

THE EFFECT OF DIGITAL MARKETING, CUSTOMER RELATIONSHIP MARKETING AND PRICE ON PURCHASE DECISIONS AND PURCHASE INTEREST THROUGH BRAND IMAGE AS AN INTERVENING VARIABLE AT LABUAN CAFE, BRONDONG DISTRICT (STRUCTURAL EQUATION MODELING (SEM) METHOD – PARTIAL LEAST SQUARE (PLS)

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ABSTRACT

In the era of globalization, the business world, particularly SMEs, is growing rapidly, accounting for 99% of all business units in Indonesia (Coordinating Ministry for Economic Affairs, 2022). Fierce competition also exists in the culinary industry, including cafes in Brondong District, with many new cafes offering their own unique offerings. Cafes are now popular places for gatherings, working, and meetings, making marketing strategies key to attracting customers. This research uses a quantitative approach with a sample size of 912. The analysis method used is SEM with Smart PLS version 3.0. The tests used are the Outer Model Test, the Inner Model Test, the Mediation Test, and the Hypothesis Test. The Validity test results show that the Factor Loading value is greater than 0.7 and the AVE value is greater than 0.5, indicating validity. In the Reliability test, Composite Reliability and Cronbach's Alpha values above 0.7 are considered reliable. It can be concluded that the Digital marketing variable has a positive and significant influence on purchasing decisions, Digital marketing has a positive and significant influence on purchasing interest, Digital marketing has a positive and significant influence on brand image, Customer relationship marketing has a positive and significant influence on purchasing decisions, Customer relationship marketing has a positive and significant influence on purchasing interest, Customer relationship marketing has a positive and significant influence on brand image, Product quality has a significant positive influence on purchasing decisions Product quality has an insignificant positive influence on purchasing interest Product quality has a significantly positive influence on brand image Price has a negative and insignificant influence. on purchasing decisions. Price has a negative and insignificant influence on purchase interest. Price has a positive and significant influence on brand image. Brand image has a positive and significant influence on purchasing decisions, Brand image has a positive and significant influence on purchasing interest.

Keywords: Digital Marketing, Customer Relationship Marketing, Product Quality, Price, Purchasing Decision, Purchase Interest, Brand Image

INTRODUCTION

In the era of globalization, the business world, particularly SMEs, is growing rapidly, accounting for 99% of all business units in Indonesia (Coordinating Ministry for Economic Affairs, 2022). Fierce competition also exists in the culinary industry, including cafes in Brondong District, with many new cafes offering their own unique offerings. Cafes are now popular places to gather, work, and meet, making marketing strategies key to attracting customers. One important strategy is digital marketing, which utilizes the internet to build two-way communication with consumers, facilitate access to information, and improve service quality and customer experience (Oktaviani & Rustandi, 2018; Abdu, 2018 in Masyithoh, Izzah Nur, et al. (2021). Furthermore, Customer Relationship Marketing (CRM)

also plays a crucial role in maintaining loyalty and influencing purchasing decisions (Ernantyo, Yosef, Evandro, et al. (2022)).

On the other hand, price and brand image also influence purchasing decisions. Competitive prices can attract consumers, but brand image must be maintained through effective marketing communications (Tarigan, Purnaya Sari, et al. (2023)). However, previous research has shown inconsistent results regarding the influence of digital marketing, CRM, and price on purchasing decisions, necessitating further study. Based on the description, this study is entitled: "The Influence of Digital Marketing, Customer Relationship Marketing, Product Quality and Price on Purchasing Decisions and Purchase Intention through Brand Image as an Intervening Variable at Labuan Cafe, Brondong District (SEM-PLS Method)".

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Digital Marketing

Digital marketing can also be defined as a form of promoting a company and its products by utilizing digital technology through various forms of electronic media available today (Revaldo and Rusmanto 2020; Alma 2018) in Onsardi et al. (2022).

Customer Relationship Marketing

CRM is a business concept that has been popular since the 1990s. CRM is defined as the art of keeping customers happy and satisfied with a product or service, and maintaining long-term personal relationships with them (Gilboa et al., 2019) in Dewi, Luh Komang Candra, et al. (2022).

Product Quality

Product quality is the characteristic of a product or service that depends on its credibility in satisfying stated or implied user needs (Kotler & Armstrong, 2016) in Tarigan, Antonia Elsa. Febrina et al. (2023).

Price

According to Kotler & Keller (2009) in Bakti, Umar, et al. (2022), price is not just a number a number on a price tag. Prices come in various forms and serve various functions. School fees, rent, fees, salaries, interest, tariffs, storage costs, and commissions are all types of prices that must be paid to acquire goods or services. Throughout history, prices have been determined through negotiations between buyers and sellers.

Purchase Decisions

Purchase decisions provide an indication of marketing success, so companies must understand consumer behavior when deciding to purchase a product (Hidayati, Suharyono, et al., 2013) in Puspita, Cindy Mega, et al. (2020).

Purchase Intention

According to Andrian (2019) in Tarigan, Purnaya Sari, et al. (2023), purchase intention is the desire to purchase a product or service due to internal influences and evaluations that have been conducted, thus being influenced externally.

Brand Image

Brand image has a significant influence on consumers and can foster and support their purchase intentions, as stated by Kotler and Armstrong (2008) in Kuswibowo, Christian, et al. (2021).

METHODS

The research used a quantitative approach using a Likert scale and a population taken from buyers of Labuan cafes in Brondong District with a sample size of 912. The method used for analysis is SEM with the Smart PLS version 3.0 tool. The tests used are the Outer Model test, Inner Model test, Mediation test and Hypothesis test.

RESULTS

Hypothesis 1: The Influence of Digital Marketing

on Purchasing Decisions The digital marketing variable on purchasing decisions shows a coefficient value of $-6.210 < 0.000$, with a T-statistic $> T\text{-table}$ ($7.091 > 1.969$) and a P-value of $0.000 < 0.05$. Therefore, H_0 is rejected and H_{a1} is accepted, indicating a positive and significant influence. These results support previous research conducted by Onsardi et al. (2022). The results of this study support the first hypothesis (H_{01}), which states that digital marketing can positively and significantly influence purchasing decisions at Labuan Café.

The results show that digital marketing has a positive and significant influence on purchasing decisions at Labuan Café. This means that the better the implementation of digital marketing strategies, the higher the consumer's tendency to make a purchase. This finding aligns with the theory that digital marketing can reach consumers broadly, quickly, and personally through various online platforms such as social media, websites, and instant messaging applications.

Hypothesis 2: The Effect of Digital Marketing on Purchase Intention

The digital marketing variable on purchase intention shows a coefficient value of $-5.821 < 0.000$, with a T-statistic $> T\text{-table}$ ($4.081 > 1.969$) and a P-value of $0.000 < 0.05$. Therefore, H_0 is rejected and H_{a2} is accepted, indicating a positive and significant effect. These results support previous research conducted by Daryanti, Margi Dwi, et al. (2025). The results of this study support the first hypothesis (H_{02}), which states that digital marketing can positively and significantly influence purchase intention at Labuan Cafe.

The results of this study demonstrate that digital marketing has a positive and significant effect on consumer purchase intention at Labuan Cafe. This means that the more effective the implementation of digital marketing strategies, the greater the consumer's interest in trying and purchasing the products offered.

Hypothesis 3: The Effect of Digital Marketing on Brand Image

The digital marketing variable on brand image shows a coefficient value of $-3.940 < 0.000$, with a T-statistic $> T\text{-table}$ ($3.278 > 1.969$) and a P-value of $0.000 < 0.05$. Therefore, H_0 is rejected and H_3 is accepted, indicating a positive and significant effect. These results support previous research conducted by Rianita, Sevi, et al. (2025). The results of this study support the first hypothesis (H_{03}), which states that digital marketing can have a positive and significant effect on the brand image of Labuan Cafe. The results show that digital marketing has a positive and significant effect on Labuan Cafe's brand image. This means that the more effective the digital marketing strategy implemented, the stronger the brand image formed in the minds of consumers.

Hypothesis 4: The Effect of Customer Relationship Marketing on Purchasing Decisions

The variable of customer relationship marketing on brand image shows a coefficient value of $-2.256 < 0.000$, with a T-statistic $> T\text{-table}$ ($7.709 > 1.969$) and a P-value of $0.000 < 0.05$. Therefore, H_0 is rejected and H_4 is accepted, indicating a positive and significant effect. These results support previous research conducted by Dewi, Luh Komang Candra, et al. (2022). The results of this study support the first hypothesis (H_{04}), which states that Customer Relationship Marketing can positively and significantly influence purchasing decisions at Labuan Cafe. The results indicate that Customer Relationship Marketing (CRM) has a positive and significant effect on the tested variables. This means that the better the implementation of CRM strategies, the greater the positive impact consumers perceive on the brand or product.

Hypothesis 5: The Effect of Customer Relationship Marketing on Purchase Intention

The customer relationship marketing variable on purchase intention shows a coefficient value of $-1.903 < 0.000$, with a T-statistic $> T\text{-table}$ ($3.725 > 1.969$) and a P-value of $0.000 < 0.05$. Therefore, H_0 is rejected and H_5 is accepted, indicating a positive and significant effect. These results support previous research conducted by Ernantyo, Yosef Evandro, et al. (2022). This study supports the first hypothesis (H_{05}), which states that Customer Relationship Marketing can positively and significantly influence purchase intention at Labuan Cafe. The results show that Customer Relationship Marketing (CRM) has a positive and significant effect on consumer purchase intention at Labuan Cafe. This means that the better the CRM implementation, the higher the consumer interest in trying or purchasing the products offered. Effective CRM makes consumers feel cared for and appreciated, thereby building trust and a desire to build a further relationship with the brand.

Hypothesis 6: The Effect of Customer Relationship Marketing on Brand Image

The variable of customer relationship marketing on brand image shows a coefficient value of $-2.256 < 0.000$, with a T-statistic $> T\text{-table}$ ($7.709 > 1.969$) and a P-value of $0.000 < 0.05$.

Therefore, H0 is rejected and Ha6 is accepted, indicating a positive and significant effect. These results support previous research conducted by Dewi, Komang Candra Dewi, et al. (2022). The results of this study support the first hypothesis (H06), which states that Customer Relationship Marketing can positively and significantly influence the brand image of Labuan Cafe. The results show that Customer Relationship Marketing (CRM) has a positive and significant effect on the brand image of Labuan Cafe. This indicates that the better the CRM strategy is implemented, the stronger the positive image formed in the minds of consumers. CRM enables Labuan Cafe to build close relationships with customers through personalized interactions, consistent communication, and attention to consumer needs and preferences. This strong relationship makes consumers feel valued, cared for, and more confident in the quality of service and products offered by Labuan Cafe.

Hypothesis 7: The Effect of Product Quality on Purchasing Decisions

The product quality variable on purchasing decisions shows a coefficient value of $8.221 > 0.000$, with a T-statistic $> T\text{-table}$ ($6.726 > 1.969$) and a P-value of $0.000 < 0.05$. Therefore, H0 is rejected and Ha7 is accepted, indicating a significant positive effect. These results support previous research conducted by Heliani, Helen, et al. (2022). This study supports the first hypothesis (H07), which states that product quality can positively and significantly influence purchasing decisions at Labuan Cafe. The results show that product quality has a positive and significant effect on purchasing decisions at Labuan Cafe. This means that the higher the quality of the product offered, the greater the consumer's tendency to make a purchase. Product quality is one of the main factors consumers consider before making a purchase decision, especially in the culinary industry, which places a high emphasis on taste, cleanliness, and consistency of presentation.

Hypothesis 8: The Effect of Product Quality on Purchase Intention

The product quality variable on purchase intention shows a coefficient value of $8.169 > 0.000$, with a T-statistic $> T\text{-table}$ ($4.442 > 1.969$) and a P-value of $0.000 < 0.05$. Therefore, H0 is rejected and Ha8 is accepted, indicating a significant positive effect. These results support previous research conducted by Puspita, Cindy Mega, et al. (2020). The results of this study support the first hypothesis (H08), which states that product quality can positively and significantly influence purchase intention at Labuan Cafe. The results show that product quality has a positive and significant effect on purchase intention at Labuan Cafe. This means that the higher the quality of the product offered, the greater the consumer's interest in trying and purchasing it. Product quality is a key factor driving purchase intention, particularly in the culinary industry, where consumers pay close attention to taste, cleanliness, presentation, and consistency of each menu item.

Hypothesis 9: The Effect of Product Quality on Brand Image

The product quality variable on brand image shows a coefficient value of $7.826 > 0.000$, with a T-statistic $> T\text{-table}$ ($6.579 > 1.969$) and a P-value of $0.000 < 0.05$. Therefore, H_0 is rejected and H_{a9} is accepted, indicating a significant positive effect. These results support previous research conducted by Tarigan, Antonia Elsa Febrina, et al. (2023). This study supports the first hypothesis (H_{09}), which states that product quality can positively and significantly influence brand image at Labuan Cafe. The results show that product quality has a positive and significant effect on brand image at Labuan Cafe. This means that the better the product quality offered, the stronger the positive image of Labuan Cafe in the minds of consumers. Good product quality is an important indicator in shaping consumer perception of a brand, particularly in the culinary industry, which is heavily influenced by taste, cleanliness, and consistency of presentation.

Hypothesis 10: The Effect of Price on Purchase Decisions

The price variable on purchase decisions shows a coefficient value of $-0.283 < 0.000$, with a T-statistic $< T\text{-table}$ ($0.584 < 1.969$) and a P-value of $0.280 > 0.05$, therefore, H_0 is rejected and H_{10} is accepted, indicating a negative and insignificant effect. This result is not supported by previous research conducted by Puspita, Cindy Mega, et al. (2020). The results of this study support the first hypothesis (H_{011}), which states that price does not positively and significantly influence purchase decisions at Labuan Cafe. The results show that price does not have a positive and significant effect on purchase decisions at Labuan Cafe. This means that the price does not directly determine whether consumers decide to purchase a product. Labuan Cafe consumers tend to consider other factors such as product quality, cafe atmosphere, service, and brand image rather than solely judging price.

Hypothesis 11: The Effect of Price on Purchase Intention

The price variable on purchase intention shows a coefficient value of $-0.506 < 0.000$, with a T-statistic $< T\text{-table}$ ($0.662 < 1.969$) and a P-value of $0.254 > 0.05$. Therefore, H_0 is rejected and H_{a11} is accepted, indicating a negative and insignificant effect. This result is not supported by previous research conducted by Bakti, Umar, et al. (2022). The results of this study support the first hypothesis (H_{011}), which states that price does not have a positive and significant effect on purchase intention at Labuan Cafe. The results show that price does not have a positive and significant effect on purchase intention at Labuan Cafe. This means that the set price does not automatically encourage consumers to purchase the products offered. In the context of the culinary industry, specifically at Labuan Cafe, other factors such as product quality, service, cafe atmosphere, and digital promotional strategies are more dominant in influencing purchase intention than simply considering price.

Hypothesis 12: The Effect of Price on Brand Image

The price variable on brand image shows a coefficient value of $-1.091 < 0.000$, with a T-statistic $< T\text{-table}$ ($4.544 > 1.969$) and a P-value of $0.000 < 0.05$. Therefore, H_0 is rejected and

Ha12 is accepted, indicating a positive and significant effect. These results support previous research conducted by Tarigan, Antonia Elsa Febrina, et al. (2023). The results of this study support the second hypothesis (Ha12), which states that price can positively and significantly influence brand image at Labuan Cafe. The results show that price has a positive and significant effect on brand image at Labuan Cafe. This means that the more appropriate the pricing strategy, the better the brand image formed in the minds of consumers. Prices that are in line with product and service quality will create positive perceptions, leading consumers to view Labuan Cafe as professional, fair, and offering value for money.

Hypothesis 13: The Influence of Brand Image on Purchasing Decisions

The brand image variable on purchasing decisions shows a coefficient value of $-0.357 < 0.000$, with a T-statistic $> T\text{-table}$ ($5.318 > 1.969$) and a P-value of $0.000 < 0.05$. Therefore, H_0 is rejected and H_{a13} is accepted, indicating a positive and significant influence. These results support previous research conducted by Heliani, Helen, et al. (2022). This study supports the first hypothesis (H_{013}), which states that brand image can positively and significantly influence purchasing decisions at Labuan Cafe. The results show that brand image has a positive and significant influence on purchasing decisions at Labuan Cafe. This means that the better the brand image of Labuan Cafe, the more likely consumers are to make a purchase. Brand image is a consumer's perception of a brand, formed from experience, product quality, service, communication, and reputation.

Hypothesis 13: The Effect of Brand Image on Purchase Intention

The brand image variable on purchase intention shows a coefficient value of $-0.354 < 0.000$, with a T-statistic $> T\text{-table}$ ($5.128 > 1.969$) and a P-value of $0.000 < 0.05$. Therefore, H_0 is rejected and H_{a14} is accepted, indicating a positive and significant effect. These results support previous research conducted by Tarigan, Purnaya Sari, et al. (2023). The results of this study support the first hypothesis (H_{014}), which states that brand image can positively and significantly influence purchasing decisions at Labuan Cafe. The results show that brand image has a positive and significant effect on purchasing decisions at Labuan Cafe. This means that the better the brand image formed in the minds of consumers, the more likely they are to make a decision to purchase the products offered. A positive brand image makes consumers feel confident, comfortable, and proud when choosing Labuan Cafe as a place to enjoy food and drinks.

CONCLUSION

Measurement Model Testing (Outer Model) The results of the validity and reliability tests indicate that the variables of digital marketing analysis (X1), customer relationship marketing (X2), product quality (X3), price (X4), brand image (Z), and purchase decisions (Y1), and purchase intention (Y2), are valid and reliable, with values of each variable > 0.7 . **Structural Model (Inner Model)** Based on data from the R-Square test, all variables,

including digital marketing analysis (X1), customer relationship marketing (X2), product quality (X3), price (X4), and brand image (Z), and purchase decisions (Y1), and purchase intention (Y2), have values >0.7 , thus confirming that these variables are valid and reliable. Structural Model (Inner Model) Based on data from the R-Square test, all variables, including digital marketing analysis (X1), customer relationship marketing (X2), product quality (X3), price (X4), brand image (Z), and purchase decision (Y1), have values >0.7 , thus they are declared valid and reliable. Mediation Test Based on the results of the mediation test, the following can be stated: a) The brand image variable (Z) can mediate the digital marketing variables (X1), customer relationship marketing (X2), product quality (X3) and purchase decision (Y1) and purchase intention (Y2), falling into the partial mediation category. b) The brand image variable (Z) can mediate the price variable (X4) and purchase decision (Y1) and purchase intention (Y2), falling into the full mediation category.

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