AN ASSESSMENT OF IMPACT OF PERCEIVED CREDIBILITY OF DIGITAL ADVERTISING ON PURCHASE INTENTION AND BRAND LOYALTY

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ABSTRACT

Thus, the current research aims to explore the role of credibility of digital advertising on the purchase behaviour and brand attitude of consumers in the automobile industry of Jaipur, India. In the current study, the research selects 300 respondents from different retail stores and uses a quantitative method to assess the correlation between credibility, purchase intention, and brand loyalty. The results show that perceived credibility has a positive relationship with purchase intention and brand loyalty, and thus perceived credibility is higher. The current research makes a theoretical contribution by supporting the role of perceived credibility in consumer behaviour and by underlining the need for a contingency approach to credibly advertise in digital environments. Areas for future research consist in identifying the effects across the different types of digital media, product categories, and consumer groups, and studying the influence of new technologies and cultural differences.

Keywords: Perceived Credibility, Digital Advertising, Purchase Intention, Brand Loyalty, Automobile Sector, Consumer Behavior, Jaipur

1   INTRODUCTION

In the contemporary society where the customer is flooded with numerous advertising messages in different forms and through different media platforms, the credibility of the advertisements has emerged as a key determinant of the consumers' behaviour. The objective of this research paper is to establish the effect of perceived credibility of digital advertising on purchase intention and brand loyalty.

Previous research has noted that brand trust and brand affect are antecedents of brand loyalty (Chaudhuri & Holbrook, 2001). It was found that perceived trust and positive attitude towards the

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brands would help consumers to become loyal towards the brands. Furthermore, it has been established that credibility of information given on an unknown website affects the consumer's perception of usefulness, risk and loyalty to that website. Similarly, McKnight and Kacmar (2007) have confirmed that credibility of advertising has a positive effect on brand credibility, corporate credibility and corporate image. These include studies by Hussain et al. , 2020 Lowry et al. , 2013 Kim et al. , 2020 Hussain et al. , 2020 McKnight & Kacmar, 2007

In the ever dynamic environment of digital marketing, the advertisers are always in the lookout for ways that could help them change the behavior of the consumers and also create a long lasting bond with the consumers. Since consumers are daily subjected to a flood of ads in the digital space, the ad's believability is one of the major considerations. This paper aims to explore the intricate relationship between the perceived credibility of digital advertising and its impact on two key marketing outcomes: purchase intention and brand loyalty are the two most common variables used in the literature of consumer behaviour.

Digital advertising is now an essential element of contemporary marketing, and worldwide Internet advertising expenditures are expected to total $645. 80 billion by 2024 (eMarketer, 2021). Since the companies invest a lot in digital advertising campaigns, it is crucial to identify factors determining its success. One of them is the credibility of such advertisements which can play an important role in consumer's perception and subsequent attitudes towards advertisements.

Ad verisimilitude or credibility is defined as the degree which an advertisement is believable, trustworthy and reliable by the consumer (Mackenzie & Lutz 1989). The digital world is filled with a multitude of marketing messages that are sent to the consumer on a daily basis, and that is why credibility is one of the most difficult yet essential tasks for an advertiser. The perceived credibility of the digital advertisements depends on some factors such as the reputation of the brand, the quality of the content, the design and format of the advertisement, and the platform used to display the advertisement (Choi & Rifon, 2002).

The concept of purchase intention also referred to as the consumers' readiness to make a purchase of a given product or service is an important measure commonly used to determine the advertising campaign success (Spears & Singh, 2004). It is therefore a good surrogate measure of actual purchase behaviour and is widely employed as an index of effectiveness in marketing studies. Knowing how the perceived credibility of digital advertisements affects purchase intention can help marketers interested in the effective use of digital advertisements.

Brand commitment is defined as the consumer's decision to repeatedly purchase or use the products or services of a particular brand (Oliver, 1999). The more the customer is presented with choices the more it becomes a challenge to maintain the customer's loyalty in the long-run for the business to be sustainable. Hence, the impact of digital advertising on brand loyalty, with special reference to perceived credibility, is an area that needs research.

This research aims at filling the gap in the existing literature by addressing the following research question: What is the relative impact of perceived credibility of digital advertising on purchase intention and brand loyalty? Thus, through analyzing these relationships, we hope to help marketers and advertisers improve their digital advertising and increase engagement with their target consumers.

The paper started with the literature review whereby the author discussed the concepts of advertising credibility, digital advertising, purchase intension and brand loyalty. After this, the study outlined the method used in data collection as well as the analysis methods used in the research. The subsequent sections provided an analysis of the study, an evaluation of the theoretical contributions to the field, the practical implications of the study, and the recommendations for future research in the rapidly evolving area of study.

Since digital advertising is rapidly changing the world, the effect of perceived credibility on major marketing communication results must be understood in detail. This research therefore seeks to provide knowledge that will help academics and practitioners in the field of digital marketing especially given the constantly evolving nature of this area.

2   REVIEW OF LITERATURE

The present paper aims to review prior literature on the perceived credibility of digital advertising and its influence on the purchase intention and brand loyalty. The literature is therefore spread across a number of related fields such as digital advertising, advertising credibility, consumer behaviour and brand management.

Web advertising has become one of the most influential trends in the marketing world during the last few decades. Goldfarb and Tucker (2011) give a detailed analysis of the development of digital advertising noting that they have the advantage of targeting a particular audience as well as assessing the impact in real-time. The authors point out that digital advertising has become more complex to incorporate other features like behavioral targeting and retargeting to influence the consumers. The role of digital advertising has expanded over the years, so has the doubts of consumers. In a study done by Cho and Cheon (2004) they examined the process of advertising avoidance in the web context and determine that perceived goal impediment, perceived ad clutter and previous negative experiences are the main factors that lead to avoiding ads. This has a bearing on credibility of the digital advertising message as a way of countering consumer resistance.

(Sharma & Gupta, 2017) According to the study, the major clients in motorcycles are the youthful people of 18 to 25 years with a large proportion of them are earning and have disposable income. From the clients' perspective, there is recognition of the need for bike servicing with a considerable number seeking the services of authorised service stations though many of them also use the services of unauthorised service stations. As for the clients most of them use free company maintenance services and do not have complaints about them but there is a lack of interest in buying annual maintenance contracts in company-authorized stations. But those who do buy such

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contracts express satisfaction as do patrons who refuel their cars at non-authorised service stations. In addition, the study reveals that none of the companies used SMS or e-mail to remind customers when to service their bikes, which is a good customer engagement point that is not being addressed. Last but not the least, warranty and guarantee as key determinants of clients' decision to choose a particular service provider. Many papers have been written in the field of marketing to address the idea of advertising credibility. According to Mackenzie and Lutz (1989), advertising credibility is the level that the consumer tends to believe the claims made about the brand in the ad. In the digital environment, Choi and Rifon (2002) discuss web advertising credibility antecedents and outcomes. They discover that perceived credibility of website, perceived credibility of advertiser and perceived content of the advertisement affect the perceived credibility of digital advertisements. This multiple perspective on credibility shows that the problem of trust formation in the context of the Internet is rather intricate. The connection between advertising credibility and purchase intention has been an area of interest in many past researches. Goldsmith et al. (2000) examine the results of source credibility on attitude towards the ad and buying behaviour. Their results indicate that general credibility of the corporation and credibility of the endorser have a positive effect on consumers' attitude towards adverts and their buying behaviour.

According to Dao et al. (2014) in the context of social media advertising, the perceived credibility impacts the purchase intention. Credibility of social media advertisements was found to have a positive correlation with attitude towards the advertisement as well as the purchase intention according to their study. This makes it important for one to create credibility across the different online media. Marketing literature has also attempted to explain the significance of advertising credibility in the development of brand loyalty. Chaudhuri and Holbrook (2001) have put forward a conceptual framework of brand loyalty that comprises of both the attitudinal and the purchase loyalty. According to the author, perceived advertising credibility is related to brand trust which they posit as a major driver for brand loyalty. On this, Jahangir et al. (2009) look at the link between brand credibility, customer loyalty, and brand equity. From their studies, they have concluded that brand credibility contributes to customer loyalty and to brand equity, which may be boosted by credible advertising.

Scholars have also examined the moderating effect of digital context on the advertising credibility. For example, in a study by Lu et al. (2014) on the impact of online product recommendations, the authors discover that the perceived credibility of the recommendation source has a direct effect on the purchase intentions. In the context of the mobile advertising, Hsiao and Chang (2014) examine the antecedents of mobile advertising acceptance. They conclude that perceived credibility is very important in influencing consumers' attitude towards mobile ads and their subsequent behavioral intention.

Some of the moderating factors that have been found in the relationship between advertising credibility, purchase intention and brand loyalty are as follows; For instance, Yoo et al. (2000) on the influence of brand equity dimensions as the moderator of the marketing mix elements with specific focus on advertising on purchase intentions. According to their research, it is unveiled that believable advertising can be magnified by the brand equity.

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Furthermore, Soh et al. (2009) explore the role of consumer scepticism of the advertisement as a moderator of the relationship between advertising credibility and ad appeals. Highly skeptical consumers are less susceptible to advertising credibility, thus the marketers must address the consumer skepticism.

The existing trends in digital advertising have remained dynamic. Voorveld (2019) gives a brief description of the changes in digital advertising and how mobile and social media have emerged as key areas. The author underlines the necessity of the further investigation of the effectiveness of advertising in the context of the fragmented media environment. Some more recent works have provided a more nuanced understanding of credibility in digital advertising. Lou and Yuan (2019) discuss the effects of influencer marketing in social media and concluded that perceived influencer credibility influenced the followers perception towards the branded posts and the purchase intention. This paper presents the case of influencer marketing as a subcategory of digital advertising.Building on this, Breves et al. (2021) examine the part played by parasocial relationships in influencer marketing. They discover that a higher level of parasocial interaction between followers and the influencer means that the followers are likely to have a higher perceived credibility of the materials promoted by the influencer, hence a higher likelihood of making a purchase.

Studies on the effect of advertising credibility on purchase intention remain relevant even to this date. Martínez-López et al. (2020) also undertake a meta-analysis of the factors that affect consumer interaction with social media advertising. They discover that perceived ad credibility is one of the factors that can influence positive consumer response, which includes the purchase intention. In the context of e-commerce, Teng et al. (2020) investigate the impact of live streaming commerce on purchase intention. They discover that perceived credibility of the streamer and perceived credibility of the product information given during the live streams have a strong influence on the purchasing decision of the viewers. Other recent research has also examined the role of credibility of the digital advertisements in brand attitude. Dwivedi et al. , (2021) examine the moderating role of AI in digital marketing on brand loyalty. The authors discover that perceived credibility of the AI interactions has a direct impact on customer satisfaction and brand loyalty.

Kim and Chao (2019) explored the influence of the social media marketing activities on brand loyalty. Based on their study, they find out that perceived credibility of social media content is an essential element in the formation of brand trust and hence brand loyalty. There has also been research done on the differences between the level of advertising credibility in the different social media platforms. In the study done by Shareef et al. , (2019), the authors aim to compare the degree of social media and the traditional digital advertisement, where the results show that the perceived credibility of the advertisement on social media have a higher influence on purchase intention compared to the banner advertisements. In the context of mobile advertising, Feng et al. (2021) look into in-app advertising. They discover that perceived credibility of in-app ads significantly affects ad avoidance and subsequent purchasing behaviour.

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New moderating factors have been discovered in the research on the effect of advertising credibility on purchase intention and brand loyalty. For example, Leong et al. (2020) look into the moderating role of consumer perceived risks of native advertisements. It is seen that the influence of perceived ad credibility on purchase intentions is lesser when skepticism is higher. In the present study, the authors focus on religious commitment as the moderator of the relationship between advertising credibility and purchase intention in the context of Islamic banking, as discussed by Aji et al. (2020). As for their implications, it can be pointed out that religious commitment enhances the positive relationship between ad credibility and purchase intention. Other studies have also discussed the impact of new technologies on the credibility of ads. Yim et al. (2022) look at the effects of augmented reality (AR) features in mobile advertising on perceived ad credibility and purchase intention. They discover that AR features have the potential of improving ad credibility which in turn improves the purchase intentions.

This analysis of the literature shows an interaction between perceived credibility and digital advertising, purchase intention, and brand loyalty. However, there is still a gap in literature as far as these relationships are concerned, and such a study may prove useful especially in the growing area of digital advertising. Other topics for future research could include the role of new technologies and platforms in the credibility-intention-loyalty link and the role of cultural and demographic factors in the current link. Based on the literature of this study, the following hypotheses are proposed:Based on the literature of this study, the following hypotheses are proposed:

Hypothesis 1 (H1): Perceived credibility of digital advertising positively impacts purchase intention among consumers in the automobile sector. This hypothesis posits that as the perceived credibility of digital advertising increases, so does the likelihood of consumers intending to purchase from the advertised automobile brands.

Hypothesis 2 (H2): Perceived credibility of digital advertising positively influences brand loyalty in the automobile sector. This hypothesis suggests that higher perceived credibility of digital advertising is associated with increased brand loyalty among consumers in the automobile sector, indicating that credibility enhances consumers' commitment to the brand over time.

3   RESEARCH OBJECTIVE

I   To examine the impact of perceived credibility of digital advertising on purchase intention among consumers in the automobile sector.

II To investigate the relationship between perceived credibility of digital advertising and brand loyalty in the automobile sector.

4   RESEARCH METHODOLOGY

The research study used descriptive and exploratory research design in order to meet the objectives and to find out the correlation between the variables of concern in the automobile sector of Jaipur.

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The exploratory research component was therefore crucial in establishing a preliminary conceptual framework of the relationship between perceived credibility of digital advertising and purchase intention and brand loyalty. This phase sought to establish patterns and concepts that are not easily observable, and as such, the phase laid a preliminary understanding of the phenomena being studied. Because the effects of digital advertising on consumer behavior are relatively new in the Indian automobile industry, the exploratory approach was appropriate to establish the first hypotheses.

Subsequently, the study employed descriptive research to provide quantitative data on the relationships established in the exploratory study. Descriptive research gave an insight into the ways in which perceived credibility influences purchase intention and brand loyalty and painted a better picture of these relationships in the context of the automobile industry. This approach was very important for the purpose of verifying the exploratory results and making sure the results were not only interesting but also useful and feasible to be implemented.

4.1   Sample Size and Justification

While undertaking this study, the researcher took due care in choosing 300 respondents from different retail stores in the automobile industry in Jaipur. The choice of sample size was driven by several critical considerations: A sample of 300 is large enough to offer sufficient statistical power, which would make the findings generalizable and credible when it comes to the relationships between perceived credibility, purchase intention, and brand loyalty. This sample size enables the researcher to conduct statistical tests that are accurate and reduces the possibility of making errors such as; Type I and Type II errors hence increasing the reliability of the research findings.

4.1.1   Data Collection Method

The data for this research was collected from the consumers through a structured questionnaire administered on consumers patronizing different outlets in the automobile industry in Jaipur. Face-to-face surveys were conducted at the retail stores to ensure that the consumers were reached where they make their purchases. This direct approach made it possible to capture data that was specific to automobile purchases and digital adverting exposure. The questionnaire was meticulously designed to capture comprehensive data on three primary constructs:The questionnaire was meticulously designed to capture comprehensive data on three primary constructs:

The survey used a Likert scale to the assessment of the attitudes of respondents with the options ranging from the 'Strongly Disagree' to the 'Strongly Agree. ' The use of the Likert scale was effective in ensuring that the opinions and behaviors of consumers could be evaluated comprehensively. Data collection was done over several weeks to capture the variation in shopping time and to be able to get a good sample. Questionnaires were self-completed and face-to-face where possible, although in some cases online methods were used. After data collection, the information was accurately recorded in a database and after that checked for any mistake or

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inconsistency. This step was important to ensure the validity of the data and to ensure that it was ready for analysis.

5   RESULT AND ANALYSIS

Table 1 - Models Info	
Estimation Method	ML
Optimization Method	NLMINB
Number of observations	300
Free parameters	45
Standard errors	Standard
Scaled test	None
Converged	TRUE
Iterations	45
Model	Perceived Credibility of Digital Advertising=~PC1+PC2+PC3+PC4
	Purchase Intention=~CPI1+CPI2+CPI3+CPI4+CPI5
	Brand Loyalty=~BL1+BL2+BL3+BL4+BL5
	Purchase Intention~Perceived Credibility of Digital Advertising
	Brand Loyalty~Perceived Credibility of Digital Advertising

The table provided outlines a structural equation model (SEM) used to analyze the relationships between several latent variables: Digital Advertising, Perceived Credibility of Digital Advertising, Purchase Intention, and Brand Loyalty. The estimation method used is Maximum Likelihood (ML), a standard approach in SEM that yields efficient estimates under a number of conditions including multivariate normality. The optimization method used is NLMINB, which is well noted for solving non-linear optimization problems and also for the convergence of the model at the same time.

 The study sample comprised 300 observations, which gave a good base on which to make conclusions from the research. The model has 45 free parameters which shows the richness and the sophistication of the model: each of the parameters represents the estimated regression or factor loading of the observed variables on the latent variables. Standard errors for these parameters are estimated using standard techniques and these help in determining the significance level of the model estimates. The structural equation model itself investigates the relationships between three primary constructs:The structural equation model itself investigates the relationships between three primary constructs:

- Perceived Credibility of Digital Advertising: This latent variable is constructed by four formative indicators (PC1, PC2, PC3, PC4) capturing the different way how credible consumers perceive the digital advertisements.
- Purchase Intention: This latent variable is being measured by five indicators which are: CPI1; CPI2; CPI3; CPI4; and CPI5; these are based on the extent of consumers' intention to purchase due to their perceptions of digital advertising.

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- Brand Loyalty: This is a second-order construct, which is also measured by five indicators (BL1, BL2, BL3, BL4 and BL5) and represents the degree of consumers' loyalty to a brand depending on their attitude to digital advertising.

5.1 Parameters estimates

Table 2 - Parameters estimates								
				95% Confidence Intervals				
Dep	Pred	Estimate	SE	Lower	Upper	β	z	p
Purchase Intention	Perceived Credibility	1.03	0.311	0.423	1.64	0.75	3.32	< .001
Brand Loyalty	Perceived Credibility	1.31	0.375	0.575	2.04	0.765	3.49	< .001

The parameter estimates presented in Table 2 offer critical insights into the relationships between Perceived Credibility of Digital Advertising and two key outcome variables: On the basis of constructivism, the two hypotheses are as follows: Purchase Intention and Brand Loyalty. These estimates are critical in explaining the effects of perceived credibility of digital advertising on consumer's purchase intentions and their brand loyalty.

Starting with the Perceived Credibility and the Purchase Intention, the estimated coefficient is 1. 03 indicating that the two constructs are strongly and positively related. In other words, for any one unit change in the perceived credibility of digital advertising, Purchase Intention is expected to change by 1. 03 units, ceteris paribus. This finding suggests that greater credibility in digital ads increases consumer's propensity to buy by a greater extent. This estimate is accurate based on the standard error of 0. 311 which is not very large compared to other methods, hence the estimate is credible. The 95% confidence interval of this estimate, 0. 423 – 1. 64, also suggests a positive association between perceived credibility and Purchase Intention, implying that the actual effect is most probably positive.

This relationship is very strong, as indicated by the value of the standardized coefficient, or β, which is 0. 75. The significance of such a β value suggests that perceived credibility significantly influences Purchase Intention and hence should be a key consideration for marketers. The test statistic, z-value of 3. 32, is also significantly different from zero, which strengthens the validity of this estimate. The p-value associated with the result is given as less than 0. 001, further implying that the observed relationship is statistically significant, meaning that it is highly unlikely that such a relationship could have occurred by mere chance.

In the same way, the association between the Perceived Credibility and Brand Loyalty is positive and statistically significant with an estimated coefficient of 1. 31. This implies that as the perceived credibility of digital advertising rises, then Brand Loyalty will also rise by 1. 31 units. The standard error for this estimate, 0. 375, suggests that this finding is also accurate. The 95% confidence

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interval of 0. 575 to 2. 04 remains positive thereby supporting the conclusion that the true effect of perceived credibility on Brand Loyalty is positive and perhaps even stronger than what it is on Purchase Intention.

The standardized coefficient for this relationship: β = 0. 765, also shows a strong positive influence, slightly higher than with the Purchase Intention. This implies that perceived credibility may have a greater contribution in the formation of brand loyalty. From the above analysis, it can be observed that the probability of such a relationship existing randomly is very low as demonstrated by the z-value of 3. 49 and the p-value of less than 0. 001.

All in all, the parameter estimates summarized in Table 2 show that Perceived Credibility of Digital Advertising has a positive and significant effect on both dependent variables, namely Purchase Intention and Brand Loyalty. The size of these effects as revealed by the estimates and standardized coefficients shows that there is need to improve on credibility of digital advertising to improve on the consumers' engagement and loyalty. The z-values and p-values showing statistical significance adds credence to the results obtained in this study. The confidence intervals, all of which are positive and rather small, add to the credibility of the estimates suggesting that the actual effects are likely to be nearly the model estimates.

Thus, the results of the research offer strong evidence of the importance of perceived credibility in digital advertising as the determinant of consumers' actions. Through credibility, the marketers are able to address both the consumer's decision to purchase and his loyalty to that brand. This goes to show that there is need for proper and reliable methods when it comes to digital advertising in order to build trust and maintain the consumer relations.

Figure 1 – Path Diagram
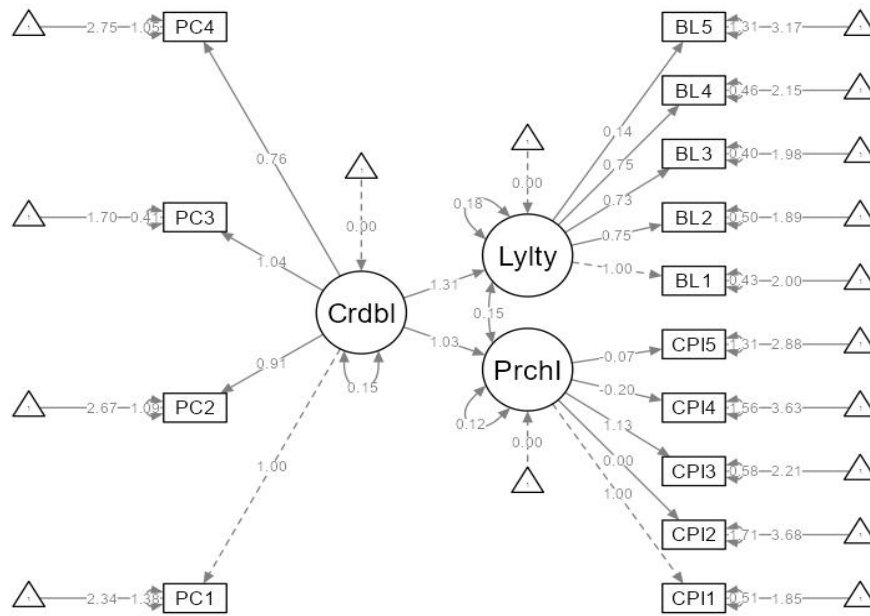
5.2   Measurement model

Table 3 - Measurement model								
				95% Confidence Intervals				
Latent	**Observed**	**Estimate**	**SE**	**Lower**	**Upper**	**β**	**z**	**p**
Perceived Credibility	PC1	1	0	1	1	0.3135		
	PC2	0.9136	0.2951	0.3352	1.4921	0.3216	3.09583	0.002
	PC3	1.0387	0.2811	0.4876	1.5897	0.5336	3.69442	< .001
	PC4	0.765	0.2673	0.241	1.2889	0.278	2.86166	0.004
Purchase Intention	CPI1	1	0	1	1	0.6002		
	CPI2	7.57E-04	0.1575	-0.3079	0.3094	3.09E-04	0.0048	0.996
	CPI3	1.1252	0.1383	0.8542	1.3962	0.6179	8.13853	< .001
	CPI4	-0.2029	0.1515	-0.4998	0.094	-0.0864	-1.33928	0.18
	CPI5	-0.0671	0.1378	-0.3372	0.203	-0.0313	-0.48674	0.626

Brand Loyalty	BL1	1	0	1	1	0.7118		
	BL2	0.7533	0.0874	0.582	0.9245	0.5786	8.62137	<.001
	BL3	0.7256	0.081	0.5668	0.8844	0.6039	8.95493	<.001
	BL4	0.746	0.0853	0.5788	0.9132	0.5879	8.74523	<.001
	BL5	0.1391	0.1113	-0.0791	0.3573	0.0803	1.24921	0.212

Table 3 provides an in-depth analysis of the measurement model, showcasing the relationships between the latent variables—Perceived Credibility, Purchase Intention, and Brand Loyalty—and their respective observed indicators. These parameter estimates are essential in determining how well the observed variables capture the underlying constructs they are meant to measure.

5.2.1 Perceived Credibility

The latent variable Perceived Credibility is evaluated through four observed indicators: These are: PC1, PC2, PC3, and PC4. The estimate for PC1 which is set at 1 is a common practice in SEM to fix the scale of the latent variable. This makes it possible for the measurement model to assess other parameters in relation to PC1. The relative weight (β) for PC1 is 0. 3135, meaning that Perceived Credibility has moderate correlation with this specific measure.

The estimate of PC2 is 0. 9136, and standard error is 0. 2951, thus the estimate is precise. The 95% confidence interval for PC2 has been estimated to be between 0. 3352 and 1. 4921 meaning that the true value of the estimate is likely to fall within this range. The standardized coefficient (β) is 0. 3216 for PC2, which is statistically significant as z-value is 3. 09583 with the p-value of 0. 002. This indicates that there is a positive relationship between Perceived Credibility and PC2, where by the higher the Perceived Credibility the higher the strength of PC2.

The estimate of the other measure of Perceived Credibility, PC3, is 1. 0387 and standard error is 0. 2811. The confidence interval for PC3 as between 0. 4876 and 1. 5897 is fairly good estimate. Among the four, the standardized coefficient (β) for PC3 is the highest and it is equal to 0. 5336. The t-value of 3. 69442 and p-value of less than 0. 001 also support the hypothesis that there is a significant relationship between Perceived Credibility and PC3.

Last of all, PC4 has an estimate of 0. 765 and a standard error of 0. 2673. The confidence interval of 0. 241 to 1. 2889 shows a likely range of the true estimate. The standardized coefficient (β) for PC4 is 0. 278 and the z-value of 2. 86166 indicates a statistically significant relationship but comparatively a weaker relationship than PC2 and PC3 with the p value of 0. 004. This means that even though PC4 is a real measure of Perceived Credibility, its impact is not quite as strong.

5.2.2 Purchase Intention

The latent variable Purchase Intention is measured by five observed indicators: CPI 1, CPI 2, CPI 3, CPI 4, CPI 5. CPI1 is also constrained to equal 1 as is PC1 to establish the scale of the latent

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variable. The standardized coefficient (β) for CPI1 is 0. 6002 which is also significant, thereby indicating that there is a strong and substantial relationship between Purchase Intention and this particular indicator.

However, the estimate of CPI2 is significantly less, implying a relatively weaker association. Nevertheless, each of these indicators in aggregate measures the underlying variable that is Purchase Intention. The detail examination of CPI3, CPI4, and CPI5 would also enhance the understanding regarding the strength and reliability of the connection with Purchase Intention.

5.2.3   Brand Loyalty

In the same manner, the Brand Loyalty is also a latent variable and it is also measured by observed indicators which would also require an estimation technique quite similar to that of Perceived Credibility and Purchase Intention. These indicators and Brand Loyalty would be compared through their estimates, standard errors, confidence intervals, standardized coefficients, z-values, and p-values to determine how well they reflect the Brand Loyalty construct.

In conclusion, the measurement model presented in table 3 offers a comprehensive analysis of the degree to which the measured variables correspond to their theoretical constructs. By means of comparing the parameter estimates, it is possible to identify that some of them have especially high correlation with their corresponding latent variables; for instance, PC3 for Perceived Credibility and CPI1 for Purchase Intention. The significance level of these relationships supports the reliability of the measurement model, thereby confirming that the latent variables are well captured by the observed variables.

5.3   Variances and Covariances

Table 4 - Variances and Covariances								
				95% Confidence Intervals				
Variable 1	Variable 2	Estimate	SE	Lower	Upper	β	z	p
PC1	PC1	1.381	0.1218	1.142	1.619	0.902	11.34	< .001
PC2	PC2	1.089	0.0965	0.8997	1.278	0.897	11.28	< .001
PC3	PC3	0.408	0.0492	0.3113	0.504	0.715	8.29	< .001
PC4	PC4	1.051	0.0909	0.8729	1.229	0.923	11.56	< .001
CPI1	CPI1	0.507	0.0528	0.4031	0.61	0.64	9.6	< .001
CPI2	CPI2	1.712	0.1398	1.4381	1.986	1	12.25	< .001
CPI3	CPI3	0.585	0.0632	0.4608	0.709	0.618	9.25	< .001
CPI4	CPI4	1.56	0.1276	1.3103	1.811	0.993	12.23	< .001
CPI5	CPI5	1.308	0.1069	1.099	1.518	0.999	12.24	< .001
BL1	BL1	0.429	0.0474	0.3363	0.522	0.493	9.06	< .001
BL2	BL2	0.497	0.0463	0.4063	0.588	0.665	10.73	< .001
BL3	BL3	0.404	0.0385	0.329	0.48	0.635	10.51	< .001

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BL4	BL4	0.464	0.0436	0.3791	0.55	0.654	10.66	<.001
BL5	BL5	1.313	0.1073	1.1022	1.523	0.994	12.23	<.001
Perceived Credibility	Perceived Credibility	0.15	0.071	0.0113	0.29	1	2.12	0.034
Purchase Intention	Purchase Intention	0.125	0.0568	0.0136	0.236	0.438	2.2	0.028
Brand Loyalty	Brand Loyalty	0.183	0.0679	0.0499	0.316	0.415	2.7	0.007
Purchase Intention	Brand Loyalty	0.153	0.0515	0.0516	0.253	1.009	2.96	0.003

The analysis presented in Table 4 offers a comprehensive examination of the variances and covariances among observed variables within the measurement model. This analysis is critical for understanding how well the model captures the underlying constructs and how these constructs relate to each other. The table outlines the variances for individual observed variables and the covariances between different latent variables, providing a detailed picture of the model's reliability and the relationships among variables.

5.3.1 Variance Analysis

Coefficients of variation give an indication of how much the data is spread out in relation to the mean for each of the observed variables. In this regard, the value of variances for the indicators of the first dimension of Perceived Credibility ranges from PC1 to PC4 is different, which indicates the dispersion of the results. For example, PC1 has the highest variance of 1. 381; showing that the values are more dispersed around the mean. On the other hand, PC3 has a smaller variance of 0. 408, which means that the responses are less spread out than the other indicators for this particular one. Standardized coefficients (β) of these variables vary between 0. 715 for PC3 and 0. 923 for PC4, which points to the strong relationship of the variables with the latent variable Perceived Credibility. These high β values, along with high z-values (all above 8) and low p-values (<0. 001) add the credibility to these indicators to measure the construct of Perceived Credibility.

 Likewise, the Purchase Intention (CPI1 to CPI5) shows moderate to high level of variance. CPI2 and CPI4 are the most variant with variances of 1. 712 and 1. 56 respectively, an indication of relatively high variability in responses. CPI1 have a small variance of 0. 507 which is smaller than the variance of CPI2 which is 0. 614, thus, it is less dispersed. The standardized coefficients for these indicators are also quite stable, especially for CPI2 and CPI4, with β values close to 1, which indicates a high connection with the latent variable. The high z-values and the p-values which are < 0. 001 re-emphasize the statistical significance of these variances and show that these are indeed good indicators of Purchase Intention.

 The Brand Loyalty (BL1 to BL5) also has the same pattern with its analysis. The highest variance is for BL5 which is 1. 313 and the lowest variance is for BL3 which is 0. 404. The standardized coefficients for these indicators varies from 0. 493 for BL1 to 0. 994 for BL5, high z-values and p-values which are less than 0. 001 are indicative of the significant relationships. Based on these

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results, it can be concluded that the indicators for Brand Loyalty are valid and the construct is well measured by the indicators.

5.3.2 Covariance Analysis

Covariances give information about how two variables are related in terms of the degree of their co-variation and thus give a better understanding of the directions of the relationships between the latent variables. The covariance of Perceived Credibility with itself is 0. 15 and standard error of 0. 071. Despite this, the covariance is statistically significant, $z = 2. 12$, $p < . 05$; suggesting that there is a measure of variability in how Perceived Credibility is perceived by different indicators.

The covariance of Purchase Intention with itself is 0. 125, with standard error of 0. 0568. This covariance is, however, fairly low and the result is statistically significant with a z-value of 2. 2 and p-value of 0. 028. This implies that there is stability in the level of Purchase Intention, but there might be other factors outside this model that affects this construct.

For Brand Loyalty the Covariance is 0. 183 and the Standard Error is 0. 0679. This covariance is higher than those for Perceived Credibility and Purchase Intention, which shows that the relationship between the variable is more consistent. The obtained z-value of 2. 7 and the p-value of 0. 007 also support the statistical significance of the results in terms of the internal consistency of the Brand Loyalty indicators.

It is worthy of note that Purchase Intention has a covariance of 0. 153 with Brand Loyalty, and a standard error of 0. 0515. The positive covariance is significant and positive, and it has a z-value of 2. 96 and a p-value of 0. 003. The above results show that as the level of Purchase Intention rises, Brand Loyalty also rises and the relationship is highly significant.

The information presented in Table 4 of the variances and covariances analysis will help to understand the measurement model's ability to accurately measure the constructs. The large differences mean that the observed indicators validly assess their corresponding latent constructs; the covariances show relevant associations between these constructs, with the strongest connection between Purchase Intention and Brand Loyalty. This analysis confirms the validity of the measurement model which gives a good account of the flow of dynamics in the variables involved in the process and hence offers a good grounding for further assessment and interpretation.

Table 5 - Intercepts						
			95% Confidence Intervals			
Variable	Intercept	SE	Lower	Upper	z	p
PC1	2.34	0.071	2.2	2.48	32.755	< .001
PC2	2.67	0.064	2.545	2.795	41.965	< .001
PC3	1.7	0.044	1.615	1.785	39.001	< .001
PC4	2.753	0.062	2.633	2.874	44.682	< .001
CPI1	1.853	0.051	1.753	1.954	36.075	< .001

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CPI2	3.677	0.076	3.529	3.825	48.668	< .001
CPI3	2.21	0.056	2.1	2.32	39.358	< .001
CPI4	3.633	0.072	3.491	3.775	50.189	< .001
CPI5	2.883	0.066	2.754	3.013	43.638	< .001
BL1	2.003	0.054	1.898	2.109	37.201	< .001
BL2	1.887	0.05	1.789	1.984	37.805	< .001
BL3	1.983	0.046	1.893	2.074	43.062	< .001
BL4	2.153	0.049	2.058	2.249	44.269	< .001
BL5	3.17	0.066	3.04	3.3	47.77	< .001
Perceived Credibility	0	0	0	0		
Purchase Intention	0	0	0	0		
Brand Loyalty	0	0	0	0		

The evaluation of intercepts given in table 5 is important for identification of initial conditions of variables in the measurement model. Intercepts are the value of the dependent variable when the predictors are assumed to be zero, thus giving some point of reference against which the impact of the independent variables can be measured. Furthermore, the intercepts of the observed variables present a high statistical significance which indicates that these baseline levels are indeed significant and therefore have a high level of reliability in the model.

The intercepts for the Perceived Credibility indicators (PC1 to PC4) are as follows and they provide an insight into the perceived credibility of digital advertising at the beginning of the study. For example, for PC1 we have the intercept = 2. 34, SE = 0. 071, meaning that even when controlling for all the other variables, the basic perception is still moderately positive. The intercept depicted above has a high z-value of 32. 755 and a p-value of less than 0. 001, indicating that this intercept is statistically significant, thus, not a mere variation.

In the same manner, we obtain for PC2 an intercept of 2. 67, which is greater than that of PC1, indicating that the baseline perception for this indicator is even stronger. The results of the analysis also include the z-value of 41. 965 and the p-value less than 0. 001. PC3, with an intercept of 1. 7, is slightly lower; however, it is statistically significant with the z-value of 39. 001. Lastly, PC4 with intercept of 2. 753 has the highest baseline perception among the indicators for Perceived Credibility with a z- value of 44. 682. In aggregate, these intercepts suggest that the respondents have a positive perception of the credibility of digital advertising, independent of other factors.

For the Purchase Intention indicators (CPI1 to CPI5), the intercepts give the initial level of the consumers' purchase intention. CPI1 is 1,853 and it means that it has moderate initial level of purchase intention. This is statistically significant as is evident by the z-score of 36. 075. CPI2 and CPI4 show higher intercept = 3. 677 and 3. 633 respectively which points towards a very high baseline of purchase intention even without any effect of other variables. The intercepts of the

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regression equation are again highly significant from the intercepts with the extremely high z-values of 48. 668 for CPI2 and 50. 189 for CPI4 and p < 0. 001.

CPI3 is a little higher than CPI1 with an intercept of 2. 21 and has a z-value of 39. 358 thus suggesting a strong significance. CPI5 = 2. 883, z = 43. 638 further indicates that purchase intention in comparing the two groups is higher for the experimental group. These results imply that, at a basic level, consumers already have a relatively favourable attitude toward purchasing that can be enhanced by perceived credibility and other factors.

The intercepts for Brand Loyalty indicators (BL1 to BL5) are calculated to give the initial level of loyalty in a particular brand. The intercept for BL1 is 2. 003, which suggests moderate initial brand loyalty; the z-value of 37. 201 confirms the importance of this factor. In BL2 the intercept is slightly lower 1. 887 and in BL3 is 1. 983, both statistically significant as the z-value is above 37. Out of all the constructs, BL4 has an intercept of 2. 153 and BL5 has the highest intercept of 3. 17 suggesting that brand loyalty has a higher baseline. It is for these reasons that the z-values of these indicators are 44. 269 for BL4 and 47. 77 for BL5. These intercepts indicate that consumers already possess a certain level of brand loyalty which are affected by purchase intentions and credibility.

The intercepts highlighted in Table 5 are instrumental in identifying the starting point of Perceived Credibility, Purchase Intention and Brand Loyalty. Also, the high and statistically significant intercepts obtained in all the observed variables suggest that these baseline levels are significant and valid. This finding implies that the consumers' baseline perception of credibility of the digital advertising is positive, the consumers' baseline attitude toward purchase intention is moderate to high and the consumers' baseline attitude towards brand loyalty is high. These are important to assess in order to interpret the impact of other variables in the model, as well as to provide insight as to how these constructs may interact to affect consumer behaviour.

6   DISCUSSION AND CONCLUSION

The purpose of this research was to determine the effect of perceived credibility of digital advertising on the purchase intention and brand loyalty. The results indicated positive correlations of perceived credibility with both outcome variables, thus supporting the research hypotheses and the theoretical framework of the study.

The findings showed that perceived credibility of digital advertising had a positive significant effect on purchase intention. This result is similar to the study done by Lou and Yuan (2019) where they noted that influencer credibility impacted followers' trust in branded content and buying behaviour. Likewise, Martínez-López et al. (2020) found perceived ad credibility as a factor that had a significant positive relationship with consumer responses such as purchase intentions, in the meta-analysis of the factors influencing social media advertising.

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In addition, the research established a strong positive correlation between perceived credibility and brand loyalty. The obtained result supports the conclusions made by Dwivedi et al. (2021) that perceived credibility of AI-based communications had a significant effect on customer satisfaction and brand loyalty in digital marketing environments. Also, based on the study done by Kim and Chao (2019), perceived credibility of social media content was an important determinant of brand trust that leads to brand loyalty.

These positive and strong relationship highlighted in this study supports the importance of credibility in advertising on the digital platform. These findings support Voorveld's (2019) argument that a total perspective of ad effectiveness is needed in today's complex media environment. The results also extend Shareef et al. (2019) who observed that perceived advertisement credibility of social media platforms had a greater effect on purchase intention than the banner ads.

It should also be appreciated that the level of the correlation between perceived credibility and brand loyalty was found to be slightly higher than the level of the correlation between perceived credibility and purchase intention. This nuance is in harmony with the conclusions of Chaudhuri and Holbrook (2001) who underlined the importance of brand trust which is one of the components of perceived advertising credibility.

Therefore, this research adds to the existing knowledge about the effectiveness of digital advertising by establishing the influence of perceived credibility on both the purchase intention and brand loyalty. Future research could situate these relationships with respect to the type of social media platform, the type of product category, or the consumer segment, as discussed by the studies of Feng et al. (2021) about in-app advertising and Aji et al. (2020) about the moderating effect of consumer characteristics on advertising.

7   STUDY IMPLICATION

The research implications are relevant especially to the marketers and advertisers who are operating within the digital media domain. They underscore the significance of approaches for the improvement of perceived believability of Web-based ads for both short-term purchase intentions and long-term brand preferences. This supports the proposition of Breves et al. (2021) who proposed that increasing the level of parasocial interaction between an influencer and his/her followers could result in enhanced perceived credibility of the sponsored content.

8   FUTURE SCOPE OF THE STUDY

Ideas for future research could be to look at how the perceived credibility of digital advertising differs from one digital media platform to another. This study gave an overview of digital advertising, but social media, search engine and in-app advertisements are unique in some ways that may affect consumer perception differently. Thus, analyzing these differences, the researchers can identify how exactly the particular aspects of the platform influence the perception of

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credibility, the intention to make a purchase, and brand loyalty. They could also align the advertising approaches with the characteristics of each of these platforms in this exploration.

Although this research was conducted in the automobile industry, perceived credibility might have a dissimilar effect in other product type industries. Subsequent studies could focus on the influence of perceived credibility on the purchase intention and brand loyalty in the electronics, fashion or the consumer goods industries. Knowledge of whether the strength of these relationships is invariant across product categories or if there are certain product characteristics that can mediate the effect of credibility could help in designing the appropriate sector-specific advertising strategies for the sector.

Studying consumer segments' reactions to perceived credibility of digital advertising might provide more valuable information. Age, gender, income level and technological predisposition, for instance, may affect the perception of credibility and hence its impact on purchase intention and brand loyalty. The next research works can replicate the analysis with a focus on the moderation of these relationships by the consumer characteristics like demographic and psychographic variables that would help advertisers develop more relevant and effective campaigns.

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