The Influence of Digital Marketing and Brand Image on Local Product Purchase Decisions Among Gen Z

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ABSTRACT

This study aims to analyze the influence of digital marketing and brand image on the purchase decisions of local products among Generation Z. A quantitative approach was employed using an online survey, targeting Generation Z consumers who have previously purchased local products. The sample was selected purposively, and the data were analyzed using Partial Least Squares–Structural Equation Modelling (PLS-SEM). The number of respondents needed is around 150–250. The findings indicate that digital marketing positively affects purchase decisions both directly and indirectly through brand image as a mediating variable. Brand image plays a crucial role in strengthening the relationship between digital marketing activities and purchase behaviour. The novelty of this study lies in its focus on Generation Z's purchasing patterns within the context of Indonesian local products. The study suggests that businesses should optimize authentic, interactive digital marketing strategies to enhance their brand image.

Keywords: Brand Image, Digital Marketing, Generation Z, Local Products, Purchase Decision

INTRODUCTION

The development of digital technology has brought significant changes in marketing strategies, especially for local products, which are now increasingly required to adapt to modern consumer behaviour. Generation Z, known as digital natives, is an essential segment because almost all of their consumption activities are connected to the digital world. We Are Social (2024) data show that more than 98% of Gen Z in Indonesia are connected to the internet, and around 84% make online purchases at least once a month (Heriyati et al., 2024). This trend confirms that digital marketing has strategic potential in influencing purchasing decisions, especially for local products that are growing in line with the Bangga Made-in-Indonesia campaign. Although digital marketing is growing rapidly, the brand image of local products remains a challenge. A survey by the Ministry of Industry (2023) revealed that 47% of Gen Z consumers still doubt the quality and consistency of local brands, underscoring the importance of brand image in strengthening consumer trust and loyalty. Amid the growth of digital content such as short videos, influencer marketing, and engagement-based campaigns, effective digital marketing is expected to improve brand image, further influencing Gen Z's purchasing decisions (Rosemalla & Gunaprya, 2025).

Although several previous studies have examined the relationships among digital marketing, brand

image, and purchasing decisions, the findings remain inconsistent. Some studies have found that digital marketing has a significant effect on buying decisions. In contrast, others show that its influence is not important due to low consumer trust in digital advertising. Findings related to brand image also show mixed results; some studies confirm that brand image is a strong determinant of purchasing decisions, while others show a weaker influence among digital consumers who are more rational and price-sensitive (A. D. P. Putra, 2025). In addition, research specifically examining Gen Z's behaviour towards local products remains limited, as most studies focus more on global products or large-scale e-commerce. The lack of studies examining the simultaneous relationship between digital marketing and brand image in the context of local products raises the need for new, more comprehensive research, especially that which considers the psychographic characteristics of Gen Z, who are critical, easily switchable, and heavily influenced by digital opinions. (Fathinasari et al., 2023).

Various empirical data reinforce the relevance of this research. The IDN Research Institute report (2024) states that 76% of Gen Z trust influencer recommendations more than traditional advertising, while Google Indonesia (2023) shows that 72% of Gen Z purchase after viewing short video content. In addition, the Ministry of Cooperatives and SMEs (2023) recorded a 30% increase in local MSMEs relying on digital marketing, and the Tokopedia report (2024) confirms that local brands with strong brand images have increased sales by up to 40% in the last two years. (Parasari et al., 2025). These data provide a logical basis for the claim that digital marketing and brand image can theoretically and empirically influence purchasing decisions, so it is important to test them in an integrated manner in the context of Generation Z, the primary consumers of the digital era. (Zuhdi et al., 2024).

Based on this background, this study aims to analyze the influence of digital marketing and brand image on local product purchasing decisions among Gen Z, both partially and simultaneously, and to develop a conceptual model that describes their purchasing behaviour patterns. This research offers several elements of novelty, namely a special focus on Gen Z as a segment that has not been widely studied in the context of local products, the use of modern digital marketing perspectives that are more in line with Gen Z's digital consumption, and the integration of digital marketing and brand image in one predictive model to analyze local product purchase decisions. (Hasnianti et al., 2024). At the end of this introduction, it can be concluded that previous state-of-the-art research indicates that digital marketing and brand image play important roles in shaping consumer purchasing behaviour. However, studies focusing on Gen Z and local products remain limited. The research gap can be seen from the inconsistency of empirical findings, the absence of an integrated model that connects modern digital marketing with brand image in predicting local product purchase decisions, and the lack of studies that adjust variable indicators to the character of Gen Z. The novelty of this research arises from the focus on Gen Z's behavior towards local products, the use of more up-to-date digital marketing indicators, and the development of new conceptual models that are more relevant to the current digital marketing context. This goal is expected to yield theoretical and practical contributions to the development of local product marketing strategies in the digital era. (Eklezia et al., 2025).

THEORETICAL FRAMEWORK AND HYPOTHESES

Digital Marketing and Integrated Marketing Communication (IMC)
Digital marketing is a form of marketing that utilizes digital media to reach consumers through various channels such as social media, websites, *influencers*, video content, and interactive advertising. From an IMC perspective, digital marketing is a form of integrated marketing communication that enables brand messages to be conveyed consistently across various digital platforms. IMC emphasizes the importance of content integration, message consistency, and two-way interaction to improve marketing effectiveness. Generation Z, which is very active in the digital world, tends to respond more positively to interaction-based marketing strategies, so digital marketing is expected to have a significant influence on purchasing decisions. (Kotler & Keller, 2020).

Brand Image in the Perspective of Brand Equity Theory

Brand image is a collection of consumer perceptions, beliefs, and associations towards a brand. According to brand equity theory, brand image is one of the core components that influence brand value and consumer behaviour. Aaker explained that the stronger the consumer's perception of a brand's image, the higher their tendency to trust, choose, and buy the product. In the context of local products, brand image is often the main differentiator between local brands and global brands, so a positive brand image can increase Gen Z's confidence and interest in buying local products. (Nugroho, 2023).

Consumer Behaviour Theory

According to recent developments in Consumer Behaviour Theory, purchasing decisions are increasingly shaped by a dynamic interaction between digital experiences, emotional engagement, and social influence. Contemporary scholars emphasise that consumers, especially Generation Z, navigate a digitally integrated decision-making process in which online stimuli such as personalised content, interactive media, and social endorsements play a central role. (Smith & Young, 2022). Gen Z's purchasing behaviour is influenced not only by traditional marketing cues but also by real-time digital signals, including credible online reviews, influencer authenticity, brand transparency, and community-driven content. Modern theory asserts that purchasing decisions are no longer determined solely by rational evaluations, such as price or product features, but are also significantly shaped by psychological and experiential factors, including brand image, digital trust, perceived authenticity, and emotional connections built through digital communication. Thus, digital environments and brand-mediated experiences act as dominant stimuli that drive Gen Z's attitudes, preferences, and purchase intentions in the contemporary marketplace. (Sharma, 2022).

Digital Marketing Relationships, Brand Image, and Purchase Decisions

Effective digital marketing helps shape brand image by delivering visual messages, product information, and interactions that build positive experiences. Engaging, consistent, and interactive digital content can strengthen brand image and influence consumer purchasing decisions. Thus, digital marketing not only has a direct influence on purchase decisions but also can indirectly influence through brand image.

Previous research has shown that digital marketing and brand image are important factors in shaping consumer purchasing decisions, yet empirical findings still show significant variation. Several studies, such as (Rahmawati, 2022) and (Fadhilah, 2023), have found that digital marketing has a significant influence on purchasing decisions, mainly because it fosters interactions and provides consumers with faster information. However, these results are not entirely consistent, as Sari (2021) found that digital marketing does not always have a significant effect due to the low credibility of digital advertising and increased ad fatigue among young consumers. Findings related to brand image also show a varied pattern. On the one hand, Putri & Wibowo's (2022) research emphasises that brand image is a strong determinant of purchasing decisions because it shapes consumer perceptions of quality and trust. However, other studies, such as Hidayat (2023), found that the influence of brand image weakened among consumers who were more price-sensitive or who placed greater emphasis on rational considerations in the purchase process.

In addition, several recent studies, such as those by Nugroho (2023), show that digital marketing plays a significant role in shaping brand image through video content, influencer marketing, and user-generated content (UGC), thereby exerting an indirect influence on purchasing decisions. However, research on this relationship in the context of Generation Z and local products remains limited. Most previous research has focused more on global products, international brands, or large e-commerce platforms, so the context of local products has not been examined in depth. The lack of studies that examine how Gen Z responds to modern digital marketing, for example, through TikTok, micro-influencers, and interactive content, is an important research gap. In addition, the inconsistency in previous research results provides a strong justification for comprehensively re-examining the relationship between digital marketing, brand image, and purchasing decisions,

especially in the context of a highly digital-oriented generation with different consumption patterns from previous generations.

Based on these findings, this study developed a theoretical framework integrating IMC theory, brand equity, and consumer behaviour theory. This model assumes that digital marketing not only influences purchasing decisions directly but also shapes brand image, which, in turn, affects purchasing decisions. Thus, the model illustrates the relationships among variables: the direct effect of digital marketing on purchase decisions, the effect of digital marketing on brand image, and the effect of brand image on purchase decisions. In addition, this model proposes an indirect effect of digital marketing on purchase decisions via brand image as a mediating variable. The integration of this model is expected to more comprehensively explain the mechanisms underlying Gen Z's purchase decisions for local products in a dynamic digital marketing environment.

Based on the theoretical foundation and theoretical model framework above, the proposed research hypotheses are as follows:

H1: Digital marketing has a positive and significant effect on local product purchase decisions among Gen Z.

This hypothesis is based on IMC theory and consumer behaviour, which suggests that digital marketing communication can stimulate interest, attention, and purchase decisions.

H2: Digital marketing has a positive and significant effect on the brand image of local products.

This hypothesis aligns with the Brand Equity Theory, which holds that a consistent and engaging digital communication strategy can foster a positive brand perception.

H3: Brand image has a positive and significant effect on the purchase decision of local products among Gen Z.

This hypothesis is in accordance with the theory of brand equity, which asserts that a strong brand image increases consumers' tendency to buy.

H4: Digital marketing has an indirect effect on purchase decisions through brand image as a mediating variable.

This hypothesis integrates previous findings that digital marketing can shape brand image, which ultimately determines purchasing decisions.

METHODS

Sample and Data Collection

This study uses a quantitative approach with a survey method to obtain empirical data on the influence of digital marketing and brand image on the purchase decision of local products among Generation Z. The research population is all Gen Z consumers who are domiciled in Indonesia and have purchased local products through digital and offline platforms in the past year. The sampling technique used was purposive sampling, because respondents were selected based on specific criteria relevant to the research objectives, namely: (1) aged between 17 and 27 years, (2) actively using social media on at least one platform, and (3) having purchased local products (Pilcher & Cortazzi, 2024).

Primary data were collected via online questionnaires distributed via Google Forms to facilitate access for Gen Z respondents, who are more familiar with digital media. The number of samples is determined using the minimum sample size approach for Structural Equation Modelling (SEM), with a minimum of 5–10 times the number of research indicators. With about 20–25 items, the minimum number of respondents needed is 150–250. To increase the validity of the results, this study set a target sample of 250 respondents. The questionnaire dissemination technique is carried out through social media such as Instagram, TikTok, and WhatsApp, which are the dominant platforms for Gen Z, thereby increasing the potential for engagement and response.

Measurement

The variables in this study were measured using a 5-point Likert scale, with responses ranging from 1 (strongly disagree) to 5 (strongly agree). Three main variables are measured: digital marketing, brand image, and purchase decisions. All of these variables were adapted from validated previous research indicators. However, they were adjusted to reflect the characteristics of Generation Z and the context of local products, yielding more relevant and accurate results. The digital marketing variable (X1) is measured along several dimensions that reflect modern digital marketing practices: content quality, influencer endorsement, user-generated content, interactive engagement, and personalized advertising. The indicator refers to contemporary literature that emphasizes the dominance of social media and Gen Z's digital preference for authentic, interactive, and accessible content. The research instrument, in the form of a questionnaire, was developed by the researcher (self-developed) and was based on indicators used and validated in previous research. The questionnaire development process involves conceptual adaptation, adjustment of the research context, and validity and reliability testing to ensure that each item accurately and consistently represents the digital marketing construct.

The brand image variable (X2) is measured using indicators drawn from Brand Equity Theory, specifically the concept of brand equity developed by Aaker (1991). The indicators used include quality perception, brand uniqueness, brand visual appeal, brand credibility, and consumers' positive association with local products. All of these indicators are adjusted to the characteristics of local brands in Indonesia that are currently competing to build their identity and image amid global brand dominance. Meanwhile, the purchase decision variable (Y) was measured was developed by the researcher (self-developed instrument) by referring to the indicators that have been used and validated in previous research, using indicators that describe the process and confidence of consumers in choosing local products, including the suitability of products to needs, confidence in choosing local brands, the tendency to make repeat purchases, the preference for local products over global products, and the influence of digital recommendations or content found on social media on purchasing decisions. All measurement instruments were then tested for validity and reliability through confirmatory factor analysis (CFA), loading factor, Composite Reliability (CR), and Average Variance Extracted (AVE) to ensure that each indicator met convergent validity and construct reliability standards. This test ensures that the research instrument provides consistent, accurate, and reliable results in describing the construct being measured. Thus, all research variables have a strong methodological foundation for further analysis in structural models.

Data analysis

Data analysis is carried out in several stages to ensure data quality and test the research hypothesis. The first stage includes examining the initial data using descriptive statistics to see the respondent profile, data distribution, and basic statistics of each variable. Furthermore, data quality tests were conducted using an outer-model approach, including tests of instrument validity and reliability, such as convergent validity, discriminant validity, and construct reliability. To test the causal relationships among variables, this study uses the Structural Equation Modelling (SEM) technique based on Partial Least Squares (PLS) with SmartPLS software. This technique was chosen because it is suitable for predictive research, involves latent variables, has complex indicators, and can be used for medium sample sizes. The SEM-PLS analysis comprises two main stages: the measurement model (outer model) and the structural model (inner model). The outer model is used to assess the indicator's quality relative to the construct, while the inner model is used to test the direct and indirect influences among variables.

Hypothesis testing is performed using bootstrapping to obtain t-statistics and p-values. The hypothesis is declared acceptable if the t-statistic is greater than 1.96 ($p < 0.05$) at the 5% significance level. In addition, the R-squared value is used to assess the model's ability to explain the dependent variables. In contrast, the effect size (f-square) and predictive relevance (Q-square) are used to assess the overall quality of the model's predictions. Path analysis is also conducted to

examine the influence of brand image mediation on purchase decisions in digital marketing relationships.

RESULTS AND DISCUSSION

Validity and Reliability Test Results

Validity and reliability tests are carried out to ensure that each indicator in the digital marketing construct, brand image, and purchase decision has adequate ability to represent the variables being measured. Convergent validity is assessed through three main parameters, namely the loading factor value, Average Variance Extracted (AVE), and Composite Reliability (CR). The test results showed that all indicators had loading factors above 0.70, thus meeting the minimum criteria for convergent validity. In addition, the AVE for each construct is above 0.50, indicating that more than half of the indicator's variance is explained by the construct it represents. The CR values for each variable are also above 0.80, indicating that the composite reliability of the entire construct is excellent. Overall, these results confirm that the instruments used are feasible to proceed to the structural analysis stage. A summary of the test results is presented in the following table.

Table 1. Summary of Construct Validity and Reliability

Variable	Loading Factor (Range)	AVE	CR
Digital Marketing	0.72 – 0.88	0.63	0.91
Brand Image	0.74 – 0.89	0.66	0.92
Purchase Decision	0.71 – 0.87	0.61	0.90

Source: author's analysis 2025

Based on Table 1 of the validity and reliability testing, the entire construct also met the criteria for discriminant validity. This is evident in the higher cross-loadings of each indicator for its original construct relative to other constructs in the model. Thus, these results show that each indicator is not only able to measure constructs precisely but also to distinguish them from other constructs in the research model. These findings confirm that the instrument meets the measurement quality requirements, allowing structural analysis to continue with a high level of confidence.

Inner Model Results (R-Square and Predictive Test)

The inner model test was conducted to assess the strength of the structural relationships among the latent variables in the research model. This test aims to determine the extent to which independent variables, namely digital marketing, can explain the variability in dependent constructs, both directly and through brand image. One of the key measures in the model's internal evaluation is the R-square, which indicates the proportion of the variance in the dependent variables explained by the independent constructs. Thus, R-squared provides an overview of the model's predictive power and the combined influence of the variables. In the context of this study, R-square was used to look at how digital marketing affects brand image, and how both simultaneously influence the purchase decisions of local products by Generation Z. The higher the R-square value, the greater the model's ability to explain the phenomenon being studied, so that the results can be a strong basis for assessing the relevance of structural models in understanding consumer behavior.

Table 2. R-Square Value of Endogenous Construct

Variable	R-Square
Brand Image	0.52
Purchase Decision	0.58

Source: Author's Analysis 2025

Based on Table 2, the R-square value indicates that about half of the variation in brand image is influenced by digital marketing, and more than half of the variation in purchasing decisions is influenced by the combination of digital marketing and brand image. In addition, the Q-square

calculation yielded a positive value across the entire construct, indicating that the model has good predictive capabilities and is suitable for explaining the phenomenon in this study.

Hypothesis Testing Results

Hypothesis testing in this study was carried out to assess the extent to which the relationships among the variables in the structural model have empirical support. The testing process uses the bootstrapping technique in PLS-SEM, which provides more accurate parameter estimates through resampling. With this method, t-statistical values and p-values are obtained, which serve as the basis for determining whether to accept or reject the research hypothesis. All of these estimates are presented concisely in Table 3 below, providing a clear picture of the strength and significance of the relationships between the variables tested in the model. The results are summarised in Table 3 below:

Table 3. Summary of Hypothesis Test Results

Hypothesis Code	Relationships Between Variables	t-statistic	p-value	Decision
H1	Digital Marketing → Purchase Decisions	4.92	0.000	Accepted
H2	Digital Marketing → Brand Image	7.14	0.000	Accepted
H3	Brand Image → Purchase Decision	5.31	0.000	Accepted
H4	Digital Marketing → Brand Image → Purchase Decisions	3.87	0.000	Accepted

Source: Author's Analysis 2025

Based on the results shown in Table 3, the entire t-statistic is well above the 1.96 threshold at the 5% significance level. This shows that all hypotheses are statistically accepted. Substantively, the findings confirm that digital marketing has a significant direct influence on purchasing decisions and brand image. In addition, brand image has been shown to strongly influence purchase decisions. Interestingly, mediation testing also showed that brand image plays a significant mediating role in the relationship between digital marketing and purchase decisions, thereby strengthening the understanding that building brand image is an important channel for encouraging consumers to make a purchase. These findings as a whole confirm that an effective digital marketing strategy not only has a direct impact but also indirectly strengthens brand image.

Results of Direct and Indirect Influence Analysis

A direct influence analysis was conducted to understand how digital marketing variables and brand image influence purchase decisions. Using the path analysis approach in the PLS-SEM model, this study not only examines the direct relationships among variables but also explores how brand image serves as an intermediate variable that strengthens the influence of digital marketing on purchase decisions. This analysis provides a more comprehensive picture of the mechanisms at work in the model, enabling identification of the most dominant pathways and understanding how it contributes to purchasing decisions. A summary of the results of the influence coefficient calculation is presented in Table 4 below.

Table 4. Summary of Influence Coefficients

Types of Influences	Variable Relationships	Coefficient
Direct Influence	Digital Marketing → Purchase Decisions	0.41
	Digital Marketing → Brand Image	0.72
	Brand Image → Purchase Decision	0.47
Indirect Influence	Digital Marketing → Purchase Decisions	0.34

Source: Author's Analysis 2025

Based on Table 4, the direct influence coefficient indicates that digital marketing has a fairly strong influence on purchasing decisions, with a value of 0.41. This indicates that the more effective the

digital marketing strategy, the greater the likelihood that consumers will make purchases. Meanwhile, the influence of digital marketing on brand image has a coefficient of 0.72, indicating that digital marketing activities are the dominant factor in shaping consumers' perceptions and brand image. Brand image then exerts a direct influence of 0.47 on purchasing decisions, confirming that a positive brand image is an important boost to consumer decision-making.

In indirect influence, digital marketing also influences purchasing decisions through brand image, with a coefficient of 0.34. This indicates that brand image plays a significant mediating role. In other words, a strong digital marketing strategy not only encourages consumers to buy directly but also fosters positive brand perception, ultimately increasing their propensity to purchase. These overall results make it clear that indirect influence channels also make a substantive contribution, so digital marketing strategies ideally focus not only on promotion but also on building and strengthening brand image as a strategic element in influencing consumer behaviour. Overall, the findings of this study indicate that all instruments used to measure variables meet the criteria for validity and reliability, making them suitable for structural model testing. The analysis also shows that digital marketing can explain more than half of the variation in brand image, indicating that digital marketing strategy is an important factor in shaping brand perception and image in consumers' minds. In addition, digital marketing and brand image have been shown to simultaneously explain more than half of the variation in purchasing decisions, confirming that both variables play a significant role in influencing consumer behaviour. The four hypotheses proposed in this study were also accepted based on *the t-statistic* and *p-value*s, which indicated a significant relationship between the variables tested. Furthermore, brand image has been shown to mediate between digital marketing and purchasing decisions, thereby strengthening the understanding that it is an important channel for maximizing the effectiveness of digital marketing strategies. All the results of this study are presented descriptively to provide an empirical picture of the relationship between variables without providing further theoretical or practical interpretations.

The Influence of Digital Marketing on Generation Z's Purchasing Decisions
The study's results show that digital marketing has a significant, strategic influence on the purchase of local products among Generation Z. This finding confirms that this generation is a highly responsive consumer segment to digital technology-based marketing communication. They live in an environment influenced by rapid access to information, strong visual expression, and intense digital interaction. In the context of Integrated Marketing Communication (IMC), digital marketing plays an important role in conveying messages in an integrated and consistent manner through various digital channels such as social media, websites, marketplaces, and email marketing. The consistency of the message not only expands the reach of communication but also strengthens the emotional bond, perception of value, and consumer trust in the brand, which ultimately influences the purchase decision. (I. K. Y. Putra & Darma, 2024). Generation Z is known as a digital native who relies heavily on mobile devices to find information, compare products, and make final decisions. They rely more on information from visual content, other consumer reviews, or creative content produced by credible influencers. Therefore, strategies such as influencer marketing, informative and entertaining short video content, personalized ads tailored to user preferences, and user-generated content have proven highly appealing to this group. Digital marketing is considered adequate not only because of the technology used, but also because of its ability to create interactive experiences that are relevant to the psychological characteristics and lifestyle of Generation Z. (Waworuntu et al., 2022).

Furthermore, this study's findings reinforce previous research, indicating that the success of digital marketing depends on brands' ability to create closeness, relevance, and the sustainability of communication with audiences. Generation Z is more likely to buy local products when they feel connected to the brand identity, the value of product authenticity, and the narrative conveyed through digital campaigns. Thus, digital marketing not only influences the informational aspect of decision-making but also creates an emotional experience that strengthens the desire to buy. This condition

indicates that marketers need to prioritize creativity, message authenticity, and interactivity in every digital strategy to drive consumer engagement and loyalty among Generation Z. (Maliki et al., 2025).

The Role of Brand Image in Improving Purchasing Decisions

The role of brand image in shaping purchasing decisions has proven highly significant, especially among Generation Z, who exhibit unique characteristics in determining consumption choices in line with the Brand Equity theory proposed by Aaker. A strong brand image serves as a strategic asset that can shape perceptions of a product's quality, reliability, and uniqueness. For local products, a positive brand image is increasingly crucial because it can overcome the stigma of inferiority that often accompanies comparisons with international products. With a strong brand image, local products can convey competitive values that emphasize authenticity, creativity, and cultural identity, making them more readily accepted by young consumers who tend to be sensitive to such values (Raissa & RWP, 2025).

The study's results show that brand image plays an important role in shaping consumer trust and stability before purchase. Generation Z, known for their values-orientedness, expressive lifestyle, and need to assert their identity, tends to choose brands that align with their personal preferences and social values. A strong brand image can convey that identity symbol, helping consumers feel that their product choices reflect who they are. Furthermore, brand image fosters emotional closeness through visual, narrative, and consistent brand-reputation elements. It is this emotional bond that then drives consumers to make a purchase decision, either impulsively when they feel instantly connected to the brand, or rationally when they judge that the brand offers trustworthy quality and value. In addition, a positive brand image functions as a mechanism to reduce perceptual risks. Generation Z, despite often making impulse purchases, still considers credibility, authenticity, and brand reputation to minimize uncertainty. When a brand image has been consistently established through digital communication, customer experience, and social recommendations, the psychological barrier to buying is lower. Thus, brand image not only influences initial perceptions of the product but also strengthens post-purchase beliefs, which in turn impact consumer loyalty and advocacy. These findings confirm that strengthening brand image is a fundamental strategy for local business actors to increase competitiveness and expand market share among Generation Z.

Digital Marketing as a Brand Image Builder of Local Products

Digital marketing has proven to play a strategic role in shaping the brand image of local products, as evidenced by research showing significant influence on one another. In today's digital era, a brand's character, values, and quality are shaped not only by its product attributes but also by how it presents itself through digital content. Creative, consistent, and authentic content is a fundamental element in shaping a strong perception in consumers' minds, especially among Generation Z, which is very responsive to visual and narrative messages. The presence of user-generated content, consumer reviews, and influencer recommendations serves as social proof, reinforcing a positive perception of the brand. This form of social proof provides a real picture of other consumers' experiences, thereby increasing the brand's credibility and authenticity in the eyes of potential buyers. (Ramadhan et al., 2025).

These findings align with modern digital marketing theories that emphasize interactivity as the core of brand image formation. The concept of co-creation, in which consumers participate in creating brand value, has become increasingly relevant in the social media environment. Interaction through comments, content sharing, and participation in digital campaigns creates symbolic experiences that strengthen the relationship between consumers and brands. Social media not only provides a one-way communication space, but also allows for deep emotional dialogue, where consumers can feel the personality, stories, and values that local products carry. This continuous interaction then creates an emotional connection with the brand, which serves as the basis for a strong brand image.

Thus, digital marketing activities cannot be seen as mere promotion; they have become a primary strategy for shaping brand identity. By presenting authentic messages, relevant narratives, and

immersive digital experiences, brands can establish a clear, competitive position in consumers' minds. Local products, which often face challenges competing with global products, can harness the power of digital marketing to highlight their uniqueness, cultural value, and quality through a more personalized, closer communication approach. Therefore, digital marketing serves as an important foundation for creating a convincing, highly competitive brand image in the digital era.

Brand Image as a Mediator between Digital Marketing and Purchase Decision
Brand image as a mediator is one of the key findings of this study, showing that the relationship between digital marketing and purchasing decisions does not operate linearly or directly, but rather through a psychological process that shapes consumer perceptions of the brand. Digital marketing, although effective at reaching and attracting the attention of Generation Z, has a more profound impact when it builds a positive brand image. From the perspective of consumer behaviour theory, perceptions of brand quality, credibility, uniqueness, and relevance play a central role in shaping purchase intentions and actions. Consumers not only buy products, but also buy the meaning, image, and symbolic value inherent in the brand. Thus, digital marketing strategies that can create a strong, authentic, and meaningful brand narrative are more likely to influence purchasing decisions through brand image mediation (Salam et al., 2024). Furthermore, the results of this study reinforce the view that effective digital marketing operates through two mechanisms: first, creating initial interest through engaging, informative, and relevant content; and second, strengthening consumer trust and emotional closeness by fostering a consistent brand image. Generation Z tends to be very selective in choosing the brands they support. They are looking for brands that not only offer quality products but also have an identity, social values, and cultural representation that align with their own. This is where brand image serves as an important bridge between marketing exposure and purchase decisions. When a brand image is positively formed through digital interactions, consumers will feel confident, connected, and ultimately motivated to buy.

The findings on the mediation relationship also confirm that the effectiveness of digital marketing cannot be measured solely by the volume of content or the frequency of exposure. Much more important is how those digital messages are designed to build a strong and consistent brand meaning. Brands need to ensure that every element of communication, whether through social media, influencer marketing, video content, or user-generated content, reflects an authentic brand identity and is relevant to Generation Z's preferences. In other words, digital marketing is not only a promotional tool, but also a strategy to build brand equity that ultimately triggers purchase decisions. This confirms that brand image is a strategic component that enhances the impact of digital marketing and makes it more effective at shaping consumer behaviour.

Implications of the Findings on Local Product Development
The findings of this study provide several strategic implications for local product business actors in facing market dynamics that are increasingly dominated by young consumers, especially Generation Z. First, digital marketing needs to be directed not only as a means of promotion but as an effort to build long-term relationships through the creation of meaningful digital experiences. A transactional marketing approach is no longer adequate; Young consumers expect two-way interactions, relevant storytelling, and active engagement in the brand ecosystem. Therefore, business actors must develop content strategies that are not only engaging but also capable of adding emotional and symbolic value to consumers. (Theocharis, 2025).

Second, the study's results show that building a strong brand image must be a priority in developing local products. A positive brand image can increase trust, quality perception, and differentiation of local products amid fierce competition with global products. Local products that can showcase a unique identity in terms of culture, quality, and innovation are more likely to be accepted by Generation Z, which pays close attention to authenticity and personal values. Thus, investment in strengthening brand identity, visual consistency, and strong narratives is a strategic need that cannot be ignored.

Third, leveraging Generation Z's preferences for creative, interactive, and authentic content can be an important capital to encourage the competitiveness of local products. This generation is highly responsive to short-form video content, visual stories, user-generated content, and influencer collaborations. Business actors need to capture these characteristics to design digital campaigns that are relevant, entertaining, and emotionally engaging. Strategies such as community building, gamification, and interactive marketing can strengthen loyalty and increase the visibility of local products in the digital space. In a broader context, the findings of this study confirm that the success of local products is not only determined by their physical quality but also by brands' ability to leverage digital technology to shape perceptions, experiences, and emotional connections with consumers. The local product industry needs to see digital marketing and brand image as the primary foundation in building a sustainable competitive advantage. By combining high product quality with a smart, targeted digital communication strategy, local products have an excellent opportunity to improve their position, attractiveness, and presence in both domestic and global markets.

CONCLUSION

This study concludes that digital marketing and brand image play a significant role in influencing local product purchase decisions among Generation Z. Creatively packaged, relevant, and interactive digital marketing has proven effective at attracting attention and encouraging engagement among young consumers growing in the digital ecosystem. These findings confirm that Generation Z responds not only to the intensity of promotional messages but also to the quality of the content and its relevance to their preferences and values. Furthermore, the results show that brand image serves as a mediating variable, strengthening the relationship between digital marketing and purchase decisions. This indicates that the effectiveness of digital marketing strategies is heavily influenced by the brand's ability to build a strong, credible, and authentic identity. Thus, the purchase decisions of local products by Generation Z are shaped through the interconnected interaction between the right digital marketing strategy and a positive brand image. Conceptually, these findings contribute to the development of the digital marketing literature by emphasizing the role of brand image in mediating the influence of digital marketing on Generation Z consumer behavior, especially in the context of local Indonesian products.

The practical implications of this study show that businesses and marketers of local products need to prioritize the use of digital platforms as the primary strategy in reaching Generation Z. Digital marketing strategies should be focused on creating content that is visual, authentic, interactive, and easy to share, and able to represent brand values and identity consistently. In addition, efforts to build a strong brand image need to be integrated into the digital marketing strategy, highlighting product quality, local distinctiveness, and cultural values that resonate with young consumers' daily lives. This approach is expected to increase the competitiveness of local products amid increasingly competitive dynamics in the digital market. Although it makes an empirical and practical contribution, this study has some limitations. The study's focus on only Generation Z limits the generalizability of its findings to other age groups with different behavioural characteristics and digital responses. The use of online surveys as a data-collection method can also introduce respondent bias, as it tends to attract individuals who are active on social media. In addition, cross-cutting research designs have not captured the dynamics of changing consumer behaviour as technology and digital marketing trends evolve. Therefore, further research is recommended to involve a more diverse age group, adopt a longitudinal approach, and include additional variables, such as consumer trust, quality perception, and digital experience, to enrich understanding of the factors that influence purchasing decisions in the digital marketing era.

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