

The Effect of Brand Image, Variety-Seeking Tendency, and Peer Influence to Promotional Activity Interest and Its Effect to Purchase Intention on Millennials

Henry Harwanto, Nukky Rizki Nuari, Peter Christian

henryharwanto@yahoo.co.uk¹, nuarinukky@gmail.com², petercw17@gmail.com³

Business Management Program, Management Department, BINUS Business School Master Program
Bina Nusantara University, (binus.ac.id)/(binus.edu)
Jakarta, Indonesia, 11480

Corresponding Author: Henry Harwanto

ABSTRACT

The aim of this study is to analyse the consumer behaviour of millennials when making a purchase through e-commerce platforms. Factors that are suspected to have influence over the millennials decision of making purchases through e-commerce platforms are brand image, variety-seeking tendency, peer influence and influenced by the mediating variable that is promotional activity. The research method was a survey through questionnaires which have been distributed to 200 sample that are of age 17 to 38 years old, and they were analysed by SPSS 22. The result of the study showed that variables that have significant influence on the purchase intention are peer influence & promotional activity, the other variables does not affect purchase intention significantly. Even though the variable variety-seeking tendency did not have significant influence directly to purchase intention, the variable will have significant influence on purchase intention if facilitated with promotional activity.

Keywords: Brand Image, Variety-Seeking Tendency, Peer Influence, Promotional Activity Interest and Purchase intention.

INTRODUCTION

The millennial generation or the Y generation according to William Strauss and Neil Howe are people that are born between the year of 1981-1994, are currently dominating the usage of internet in Indonesia. The millennial generation are

familiar with the usage of technology such as email, SMS, instant messaging, and social media (Kane, 2019). They tend to rely on technology to do their everyday work. It is hard for this generation to be separated from technology (Adams, 2013). Millennials are currently entering the productive age where they can make their own money and combined with the technological proficiency that they have, millennials have greater buying power than the other generations (Adams, 2013). Visa worldwide Indonesia (2013) said that the income of millennials in Indonesia is estimated around 470 billion rupiah per year and about 68% of the respondent admitted that they have done online transaction.

Nowadays millennials tend to have loyalty towards certain types of brand, some of the even spend millions of rupiah just to buy a certain item. (Kompas.com, 2017). This phenomenon can also be called as hypebeast, where people are willing to spend huge amount of money just to get their hands-on certain item form designer brands.

On the other hand, some millennials have different lifestyle compared to other generations, they tend to spend money on experience rather than items (Woo, 2018), and with the growth of technology there are also millennials that love to share their experience or items on social media such as Instagram, Facebook, twitter, etc.

With the advancement of technology millennials can easily satisfy the needs of purchasing designer brand items and share them through social media. E-commerce is the perfect platform for millennials, with the varieties of items displayed within their interface millennials can easily choose which item is perfect for them and they can also compare the price and the specs for each item.

Lots of researches have been done to identify the consumer behaviour of millennials, this research will focus the significance of peer influence, brand image, variety-seeking tendency, and promotional activity on the purchase intention of millennials. This research will also identify whether the variable variety-seeking tendency have significance influence on purchase intention if moderated by promotional activity.

LITERATURE REVIEW

E-Commerce

E-commerce is an electronic media that is being used as a medium for exchanging information between the organisation and the customer (Chaffey, 2011). E-commerce is commonly interpreted as a commercial transaction that occurred online where people think that they are buying from the e-commerce such as amazon or ebay when in fact e-commerce involve more than just that. E-commerce is the platform for merchants & customer meets just like traditional market.

Brand Image

Brand image is the image that is perceived by the customer (Simamora, 2002). The image of a brand is created through information that the customer received which is related to the brand. There are 5 dimensions for brand image (Keller, 2013):

1. Brand Identity
2. Brand Personality
3. Brand Association
4. Brand Attitude and Behaviour
5. Brand Benefit and Competence

Variety Seeking

Variety Seeking is the when customer tend to search for new brands even though they are satisfied with the old brand (Mowen & Minor, 2012). The need to find varieties of brands to fulfil one needs can be caused by many reasons one of the most common reason is boredom and another reason is the variety of products from the brand is limited. There are 3 dimensions for variety-seeking tendency (Mowen & Minor, 2012).

1. The need for variety
2. Lack of options
3. Differences within other brands

Peer Influence

Peer influence is commonly defined as how an individual can be influenced by their friends of the similar age (Makgosa & Mohube, 2007). How people look and act is very impactful for public. Most consumers purchase certain products because of the influence from their friends (Ahmad et al, 201)

Promotional Activity

The usefulness and uniqueness of the products are communicated through promotional activity with the intention of selling the product (Kotler & Armstrong, 2012). Promotional activity is one of the most important parts in a business, the success of acquiring a consumer is highly influenced by the promotional activity. There are 8 dimensions of promotional activity (Kotler & Keller, 2012)

1. Advertising
2. Sales Promotion
3. Event and experiences
4. Public relations and publicity

Purchase Intention

Purchase intention is the stage where people have the tendency to act towards certain item before they buy the item (Kinnear & Taylor, 1995). The decision for people to buy a certain product is influenced greatly by the value of the product. The greater the value for the customer the higher the chance that the customer will likely to make a purchase. Purchase intention creates

a motivation that records within the mind of the consumer and it make people want to

buy and buy the product that's on their mind (Olivier, 1997).

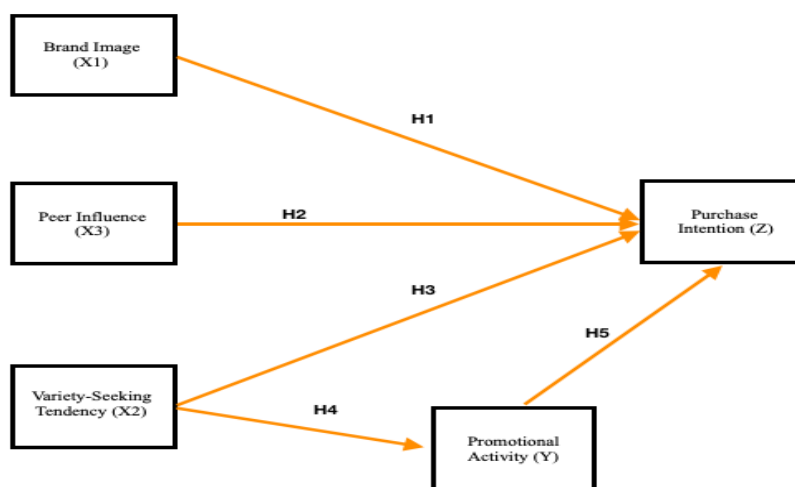


Figure 1. Design Thinking

With the available literature review there are 3 independent variable and 1 moderating variable. The independent variables are brand image, peer influence, and variety-seeking tendency, and the moderating variable is promotional activity. Therefore, in this research the author will determine which independent variables have significance to purchase intention and whether the moderating variable promotional activity contributes in the millennials purchase intention.

To conduct this research, the author will use these hypotheses:

H1: Brand image has positive influence on purchase intention

H2: Peer influence has positive influence on purchase intention

H3: Variety-seeking tendency has positive influence on purchase intention

H4: Variety-seeking tendency has positive influence on promotional activity

H5: Promotional activity has positive influence on purchase intention

METHOD

This study uses a survey that is created through Google form and distributed through email and other social network. The population of this sample is millennial that

is living in Jakarta and have at least make a purchase through e-commerce once. To get the number of samples needed from an unknown number of populations it is recommended that the indicators is multiplied by 5 (Heri, 2006), within this research there are 41 indicators, so the sample needed is 205.

RESULT AND DISCUSSION

The author uses SPSS 22 to analyse the data. In this research the author uses path analysis to explain the relations between independent variable, moderating variable, and dependent variable.

First the author checks the reliability & validity of the data.

Table 1. Result of Reliability Testing

Variables	Cronbach's Alpha	Result
Brand Image	0,889	Reliable
Variety-Seeking Tendency	0,720	Reliable
Peer Influence	0,879	Reliable
Promotional Activity	0,904	Reliable
Purchase Intention	0,887	Reliable

The entire variable has cronbach's alpha above the minimum level which is 0.60.

Table 2. Result of Validity Testing

Variables	Indicator	r value	r table	Result
Brand image	1	0,761	0,137	Valid
	2	0,763	0,137	Valid
	3	0,815	0,137	Valid
	4	0,857	0,137	Valid
	5	0,798	0,137	Valid
	6	0,83	0,137	Valid
Variety-seeking Tendency	1	0,675	0,137	Valid
	2	0,718	0,137	Valid
	3	0,672	0,137	Valid
	4	0,727	0,137	Valid
	5	0,661	0,137	Valid
Peer influence	1	0,66	0,137	Valid
	2	0,677	0,137	Valid
	3	0,638	0,137	Valid
	4	0,586	0,137	Valid
	5	0,525	0,137	Valid
	6	0,716	0,137	Valid
	7	0,631	0,137	Valid
	8	0,805	0,137	Valid
	9	0,798	0,137	Valid
	10	0,801	0,137	Valid
	11	0,756	0,137	Valid
Promotional Activity	1	0,696	0,137	Valid
	2	0,694	0,137	Valid
	3	0,815	0,137	Valid
	4	0,792	0,137	Valid
	5	0,77	0,137	Valid
	6	0,782	0,137	Valid
	7	0,736	0,137	Valid
	8	0,743	0,137	Valid
	9	0,537	0,137	Valid
	10	0,78	0,137	Valid

The entire questions for the research are valid.

Path Analysis Sub-Structure 1

The author first processes the data to determine the significance of the variable variety-seeking tendency to promotional activity.

Table 3. Coefficient and t Statistics 1

Model	Unstandardized Coefficient		Sig.
	B	Std.Error	
Variety-seeking Tendency	1,090	0,152	0

The variable variety-seeking tendency have significance influence on promotional activity, it is shown in the significance level, which is 0 lower than 0.05, and the level of significance is 0.450.

Path Analysis Sub-Structure 2

The second data that is to be processed is the significance of all the independent variable & moderating variable to the dependent variable.

Table 4. Coefficient and t Statistics 2

Model	Unstandardized Coefficient		Sig.
	B	Std.Error	
Promotional Activity	0,169	0,024	0,000
Peer Influence	0,590	0,220	0,009
Variety-seeking tendency	0,590	0,530	0,264
Brand Image	0,700	0,042	0,970

The result of the processed data is that the independent variable peer influence & promotional activity have significance influence towards purchase intention and the other independent variable, variety-seeking tendency and brand image doesn't have significance influence towards purchase intention.

Analysis Summary

Hypothesis sub-structure 1, variety-seeking tendency have significance towards promotional activity.

Hypothesis sub-structure 2, brand image & variety-seeking tendency doesn't have significance influence towards purchase intention where the peer influence and promotional activity have significance influence towards purchase intention.

The independent variable, variety-seeking tendency have a total of 0.71 significance towards purchase intention if moderated through promotional activity.

CONCLUSION

According to these results, it can be concluded that the variable peer influence and promotional activity have significance influence towards purchase intention where as variety-seeking tendency & brand image doesn't have significance influence towards purchase intention. But when variety-seeking tendency is moderated through promotional activity it has some quite significance towards purchase intention.

It is suggested for further researcher to broaden the research not just limited to e-commerce platform but also traditional brick & mortar market. And also to widen the variables not only limited to the researched variables.

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How to cite this article: Harwanto H, Nuari NR, Christian P. The effect of brand image, variety-seeking tendency, and peer influence to promotional activity interest and its effect to purchaseintention on millennials. *International Journal of Research and Review*. 2020; 7(2): 208-213.
