

THE EFFECT OF DIGITAL MARKETING ON PURCHASING DECISIONS WITH BRAND IMAGE AS A MEDIATING VARIABLE IN SMALL AND MEDIUM-SIZED ENTERPRISES IN PURWOKERTO

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Abstract

This study aims to determine the effect of digital marketing on purchasing decisions with brand image as a mediating variable in MSMEs in Purwokerto. This study departs from the research gap in previous studies, which had differing results. This study is a quantitative study whose primary data was obtained through the distribution of questionnaires via Google Forms. A total of 144 samples were obtained and analyzed using the SEM-PLS method with the SmartPLS4 analysis tool. The results indicate that digital marketing has a positive influence on purchasing decisions, digital marketing has a positive influence on brand image, brand image has a positive influence on purchasing decisions, and brand image partially mediates the influence of digital marketing on purchasing decisions among SMEs in Purwokerto.

Keywords: Digital Marketing, Brand Image, Purchasing Decisions, Small and Medium-Sized Enterprises, Content Marketing

INTRODUCTION

Technological advances have led to digitalization, which is the transition of information, systems, and services that were previously analog-based to digital formats that allow for wider access and more efficient data processing. Digitalization in the world of marketing, also known as digital marketing, according to Putri et al. (2024), can be done through social media, websites, and e-commerce. According to data from We Are Social in 2024, 47.9% of users utilize social media to seek inspiration for things to do or purchase. The use of social media is closely tied to the content it contains, which is of interest to users. GoodStats reported in 2024 that 50% of users access shopping content on social media. In addition to social media, the use of e-commerce has also increased significantly. According to GoodStats data for 2023, Shopee had 158 million users in the first quarter and 167 million in the second quarter, while Tokopedia had 117 million users in the first quarter and 107.2 million in the second quarter.

In Purwokerto itself, based on research conducted by Rafinda et al. (2023); Rifa'i & Oktaviana (2020); and Sholikhatin et al. (2022), SMEs in Purwokerto have undergone training in the application of digital marketing. Furthermore, in research conducted by Faeda et al. (2023), there are SMEs in Purwokerto that have implemented digital marketing strategies through live streaming on TikTok.

Furthermore, there is a research gap between the study conducted by Putri & Munas (2023) and the study conducted by Triadinda & Masruriyah (2024). Where Putri & Munas (2023)

state that digital marketing has a positive effect on purchasing decisions and brand image can mediate the relationship between the two. Meanwhile, Triadinda & Masruriyah (2024) state that digital marketing does not affect purchasing decisions and brand image mediates the indirect influence of digital marketing on purchasing decisions. The S-O-R theory is used in this study because it effectively describes the flow of the consumer decision-making process in the context of digital marketing.

LITERATURE REVIEW AND HYPOTHESIS FORMULATION

Digital marketing is a marketing strategy that involves the use of technology and digital channels to promote products and build relationships with consumers (Kotler & Keller, 2016). Digital marketing can be carried out through social media, websites, or e-commerce to reach a wider audience (Putri et al., 2024). According to Nasdini (2012) in Erna (2023), the indicators of digital marketing include Accessibility, Interactivity, Entertainment, Credibility, and Informativeness.

Brand image, also known as brand perception, is the overall perception of a brand formed through brand-related information associated with attitudes of confidence and preferences toward a brand (Kotler & Keller, 2016). Consumer perceptions include product quality, the brand image formed, and the values associated with the brand (Basuki et al., 2023). Brand image indicators according to Kotler & Keller (2016) and Ronitua et al. (2018) include Strength, Uniqueness, and Favorable.

Purchase decisions are part of consumer behavior or the study of how consumers choose, buy, and satisfy their needs and desires (Kotler & Keller, 2016). Purchase decisions are actions of choosing from two or more alternatives (Anwar & Andrean, 2021). The purchasing decision process according to Kotler & Keller (2009) includes Problem Recognition, Information Search, Alternative Evaluation, Purchasing Decision, and Post-Purchase Behavior. Furthermore, the indicators of purchasing decisions according to Thompson (2016) include Based on Needs, Usefulness, Suitability when purchasing a product, and Repeat Purchases.

The research hypotheses were developed based on research gaps found in previous studies. These hypotheses are as follows:

The Influence of Digital Marketing on Purchasing Decisions

Digital marketing is a marketing strategy that involves the use of technology and digital channels to promote products and build relationships with consumers (Kotler & Keller, 2016). With digital marketing, consumer reach becomes broader, faster, and more personalized. The use of digital marketing as a means of sales and promotion enables companies and MSMEs to reach a wider audience and engage directly with customers, increasing sales opportunities and effectively building brand loyalty.

Digital marketing strategies can be implemented through various methods and platforms, including social media, email marketing, content marketing, e-commerce, and websites (Jadhav et al., 2023). This makes it easier for consumers to obtain information about products, make comparisons, and ultimately make purchasing decisions. Consumer behavior theory suggests that relevant and easily accessible information can influence consumers in evaluating alternatives and making choices. Through digital marketing, businesses such as SMEs have the opportunity to present information that is interesting, interactive, and tailored to the needs of the target market, thereby increasing the likelihood of consumers making a purchase. Therefore, the author assumes that the better the implementation of digital marketing by SMEs, the greater the likelihood of consumers making a purchase decision. This is supported by previous studies such as those conducted by Basuki et al. (2023); Dewi et al. (2024); Putri & Munas (2023), which state that digital marketing has a positive influence on purchasing decisions.

H1: Digital marketing has a positive influence on purchasing decisions

2.The Influence of Digital Marketing on Brand Image

Digital marketing is closely related to the formation of a brand image. As stated by Dewi et al. (2024) digital marketing is a strategy aimed at stimulating positive consumer responses in order to improve brand image, which in turn leads to purchasing decisions. Brand image, or brand perception, is consumers' perception of a brand based on their experiences, information, and interactions with the brand. In the digital age, consumer perception is greatly influenced by how a brand presents itself and communicates through digital channels. If digital marketing strategies are implemented consistently, attractively, and relevantly, they not only increase brand visibility or exposure but also create a positive impression in consumers' minds.

Through digital marketing, businesses such as SMEs have the opportunity to create brand narratives, showcase the unique values of their products, and even build emotional connections with consumers. SMEs can strengthen their identity and enhance their positive image in the eyes of their audience through visual content, brand storytelling, and responsive interactions on digital media. Therefore, the author assumes that effective digital marketing will have a positive impact on the brand image of SMEs. This is also supported by several previous studies, such as those conducted by Basuki et al. (2023); Putri & Munas (2023); Saidi et al. (2023); Triadinda & Masruriyah (2024), which state that digital marketing has a positive effect on brand image.

H2: Digital marketing has a positive influence on brand image

The Influence of Brand Image on Purchasing Decisions

Brand image is the perception that comes to mind when consumers think of a brand. Before making a purchase, consumers tend to pay attention to the brand image of a product. Brand image is derived from information and consumer experiences with the brand. Cakranegara et al. (2022) in Basuki et al. (2023) state that a product or service with good or poor quality will become a representation that is one of the considerations for consumers in making purchasing decisions. Therefore, brand image plays a crucial role in building consumer trust and loyalty. If consumers have a positive perception of a particular brand, they are more likely to associate the brand with quality, credibility, and the added value they seek, ultimately leading them to prefer products from that brand over others.

Through brand image, consumers can make decisions more easily, especially when faced with many choices. Brands with a positive and strong image are more easily trusted, even when consumers have never tried the product. Therefore, the author assumes that a good and strong brand image will increase the likelihood of a purchase decision. This is also supported by previous studies such as those conducted by Basuki et al. (2023); Putri & Munas (2023); Triadinda & Masruriyah (2024) stated that brand image has a positive effect on purchasing decisions.

H3: Brand Image has a positive influence on purchasing decisions

The Influence of Brand Image in Mediating the Relationship between Digital Marketing and Purchasing Decisions

The relationship between digital marketing and purchasing decisions is not always direct. Sometimes, or even in many cases, the effects of digital marketing are strengthened or weakened by other factors, including brand image. If the digital marketing strategy implemented is able to create a positive and strong perception of the brand, then the brand image that is formed can become a bridge that connects and strengthens the relationship between digital marketing and purchasing decisions.

The effectiveness of digital marketing in shaping brand image will encourage consumers to make purchasing decisions. Therefore, the author uses the brand image variable to explain how and to what extent digital marketing can influence purchasing decisions. This is also supported by previous studies such as those conducted by Basuki et al. (2023); Dewi et al. (2024); Putri & Munas (2023); Saidi et al. (2023); Triadinda & Masruriyah (2024), who have also used brand image as a mediating variable, indicating that the influence of digital marketing on purchasing decisions can occur through brand image.

H4: Brand image mediates the influence of digital marketing on purchasing decisions

RESEARCH METHODS

The research method used in this study is quantitative, with data obtained through a survey using questionnaires. This study was conducted from May to June 2025 in Purwokerto. The variables used include digital marketing, brand image, and purchasing decisions. The subjects of the study are SMEs in Purwokerto. The population in this study consists of consumers of SME products in Purwokerto who use social media and e-commerce. The sample was selected using purposive sampling with the following criteria: (1) Minimum age of 17 years. (2) Have purchased SME products in Purwokerto either directly or through e-commerce. (3) Have viewed SME promotional content in Purwokerto online. The sample size used was 144 samples. Data was collected through an online questionnaire distributed via Google Forms, with the measurement scale used being the Likert scale. The data obtained was then analyzed using the Structural Equation Modeling (SEM) method, which allows the relationships between observed variables (manifest variables) and the underlying constructs or factors (latent variables), as well as the relationships among latent variables themselves, to be analyzed by the researcher. The tool used was SmartPLS 4.

RESULTS AND DISCUSSION

The test conducted using the SEM-PLS analysis method produced the following research model:

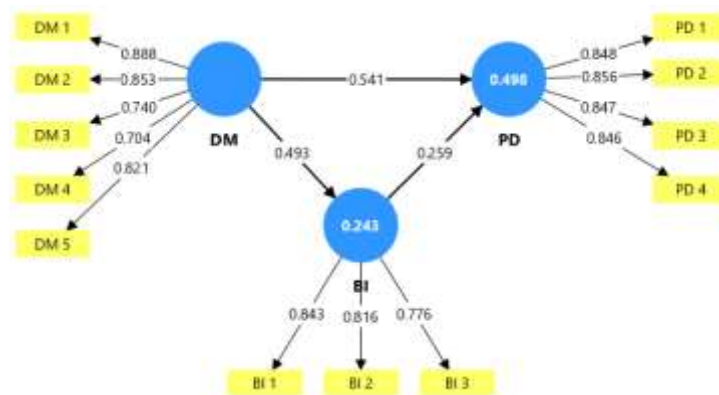


Figure 1. SEM-PLS Model

Convergent Validity Test

Table 1. Loading Factor Analysis

	BI	DM	PD
BI 1	0,843		
BI 2	0,816		
BI 3	0,776		
DM 1		0,888	
DM 2		0,853	
DM 3		0,740	
DM 4		0,704	
DM 5		0,821	
PD 1			0,848
PD 2			0,856
PD 3			0,847
PD 4			0,846

Table 2. Average Variance Extracted

	AVE	Description
Brand Image	0,659	Passed
Digital Marketing	0,647	Passed
Purchasing Decisions	0,721	Passed

The results show that all indicators have a factor loading value of more than 0.6 and all variables have an Average Variance Extracted (AVE) value greater than 0.5. Thus, all variables in this research model are declared valid and each construct is able to explain $\geq 50\%$ of the variance of its measurement indicators.

Discriminant Validity Test

Table 3. Discriminant Validity

	BI	DM	PD
BI	0,812		
DM	0,493	0,804	
PD	0,526	0,669	0,849

The results show that the square root of each construct's AVE is greater than the construct's correlation with other variables, indicating that discriminant validity in this study is good.

Reliability Test

Table 4. Cronbach's Alpha

	Cronbach's Alpha	Description
Brand Image	0,754	Passed
Digital Marketing	0,861	Passed
Purchasing Decisions	0,871	Passed

Table 5. Composite Reliability

	Composite Reliability	Description
Brand Image	0,853	Passed
Digital Marketing	0,901	Passed
Purchasing Decisions	0,912	Passed

The results show that Cronbach's Alpha for each variable is > 0.6 . Additionally, the Composite Reliability for each variable is > 0.6 . Therefore, all variables in this study are reliable.

R-Square Test

Table 6. R-Square

	R-Square	Description
Brand Image	0,237	Weak
Purchasing Decisions	0,491	Weak to moderate

The results show that the R-Square value of the brand image variable is 0.237, which falls into the weak category, and the R-Square value of the purchase decision variable is 0.491, which falls into the weak to moderate category.

F-Square Test

Table 7. F-Square

	BI	DM	PD
BI			0,101
DM	0,320		0,441
PD			

The results show that:

1. The influence of the digital marketing variable on the brand image variable is 0.320. Thus, the influence of the digital marketing variable on the brand image variable falls into the moderate category.
2. The influence of the brand image variable on the purchase decision variable is 0.101. Therefore, the influence of the brand image variable on the purchase decision variable falls into the small category.
3. The influence of the digital marketing variable on the purchase decision variable is 0.441. Therefore, the influence of the digital marketing variable on the purchase decision variable falls into the large category.

Goodness of Fit Test

Table 8. Goodness of Fit Test

	AVE	R-Square
Brand Image	0,659	0,237
Digital Marketing	0,647	
Purchasing Decisions	0,721	0,491
Mean	0,675	0,364

$$GOF = \sqrt{\text{Mean AVE} \times \text{Mean R-Square}}$$

$$GOF = \sqrt{0,675 \times 0,364}$$

$$GOF = 0,495$$

The result shows a value of 0.495, so the model falls into the strong category because 0.495 > 0.36. This means that the existing data can be well represented by the model.

Model Fit Test

Table 9. Model Fit

	Saturated Model	Estimated Model
SRMR	0,092	0,092
d_ ULS	0,661	0,661
D_ G	0,243	0,243
Chi-Square	214,087	214,087
NFI	0,783	0,783

The result shows an SRMR value of 0.092, so the model can be considered acceptable. Furthermore, the NFI value is 0.783, so the model can be considered less than ideal.

Hypothesis Testing

Table 10. Path Coefficients

Structural Path	β	t-value	p-value
BI → PD	0,259	3,162	0,002
DM → BI	0,493	7,377	0,000
DM → PD	0,541	6,296	0,000

The results of hypothesis testing through path coefficients show that:

1. Hypothesis 1: Digital marketing has a positive effect on purchasing decisions. The P-value is 0.000 < 0.05, so H1 is accepted; digital marketing has a positive effect on purchasing decisions.

Digital marketing, which is a digital-based marketing strategy implemented by MSMEs in Purwokerto through social media and e-commerce, makes it easier for consumers to find the product information they need. In addition, digital marketing facilitates interaction between consumers and

MSMEs, leading to the exchange of information, and even becomes a means of entertainment for consumers that supports purchasing decisions.

2. Hypothesis 2: Digital marketing has a positive effect on brand image

The P-value is $0.000 < 0.05$, so H2 is accepted; digital marketing has a positive effect on brand image. Through digital marketing, SMEs in Purwokerto can introduce their products and build their brand image to a wider consumer base. Consumers find it easier to recognize the brands of SMEs in Purwokerto and form perceptions about them through the content presented.

3. Hypothesis 3: Brand image has a positive effect on purchasing decisions

The P-value is $0.002 < 0.05$, so H3 is accepted; brand image has a positive effect on purchasing decisions.

Brand image is the perception that arises in consumers' minds when they think of a particular product brand. MSMEs in Purwokerto tend to sell their products at lower prices than their competitors, which builds a perception in consumers' minds so that when they want to fulfill their needs, consumers remember the brands of MSMEs in Purwokerto.

Table 11. Path Coefficients Mediation

Structural Path	β	t-value	p-value
DM $\rightarrow$ BI $\rightarrow$ PD	0,128	3,312	0,001

4. Mediation (Hypothesis 4): Brand image mediates the influence of digital marketing on purchasing decisions.

The p-value is $0.001 < 0.05$, so H4 is accepted, meaning that brand image partially mediates the influence of digital marketing on purchasing decisions.

Consumers do not make purchasing decisions solely based on the implementation of digital marketing. They are not easily swayed by information obtained easily, given the prevalence of hoaxes, clickbait, and hyperbolic narratives. Consumers remain selective before making purchasing decisions, taking into account the brand image of SMEs in Purwokerto.

CONCLUSION

The results of the research and discussion in the previous chapter regarding the influence of digital marketing on purchasing decisions with brand image as a mediating variable in MSMEs in Purwokerto can be summarized as follows:

1. Digital marketing has a positive effect on purchasing decisions. This indicates that by implementing digital marketing strategies, consumers find it easier to find and search for information about the products they need.

2. Digital marketing has a positive effect on brand image. This indicates that by implementing digital marketing strategies, SMEs in Purwokerto can attract more consumers by showcasing their presence and introducing their brand image. Furthermore, through digital marketing, consumers find it easier to recognize the brands of SMEs in Purwokerto and form perceptions about them.

3. Brand image has a positive impact on purchasing decisions. This indicates that SMEs in Purwokerto have an image among consumers that influences their purchasing decisions. One of these is that SMEs in Purwokerto offer products at lower prices compared to their competitors. The brands of SMEs in Purwokerto have also become ingrained in consumers' minds when they need SME products.

4. Brand image partially mediates the influence of digital marketing on purchasing decisions. This indicates that consumers pay close attention to the image of SMEs in Purwokerto, which strengthens their decision to purchase products. This also reflects the positive relationship between how digital marketing can convey the image of SMEs brands in Purwokerto, which then leads to purchasing decisions by consumers.

However, this study has several limitations, including:

1. It only uses digital marketing and brand image as variables that can influence purchasing decisions, but in fact, purchasing decisions can also be influenced by many other factors.
2. It does not focus on a specific type of MSME product, so the results are general and do not adequately describe the specific context of a particular sector.
3. As much as 68% of the samples used in this study were students, which affects the generalizability of the research results.

Therefore, it is hoped that future research can use more specific research objects or focus on a particular sector by adding other variables that can also influence purchasing decisions, such as price, quality, and consumer trust, with a more diverse sample.

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