| **RESEARCH ARTICLE**

An Analysis of Gen Z's Purchase Intention of Video Games within Metro Manila

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| **ABSTRACT**

Advertisements are regarded as one of the most efficient ways in which a brand can send a message to its customers. More than this, advertisements are also the easiest way in which consumers are able to know more about certain products and services offered by companies that are available in the market. It is because of the effectiveness of advertisements in creating consumer demand that companies invest large sums of money in advertising. As the world continues to structurally shift from traditional to digital media, companies are now integrating social media advertising activities and strategies into their business models. This study identifies three variables that can potentially affect Gen Z's purchase intention towards video games, such as product trust, consumer attitude towards targeted advertising, and social media advertising activities. A Structural Equation Modelling was used for this study to determine the relationships between the variables that contribute to the overall purchase intention of Gen Z's towards video games.

1. Introduction

Due to the advent of digital technology, there has been a structural shift towards the consumption and use of digital media from traditional media. With the demand shifting towards digital media, companies are increasingly investing in social media advertising in order to keep up with trends and connect with consumers to drive positive engagement (Voorveld et al., 2018). Social media advertising is quickly becoming one of the critical features of digital marketing. Companies worldwide are investing millions of dollars in research towards social media marketing in order to fully utilize the benefits of social media and social media advertising in adding value and sales to their companies. And the same has begun to play a key role in shaping the purchase intentions of consumers who are exposed to these ads (Amron, 2018).

The demand for digital media has brought about new forms of entertainment such as on-demand services, social media, video games, etc. Born during the peak of the digital age, Gen Z's are known for their affinity towards the consumption of such media produced during these times. In particular, Gen Z's are known for their affinity towards playing video games. In fact, it is very interesting to note that in 2020, the video game industry will be worth well over $90 billion. This is indicative of how lucrative the industry is and how much demand for video games exists in our world today.

We focused on the effects of social media advertising on the purchase intentions of Gen Z's in Metro Manila towards advertised videogames. This research quantifies the relationship between social media advertising, consumer attitude towards targeted advertising, product trust, and purchase intention of Gen Z's living in Metro Manila whose income are solely dependent on allowances provided for by their parents or relatives.

To highlight the significance of this study, it must be noted that Filipinos are one of the biggest consumers of social media. With millions of Filipinos on social media platforms spending hours a day on end scrolling through the same, the opportunity to

advertise and create demand is a large potential for brands and companies. More than that, however, this study will also be contributing to the knowledge repository in marketing and will have the potential to guide advertisers and companies towards formulating strategies that will be effective in the Filipino market among the Gen Z demographic.

The research model applied for this study is shown in figure 1.
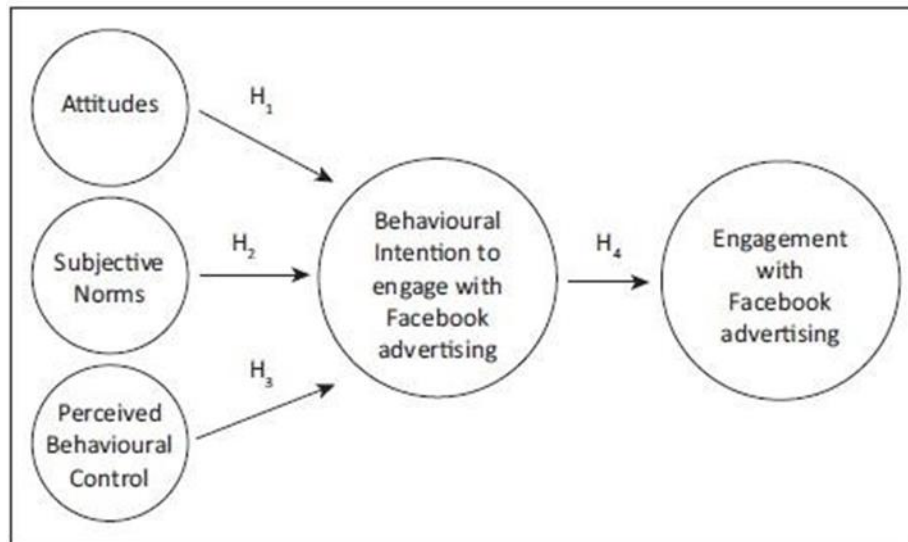
Figure 1: Theoretical and conceptual framework

Consumer behavior and its drivers have been heavily studied by corporations, advertisers, and marketers in order to gain a deeper understanding of the decision-making process behind product purchases. The Lavidge & Steiners Hierarchy of Effects Model was developed by its namesakes in 1961 in order to illustrate the process which consumers go through during a purchase decision-making process. This model and theory show the importance of perception in the consumer decision-making and buying process. Generally defined as the manner in which one understands a certain thing, perception is the mental impression of an object, place, event, etc., that is born through the process of experiencing phenomena through the human senses.

Using the Lavidge & Steiners Hierarchy of Effects Model as a guiding principle, we were able to develop a conceptual framework (fig 1) in order to understand the impact of micro-targeted advertising on the perception of Filipino consumers towards brands. Specifically, this research sought to answer the following questions:

1. What are Social Media advertising strategies used by companies and advertisers online?
2. What are the measures of consumer attitude towards targeted advertisements?
3. What are the measures of product trustworthiness?
4. What is the extent to which a Gen Z will purchase a product based on the following:
5. What strategies can be formulated from the study to ensure that the social media advertising performance is a success?

2. Methodology

This research employed a mix-methods study design. A quantitative-descriptive approach was employed in order to meet the specific objectives of the research. A random probability sampling method was used in gathering the participants for this study. In order to ensure the reliability of the research instrument, a pilot study with at least 20 respondents was conducted in which the validity and reliability tests were extracted. After passing the validity and reliability tests, the survey questionnaire composed of 2 parts: Part 1 demographic questions about the respondent; and Part 2, 5-point Likert scale to measure the degree of usage and/or importance towards a specific variable, was floated. A total of 210 respondents participated in the study. The data were treated using Partial Least squares to aid in supporting the Structural Equation Model (SEM).

3. Results and Discussion

The results of the study prove that the variables observed play key roles in the purchase intentions of Gen Z's living in metro manila towards video games advertised on social media. Furthermore, it must also be noted that the results of the study are consistent with existing literature on consumer attitude, social media advertising, and product trust.

Table 1 : *Hypothesis table*

Source	Dependent Variable	Mean	SD	Sig	Interpretation	Decision
Group Linear Regression	Social Media Advertisement Consumer Attitude	0.878	0.06	0.001	Significant	Reject the Null Hypothesis, Accept the alternative
Group Linear Regression	Consumer Attitude Purchase Intention	0.263	0.067	0.001	Significant	Reject the Null Hypothesis, Accept the alternative
Group Linear Regression	Social Media Advertisement Product Trust	0.382	0.066	0.001	Significant	Reject the Null Hypothesis, Accept the alternative
Group Linear Regression	Product Trust Purchase Intention	0.674	0.062	0.001	Significant	Reject the Null Hypothesis, Accept the alternative
Group Linear Regression	Social Media Advertisement Purchase Intention	0.001	0.071	0.496	Not significant	Reject the Null Hypothesis, Accept the alternative
Group Linear Regression	Consumer Attitude Product Trust	0.534	0.064	0.001	Significant	Reject the Null Hypothesis, Accept the alternative
Group Linear Regression	Social Media Consumer Attitude Purchase Intention	0.231	0.064	0.001	Significant	Reject the Null Hypothesis, Accept the alternative
Group Linear Regression	Social Media Product Trust Purchase Intention	0.256	0.064	0.001	Significant	Reject the Null Hypothesis, Accept the alternative
Group Linear Regression	Social Media Consumer Attitude Product Trust	0.469	0.046	0.001	Significant	Reject the Null Hypothesis, Accept the alternative
Group Linear Regression	Consumer Attitude Product Trust Purchase Intention	0.358	0.047	0.001	Significant	Reject the Null Hypothesis, Accept the alternative

Figure 2: *Structural Equation Model*
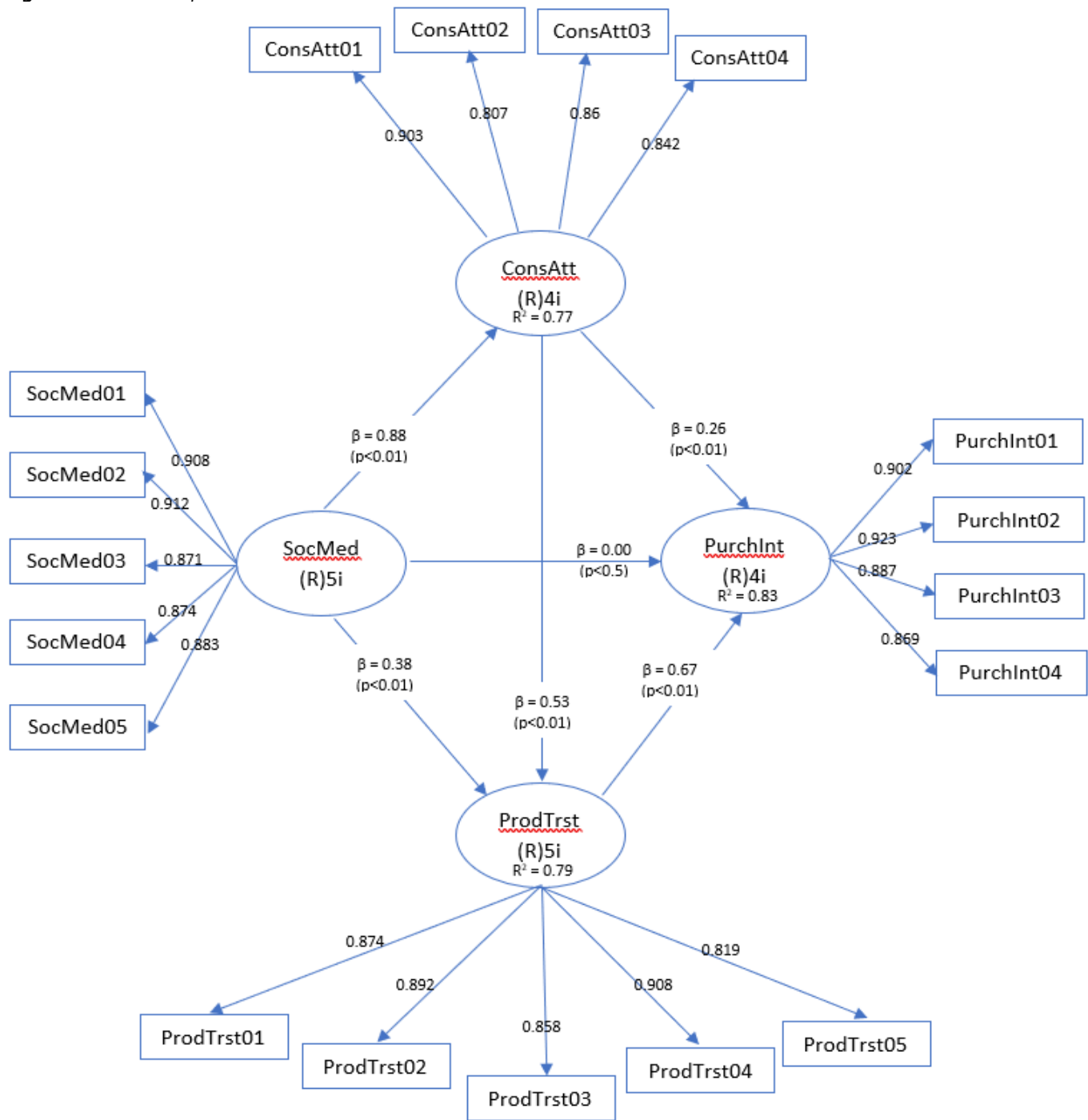
The structural model above highlights the relationships between the variables observed in this study.

The most notable result drawn from the study is that social media advertising has no direct effect on the purchase intention of Gen Z consumers. With a beta coefficient of 0.00, this implies that social media advertising does not affect purchasing decisions of consumers. However, interestingly, with a p-value of 0.50, this result does not pass the statistical significance test, and we reject the null hypothesis. On the other hand, all other relationships established in the structural equation model derived from the study have p-values of 0.01, indicating that we must reject the null hypotheses initially proposed for these constructs.

With the exemption of the direct path between social media advertising and purchase intention, all other variables have significant relationships with each other. The direct path between social media advertisements and consumer attitude indicates that there is

a positive relationship between the two variables. A coefficient of 0.88 is indicative that social media advertisements are able to improve consumer attitude by at least that much. Furthermore, social media advertisements are also seen to improve product trust by 0.38 at the significance level of 0.01. The structural equation model also shows that consumer attitude is able to improve product trust and purchase intention by 0.53 and 0.26, respectively, at the 0.01 significance level.

Moreover, the model also showed that there are mediation relationships between the variables observed for the study. We, the researchers, were able to find four mediation paths. Two of these paths play a full mediation role while the other two play a partial mediation role. To elaborate, both consumer attitude and product trust play a mediating role between social media advertisements and purchase intention—these are the paths in which the mediation variables play a full mediation role. The results of the study show that social media advertisements positively influence purchase intention by 0.23 and 0.26 when mediated by consumer attitude and product trust, respectively. On the other hand, consumer attitude and product trust also play a partial mediation role between social media advertisements and product trust, and consumer attitude and purchase intentions, respectively. The study shows that consumer attitude is a mediation variable. Social media advertisements are able to improve product trust by 0.47. On the other hand, with product trust as a mediating variable, consumer attitude is able to improve purchase intention by 0.36. Both yielded higher results than that of the direct paths. This indicates that the mediating variables play key roles in improving the relationships between the observed variables of the study.

4. Conclusion and Recommendations

This study primarily aimed to analyze and assess the influence of social media advertisements on the purchase intention of Gen Z's within Metro Manila towards video games. This study, consistent with previous literature, highlighted the importance of advertising, consumer attitude, and product trust in the ultimate buying decisions of consumers. This research highlighted how much impact social media has on both consumer attitude and product trust. The positive relationships between these variables are indicative of the critical role that social media plays in a company's marketing and advertising matrix, especially in digital spaces.

This research found that Gen Z's are generally tolerant and accepting of social media advertisements. As shown in the structural equation model, social media improves consumer confidence in both areas of consumer attitude and product trust. This increase in confidence ultimately affects the consumer's buying decision at the end of the day. Hence, this highlights the importance of proper social media advertising strategies that must be employed by companies in order to capture their target consumer bases. In light of these results, we recommend the following:

1. *Microtargetting advertisements.* Companies must study how to effectively microtarget their advertisements so that they are presented in front of relevant audiences who are interested in the niche and will ultimately make the decision to purchase their products. Since social media caters to a wide array of populations with large variations in their characteristics, being able to put one's advertisements in front of appropriate social media users is a prerequisite for successful social media advertising.
2. *Let orgnanic posts inform advertisements.* Advertisements have the capability to influence consumer behavior and product trust. Hence, it is important for companies to craft advertisements in accordance with current trends and preferences of consumers that are reflected in organic posts.
3. *Responsive ad design.* Social media can be accessed with the use of various gadgets that have different specifications. The use of responsive ad designs will allow users to view the advertisement across different gadgets, which will ultimately enhance the consumer experience.

Conflicts of Interest: The authors declare no conflicts of interest.

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