



## THE EFFECT OF DIGITAL MARKETING AND PRODUCT QUALITY ON PURCHASE INTENTION AT OI KAFE SURABAYA

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### Abstract

This study was conducted with the aim of analyzing the effect of digital marketing on product purchase intention at Oi Kafe and to analyze the effect of product quality on product purchase intention at Oi Kafe. The data analysis used in this study used SEM-PLS analysis with the WarpPLS approach. The use of the PLS method as an analysis technique has the advantage that the sample used does not have to be large and can be used in developing a theory. The results of this study indicate that digital marketing has a positive and significant effect on purchase intention at Oi Kafe. The Oi Kafe Instagram content provided is informative. Consumers feel attracted to content with an attractive design and appearance on Oi Kafe's Instagram. Product quality has a positive and significant effect on buying interest in Oi Kafe. Consumers feel interested in making purchases with the attractive packaging offered which increases the durability of coffee products.

**Keywords:** Digital Marketing, Product Quality and Purchase Intention

### INTRODUCTION

Recent business competition is increasingly complex, encouraging business owners to think innovatively and creatively in order to bring excellence to a business. One way to improve business is by utilizing the internet. The internet is not only a means of finding information, but facilitates people in their daily activities. Communication using the internet continues to grow regardless of distance, place and time. In line with the development of the internet, many companies have shifted from conventional marketing to online marketing. Online marketing provides great opportunities and provides many advantages in its application (Nikmah, 2017).

Table 1 Population and Internet Users in Indonesia

Year	Total	
	Population (Million)	Internet Users (Million)
2018	265	132
2019	268	150
2020	272	175
2021	274	202
2022	277	204

Source : (We Are Social & Hootsuite, 2022)

Table 1 shows that Indonesia in 2018 had a population of 265 million, and internet users in 2018 were 132 million. It continues to increase from year to year so that in 2022, Indonesia has a population

of 277 million people and internet users of 204 million people. This is a great opportunity that can be utilized by companies in developing digital-based marketing strategies, a concept commonly called digital marketing, internet marketing, and online marketing which has the same concept (Saputra, 2020). Digital marketing is also used as a consumption mechanism using a platform that can strengthen various functions within the company, because it can connect companies with consumers (Ayuni & Cangara, 2019). Therefore, business opportunities that apply digital must be utilized properly.

Coffee shops have become part of people's lifestyles and trends in Indonesia. People consume coffee making coffee a tradition in modern times (Rahmawati, 2023). Currently, in Surabaya, there are many coffee shops or coffee shops with various different concepts. One of the coffee shops that still survives amid the current swift flow of competition is Oi Kafe, which is the object of research in this study. Oi Kafe is a coffee shop located on Jl. Ketintang Madya No. 187, Karah Village, Jambangan District, Surabaya City which was founded by Nabawi Yachi in 2020. Based on observations of researchers' interviews with the owner, it is known that Oi Kafe has several advantages, including a strategic location.

Table 2 Number of Instagram Coffee Shop Followers in Surabaya

Coffee Shop	Number of Followers (People)
Jokopi	21.400
Okui Kopi	11.400
Verte Cafe	7.156
Vanko Kopi	6.539
Oi Kafe	5.800

Oi Kafe uses social media in its marketing media. Oi Kafe is active on Instagram social media called @oi.kafe which has reached 5.8 thousand followers. Oi Kafe utilizes Instagram to communicate with consumers and potential consumers by utilizing various features available on Instagram. Table 2 above shows that followers on Oi Kafe's Instagram social media are relatively low compared to other competitors, especially coffee shops in Surabaya.

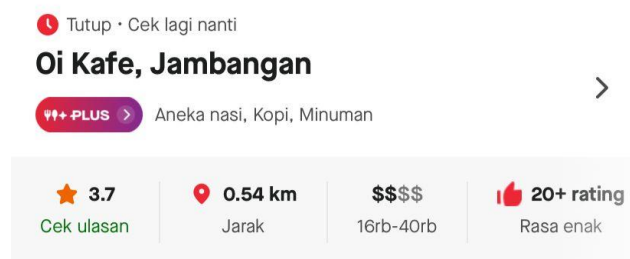


Figure 1 Oi Kafe Review

Figure 1 shows that reviews from consumers on e-commerce go food give an assessment of 3.7 out of 5, this value is classified as low. Poor product quality makes consumers give low scores on reviews. Based on observations and interviews, it is known that the company has not used digital-based

marketing optimally. This is shown by the lack of promotion on various digital platforms that can be done to encourage increased sales. In addition, from the interview, it was found that Oi Kafe's income was still fluctuating.

Based on this description, the researcher wants to conduct this study to determine the influence of the use of digital marketing and the quality of products provided through social media Oi Kafe Surabaya so that it can measure the influence of digital marketing and the quality of products provided on product purchase interest at Oi Kafe Surabaya.

## **LITERATURE REVIEW**

### **Coffee**

Coffee plants are superior export commodities developed in Indonesia because they have relatively high economic value in the world market. The demand for Indonesian coffee from time to time continues to increase because like Robusta coffee has the advantage of a fairly strong form and Arabica coffee has unique and excellent taste characteristics (acidity, aroma, flavor) Coffee is an important commodity in the world. When viewed from its trade value, coffee is a major foreign exchange contributor in many developing countries (Winarno, 2021).

### **Digital Marketing**

According to Chaffey & Chadwick (2019), Digital marketing is the application of the internet and relates to digital technology where it relates to traditional communication to achieve marketing goals. In addition, digital marketing can provide convenience, comfort, versatility, and faster than others for consumers (Sabila, 2019).

### **Product Quality**

Product quality is the ability of a product to demonstrate its function, including overall durability, reliability, accuracy, ease of operation, product repair, and other product attributes (Kotler & Keller, 2016). Product quality is an important factor in running a business, where product quality determines the level of customer satisfaction and also the future of the company.

### **Purchase Intention**

Purchase interest is part of consumer behavior that has a desire to make purchases of a product based on experience and desire for a product (Kotler & Keller, 2016). Consumer buying interest is largely influenced by consumer confidence itself, to be able to attract consumer buying interest, online sellers must be able to increase consumer confidence.

## **METHOD**

This research was conducted at Oi Kafe which is located on Jl. Ketintang Madya no. 187, Karah Village, Jambangan District, Surabaya City. The determination of the location was carried out purposively (purposive method) because Oi Kafe stands in a strategic location, which is close to educational institutions such as schools, universities and settlements. The sampling technique used in this study is using nonprobability sample technique. The data collected in this study are primary and secondary data. The data analysis used in this research is SEM-PLS (Structural Equation Modeling-Partial Least Square) analysis using the WarpPLS 8.0 application.

## RESULTS AND DISCUSSION

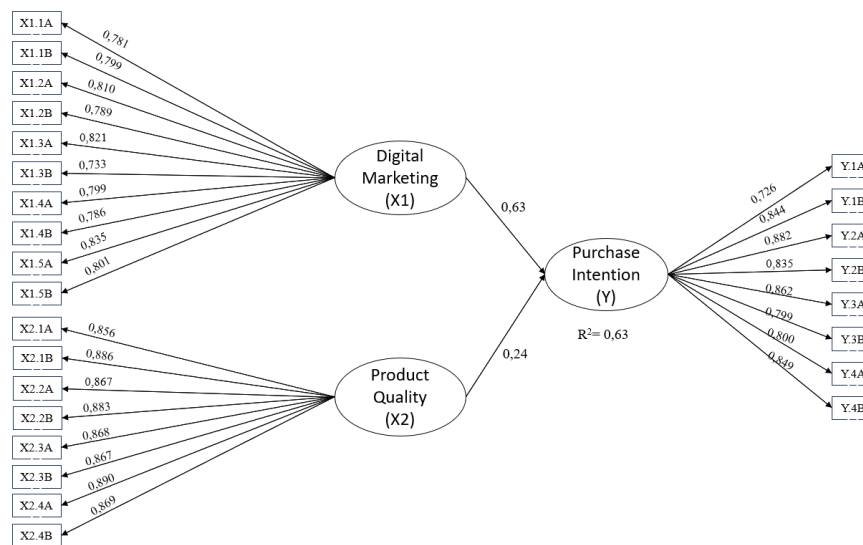


Figure 2 Research Path Diagram

Figure 2 shows the loading factor value which can show the relationship between an indicator and a latent variable. The loading factor value on the indicator must have a value of more than 0.7 to be able to reflect well on a latent variable. The greater the loading factor value produced, the greater the contribution of an indicator in reflecting the latent variable.

Table 3 Quadratic Value of AVE

Variables	X <sub>1</sub>	X <sub>2</sub>	Y
X <sub>1</sub>	<b>(0.796)</b>	0.613	0.766
X <sub>2</sub>	0.613	<b>(0.874)</b>	0.583
Y	0.766	0.583	<b>(0.826)</b>

Table 3 shows that the square root value of AVE shown in the diagonal column which is bracketed and bolded is greater than the correlation between latent constructs in the same column. The AVE square root value > from the latent construct, it can be said to have good discriminant validity value.

Table 4 Value of *Composite Reliability* dan *Cronbach Alpha's*

Variables	AVE	<i>Composite Reliability</i>	<i>Cronbach Alpha's</i>

Digital Marketing (X <sub>1</sub> )	0,633	0,945	0,936
Product Quality (X <sub>2</sub> )	0,763	0,963	0,953
Purchase Intention (Y)	0,682	0,945	0,933

Table 4 shows the AVE value of each variable is above 0.5, indicating that there are no convergent validity problems in the tested model so that the constructs in this research model can be said to have good discriminant validity. The composite reliability value and Cronbach Alpha's of each construct are above the value of 0.70. It can be concluded that all constructs have good reliability so that they are in accordance with the minimum value limit set.

Table 5 Goodness Of Fit

Model Fit and <i>Quality Indices</i>	Criteria	Results
<i>Average path coefficient (APC)</i>	P < 0,05	0.433, P<0.001
<i>Average R-squared (ARS)</i>	P < 0,05	0.631, P<0.015
<i>Average adjusted R-squared (AARS)</i>	P < 0,05	0.624, P<0.018
<i>Average block VIF (AVIF)</i>	Accepted if ≤ 5, Ideal ≤ 3.3	1.551
<i>Average full collinearity VIF (AFVIF)</i>		2.309
<i>Tenenhaus GoF (GoF)</i>	Small ≥ 0,1, Medium ≥ 0,25, Large ≥ 0,36	0.661
<i>Sympson's paradox ratio (SPR)</i>	Accepted if ≥ 0.7, ideal = 1	1.000
<i>R-squared contribution ratio (RSCR)</i>	Accepted if ≥ 0.9, ideal = 1	1.000
<i>Statistical suppression ratio (SSR)</i>	Accepted if ≥ 0.7	1.000
<i>Nonlinear bivariate causality direction ratio (NLBCDR)</i>	Accepted if ≥ 0.7	1.000

Table 5 shows that all goodness of fit requirements have met the rule of thumb criteria, therefore it can be concluded that the evaluation results show the overall research model has a good fit and is considered feasible.

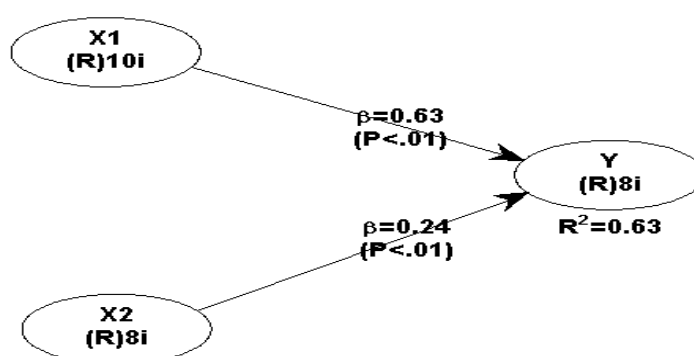


Figure 3 WarpPLS Output Model

Figure 3 shows the results of R-squared (R<sup>2</sup>) of 0.63, this means that the contribution of the influence of digital marketing variables and product quality is 63% while the remaining 47% is the contribution of other variables not discussed in this study.

Table 6 Hypotesis Test

Hypotesis	Path Corelation	Path Coefficient	<i>p-value</i>	Result
H1	<i>Digital Marketing</i> ► Purchase Intention	0,63	<0,01	Ha accepted
H2	Product Quality ► Purchase Intention	0,24	<0,01	Ha accepted

### The Effect of Digital Marketing on Purchase Intention

Table 6 Hypotesis Test above shows that Hypotesis 1, namely the effect of digital marketing ( $X_1$ ) on purchase intention (Y) has a direct positive effect and the  $p$ -value  $<0.05$  of the purchase intention variable ( $\beta=0.63$ ,  $p<0.01$ ). For the path coefficient value, it shows a direct positive effect and the  $p$ -value  $<0.05$  of the digital marketing variable ( $\beta=0.63$ ,  $p<0.01$ ) on purchase intention. The positive direction of the relationship indicates that the better the digital marketing is implemented, the more buying interest will also increase. The test results can be concluded that there is a significant influence between digital marketing ( $X_1$ ) on purchase intention (Y).

Table 7 Path Coefficient of Digital Marketing indicator

Indicator	Code	<i>Path coefficient</i>	<i>p-value</i>	Description
Accessibility	X1.1A	0.781	<0.001	VALID
	X1.1B	0.799	<0.001	VALID
Interactivity	X1.2A	0.810	<0.001	VALID
	X1.2B	0.789	<0.001	VALID
Entertainment	X1.3A	0.821	<0.001	VALID
	X1.3B	0.733	<0.001	VALID
Trust	X1.4A	0.799	<0.001	VALID
	X1.4B	0.786	<0.001	VALID
Information	X1.5A	0.835	<0.001	VALID
	X1.5B	0.801	<0.001	VALID

The results of data processing in Table 7 show that all digital marketing indicators have a  $p$ -value lower than the significant alpha value of 5% or 0.05. This shows that all indicators of digital marketing have a positive effect on buying interest in Oi Kafe. Based on the table, the largest path coefficient value is found in the information indicator (X1.5A), where the information displayed on Oi Kafe's Instagram social media according to consumer needs gets a value of 0.835. The lowest path coefficient value is in the entertainment indicator (X1.3B), where giving gifts in the form of discounts during certain events on Oi Kafe's Instagram social media gets a value of 0.733. Instagram social media is a source of business knowledge. Quality information can be disseminated. Through Instagram social media, finding the information needed is very easy for consumers. The results of this study are in accordance with research conducted by Farohah (2021) entitled "The Effect of Digital Marketing Mix

and Brand Awareness on Consumer Purchase Interest in Coffee Drinks Fore Senayan Branch". This study aims to determine the effect of digital marketing and brand awareness on buying interest in Fore Coffee drinks, Senayan Branch. The results of the analysis show that digital marketing has a positive and significant effect on consumer buying interest in Fore Coffee drinks at Senayan Branch.

### The Effect of Product Quality on Purchase Intention

Table 6 shows Hypothesis 2, namely the effect of product quality ( $X_2$ ) on purchase intention (Y) has a direct positive effect and the p-value  $<0.05$  of the purchase intention variable ( $\beta=0.24$ ,  $p<0.01$ ). The path coefficient value shows a direct positive effect and a p-value  $<0.05$  of the product quality variable ( $\beta=0.24$ ,  $p<0.01$ ) on purchase intention. The positive direction of the relationship indicates that if the better the product quality is applied, the purchase intention will also increase. The test results can be concluded that there is a significant influence between product quality ( $X_2$ ) on purchase intention (Y).

Table 8 *Path Coefficient* of Product Quality Indicator

Indicator	Code	<i>Path coefficient</i>	<i>p-value</i>	Description
Durability	X2.1A	0.856	$<0.001$	VALID
	X2.1B	0.886	$<0.001$	VALID
Speciality	X2.2A	0.867	$<0.001$	VALID
	X2.2B	0.883	$<0.001$	VALID
Suitability	X2.3A	0.868	$<0.001$	VALID
	X2.3B	0.867	$<0.001$	VALID
Aesthetics	X2.4A	0.890	$<0.001$	VALID
	X2.4B	0.869	$<0.001$	VALID

The results of data processing in Table 8 show that all indicators of product quality have a p-value lower than the significant alpha value of 5% or 0.05. This shows that all indicators of product quality have a positive effect on buying interest in Oi Kafe. Based on Table 4.15, the largest path coefficient value is found in the aesthetics indicator (X2.4A), where the packaging of coffee products that attracts consumer attention is 0.890. The lowest path coefficient value is the durability indicator (X2.1A), where the durability of Oi Kafe coffee products gets a value of 0.856. Proper product packaging is very important to maintain quality and attract consumers. With attractive packaging, the product will be more easily recognized by consumers, arouse consumer curiosity so that consumers are more interested in making purchases. The results of this study are in accordance with research conducted by Erlangga (2023) entitled "The Effect of Sales Promotion, Experiential Marketing, Product Quality and Service Quality on Repurchase Interest in Café Escalation Space in Bandung City". The results of the analysis show that product quality has a positive and significant effect on buying interest in Café Escalation Space Bandung.

### CONCLUSION

Based on the research conducted, the conclusion that can be drawn from this research is that digital marketing ( $X_1$ ) has a positive and significant effect on buying interest in Oi Kafe. The Oi Kafe Instagram content provided is informative. Consumers feel attracted to content with an attractive design and appearance on Oi Kafe's Instagram. Product quality ( $X_2$ ) has a positive and significant effect on buying interest in Oi Kafe. Consumers feel interested in making purchases with the attractive packaging offered which increases the durability of coffee products.

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