THE EFFECT OF DIGITAL MARKETING ON PURCHASE INTEREST WITH CUSTOMER SATISFACTION AS A MODERATING VARIABLE

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Abstract

This study examines the influence of digital marketing on customer satisfaction and purchase intention, as well as the role of customer satisfaction as a moderating variable. The analysis indicates that the relationship between digital marketing and customer satisfaction is significant and positive, as is the relationship between digital marketing and purchase intention. Additionally, there is a significant and positive relationship between customer satisfaction and purchase intention. However, customer satisfaction is not effective in moderating the influence of digital marketing on purchase intention. These findings highlight the importance of digital marketing in enhancing customer satisfaction and purchase intention, even though customer satisfaction does not significantly alter the impact of digital marketing on consumer buying interest. This study provides insights for digital marketing practices in strategies to enhance customer satisfaction and its impact on purchasing behavior.

Keywords: Digital Marketing, Purchase Interest, Customer Satisfaction, Moderating

BACKGROUND

The Industry 4.0 era will bring significant changes in various aspects of life, including the way businesses operate and interact with customers. Rapidly advancing digital technology is a key factor in these changes, opening up new opportunities and challenges for business practitioners. In this context, digital marketing strategies have become crucial for outpacing competitors and achieving long-term success. As technology evolves, the internet and social media have become an integral part of daily life. (Az-Zahra et al., 2022).

Thanks to increasingly easy and fast Internet access, businesses can reach consumers worldwide without geographical limitations. With millions of active users every day, social media has become the most important platform for businesses to increase brand awareness, communicate directly with customers, and disseminate product or service information. Additionally, the mobile technology revolution has also significantly influenced consumer behavior. The widespread use of smartphones requires companies to optimize their digital marketing strategies for mobile devices. Responsive websites and user-friendly mobile apps have become essential to provide the best user experience. (Febriyantoro & Arisandi, 2018).

The presence of artificial intelligence (AI) and machine learning technology offers a new dimension in digital marketing. AI enables more personalized content and customer experiences. By leveraging big data, companies can predict consumer behavior and adjust their marketing strategies in real time to provide relevant and timely offers to each individual. Consumer behavior has also undergone significant changes in this digital era. Consumers now more frequently seek information and make purchases online. They are more aware and critical of the products and services offered. Therefore, companies must be

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able to provide engaging, informative, and relevant content to win over customers. Content marketing is the most important strategy for building long-term customer relationships. (Ratna, 2017).

In addition, the rapid growth of e-commerce demands that companies have a strong online sales strategy. Marketing platforms such as Amazon, Tokopedia, and Shopee are crucial channels for reaching consumers. The key to e-commerce success is focusing on a seamless and satisfying customer experience across all touchpoints. Amid the opportunities presented by digital technology, companies must also confront regulatory and security challenges. Data protection regulations such as GDPR in Europe and the Personal Data Protection Act in Indonesia require companies to safeguard consumer data more rigorously. (Teguh Saputra et al., 2023). The increasing threat of cyber security also requires companies to ensure the security of data and online transactions. Considering all these factors, digital marketing strategies in the 4.0 era must focus on leveraging the latest technology, in-depth data analysis, and creativity to reach and retain customers. Innovation and adaptation are crucial keys to success in the increasingly competitive digital age. Digital marketing is a strategy that utilizes evolving information technology. To develop an effective digital marketing strategy, businesses must consider internal and external factors affecting their operations. Essentially, digital marketing is not just about technology but how entrepreneurs use it to build strong relationships with customers and enhance product sales.

In this context, technology serves as a tool to help entrepreneurs achieve their business goals. Entrepreneurs must be able to recognize the opportunities offered by digital technology and use it to create closer and more personal interactions with customers. With the right approach, digital marketing enables businesses not only to reach a wider audience but also to strengthen relationships with existing customers.

Internal factors such as resources, technological capabilities, and company culture play a crucial role in determining digital marketing strategies. Additionally, external factors such as market trends, consumer behavior, and competition must also be considered. A combination of in-depth analysis of these factors will help businesses formulate the right and effective strategy.

Digital marketing is not just about adopting the latest technology but about how strategically using that technology to achieve business goals. Thus, entrepreneurs can leverage technology to create added value for customers and optimize their product sales potential. (Keytimu et al., 2022).

THEORETICAL FRAMEWORK

Digital Marketing

Maintaining customer loyalty and encouraging repeat purchases are both challenges and primary goals for many companies in today's competitive business world. Consumers have the freedom to switch to other brands if they are dissatisfied, especially as the range of products and services available in the market expands. Therefore, it is crucial to understand the factors influencing repeat purchases and develop plans to attract customers.

With the advancement of technology and easier access to information, there has been a significant change in consumer behavior. Today's consumers are more knowledgeable, critical, and demanding. They not only seek quality products or services but also expect satisfying customer experiences. Customer satisfaction is now measured not just by the product itself but also by various interactions with the brand, from information search to after-sales service.

It is important to remember that offering high-quality goods is not the only way to encourage customers to repurchase; building an outstanding customer experience and long-term relationships is also essential. Companies can enhance their profitability by understanding consumer behavior and applying appropriate strategies. Success in driving repeat purchases will provide a strong foundation for sustainable growth amid increasing competition.

Consumer Purchase Interest

Many experts define the level of repeat purchase from their perspectives. While there is no single definition universally accepted for repeat purchase levels, they generally convey similar content regarding this concept. One form of consumer behavior is the interest or desire to purchase a product or service. Consumer repurchase interest refers to potential customers who have not yet made a purchase but are likely to do so in the future, also known as potential buyers. According to Kotler, Abzar et al. (2014), purchase interest is a consumer behavior where the consumer has a desire to choose and consume a product. Purchase interest arises when consumers are influenced by the quality and characteristics of the product as well as product information.

Engel and Nih Luh Julianti (2014) state that repurchase interest is an internal drive or motive that encourages someone to spontaneously, naturally, simply, casually, and selectively pay attention to a product and make a purchase decision. This is facilitated by aligning with the individual’s interests and providing pleasure and satisfaction. Thus, it is clear that shopping interest is related to preference attitudes, expressed as a tendency to always buy products according to one’s likes and interests.

According to Durianto (2013), purchase interest is the desire to buy a product. Assael Sukmawati and Suyono Pramono (2012) state that the level of repeat purchase is the stage where consumers choose among several brands in a set of options. They ultimately purchase the option they prefer or the process consumers go through to buy a product or service based on various aspects. Kotler, Bowen, and Makens (2014) argue that repurchase interest emerges after an alternative evaluation process. During this evaluation process, an individual assesses a range of options for the product they want to buy based on brand and intention. According to Ferdinand (2016), consumer purchase interest can be understood as repeat purchase interest, reflecting the willingness and desire of consumers to buy the product. Based on these definitions, it can be concluded that purchase interest is a consumer behavior where the consumer has a desire to choose and consume a product with a different brand and then make a choice by paying or spending money.

Customer Satisfaction

The word "satisfaction" comes from the Latin words "satis" (meaning sufficiently good or adequate) and "facio" (meaning to do or make). Thus, in simple terms, satisfaction can be understood as the effort to fulfill needs or expectations. According to Kotler (2007:177), satisfaction is the feeling of pleasure or disappointment that arises after comparing the perceived performance of a product with the expected performance. If the product's performance falls below expectations, customers feel dissatisfied. Conversely, if the performance meets expectations, customers feel satisfied. If the performance exceeds expectations, customers feel very satisfied or pleased.

Customer satisfaction can encourage repeat purchases and continued consumption of the product. On the other hand, dissatisfaction can lead to customer disappointment and cessation of repeat purchases or use of the product, as stated by Nirwana (2004:321). According to Zikmund et al. (2003:72), satisfaction is defined as the post-purchase evaluation resulting from comparing pre-purchase expectations with actual performance. Satisfaction is a function of perceived performance and expectations.

Customer satisfaction reflects the overall attitude of consumers towards a product or service after experiencing it. It is determined by two cognitive variables: first, pre-purchase expectations, which are beliefs about the anticipated performance of a product or service; second, disconfirmation, which is the difference between pre-purchase expectations and post-purchase perceptions. During the buying process, consumers have specific expectations about the product or service they will consume. After the purchase, consumers conduct an evaluation (post-purchase evaluation) and compare their expectations with their perceptions of the product or service received, which can result in confirmation (positive or negative). Thus, it can be concluded that customer satisfaction is a function of perceived performance and expectations.

Customer satisfaction is influenced by service quality, which includes physical facilities (tangibles), reliability, responsiveness, assurance, and empathy. If the service quality is below expectations, customers will be dissatisfied; if the service quality exceeds expectations, customers will feel satisfied or pleased (Mowen and Minor, 2001).

To create customer satisfaction, companies must develop and manage an effective system to attract and retain customers. Customer satisfaction is not just about meeting what the company assumes customers will like, but about providing what customers truly want, when they need it, and in the right way (Zikmund, 2003). The benefits of customer satisfaction include: first, satisfied customers are likely to share their experiences with others, generating positive word of mouth and acting as good advertisers for the company without cost. Second, satisfied customers may be willing to pay more for products or services, as they do not want to risk experiencing dissatisfaction with other providers (Handy Irawan, 2002).

Framework

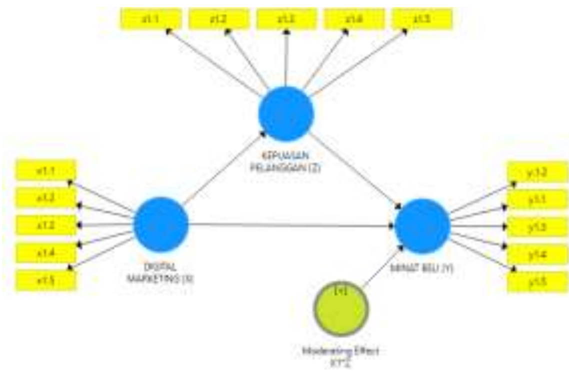
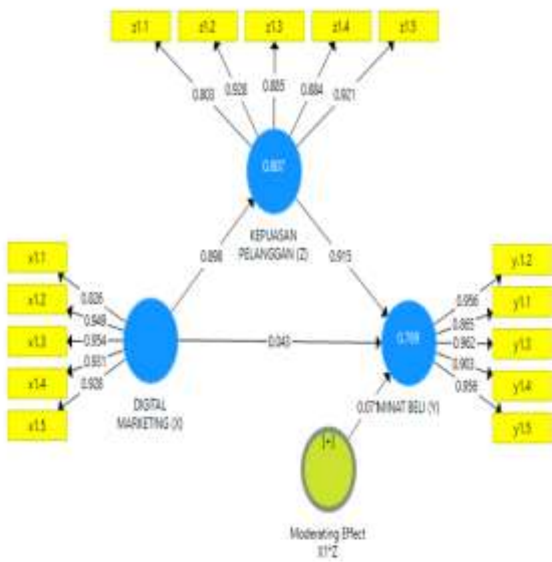


Figure 1. Research Model

Below are the hypothesis:
H_1: It is hypothesized that digital marketing affects customer satisfaction.
H_2: It is hypothesized that digital marketing affects purchase interest.
H_3: It is hypothesized that customer satisfaction affects purchase interest.
H_4: It is hypothesized that customer satisfaction moderates the effect of digital marketing on purchase interest.

RESEARCH METHOD

The assessment of the measurement model involves examining the reliability and validity of items and variables within the PLS model. This is to ensure that the measurement variables are valid and reliable before evaluating the relationships within the overall model. The measurement model assessment is checked through internal consistency and discriminant validity (Barclay et al., 1995). Reliability and validity are commonly used to test the goodness of measures of the instrument. Reliability tests the consistency of the instrument in measuring its concept, while validity tests how well the instrument measures a specific concept (Sekaran & Bougie, 2016).



Source: Appendix

SEM Analysis

Partial Least Squares (PLS) is used in this study to analyze data and test structural relationships within the proposed research model. This study adopts the two-stage analysis procedure recommended by Hair et al. (2017) to test and explain the collected data: measurement model and structural model. The procedure begins with assessing the measurement model and then proceeds to validate the structural model for hypothesis testing. The measurement model demonstrates how the measured variables fulfill the requirements to represent the measurement of those variables. Additionally, the structural model represents how the variables are connected to each other.

Reliability Test

The reliability of instruments in SMART-PLS is assessed based on internal consistency reliability, which is evaluated using Cronbach's Alpha and Composite Reliability (Hair et al., 2017). The reliability test of indicators in PLS for reflective constructs is assessed based on the loading factor value (the correlation between item scores or component scores and construct scores) of the indicators measuring the construct. Hair et al. (2006) state that the rule of thumb commonly used is a loading factor value of greater than or equal to 0.4 is considered reliable.

Validity Test

Convergent validity refers to the extent to which a measure is positively correlated with other measures of the same variable (Hair et al., 2017). Hair et al. (2017) recommend two conditions to assess the convergent validity of a scale. First, all outer loadings of indicators should exceed 0.7. Second, the Average Variance Extracted (AVE) for each variable should be greater than 0.5. According to Hair et al. (2017), outer loadings of indicators should be above 0.708, as the square of the Average Variance Extracted (AVE) of a variable equals 0.5.

R^2 Test

The R^2 test, also known as the coefficient of determination, is a statistical measure used to evaluate the goodness of fit of a model, particularly in the context of regression analysis. It quantifies how well the independent variables explain the variance in the dependent variable. R^2 represents the proportion of the variance in the dependent variable that is predictable from the independent variables. It provides an indication of how well the model fits the data. Higher R^2 values suggest that the model explains a larger portion of the variance, indicating a better fit. In the context of SEM and Partial Least Squares (PLS), R^2 is used to evaluate the model's predictive power for endogenous variables. It helps in understanding how well the independent variables (predictors) explain the variance in the dependent variables (outcomes). The R^2 test is a crucial metric for evaluating the effectiveness of a model in explaining variance and fitting the data. In SEM, it provides insights into the strength of relationships between constructs and the model's predictive power. However, it should be interpreted in conjunction with other metrics and domain knowledge to ensure a comprehensive understanding of the model's performance.

Hypothesis

Hypothesis testing helps researchers and decision-makers determine whether to accept or reject a hypothesis based on sample data. This process provides a structured method to make decisions about the validity of a claim or theory. If the p-value is less than the significance level (e.g., $p < 0.05$), reject the null hypothesis in favor of the alternative hypothesis. This indicates that the results are statistically significant.

RESULT AND DISCUSSION

Reliability Test

Composite Reliability Results Table

Variable	Composite Reliability	Noted
DIGITAL MARKETING (X)	0.964	Reliabel
Customer Satisfaction (Z)	0.947	Reliabel
Consumer Purchase Interest (Y)	0.969	Reliabel

Source: Appendix

The table of composite reliability results presents the Composite Reliability values of 0.964 for the Digital Marketing variable, 0.947 for the Customer Satisfaction variable, and 0.880 for the Purchase Intention variable. These values indicate that all three constructs achieve a high level of internal reliability consistency. All Composite Reliability values exceed 0.70, demonstrating that all scales used in this study are reliable.

Validity Test

Table of Cronbach's Alpha and AVE Results

Variable	Cronbach's Alpha	Noted	Average Variance Extracted (AVE)
DIGITAL MARKETING (X)	0.953	Valid	0.844
Customer Satisfaction (Z)	0.930	Valid	0.783
Consumer Purchase Interest (Y)	0.960	Valid	0.863

Source: Appendix

The table of Cronbach's Alpha and AVE results presents the Average Variance Extracted (AVE) for each variable. The AVE values are 0.844 for the Digital Marketing variable, 0.783 for the Customer Satisfaction variable, and 0.863 for the Purchase Intention variable. All AVE values for each variable are above 0.5. According to Hair et al. (2017), an AVE of 0.5 or higher indicates that, on average, the variable explains more than half of the variance in its indicators.

The Cronbach's Alpha table for the measurement model shows that the Cronbach's Alpha values for the Digital Marketing, Customer Satisfaction, and Purchase Intention variables are all higher than 0.7. The values range from 0.930 to 0.960, exceeding the acceptable threshold of 0.7. Therefore, these results imply that the items have relatively high internal consistency. All Cronbach's Alpha values above 0.70 are valid and indicate that all scales used in this study are reliable.

R^2 Test

Table of R^2

VARIABEL	R SQUARE	R SQUARE ADJUSTED
Customer Satisfaction (Z)	0.807	0.805
Consumer Purchase Interest (Y)	0.769	0.765

Source: Appendix

The R^2 value for the effect of digital marketing on customer satisfaction is 0.807. This means that the independent variable (digital marketing) explains 80.7% of the variance in the moderating variable (customer satisfaction), while the remaining 19.3% of the variance in the moderating variable is explained by factors outside the scope of this research model. For the variable of purchase interest, the R^2 value is 0.765, indicating that the mediating variable (customer satisfaction) explains 76.5% of the variance in the dependent variable (purchase interest), with the remaining 23.5% of the variance in the dependent variable explained by factors outside the research model.

Hyphotesis

The inner model analysis is performed by estimating the path coefficient values for the relationships between constructs. The path coefficient values for relationships between variables serve as a reference for estimation. A positive value indicates a positive influence, while a negative value indicates a negative influence. The larger the path coefficient value, the greater the influence between the variables.

Path Coefficients

Table of Hypotheses and Path Coefficients Results

Hypothesis	Variable	β	t statistics	p values	Noted
H1	DIGITAL MARKETING (X) -> Customer Satisfaction (Z)	0.029	30.878	0.000	Accept
H2	DIGITAL MARKETING (X) -> Purchase Interest (Y)	0.166	5.212	0.000	Accept
H3	Customer Satisfaction (Z) -> Purchase Interest (Y)	0.173	5.296	0.000	Accept
H4	Moderating Effect X1*Z -> Purchase Interest (Y)	0.127	0.561	0.575	Accept

Source: Appendix

In this study, the variables used are digital marketing (X1) to determine its effect or contribution to customer satisfaction (Z) and to assess the influence of customer satisfaction (Z) on purchase interest (Y).

1. Effect of Digital Marketing on Customer Satisfaction

Based on the path coefficient results table, the relationship between digital marketing (X1) and customer satisfaction (Z) is significant with a t-statistic of 30.878 > 0.029. The β value is positive, at 0.029, indicating a positive direction of the relationship between digital marketing and customer satisfaction, with a p-value of 0.000, which is < 0.005.

2. Effect of Digital Marketing on Purchase Interest

The relationship between digital marketing and purchase interest is significant with a t-statistic of 5.212 > 0.166. The β value is positive, at 0.166, indicating a positive direction of the relationship between digital marketing and purchase interest, with a p-value of 0.000 < 0.000.

3. Effect of Customer Satisfaction on Purchase Interest

The relationship between customer satisfaction and purchase interest is significant with a t-statistic of 5.296 > 0.173. The β value is positive, at 0.173, indicating a positive direction of the relationship between customer satisfaction and purchase interest, with a p-value of 0.000 < 0.005.

4. Effect of Digital Marketing on Purchase Interest with Customer Satisfaction as a Moderating Variable

The relationship between customer satisfaction and purchase interest is significant with a t-statistic of 0.127 < 0.561. The β value is negative, at 0.561, indicating that the relationship between digital marketing and purchase interest with customer satisfaction as a moderating variable is negative, with a p-value of 0.575 > 0.005. Therefore, it can be concluded that the customer satisfaction variable (Z) does not effectively moderate the effect of digital marketing on purchase interest.

CONCLUSION

These conclusions highlight the direct positive effects of digital marketing on customer satisfaction and purchase intention, suggesting that while customer satisfaction is important, it does not significantly alter the impact of digital marketing on consumers' buying interest

1. The Influence of Digital Marketing on Customer Satisfaction: The relationship between digital marketing and customer satisfaction is significant and positive.
2. The Influence of Digital Marketing on Purchase Intention: The relationship between digital marketing and purchase intention is significant and positive.
3. The Influence of Customer Satisfaction on Purchase Intention: The relationship between customer satisfaction and purchase intention is significant and positive.
4. The Influence of Digital Marketing on Purchase Intention with Customer Satisfaction as a Moderating Variable: Customer satisfaction is not effective in

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moderating the influence of digital marketing on purchase intention.

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