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HOW DIGITAL MARKETING INFLUENCES IMPULSE BUYING TENDENCY AND IMPULSE BUYING IN E-COMMERCE INDUSTRY

Patria Laksamana*¹ & Gusrianda Hidayat²

*¹ Graduate Business School, Perbanas Institute, Indonesia

¹Faculty of Economics and Business, Perbanas Insitute, Indonesia

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Abstract

The study examines the impact of digital marketing that includes social media marketing and content marketing on impulse buying tendency and impulse buying. The context of the study was e-commerce industry in Indonesia and a questionnaire was developed with 208 respondents. The results confirm that social media marketing and content marketing partially do not affect both on impulse buying tendency and impulse buying. The results also reveal that social media marketing and content marketing simultaneously affecting impulse buying tendency. Hence, impulse buying affected by impulse buying tendency.

Introduction

Along with the increasing number of internet and social media users in Indonesia, e-commerce is also becoming increasingly active in conducting social media marketing and content marketing strategy for customer acquisition. Social media as part of digital marketing is becoming more important in the recent years. Therefore, social media strategy was needed (Erdogmus, 2012). The same study also revealed that in 2011 more than fifty percent of social media users followed the brand on social media in order to maintain its competency because in the fast-moving business world. Thus, Schmitt (2012) argues that information about brands must be relevant to consumers if a brand wants consumers to connect with a brand relevantly.

As one of the emerging markets, Indonesia has 54% internet penetration or 143.2 million people throughout the country (APJII, 2017). It also found that 87% of the total internet users actively connected with social media. Hence, Indonesia Internet Service Provider Association or APJII (2016) revealed that 62% of commercial content that is frequently visited by Indonesian internet users dominated by e-commerce industry. The same study also indicated that the three most visited social media in Indonesia were Facebook 71.6 million (54%), Instagram 19.9 million (15%) and Youtube 14.5 million (11%). With this internet growth, there are five most visited e-commerce platforms in Indonesia. They are Tokopedia, Bukalapak, Shopee, Lazada, and OLX (ecomerceiq.asia, 2018). Therefore, the context of the study is how digital marketing that includes social media marketing and content marketing influences impulse buying tendency and impulse buying.

Whilst offline marketing are more encouraging than online impulse buying (Andac, 2016), impulse buying behaviour are the best predictor to actual impulse buying compared with impulse buying tendency (Jones, 2003). However, impulse buying tendency or impulsive shopping tendency has been conceptualized as the nature of each individual (Dholakia, 2000). Therefore, further study needs to be conducted to have a better understanding on the subject and this study is to respond the gap from previous research.

Objectives

This study investigates on the influences of digital marketing to impulse buying tendency and impulse buying in the e-commerce industry.



Literature Review

Digital Marketing

Whilst the internet is a tremendous system on interconnected computers with more than 100 million computers in more than 100 countries (Ebert, 2009), digital marketing is buying and purchasing procedure of information, products, and services through a computer or internet network (Sivasankaran, 2017).

Kotler and Armstrong (2009) also argue that digital marketing is a direct marketing form that connects business entities and customers electronically by applying interactive technologies such as websites, email, websites, newsgroups and online forums, interactive television and also mobile communications. Further, due to its flexibility connection, digital marketing used for both communication and promoting products and services in a timely, relevant, personal, and cost-effective manner (Baines et al., 2011). For the purpose of the study, digital marketing consists of social media marketing and content marketing. It is simply because we live in “constantly connected” world and therefore, it drives social media and its content for determining marketing activities (Lamberton and Stephen, 2016).

Social Media Marketing

Whilst social media is an internet-based group applications that builds on ideology and Web 2.0 technology based and allows the creation and exchange of user-generated content (Kaplan et al., 2012), many have argue that there are four types of social media namely weblogs, micro-blogs social networks, photo sharing sites, and video sharing sites (eg. Laksamana, 2018). Further, the objectives of social media marketing include brand awareness, brand image, stimulating sales, increasing platform traffic, reducing marketing costs and an interaction forum platform among consumers (eg. Bianchi et al., 2016; Ashley et al., 2015; Schultset al., 2013; Bernoff et al., 2008).

Content Marketing

Content marketing defines as a management process that is includes identifying, anticipating and satisfying customer demands in the form of digital content or bit-based objects through electronic channel (Rowley, 2008). One of the importance of content marketing is that not only indirectly promotes brands but it also creates a promotion that develops stronger bonding between customers and brands (Kotler, 2016). There are at least five elements for content marketing to be valuable for its target audience. They are findable, readable, understandable, actionable, and shareable (Andacet al., 2016).

Impulse Buying Tendency

Everyone has a different behavior and lifestyle, as well as the tendency to buy impulsively (Rook, 1987). The tendency to impulse buying can be defined as the level at which consumers tend to impulsively purchase products in certain product categories in general (Jones et al., 2003). Further, it has been argued that the influence of the tendency of impulsive buying generally relies on intuition.

Impulse Buying

Unplanned purchases can occur when consumers see a product that can affect their psychological side and then impulse to buy it. However, an unplanned purchase is not always followed by abrupt desires or strong positive feelings, that are usually related to impulsive buying behavior (Amos et al., 2014). Stern (1962) divided impulsive buying behavior into four types; pure impulse buying, reminder impulse buying, suggestive impulse buying, and planned impulse buying.

Hypotheses and research model

As the study aims to investigate the influences of digital marketing on impulse buying tendency and impulse buying in the e-commerce industry, we then posit six hypotheses:



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H₁: Social media marketing has a positive effect on impulse buying tendency.

H₂: Content marketing has a positive effect on impulse buying tendency.

H₃: Social media marketing has a positive effect on impulse buying.

H₄: Content marketing has a positive effect on impulse buying.

H₅: Impulse buying tendency has a positive effect on impulse buying.

H₆: Social media marketing and content marketing (digital marketing) have a positive effect on impulse buying.

Thus, Figure 1 shown the research model to demonstrate the connection between variables.

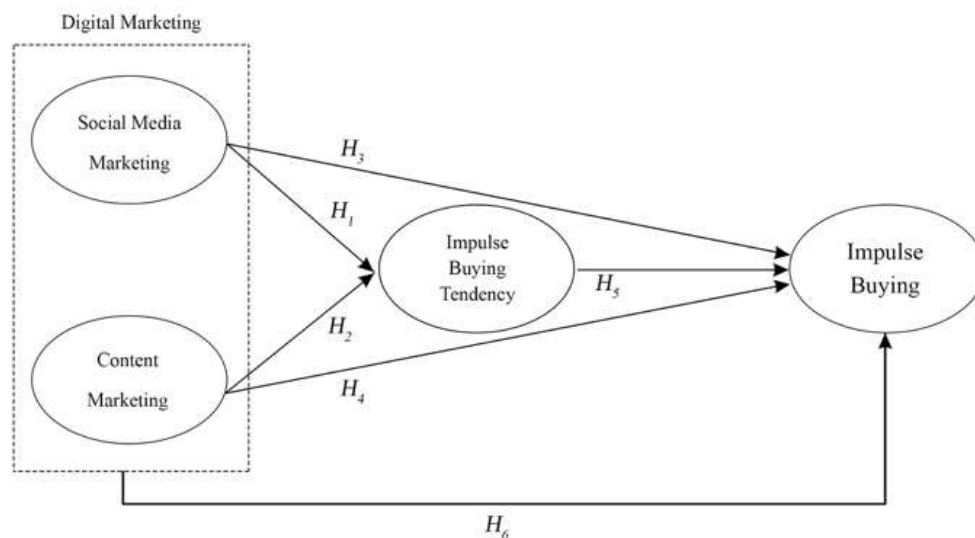


Figure 1. Research Model

Methodology

This study is an empirical research with cross-sectional approach. It was conducted in Jakarta areas with 208 respondents. As the capital city, Jakarta was chosen due to its heterogeneity of its population background that makes it suitable for representing Indonesia's diverse population.

A self-administered survey was conducted and a quantitative research is chosen as research with the application of structured questions that have predetermined response options that involve many respondents (Burns and Bush, 2010). Further, a five-point Likert scale was used, where 1 = "strongly disagree" and 5 = "strongly agree." The questions from the survey was derived from previous studies.

The measurement was come from past studies. The Social Media Marketing was measured from the study of Laksamana (2018). Whilst Content marketing was adopted from Andac (2016), Impulse Buying Tendency was adopted from Donthu (1999) and Impulse Buying was adopted from Beatty (1998).

Structural equation modelling (SEM), ANOVA, and several statistical analysis were conducted for the study. Reliability and validity test was used for consistency, stability and credibility of the presented findings (Hair et al., 2006). And for testing hypotheses SEM and SPSS were used for testing a dependent variable with two or more independent variables (Zikmund et al., 2011).

Results

Out of the total sample of 208 respondents, 97 (47%) were men and 111 (53%) were women. The majority of respondents were aged between 19-34 (94%), Students (78,8%). Further, the majority were high school education background (63%) with monthly income in less than Rp.5.000.000, - (87,5%). The respondents were



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also asked what is their main e-commerce platform. Not surprisingly, most of the respondents are the buyers from Shopee (49%), followed by Tokopedia (29,8%), Lazada (10,66%), Bukalapak (6,7%) and OLX (3.8%).

As for the social media that being used, out of total 208 respondents, many of them have more than one social media for their daily used. The majority Instagram (195), followed by WhatsApp (185), LINE (181), Youtube (151), Twitter (94) and Facebook (67).

For the purpose of the study validity and reliability test runs to study the factor structure. Out of 19 items, all variables are stated valid and reliable. As for the reliability test, the results provided decent confirmation of measurement choice. Cronbach's alpha for the four constructs ranged between .767 and .951. The lowest is social media marketing and the highest is impulse buying tendency (Table 1).

Table 1: Validity and Reliability Test

Construct	Items	Coefficient of Correlations	R Table	Cronbach Alpha
Social Media Marketing	1	0.648	0.632	0.767
	2	0.771	0.632	
	3	0.712	0.632	
	4	0.830	0.632	
	5	0.653	0.632	
Content Marketing	1	0.729	0.632	0.922
	2	0.769	0.632	
	3	0.840	0.632	
	4	0.944	0.632	
	5	0.921	0.632	
	6	0.946	0.632	
Impulse Buying Tendency	1	0.932	0.632	0.951
	2	0.969	0.632	
	3	0.963	0.632	
Impulse Buying	1	0.855	0.632	0.929
	2	0.813	0.632	
	3	0.753	0.632	
	4	0.918	0.632	
	5	0.907	0.632	

As H_1 stated that there is a social media marketing has a positive effect on impulse buying tendency, it has been demonstrated a negative correlations with a significance level at .102 and consequently, it indicates a negative relationship. Therefore, H_1 is not supported.

Similarly, H_2 stated that content marketing has a positive effect on impulse buying tendency, it has been demonstrated a negative correlations with a significance level at .275. Consequently, it indicates a negative relationship. Therefore, H_2 is not supported.



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H₃ stated that social media marketing has a positive effect on impulse buying, it has been demonstrated a negative correlations with a significance level at .275. This indicates a negative relationship and therefore, H₃ is not supported.

As for H₄ stated that content marketing has a positive effect on impulse buying, it has been demonstrated with negative correlations with a significance value at .563. This indicates a negative relationship and consequently, H₄ is not supported.

H₅ stated that impulse buying tendency has a positive effect on impulse buying and it has been demonstrated positive correlations with a significance level at .000. That indicates a positive relationship and consequently, H₅ is supported.

Finally, H₆ stated that social media marketing and content marketing (digital marketing) have a positive effect on impulse buying, it has been demonstrated with positive correlations with *f* calculate at .002 that indicates a positive relationship. Consequently, H₆ is supported. A summary of results of model test is presented on Table 2.

Table 2: Result of Model Test

Hypothesis	P/F calculate	Outcome
H ₁	.102	Not supported
H ₂	.275	Not supported
H ₃	.066	Not supported
H ₄	.536	Not supported
H ₅	.000	Supported
H ₆	.002	Supported

Discussion and conclusion

Results indicate that social media marketing and content marketing partially have negative impacts on both for impulse buying tendency and impulse buying. Whilst the study has demonstrated that impulse buying tendency have a positive impact on impulse buying, it also found that social media marketing and content marketing simultaneously have a positive impact towards impulse buying.

The study has demonstrated that social media marketing was not found affecting impulse buying tendency and impulse buying. Although social media is considered more genuine when it comes to communicating about the brand, it failed to have a positive impact on impulse buying tendency, nevertheless buying tendency. In other words, the positive attitudes towards the brands through social media could not be translated into buying a product. This is in support Laksamana (2018) in a similar study that it found a weak correlation between social media marketing and purchase intention.

Further, content marketing failed to affect buying tendency and impulse buying. To the best of our knowledge, people might find content marketing as “offended” or infiltrating their privacy when it just pop up or display suddenly on their screen. Nevertheless, it is a common practice that a search engine or a commercial website take benefits by using or buying search terms from its users (Narayanan and Kalyanam, 2015).

Interestingly, when content marketing appears on social media and known as digital marketing, they have positive impact on impulse buying tendency and impulse buying too. This is in support Aragoncillo (2017) that demonstrates the possibility of impulsive levels depends more on personal factors either from online or offline channels.



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Limitations and Future Research

The study has successfully demonstrated the impact of digital marketing on impulse buying tendency and impulse buying. However, there are some limitations of the study. First, the study only focused on e-commerce industry in Indonesia. The results would be somewhat different if it conducted for other industries such as hospitality, telecommunications and financial industry in other countries or regions.

It is also recommended to further the knowledge of social media users by including other variables such as brand loyalty and brand image. With advanced technology that allow brand to communicate with their consumer twenty-four hours and seven days a week, digital marketing must find the most efficient means where a brand can communicate to their consumer, while keep making potential customers purchase their products.

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