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Factors that Affect Purchase Decisions on Marketplace Users with Brand Image as A Mediating Variable

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Abstract

Purpose: This study aims to investigate the impact of brand ambassadorship (X1), pricing strategies (X2), and promotional activities (X3) on purchasing decisions (Y) among marketplace users, with a particular focus on the mediating influence of brand image (Z). Methodology: A sample of 390 marketplace users, selected through convenience sampling, underwent analysis employing Structural Equation Modeling (SEM) Partial Least Squares (PLS).

Results: Brand ambassadors, pricing strategies, and promotional activities collectively positively and significantly influence brand image. Pricing strategies notably affect purchasing decisions. While brand ambassadors and promotional activities positively influence purchasing decisions, their effects are not statistically significant. Moreover, brand image significantly impacts purchasing decisions and serves as a mediator for all independent variables.

Applications/Originality/Value: This study contributes to a deeper comprehension of consumer behaviour within marketplaces, furnishing practical insights for marketers. The identified mediating role of brand image enriches existing literature, underscoring its pivotal role in shaping consumer choices and decision-making processes.

Introduction

Global marketing encompasses navigating the global market by integrating domestic, foreign, and international marketing activities. The objective is to foster mutually beneficial synergy for the company while upholding its competitive edge within the global business landscape. In online business competition, companies must meticulously assess internal and external factors that influence their operations. A marketplace, functioning as an integrated system connecting sellers and buyers through electronic channels, hinges on technology and the platform's user accessibility. The transition from offline to online transactions presents challenges and opportunities for companies venturing into the online business domain (Oktavia and Sucipto, 2021).

The emergence of marketplaces signifies companies seizing significant opportunities and addressing market needs by leveraging technological advancements, particularly the internet and networks (Cahya et al., 2021). Entrepreneurs utilize these platforms to offer goods or services via the internet or social media channels, aiming to reach a diverse audience and persuade customers about the value of their offerings. This strategic approach is designed to pique public interest in the products and services offered, stimulating purchase intent. According to Auli et al. (2021), the purchasing decision is a multi-step process wherein consumers identify their needs, gather information about specific products or brands, and evaluate whether each alternative can satisfactorily address their requirements. A positive buying experience with a product often leads to repeat purchases. Consumers also consider various factors, such as discounts and free shipping, when purchasing online. Building on the context mentioned above, the research problem addressed in this study is whether brand image mediates the influence of ambassadorship, pricing strategies, and promotional activities on purchasing decisions among marketplace users.

Previous Research

The study conducted by Almaida et al. (2020) on "The Influence of Brand Ambassadors on Purchase Decisions" corroborates earlier findings from Gauns et al. (2018), indicating that a significant portion of consumers finds celebrity-endorsed advertisements more appealing than those lacking celebrity endorsements. Consumers tend to gravitate toward purchasing products endorsed by their favorite celebrities. Another pertinent study by Mbete and Tanamal (2020), investigating "The Influence of Convenience, Service Quality, Price, Trust in Information Quality, and Brand Image on

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Consumer Purchase Decisions in Shopee Online Purchases," reveals that price and brand image exert a significant and positive influence on consumer purchase decisions on Shopee online purchases.

Furthermore, the recent research by Probosini et al. (2021), delving into the "Influence of Promotion and Brand Ambassador on Purchase Decisions of X Marketplace Users with Brand Image as an Intervening Variable," suggests that brand ambassadors have a significant and positive impact on brand image. Partial test results indicate that promotions significantly and positively influence purchase decisions, further confirming that brand image influences purchase decisions. Moreover, partial testing reaffirms the significant influence of brand ambassadors on purchase decisions. Simultaneous testing demonstrates a notable positive influence, wherein brand image mediates between promotions and purchase decisions and between brand ambassadors and purchase decisions. Enhanced promotions, brand ambassadors, and brand image can augment purchase decisions.

Research Method

The research employs a quantitative methodology, a scientific approach reliant upon numerical data to gather information, analyze phenomena, and evaluate hypotheses. This methodology facilitates the measurement of variables pertinent to the study, enabling researchers to derive conclusions through statistical analysis. In this instance, the author sampled 390 marketplace users, determined through the application of Cochran's formula due to an unknown population size despite the initially calculated 381.4 figure. Data collection was executed via an online questionnaire administered through Google Forms. Respondents were individuals who had made online purchases on the Indonesian marketplace. The research model is depicted in Figure 1 below:

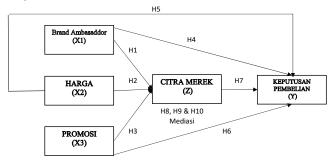


Figure 1. Research Model

Results

The demographic statistical summary reveals that the gender distribution comprises 194 women and 166 men. The predominant age group among respondents is 21-30 years old, constituting 45%, followed by 41-50 at 23%. Most respondents identify as students, comprising 41.7% of the sample, followed by employees at 32%. Regarding education level, 60% are undergraduates, and 32% are students, while no respondents reported having attained elementary or junior high school education. Regarding income, 36% earn less than 1,500,000, whereas 35% earn more than 5,000,000. Among the 390 respondents, 52% have made purchases through the marketplace, with 24.5% having made more than three purchases. Figure 2 below depicts the outer model of this study.

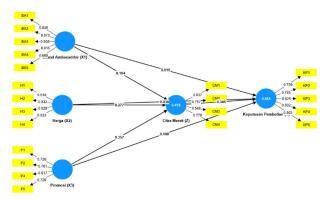


Figure 2. Outer Model

Validity, Reliability, and Multicollinearity Test

The results of the validity and reliability tests demonstrate favorable values for the instruments utilized by the authors. A succinct overview of the findings reveals that each variable exhibits an outer loading exceeding 0.7. While there are a few indicators with outer loading values below 0.7, they remain within an acceptable range as they fall between 0.5 and 0.6. Although an indicator's robustness is typically indicated by a correlation exceeding 0.70 with the measured structure, Ghozali (2006) suggests that loading values ranging from 0.5 to 0.6 are deemed adequate during the initial stages of scale development.

Concerning the reliability test, Cronbach's Alpha values are as follows: 0.864 for the brand ambassador variable, 0.783 for price, 0.725 for promotion, and 0.848 for purchase. According to Ghozali (2011), a variable is deemed reliable if it yields a Cronbach Alpha (a) value exceeding 0.6, with Smart PLS indicating a preferred critical value surpassing 0.7. In Smart PLS, the sole assumption test available is for multicollinearity. The Collinearity Statistics (VIF) results confirm that each variable correlates by less than 3. Given that all VIF values fall below the critical value of 3, it is evident that there is no correlation among variables, thereby satisfying the multicollinearity hypothesis test.

Goodness of Fit Model

This study's goodness-of-fit assessment encompasses the calculation of R2, Q2, and NFI. Analysis of the results indicates that the combined effect of brand ambassadors, promotions, and prices on brand image amounts to 41.9% (R2 = 0.419). Furthermore, the second R2 result indicates that the influence of brand ambassadors, promotions, and prices on purchasing decisions stands at 56.5% (R2 = 0.565). Regarding the Q-Square test, the calculated value is 0.748, akin to the coefficient of determination (R-Square) in regression analysis, suggesting that a higher Q-Square value corresponds to a better fit of the model to the data. Lastly, the NFI fit model index exhibits a value exceeding 0.1, indicating a favourable fit between the proposed model and the observed data, with higher values denoting a superior fit.

Directional Hypothesis Testing

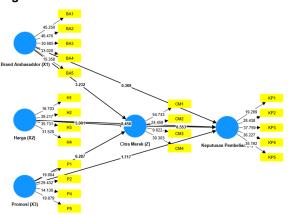


Figure 3. Inner Model

Figure 3 above depicts the inner model of this study. The analysis results reveal a significantly positive effect of the three independent variables. Specifically, the brand ambassador variable (3.232), price (5.001), and promotion (6.287) exert a notable influence on brand image, surpassing the critical value (1.967 or 2). Conversely, the impact of brand ambassadors (0.369 < 1.967) on purchasing decisions is positive yet insignificant. Notably, the price variable significantly positively affects purchasing decisions, with a test result of 8.458 > 1.967. However, the promotion variable fails to achieve significance, as the t-value stands at 1.717 < 1.967, with the study not utilizing the 10% significance level. Lastly, the direct effect observed in this study indicates a positive and significant relationship between the brand image variable and purchasing decisions, as evidenced by a t-test value of 6.553 > 1.967. Table 1 below shows the direct effects of the research model.

Table 1. Direct Effect

Path Coefficients	Number of Hyp	Coeffi.	t Statistics	Critical Value	Conclusion
Brand Ambassador → Citra Merek	H_1	0,164	3,232	1,967	+ Significant
Promosi → Citra Merek	H_3	0,357	6,287	1,967	+ Significant
<i>Brand Ambassador</i> → Keputusan Pembelian	H ₄	0,015	0,369	1,967	+ Not significant
Harga → Keputusan Pembelian	H ₅	0,430	8,458	1,967	+ Significant
Promosi → Keputusan Pembelian	H_6	0,100	1,717	1,967	+ Not significant
Citra Merek→ Keputusan Pembelian	H ₇	0,345	6,553	1,967	+ Significant

Indirect Hypothesis Testing

The analysis results for the indirect effect reveal that brand image mediates the influences of the three independent variables—brand ambassadors (2.785), price (3.957), and promotion (4.565)—on the dependent variable, purchasing decisions. Notably, the mediation t-test value exceeds the threshold of 1.967, indicating significance. This underscores the pivotal role of brand image in elucidating the factors that interconnect these variables, thereby aiding in the design of more effective interventions or strategies to influence the independent variable on the dependent variable. Table 2 below delineates the indirect effects of the research model.

Table 2. Indirect Effect

Indirect Effects	Original Sample	t Statistics	Critical value	Conclusion
Brand Ambassador → Citra Merek → Keputusan	0,057	2,785	1,967	+ Significant
Pembelian				
Harga → Citra Merek → Keputusan Pembelian	0,096	3,957	1,967	+ Significant
Promosi → Citra Merek → Keputusan Pembelian	0,123	4.565	1,967	+ Significant

Conclusions

Within a marketplace platform, consumer attention gravitates towards various facets such as brand ambassadors, prices, and promotions, which significantly influence the company's brand image and subsequent purchasing decisions. Brand ambassadors serve as instrumental figures for companies, fostering consumer awareness by introducing products or companies tailored to each ambassador's segmentation and stimulating consumer interest in purchasing decisions. Conversely, price represents a value exchange mechanism for products or services, contingent upon consumer needs and circumstances. Price, albeit relative, aligns with product quality; however, intense price competition prevails amidst products of commendable quality within the marketplace. Promotions constitute a strategic tool companies employ to entice consumers toward their products. The amalgamation of brand ambassadors, appealing prices, and promotions synergistically cultivates a brand image, catalyzing purchasing decisions.

The findings of this study serve as substantive material for discussion, shedding light on the intricate dynamics between brand ambassadors, prices, promotions, brand image, and purchasing decisions within the marketplace milieu. The results of this study can be taken as material for discussion as follows:

- 1. The Effect of Brand Ambassadors on Brand Image:

 The analysis indicates a significant positive effect of brand ambassadors on brand image (3.232 > 1.967). This suggests that consumers place trust in brand ambassadors, who serve as conduits for product or brand-related education. Consequently, this influences consumer awareness and perception, forming a positive brand image. Previous studies (Arwani, 2022; Murdiana, 2020; Probosini et al., 2021) corroborate these findings, emphasizing brand ambassadors' direct and positive impact on brand image.
- 2. The Effect of Price on Brand Image:

 The analysis reveals a positive and significant effect of price on brand image (5.001 > 1.967), highlighting the pivotal role of pricing strategies in shaping brand perception. As a fundamental element, price resonates strongly with consumers within the marketplace context, influencing brand image. Previous research (Mbete and Tanamal, 2020; Muhammad Abdul Afif, 2020) aligns with these findings, emphasizing the significance of price in brand image formation.

- 3. The Effect of Promotion on Brand Image:
 - Results indicate a positive effect of promotion on the brand image (6.287 > 1.967), underscoring the impact of promotional activities on enhancing brand perception among marketplace users. Notably, intensified promotional efforts such as seasonal events and free shipping promotions bolster brand image. Previous studies (Pradnyana and Suryanata, 2020) support these findings, emphasizing the positive relationship between promotion and brand image.
- 4. The Effect of Brand Ambassadors on Purchasing Decisions:
 - Analysis suggests that brand ambassadors do not significantly influence purchasing decisions (0.369 < 1.967). Potential reasons include vague or less persuasive messaging from brand ambassadors or consumers' consideration of personal purchasing needs. While some previous research (Wulandari, 2018; Almaida et al., 2020) indicates a significant positive effect, other studies (L. Gunawan et al., 2021) align with our findings, highlighting the inconsistency in the impact of brand ambassadors on purchasing decisions.
- 5. The Effect of Price on Purchasing Decisions:
 Results demonstrate a positive effect of price on purchasing decisions (8.458 > 1.967), suggesting that consumers are inclined to opt for cheaper alternatives when making purchasing decisions. This finding is consistent with previous research (Mbete and Tanamal, 2020; F. S. A. C. Gunawan, 2017), emphasizing the influence of price perception on consumer behavior.
- 6. The Effect of Promotion on Purchasing Decisions:

 The analysis indicates that promotion does not significantly affect purchasing decisions (1.717 < 1.967). This may be attributed to promotions being conducted by product manufacturers rather than the marketplace company, leading consumers to perceive insufficient information on the marketplace website. While previous studies (Andri, Irda, 2016; Novianti and Purba, 2022; Rizqillah and Kurniawan, 2020) suggest a significant positive effect, our findings underscore the need for further investigation into the direct impact of promotion on purchasing decisions.
- 7. The Effect of Brand Image as a Mediator:
 Brand image effectively mediates the influence of all independent variables on purchasing decisions (t-statistics 2.785; 3.957; 4.565 all > 1.967). This underscores the pivotal role of brand image in expediting consumer purchasing decisions, as higher values of independent variables correlate with swifter buying decisions due to the significant influence of brand image. These findings align with previous research (Murdiana, 2020; Probosini et al., 2021), emphasizing the mediating role of brand image in facilitating purchasing decisions.

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