).

Online purchase intention is about the initial intention to buy (Schlosser et al., 2006). It is shaped by trust (Schlosser et al., 2006), good perception of content (Paakkari, 2016), valence (Roy et al., 2019), price and quality (Ariker & Toksoy, 2017), and online social networking (Toor et al., 2017). Consumer engagement also develop purchase intention (Toor et al., 2017). Moreover, digital marketing is enhancing consumer engagement through online social networking (Hollebeek & Macky, 2019; Toor et al., 2017).

This research is conducted in Indonesia, where the generation Z build 29.23 percent of the total population, higher than generation X that build 25.34 percent. (Deloitte, 2019) Furthermore, Indonesia is an emerging market, which characterized as the fastest in

social media usage and online advertisement (Vieira et al., 2019). In Indonesia, internet users predicted to reach 140 million in 2020 and e-commerce plays an important role in the future economy (Deloitte Indonesia, 2019). Previous research in Indonesia shows that generation Z uses either social media dan online platform while shopping (Mulyani et al., 2019). Thus, it's important to include either brand owned and market initiated (Vieira et al., 2019), digital marketing for online shop owners while conducting business in Indonesia.

The theoretical gap in this research is to use the measurement developed by Jacuński (2018) and to test the variable in its relation with engagement and purchase intention. Moreover, even the previous research has studied antecedents of online shopping, none of them use digital marketing with PESO (paid, earned, shared, owned) dimension (Bartholomew, 2013). The uniqueness of PESO is it combines either brand owner and market initiated advertisement (Vieira et al., 2019). From the measurements, the focus of PESO is more about the strategy to reach the consumers (Jacuński, 2018).

The empirical gap is to test the model to Indonesian Generation Z, which started to be the consumer generation with their own decision to spend their income. The implication of this study is contributing to the digital marketing strategy for online fashion shop owners. The result might help to develop strategy particularly to reach generation Z in the Indonesian market.

THEORETICAL GROUND

Generation Z

As an online consumer, generation Z is interested in innovation. They expect a wide availability of devices and processes that will make the shopping experience faster and autonomous. Information is important for them (Priporas et al., 2017). They are quick in making educated online shopping decisions (Lauring & Steenburg, 2019). Different from previous generations, generation Z is known as a non-impulsive-buyers (Thomas et al., 2018). While doing online shopping, generation Z is looking for the best deal, visibility of the product, and reviews. Moreover, they are less brand loyal than in previous generations (Eom & Seock, 2017; Thangavel et al., 2019).

Previous research shows the distinct characteristics of generation Z different from other generations. Meanwhile, research-based on generational theory or cohort analysis has to consider also that there

are variations within the group (Okros, 2020). Thus this research is conducted to the individual level within generation Z.

Digital Marketing

Digital marketing channels refer to internet systems that have the ability to simultaneously create, promote, and deliver value from producers to consumers through digital networks (Key, 2017).

Digital marketing aim is about to reach, grow, and retain consumer through the internet channel (Key, 2017). It's purposed to communicate, to withdraw attention to a product not through traditional advertising (television, magazine, etc.), but online media (Jackson & Ahuja, 2016). The benefit of digital marketing for the firm is for the cost-effective (Ištvanic et al., 2017), broader customer reach and inexpensive statistical marketing research (Jackson & Ahuja, 2016). The online media for marketing is known as firm initiated and market initiated. Firm initiated is through paid advertisement, own website/account, and digital inbound. Market initiated is through "likes" gained for the content, shares, comments, and organic search (Vieira et al., 2019). Thus, the development of indicators of digital marketing resulting in the dimension of PESO (paid, earned, shared, owned) (Bartholomew, 2013; Jacuński, 2018). Digital marketing is the antecedents of consumer engagement (Jackson & Ahuja, 2016).

Consumer Engagement

Brand engagement is a level of cognitive, emotional, and or behavioral interaction with a brand. Engagement is a proactive activity from the customer's side (Hollebeek, 2011). It's a psychological state as a result of the interaction, and it's iterative (Brodie et al., 2011).

The antecedent of consumer engagement is consumer involvement (Harrigan et al., 2018), and digital marketing (Hollebeek & Macky, 2019; Jackson & Ahuja, 2016). Furthermore, consumer engagement might influence evaluation, trust, loyalty, co-creation, word of mouth, and usage intention (Harrigan et al., 2018). Thus, it can be hypothesized that,

Hypothesis 1. Digital marketing has a positive significant effect on consumer engagement.

Online Purchase Intention

Online purchase intention is consumer intentions to make an initial online purchase (Schlosser et al.,

2006). Orientation to shop online is for economic quality, convenience (Ariker & Toksoy, 2017; Thangavel et al., 2019), deal-hunting (Thangavel et al., 2019), and emotion (Thomas & Mathew, 2018). Trust (Schlosser et al., 2006; Thomas et al., 2018), as the result of product presentation and interactivity also has a positive effect on the intention (Thomas et al., 2018). From the perspective of digital marketing, the purchase is also influenced by good content determined by photos, promotion, competition, and featured celebrities in social media (Paakkari, 2016), social networking through social media (Toor et al., 2017), e-WOM content and valence (Roy et al., 2019). Furthermore, consumer engagement also develops usage (Harrigan et al., 2018), and purchase intention (Toor et al., 2017). Thus, it can be hypothesized that,

Hypothesis 2. Consumer engagement has a positive significant effect on online purchase intention.

Hypothesis 3. Digital marketing has a positive significant effect on online purchase intention.

Hypothesis 4. Consumer engagement significantly mediating the relation between digital marketing on online purchase intention.

METHODS

The digital marketing measurements were adopted from Jacuński (2018), which elaborate on the initial PESO (paid, earned, shared, owned) dimensions developed by Bartholomew (2013). Consumer engagement measurements were from Harrigan et al. (2018). Purchase intention measurements were from Schlosser et al. (2006). The original measurements are in English. To adopt in Bahasa Indonesia, focus group discussion was conducted with experts and students to choose the terminology commonly used among generation Z. Furthermore, EFA was conducted for measurement reduction to 30 respondents of students who have experienced online shopping. The result shows all the loadings were above 0.7. Thus, all measurements can be used for further analysis.

The population in this research is generation Z. The samples were taken from the students of two private universities in Surabaya. The sampling technique is purposive sampling, which is university students born between 1995 – 2010 as the generation Z cohort (Goh & Lee, 2018). Furthermore, respondents must have experience in doing fashion product shopping online. The data collection was in February 2020. The analysis technique was Andrew Hayes PROCESS model 4 (Hayes, 2013, 2015, 2018).

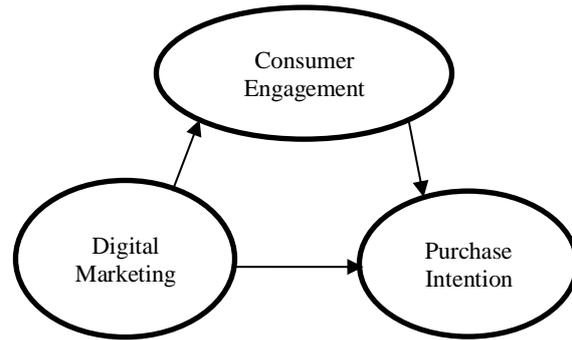


Figure 1. Research Model - Model 4 Andrew Hayes PROCESS (Hayes, 2013)

FINDING

The assumption test following Hayes (2018) for PROCESS analysis is normality, linearity, and homoscedasticity (Hair Jr et al., 2014). The result shows normality in the data distribution as presented in the skewness and kurtosis in Appendix 1. The linearity test shows all the relations are linear. Heteroskedasticity show $p > 0,05$. All the result shows that there is no violation of assumption, thus further test of Andrew Hayes PROCESS Model 4 (Hayes, 2013, 2018) test is allowed to be conducted.

Table 1 shows the result of Andrew Hayes PROCESS Model 4. Coefficient regression for the relation between digital marketing and consumer engagement is 0.8971, $p < 0.001$, thus Hypothesis 1 is supported.

Table 2 shows that the coefficient regression of the relationship between consumer engagement and online purchase intention is 0.3895, $p < 0.01$. Thus hypothesis 2 is supported. Furthermore, the coefficient regression of the relation between digital marketing and online purchase intention is 0.3069, $p < 0.05$. Thus hypothesis 3 is supported. R2 for the model is 45%, $F = 107.3302, p < 0.01$.

To test the mediation effect of consumer engagement, Hayes (2018) suggests not to use Sobel. The result of the analysis with the PROCESS shows that the indirect effect coefficient is 0.3494. The positive significance of the effect is shown in the boot LLCI and boot ULCI which are on the positive side of zero.

DISCUSSION

This research found that digital marketing toward generation Z has a positive impact on consumer engagement. This finding supports previous research that involvement (Harrigan et al., 2018) through digital

Table 1. Consumer Engagement as Outcome Variable

	Coefficient	SE	t	P	LLCI	ULCI
Constant	0.5613	0.0942	5.9593	0.0000	0.3758	0.7467
Digital Marketing	0.8971	0.0195	45.9730	0.0000	0.8587	0.9355
R	= 0.9434					
R ²	= 0.8901					
F	= 3113.5209 (1,261), <i>p</i> = 0.0000					

Table 2. Online Purchase Intention as Outcome Variable

	Coefficient	SE	t	P	LLCI	ULCI
Constant	1.6077	0.2344	6.8580	0.0000	1.1461	2.0693
Digital Marketing	0.3069	0.1374	2.2327	0.0264	0.0362	0.5775
Consumer engagement	0.3895	0.1445	2.6943	0.0075	0.1048	0.6741
R	= 0.6725					
R ²	= 0.4522					
F	= 107.3302 (2,260), <i>p</i> = 0.0000					

Table 3. The Total Effect, Direct Effect $X \rightarrow Y$, Indirect Effect $X \rightarrow M \rightarrow Y$

	Coefficient	SE	t	P	LLCI	ULCI
Total effect	0.6562	0.0461	14.2318	0.0000	0.5654	0.7470
Direct effect $X \rightarrow Y$	0.3069	0.1374	2.2327	0.0264	0.0362	0.5775
Indirect effect $X \rightarrow M \rightarrow Y$	0.3494	-	-	-	0.1064 (Boot LLCI)	0.6291 (Boot ULCI)

marketing (Hollebeek & Macky, 2019; Jackson & Ahuja, 2016) influence consumer engagement. The engagement is developed by frequently seeing the content, understand clearly the message, impressed, and found that other people also “like” the content. Moreover, to follow the owned account also develop engagement by seeing the content posted and interacting with other followers and the owner of the account. Thus, this proves that the owned and the paid dimension of digital marketing influences engagement. Furthermore, from the side of market initiated digital marketing, this research found that the more the content shared gain “likes”, comments from fans, and responded by the brand owner, the more engagement is developed. The role of influencer is also significant, showing that the more the influencer present impressive and informative content, the more engagement is developed. The engagement expected is shown to be either in cognitive by understanding clearly about the brand, positive feeling toward the brand, and to give time in order to understand more about the brand.

This research also found that digital marketing toward generation Z influences purchase intention. This confirms previous research (Paakkari, 2016; Roy et al., 2019; Toor et al., 2017). The more consumers respond to PESO (Bartholomew, 2013; Jacuński, 2018) dimensions of digital marketing, the more they are intended to purchase now, if possible, and if probable.

This research also supports previous research on the influence of engagement on purchase intention (Harrigan et al., 2018; Toor et al., 2017). The more generation Z understands, have a positive feeling, and willing to spend time to know more about the product, the more they are willing to buy now, if possible, and if probable. Consumer engagement also proved to be the mediator of the relationship between digital marketing and purchase intention (Toor et al., 2017). Thus while generation Z reached and experiencing the product through digital marketing, the more they have knowledge, emotion, and engagement to the product. Moreover, the engagement develops the intention to purchase, either now or later.

IMPLICATION

This research is about reaching generation Z. Thus, to make them know that the brand or product exists, the owner has to make sure that “Paid Earned Shared Owned” (Bartholomew, 2013; Jacuński, 2018) is conducted simultaneously. Just to post content or many followers in the owned account is not enough. Online shop owners have to make sure that the content has the reach and impress the target market generation Z. Furthermore, online shop owners also have to make sure to participate in the interaction with the potential consumers, to build engagement. The behavior expected for generation Z is to purchase the product. It is suggested that the strategy does not only depend on

the one dimension but to try all dimensions to find the most effective way to reach the targeted generation Z.

LIMITATION AND FUTURE RESEARCH

Limitations in this research open the opportunity for future research. The samples in this research were students of two private universities in Surabaya. Thus, the findings can't be inferred toward other samples. This open to further research to take samples from other groups within the generation Z cohort. Furthermore, while this research was conducted, the oldest of generation Z is in their twenty-five. Future research is suggested to know their behavior while they reach other age or stages in their lives.

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