

THE ANALYSIS OF E-COMMERCE RETARGETING STRATEGY TOWARD STUDENT PURCHASE INTENTION

ANALISIS STRATEGI RETARGETING E-COMMERCE TERHADAP NIAT BELI MAHASISWA

By:

Ian Gerhard Pinasang¹

Joy E. Tulung²

Regina T. Saerang³

¹²³International Business Administration, Management Program,
Faculty of Economics and Business,
Sam Ratulangi University

E-mail:

15061103122@student.unsrat.ac.id

joy.tulung@unsrat.ac.id

regina.saerang@unsrat.ac.id

Abstract: The advertising industry has experienced a major change during the past few years. Advertising on e-commerce can trace customer behavior in order to make the advertisement relevant with the customer past behavior on internet. The purpose of this study is to find out more about the perception of customer in retargeting advertisement to increase customer purchase intention This study employs multi linear regression to investigate the influence of consumer behavior. This study conducts with 100 Facebook user and e-commerce customer in Feb Unsrat as the respondents. Findings of this research show that discount, reference to previous visit, and advertisement frequency simultaneously influence customer purchase intention when they see retargeting advertisement in Facebook. Recommendation to this research advertising should be more minimalist, relevant, shorter, low frequency and for the advertisement companies should make some precautions, in order to minimise consumer suspicions for their data thus it might increase consumer purchase intentions.

Keyword: *retargeting, facebook, discount, reference to previous visit, advertisement frequency, e-commerce*

Abstrak: Industri periklanan telah mengalami perubahan besar selama beberapa tahun terakhir. Beriklan di e-commerce dapat melacak perilaku pelanggan untuk membuat iklan itu relevan dengan perilaku pelanggan di internet. Tujuan dari penelitian ini adalah untuk mengetahui lebih lanjut tentang persepsi pelanggan dalam penargetan ulang iklan untuk meningkatkan niat pembelian pelanggan. Penelitian ini menggunakan regresi multi linier untuk menyelidiki pengaruh variabel perilaku konsumen. Penelitian ini dilakukan dengan 100 pengguna Facebook dan pelanggan e-commerce di Feb Unsrat sebagai responden. Temuan dari penelitian ini menunjukkan bahwa diskon, referensi ke kunjungan sebelumnya, dan frekuensi iklan secara simultan mempengaruhi niat pembelian pelanggan ketika mereka melihat retargeting iklan di Facebook. Rekomendasi untuk iklan penelitian ini harus lebih minimalis, relevan, lebih pendek, frekuensi rendah dan untuk perusahaan periklanan harus membuat beberapa tindakan pencegahan, untuk meminimalkan kecurigaan konsumen terhadap data mereka sehingga dapat meningkatkan niat pembelian konsumen.

Kata kunci: *retargeting, facebook, discount, reference to previous visit, advertisement frequency, e-commerce*

INTRODUCTION

Problem Background

Advertisement is a part of marketing communication to deliver message to target customer. It can be seen everywhere such as billboard, television, radio, newspaper, magazine, social media, and website, even when reading email, people can find advertisement in mailbox. In the digital era, advertising is growing rapidly with the development of technology. Unlike the physical stores or brick and mortar businesses where customer can do window shopping and leave without any follow up from the stores, Internet Advertisement is a marketing platform that is affordable and easy to cover any target. It has an advantage to directly focus on the target audience rather than traditional advertising by using the internet user past digital foot print. E-commerce has the advantage to trace internet user web cookie or digital foot print using retargeting strategy that follow up with those customer later on after they leave the website and keep them interested in the hope converting them into buyers. Retargeting has a big potential in Indonesia market since it can be cause by the growing adoption of Internet Advertisers are more enthusiast integrating Internet Marketing with the product and services they want to sell by looking at the growing Internet Advertising revenue in Indonesia (statista.com,2019), without using traditional media.

This concept made company to change from traditional advertising to internet advertising, for example the growth of e-commerce firm in Indonesia. Some companies began to create website to market their products and services. The development of the internet nowadays make people lives become easy and simple. Internet innovated our daily life, it becomes the user daily needs, from find the information and media for communication, can be used to run a business, promote a product or as media for advertising, and can be used for having fun. The internet also has made it possible for just about any company to run an advertising campaign, target its customers, and determine where advertising efforts are most successful. In order to know what customer wants, companies need to gather as much data as they can from the customers. In Indonesia the spending of Internet advertising has increasing. Retargeting in a digital marketing strategy that can be used to reach out to interested consumers who browsed a website but left before making a purchase.

The scope of this research was limited to Facebook as the online advertising channel because of its vast retargeting opportunities. Facebook has grown to one of the major online advertising channels and provides advertisers display advertising possibilities in format of both banner and native advertising. Being a social networking platform where people share their personal information, discuss, share stories and “like” things, Facebook has an access to an enormous amount of data. That data is used to provide advertisers advanced targeting possibilities for reaching out very specific groups of potential customers, which is especially valuable for advertisers whose goal is to make customers act directly after seeing an advertising (Hu, 2004).

This study attempting to know if frequent advertising that appear on Facebook page that contained website material the customer has visited has an influence on the interest of the customer.

Research Objective

Based on the formulation of the problem above, the purpose of this research is:

1. To know the influence of Discount, Reference of Previous Visit, and Advertisement Frequency on Purchase Intention of e-commerce Customers in FEB Management UNSRAT simultaneously.
2. To know the influence of Discount on Customers Purchase Intention of e-commerce Customers in FEB Management UNSRAT partially.
3. To know the influence of Reference of Previous Visit on Customer Purchase Intention website of e-commerce Customers in FEB Management UNSRAT partially.
4. To know the influence of Advertisement Frequency on Customer Purchase Intention of e-commerce Customers in FEB Management UNSRAT partially

THEORETICAL REVIEW

Marketing

Marketing is the activity, set of institutions, and process of creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large (American Marketing Association, 2017).

Advertising

Advertising is any form of non-personal of mass communication that offers a high degree of control to those responsible for the design and delivery of advertising messages (Fill and Jamieson, 2006:121). Advertising is a form of promotion. This requires that the target consumers should be specifically identified.

Digital Advertising

Digital Advertising is a form of advertising but using internet. Achieving marketing objectives through applying digital technologies and media. (Chaffey, 2018). This includes banners, videos, search engine advertising as well as online advertising and social media advertising, partnership arrangement with other websites

Retargeting Strategy

Retargeting is the practice of serving ads based on prior engagement. It is a digital marketing strategy that can be used to reach out to interested consumer who browsed a website but left before making a purchase (American Marketing Association, 2016). It is only targeting consumer that have previously visited the particular web page. The goal of retargeting is to turn window buyers into buyers.

Previous Researches

Research by Kaulina, Kaulins, and Bujac (2018) Personalized advertisement tools has increased interest among many online marketers is retargeting. The purpose of this research is to study effects of retargeting and how this method affects Danish millennial Facebook users' purchase intentions. in order to test these hypotheses, empirical data was collected via questionnaire. Consumer private data, pricing differences and advertisement frequency have been found as the most relevant factors that affect consumer purchase intentions.

Research by Lillrank and Pöyry (2014) An empirical analysis is performed on data collected from two European e-commerce companies. Performance was analyzed using variables measuring customer engagement, time spent on the website and conversion rates for performing a desired action. The results suggest that mentioning a discount in the advertisement can improve performance, but the effect is industry-specific. Referring to customer's previous visit to the website and directing the customer to a more detailed landing page increase time spent on the website but do not otherwise improve advertisement performance.

Research by Goldfarb and Tucker (2011) The researcher find that matching an advertisement to website content and increasing an advertisement obtrusiveness independently increase purchase intent. However, in combination these two strategies are ineffective. The negative effect of combining targeting with obtrusiveness is strongest for people who refuse to give their income, and for categories where privacy matters most.

Conceptual Framework

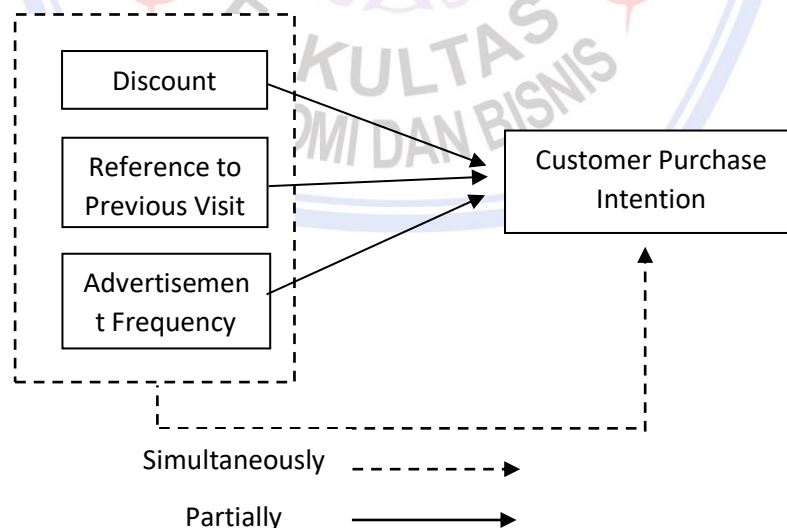


Figure 1. Conceptual Framework

Source: Data Processed, 2019

Research Hypothesis

H1: Discount, Reference to Previous Visit, and Advertisement Frequency influence Customer Purchase Intention simultaneously.

H2: Discount influence Customer Purchase Intention partially.

H3: Reference to Previous Visit influence Customer Purchase Intention partially.

H4: Advertisement Frequency influence Customer Purchase Intention partially.

Research Method

Population

Population is a generalization area consisting of objects / subjects which has certain qualities and characteristics set by the researcher to be studied then conclusions are drawn (Sugiyono, 2006:72). The population in this research are people who have experienced with retargeting strategy advertising through facebook which are Student of FEB Management UNSRAT in order to know their perspective with personalized internet advertising.

Sample and Sampling Techniques

Purposive sampling can be defined as identifying and selecting individuals or groups of individuals that are especially knowledgeable about or experienced with a phenomenon of interest (Cresswell and Plano Clark, 2011), Researcher uses the sampling technique determined by using formula as follows:

$$n = \frac{N}{1 + N(e)^2} = \frac{1551}{1 + 1551(0.1)^2} = \frac{1551}{15.52} = 99.9$$

Data Collection Method

To collect the research data, primary data collection was used through questionnaires. A questionnaire is one-purpose data collection through a set of questions The survey was created in Google Forms. Questionnaire is used to obtain primary data and will be collected by distribute questionnaires to 100 respondents.

Measurement of Research Variables

Scale of measurement used for this research to measure respondents response in each question from questionnaire is Likert Scale (Sekaran and Bougie, 2013). Thus, the range captures the intensity of their feelings for a given item. The answer to each item instrument that uses a likert scale has gradations from very negative to very positive.

RESULT AND DISCUSSION

Validity Test

Table 1. Validity Test

Variable	Indicators	Pearson Correlation	Sig. (2-tailed)	N	r table	Status
Discount	The amount of Discount	.845	.000	100	0.196	Valid
	Discounted Price Period	.844	.000	100	0.196	Valid
	The type of product that gets discounted price	.829	.000	100	0.196	Valid
Reference to previous visit	Ad design	.586	.000	100	0.196	Valid
	Use of private data	.770	.000	100	0.196	Valid
	Involvement	.713	.000	100	0.196	Valid
Advertisement Frequency	Advertising length	.710	.000	100	0.196	Valid
	Advertising Novelty	.788	.000	100	0.196	Valid
	Embedded Advertising	.460	.000	100	0.196	Valid

Customer	Exploratory interest	.829	.000	100	0.196	Valid
Purchase	Preferential interest	.763	.000	100	0.196	Valid
Intention	Transactional interest	.794	.000	100	0.196	Valid
	Referential interest	.736	.000	100	0.196	Valid

Source: SPSS Output, 2019

Reliability Test

Reliability test is used to see whether the data is reliable or not.

Table 2. Reliability Test

Cronbach's Alpha0	N of items	Status
.782	13	Reliable

Source: SPSS Output, 2019

**Classical Assumption Test
Normality**

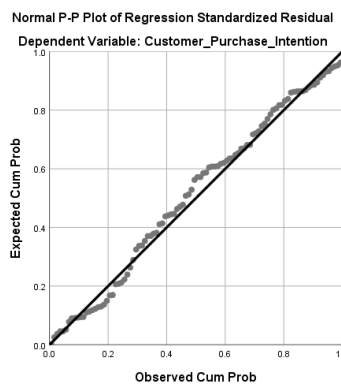


Figure 2. Normality Test
Source: SPSS Output, 2019

Figure 2 shows that the dots are spreading near to the diagonal line and follow the direction of the diagonal line. Therefore, the normality test is accepted which means the data of this research is normally distributed.

Heteroscedasticity



Figure 3. Heteroscedasticity Test
Source: SPSS Output, 2019

Figure 3. shows the result there is no heteroscedasticity in this regression model and can be used to predict the influence between dependent variable and independent variables.

Multicollinearity**Table 3. Multicollinearity Test**

Model	Collinearity Statistics		Status
	Tolerance	VIF	
Discount	.895	1.117	No Multicollinearity
Reference to Previous Visit	.887	1.128	No Multicollinearity
Advertisement Frequency	.903	1.108	No Multicollinearity

Source: SPSS Output, 2019

Table 3 shows the tolerance value of Discount (X1) 0.895, Reference to previous visit (X2) 0.887, and Advertisement Frequency (X3) 0.903 all of them are above 0.100 and the VIF value of Discount (X1) 1.117, Reference to previous visit (X2) 1.128 and Advertisement Frequency (X3) 1.108 all of them are below 10 which means that there is no multicollinearity in this research.

Multiple Linear Regression Analysis**Table 4. Multiple Linear Regression**

Model		Coefficients ^a				Sig.
		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	
1	(Constant)	3.194	2.256		1.416	.160
	Discount	.239	.101	.211	2.361	.020
	Reference_to_Previous_Visit	.473	.117	.365	4.049	.000
	Advertisement_Frequency	.278	.131	.189	2.119	.037

a. Dependent Variable: Customer_Purchase_Intention

Source: SPSS Output, 2019

The result in the table 4, the model define as:

$$Y = 3.194 + 0.239 X1 + 0.473 X2 + 0.278 X3 + e$$

Table of R and R Square**Table 5. Table R**

Model	Model Summary ^b			
	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.557 ^a	.310	.288	2.474

a. Predictors: (Constant), Advertisement_Frequency, Discount, Reference_to_Previous_Visit

b. Dependent Variable: Customer_Purchase_Intention

Source: SPSS Output, 2019

Table 5 shows the coefficient correlation (R) is 0.557 it means there is a strong relationship between independent variables with dependent variable.

Hypothesis Testing**F-Test****Table 6. Simultaneous Test (F-Test Output)**

		ANOVA ^a				
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	263.915	3	87.972	14.376	.000 ^b
	Residual	587.475	96	6.120		
	Total	851.390	99			

a. Dependent Variable: Customer_Purchase_Intention

b. Predictors: (Constant), Advertisement_Frequency, Discount, Reference_to_Previous_Visit

Source: SPSS Output, 2019

The result shows that $14.376 > 2.70$, $F_{\text{count}} > F_{\text{table}}$. The 1st hypothesis (H1) simultaneously is accepted.

T-test

The t-test is a test to see if there is partially relationship between each of independent variable and dependent variable. This test is done by comparing t_{count} and t_{table} at the level of significance 95% ($\alpha = 0.05$). The criteria of this test is if $t_{\text{count}} \geq t_{\text{table}}$ (0.05) then H_a is accepted, otherwise if $t_{\text{count}} < t_{\text{table}}$ (0.05) then H_a is rejected.

Table 7. Partial Test (T-Test Result)

Variable	t-Count	t-Table	Sig	Description
Discount (X1)	2.361	1.984	.020	Accepted
Reference to Preference Visit (X2)	4.049	1.984	.000	Accepted
Advertisement Frequency (X3)	2.119	1.984	.037	Accepted

Source: Data Processed, 2019

Based on the result on the Table 7 shows that all of three variables are accepted.

Discussion**Relationship Discount to Customer Purchase Intention**

Based on the result of the study, mentioning Discount in the ad had a statistically significant effect on Customer Purchase Intention on FEB Management Sudent UNSRAT Manado. The data collected was done by some of test (F test and T test) result shows that the data of variable Discount (X1) is accepted. The result shows the amount of discount to the product is effective in attracting consumers come back to purchase, same with hypothesis from Kantola (2014) that most of the students showing the same interest that the amount of Discount is strongly influence Customer Purchase Intention. Also similar with Chan *et al*, (2017) Students on the FEB Management UNSRAT comply with the previous study that when they received discount price after browse the marketer website, they have higher expectation from the seller to buy, since the value of the discount is higher to attract them to revisit through the advertisement and convert or influence purchase intention.

With the amount of women in respondent greater than men, there is characteristic that can be concluded buying an item at a discounted price will provide more satisfaction when compared to buying it normally. Usually woman has emotional attachment when comes to shopping because they love shopping. In contrast to men who are not too concerned with discounts or promotions, and more concerned with product quality even though the price is expensive. Hence, women tend to be more easily influenced to shop when there are attractive discounts or promotions. This is comply with this result that most of the consumer (88% of the respondents) choose they would be more likely to make a purchase during seasonal discount. However this hypothesis is not comply with previous research from Yildirim dan Aydin (2012) that stated discount does not have significant influence to purchase, because of other factors outside this research.

Relationship Reference to previous visit to Customer Purchase Intention

The result of Reference to previous visit also shows the same result. From the hypothesis of Customer Attitude have a significant effect on Customer Purchase intention on FEB Management Student UNSRAT

Manado. The previous research from showed it has positive impact on Ad design, when the material of the ad specified the brand that are familiar to them with clean, short, and relevant with the customer behavior. (Goldfarb and Tucker, 2011) In this research the amount of women are greater than man. The characteristic of woman, they search for details and the looks of the content, woman will look through websites, see if it interesting, create comparisons and read reviews to make an opinion, if the advertiser can create an emotional experience, then it should have get women interest, where male mostly make quick decisions and satisfied with it, they do not like spending a lot of time to make a purchase, do not have time to do a lot of research in terms of buying products. Use of private data significantly improve customer purchase intention. Facebook users in this research as a targeted online consumers often initially have only a broad idea of what they like. Their previous search on the e-commerce platform help the internet advertiser narrowing the preferences to what exactly customer want or detailed on what kind of product or services customer wish to purchase. In this case Consumer learned narrowing their preferences (Lambrecht and Tucker,2013). If the company that has created retargeted advertisement indicates clear privacy policy about consumer private data protection and non-distribution to the third parties, it tends to increase consumer purchase intentions even more. Involvement in the advertisement correlate with degree of personal references effects. On the other hand Advertising involvement effects are weaker for recipients with high involvement. It comply with the research result from Eisend and Schmidt (2015) that confirm the more advertisement repetition does not give strong influence to high involvement customer

Relationship Advertisement Frequency to Customer Purchase Intention

Based on the result of the study, Advertisement frequency in the ad had a statistically significant effect on Customer Purchase Intention on FEB Management Sudent UNSRAT Manado. The data collected was done by some of test (F test and T test) result shows that the data of variable Advertisement frequency (X3) is accepted. The previous research from Eisend and Schmidt (2015) showed the result that the Advertisement frequency is strongly influence Customer Purchase Intention. Advertisement frequency might increase or decrease consumer purchase intentions. The level of advertisement awareness recipient have of the brand or ad increases the size of the positive advertising repetition effect or familiarity on consumer purchase behavior. Put non-related context in advertisement does influence the awareness of the brand or product. When exposing customer to an unknown brand or advertismnt, it takes longer for cusotmer to get familiar with the brand or ad, because recipients have no information about the advertisement and brand. Since this research has more women as respondents than men, it influencing the result in this part women are also easily influenced by influencers or public figures. Both in terms of beauty and lifestyle. Especially if women are already a fan of the public figure who will not be half-hearted to buy all the products from the collaboration. Thus hypothesis four is accepted.

CONCLUSION AND RECOMMENDATION

The conclusion answers the research problem and objectives. The recommendation is the suggestions based on research result.

Conclusions

After examining the findings and discussing the result, the conclusions based on this research can be formulated as follows:

1. Simultaneously, Discount, Reference to previous visit, and Advertisement frequency influence Student purchase intention of FEB Management UNSRAT.
2. Discount including the amount of discount, the period and type of product that get discount.can build desire in Student's mind to make a purchase,
3. Reference to previous visit including ad design can build positive intention in Student's mind to make a purchase,
4. Advertisement frequency including the length of advertisement can build positive intention in Student's mind to make a purchase.

Recommendations

According to data there are some things to do for consideration, for marketer:

1. Besides making the advertisement more relevant to what the customer wants, retargeting advertisement collect personal information about their online behavior. Marketer still should make some precautions, in order to minimise consumer suspicions towards their data distributions to third parties, and increase their trust towards company that creates retargeted advertisements online, in order to do so clear privacy policies should be stated on the website.
2. The repetition of the advertisement are more likely to succeed if the material of the advertisement are clean, short and relevant since shorter passage in landing page to the product the customer want are more likely making customer to convert. In order to not cause advertisement avoidance towards potential customers, as too frequent advertisement cause disturbance and anger that decreases consumer willingness to buy desired product. Making shorter advertisement are more interesting since it does not wasting time for the user. For the future studies, this study is done on a limited number of consumer (FEB Management UNSRAT Manado Student) .In this respect, it can be applied on a larger sample of consumers, considering the online shopping is increasing day by day, the implementation of the study on larger groups gains importance. Study do on consumer groups which display diverse cultural and demographic features will give better result of the practice of retargeting advertisements properly and without any problem and provide data for the internet marketer.

REFERENCES

- American Marketing Association. 2016. Understand the What and Why of Ad Retargeting. *ARTICLE*. <https://www.ama.org/marketing-news/understanding-the-what-and-why-of-ad-retargeting/>. Accessed on September 2nd 2019.
- _____. 2019. Marketing Definition. *ARTICLE*. <https://www.ama.org/the-definition-of-marketing-what-is-marketing/>. Accessed on September 2nd 2019.
- Chaffey, D. 2018. What is Digital Marketing? A Visual Summary. Digital Marketing Definition. *ARTICLE*. <https://www.smartinsights.com/digital-marketing-strategy/what-is-digital-marketing/>. Accessed on November 3rd 2019.
- Chan, T., Jiang, Z., Che, H., Wang, Y. 2017. Consumer Search and Purchase: An Empirical Investigation of Search-Based Retargeting. *Kelley School of Business Research Paper No. 17-5*. <https://ssrn.com/abstract=2897289>. Accessed on June 23rd 2019.
- Cresswell, J.W., and Plano, C.V.L. 2011. *Designing and Conducting Mixed Method Research*. Thousand Oaks, CA.
- Digiads.co.id. 2019. In 2019, Indonesia has the Potential to Topple Growth of the Digital Advertising Market. *ARTICLE*. <https://digiads.co.id/en/blog/news/digital-advertising-indonesia-2019/>. Accessed on August 3rd 2019.
- Eisend, M., and Schmidt, S.S. 2015. Advertising Repetition: A Meta-Analysis on Effective Frequency in Advertising. *Journal of Advertising* 44:4, 415-428. https://www.researchgate.net/publication/275042456_Advertising_Repetition_A_Meta-Analysis_on_Effective_Frequency_in_Advertising. Accessed on December 2nd 2019.
- Fill, C. and Jamieson, B. 2014. *Marketing Communications*. Edinburgh Business School, Edinburgh.
- Goldfarb, A., and Tucker, C. 2011. Online Display Advertising: Targeting and Obtrusiveness. *Journal of Marketing Science* Vol. 30 No.3, 389-364. <https://doi.org/10.1287/mksc.1100.0583>. Accessed on June 25th 2019.

- Hu, Y., 2004. Performance-Based Pricing Models in Online Advertising. Available at SSRN 501082, March. <http://scholar.google.com/scholar?hl=en&btnG=Search&q=intitle:No+Title#0>. Accessed on September 20th, 2019.
- Kaulina, K., Kaulins, G., and Bujac, A. 2018. Retargeting Effects on Consumer Purchase Intentions. AALBORG UNIVERSITY, *THESIS*. https://projekter.aau.dk/projekter/files/281242327/IM_thesis_Kristine_Kaulina_Girts_Kaulins.pdf. Accessed on June 30th 2019.
- Lambrech, A., and Tucker, C. 2013. When does retargeting work? Information specify in online advertising. *SAGE Journals* Volume: 50 issue: 5, page(s): 561-576 <https://journals.sagepub.com/doi/abs/10.1509/jmr.11.0503?journalCode=mrja>. Accessed on June 22nd 2019.
- Lillrank, P., and Pöyry, E. 2014. The Effectiveness of Retargeting in Online Advertising. *AALTO*. <https://pdfs.semanticscholar.org/12b1/b6d0c0693b7519e2dab48450d478943857c1.pdf>. Accessed on June 2nd 2019.
- Sekaran and Bougie. 2013. Likert Scale. *SKRIPSI*. Universitas Atma Jaya Yogyakarta. <http://e-journal.uajy.ac.id/12658/4/EM193933.pdf>. Accessed on August 3rd 2019.
- Statista.com. 2019. Digital Advertising. *ARTICLE*. <https://www.statista.com/outlook/216/120/digital-advertising/indonesia>. Accessed on August 4th 2019.
- Sugiyono. 2006. Population Definition. UNY Press. *SKRIPSI*. <https://eprints.uny.ac.id/64446/5/5.BAB%20III.pdf>. Accessed on August 5th 2019.
- Yildirim, Y., and Aydin, O. 2012. Investigation of the Effects of Discount Announcements on Consumers Purchase Decisions. *Social and Behavioral Sciences*, Volume 62, 1235:1244. <https://media.neliti.com/media/publications/87381-ID-pengaruh-diskon-terhadap-minat-beli-sert.pdf>. Accessed on August 5th 2019.