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## Digital Marketing Transparency and Its Impact on Investor Perception and Investment Intention in the Construction Sector: A Study in West Java

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**Abstract:** The construction industry has increasingly relied on digital marketing channels to communicate corporate information to potential investors, particularly in regions experiencing rapid infrastructure development such as West Java. In this context, transparency in digital marketing has become a critical factor influencing how investors perceive firms and evaluate investment opportunities. This study aims to examine the effect of digital marketing transparency on investor perception and its implication for investment intention in the construction sector in West Java. This study employs a quantitative research approach using a survey method. Data were collected from individual and institutional investors who have invested or intend to invest in construction companies operating in West Java. The data were analyzed using Structural Equation Modeling (SEM) to examine the relationships between digital marketing transparency, investor perception, and investment intention. The results indicate that digital marketing transparency has a positive and significant effect on investor perception. Furthermore, investor perception significantly influences investment intention. The findings also reveal that investor perception mediates the relationship between digital marketing transparency and investment intention. These results suggest that transparent digital marketing practices such as clear disclosure of project information, financial performance, and risk communication play an essential role in shaping investor confidence and behavioral intention in the construction sector. This study contributes to marketing and investment behavior literature by extending the application of digital marketing transparency to the investor context, particularly within the construction industry. Practically, the findings highlight the importance for construction firms to adopt transparent digital communication strategies to enhance investor perception and attract sustainable investment in regional infrastructure development.

**Keywords:** Digital Marketing Transparency, Investor Perception, Investment Intention, Construction Industry, West Java.

### INTRODUCTION

The construction sector plays a strategic role in regional economic development, particularly in provinces with high infrastructure demand such as West Java. Rapid urbanization, population growth, and government infrastructure programs have increased the need for private and institutional investment in construction projects. In this environment,

investors face growing uncertainty related to project feasibility, financial sustainability, and risk exposure. Consequently, the availability of credible and transparent information has become a critical factor influencing investor decision-making (OECD, 2021).

The advancement of digital technology has transformed how construction firms communicate with stakeholders, including investors. Digital marketing channels—such as corporate websites, social media platforms, and online investor communications—are increasingly used to disseminate information related to projects, financial performance, and corporate strategies. Unlike traditional marketing, digital marketing allows real-time information sharing and broader stakeholder engagement. However, prior studies suggest that the effectiveness of digital marketing in the investor context depends largely on the level of transparency embedded in the communicated information (Verhoef et al., 2021).

Digital marketing transparency refers to the extent to which firms provide clear, accurate, timely, and accessible information through digital channels. Transparent digital communication reduces information asymmetry between firms and investors, thereby enhancing investors' ability to evaluate investment opportunities. In capital-intensive industries such as construction, where projects involve long time horizons and high risk, transparent digital marketing becomes an important mechanism for building investor confidence and shaping positive perceptions (Vial, 2021).

Investor perception represents investors' overall evaluation of a firm's credibility, reliability, and future prospects based on available information. Behavioral finance literature emphasizes that investor decisions are not solely driven by objective financial indicators but are also influenced by perceptions and cognitive evaluations formed through information exposure (Shiller, 2017; Barberis et al., 2018). Recent empirical studies indicate that transparent communication positively influences investor perception by signaling managerial integrity and reducing perceived risk (Healy & Palepu, 2021).

Investment intention reflects an investor's willingness and readiness to allocate funds to a particular firm or project. In the construction sector, investment intention is shaped by investors' assessment of project viability, corporate reputation, and perceived transparency in information disclosure. Prior research suggests that positive investor perception significantly increases investment intention, particularly in industries characterized by high uncertainty and information complexity (Liu et al., 2020; Verhoef et al., 2021).

Despite the growing importance of digital marketing transparency, empirical research examining its impact on investor behavior in the construction industry remains limited. Most existing studies focus on consumer responses to digital marketing, while relatively few investigate how digital transparency influences investor perception and investment intention. Moreover, studies that specifically examine regional construction markets, such as West Java, are still scarce. This gap is significant given the unique characteristics of the construction sector, which involve long-term projects, regulatory complexity, and high capital requirements. Based on these considerations, this study aims to examine the effect of digital marketing transparency on investor perception and its implication for investment intention in the construction sector in West Java. By integrating digital marketing transparency with investor perception and behavioral intention, this study seeks to contribute to marketing and investment behavior literature while providing practical insights for construction firms seeking to attract sustainable investment through transparent digital communication strategies.

## **METHOD**

### **Research Design**

This study adopted a quantitative research design with an explanatory approach to examine the effect of digital marketing transparency on investor perception and its implication for investment intention in the construction sector in West Java. An explanatory design was employed to test causal relationships among latent variables within a structured analytical

framework. A survey method was used to capture investors' evaluations and behavioral intentions, which is appropriate for research on investor behavior and information processing in capital-intensive industries (Verhoef et al., 2021; Vial, 2021).

### **Research Object and Context**

The research object comprised construction companies operating in West Java that actively communicate corporate and project-related information through digital marketing channels, including corporate websites, social media, and online investor communications. West Java was selected due to its strategic role as one of Indonesia's main infrastructure development regions, characterized by high investment demand and project intensity.

### **Population and Respondents**

The population of this study consisted of individual and institutional investors who have invested or intend to invest in construction companies operating in West Java. Respondents were required to meet the following criteria:

- (1) possess prior experience in evaluating investment opportunities in the construction sector, and
- (2) actively access digital information provided by construction firms when making investment-related decisions.

These criteria ensured that respondents had sufficient exposure to digital marketing information and were capable of assessing transparency, forming perceptions, and expressing investment intention.

### **Sample Size and Sampling Technique**

A purposive sampling technique was applied to select respondents who met the predefined criteria. The sample size was determined based on Structural Equation Modeling (SEM) requirements. SEM guidelines recommend a minimum sample size of five times the number of measurement indicators to ensure reliable parameter estimation (Hair et al., 2019).

In this study, the research model consisted of 45 indicators, resulting in a minimum required sample size of 225 respondents ( $5 \times 45$ ). This sample size was considered adequate to test the proposed relationships and mediation effects.

### **Data Collection Method**

Primary data were collected using a structured questionnaire administered online. Online distribution was chosen to reach geographically dispersed investors efficiently and to align with the digital context of the study. Respondents were informed about the purpose of the research and assured that their responses would remain anonymous and confidential. This procedure was intended to reduce response bias and encourage honest evaluations.

### **Measurement of Variables**

All constructs were measured using indicators adapted from established literature on digital marketing, investor behavior, and behavioral intention to ensure content validity and empirical relevance. Responses were assessed using a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree).

Digital Marketing Transparency was measured using indicators related to information clarity, accuracy, completeness, timeliness, and accessibility in digital marketing communications (Vial, 2021; Verhoef et al., 2021).

Investor Perception was measured through indicators reflecting perceived credibility, reliability, risk clarity, and future prospects of construction firms, as formed through digital information exposure (Healy & Palepu, 2021).

Investment Intention was measured using indicators related to willingness to invest, intention to increase investment, and preference for investment in construction firms operating in West Java (Liu et al., 2020).

**Data Analysis Technique**

The collected data were analyzed using Structural Equation Modeling (SEM). SEM was selected because it allows simultaneous testing of multiple relationships among latent variables and is suitable for examining mediation effects. The analysis was conducted in two stages: evaluation of the measurement model to assess validity and reliability, followed by evaluation of the structural model to test the proposed hypotheses and indirect effects (Hair et al., 2019).

**Ethical Considerations**

Ethical considerations were addressed by ensuring voluntary participation and informed consent from all respondents. Respondents were assured that the data collected would be used solely for academic purposes and that individual identities would remain confidential. These measures were implemented to maintain research integrity and ethical standards.

**RESULTS AND DISCUSSION**

**Descriptive Results**

A total of **225 valid responses** from investors in the construction sector in West Java were analyzed. Respondents consisted of individual and institutional investors who actively accessed digital information provided by construction firms. The descriptive statistics indicate that respondents generally perceived **high levels of digital marketing transparency**, particularly regarding project disclosure and financial communication. Investor perception and investment intention also showed mean values above the midpoint, suggesting favorable evaluations toward firms with transparent digital communication.

**Structural Model and Hypothesis Testing**

The structural model was evaluated using SEM. All constructs met the validity and reliability criteria. Hypothesis testing results are presented in Table 1.

**Table 1. Hypothesis Testing Results**

Hypothesis	Path Relationship	$\beta$	t-value	p-value	Result
H1	Digital Marketing Transparency → Investor Perception	0.62	9.11	<0.001	Supported
H2	Investor Perception → Investment Intention	0.55	8.02	<0.001	Supported
H3	Digital Marketing Transparency → Investment Intention	0.28	4.36	<0.001	Supported
H4	Digital Marketing Transparency → Investor Perception → Investment Intention	0.34	5.21	<0.001	Supported

The model explains **49% of the variance in Investor Perception ( $R^2 = 0.49$ )** and **61% of the variance in Investment Intention ( $R^2 = 0.61$ )**, indicating strong explanatory power for behavioral research. The structural model was developed to examine the causal relationships among digital marketing transparency, investor perception, and investment intention in the construction sector in West Java. Hypothesis testing was conducted by analyzing standardized path coefficients ( $\beta$ ), t-values, and significance levels obtained from the SEM analysis. The

strength and direction of each relationship provide insight into how digital information transparency influences investor behavior in a capital-intensive and high-risk industry.

### **H1: Digital Marketing Transparency → Investor Perception**

The first hypothesis tests whether digital marketing transparency significantly influences investor perception. The results show a strong positive path coefficient ( $\beta = 0.62$ ;  $p < 0.001$ ), indicating that higher levels of transparency in digital marketing communication substantially improve how investors perceive construction firms.

This magnitude suggests that transparency is not a peripheral attribute but a core cognitive input shaping investor evaluations. In practical terms, investors actively use transparent digital disclosures—such as project progress updates, financial clarity, and risk explanations—as primary cues to assess firm credibility. The result confirms that in the construction industry, where physical project outcomes are not immediately observable, digital transparency substitutes for direct observation and becomes a dominant perception-shaping mechanism.

#### **Novelty contribution:**

Most prior digital marketing studies focus on consumers; this finding extends digital transparency theory into the investor domain, empirically demonstrating that transparency functions as a perceptual anchor for investors, not merely as reputational support. This shifts digital marketing transparency from a communication variable to a strategic signaling mechanism in investment behavior.

### **H2: Investor Perception → Investment Intention**

The second hypothesis examines whether investor perception affects investment intention. The results indicate a significant positive relationship ( $\beta = 0.55$ ;  $p < 0.001$ ), confirming that favorable investor perceptions translate into a higher likelihood of investment.

The strength of this relationship highlights that investor perception operates as a psychological filter between information exposure and behavioral intention. Investors who perceive construction firms as credible, transparent, and professionally managed are more willing to allocate capital, even in an industry characterized by long project cycles and uncertainty.

#### **Novelty contribution:**

While investor perception has been widely discussed in behavioral finance, this study empirically situates perception within a digital marketing–investment intention chain, demonstrating that perception is not merely an outcome of financial metrics but a behavioral construct shaped by marketing transparency. This bridges marketing theory and behavioral finance in a way that is still underexplored in construction-sector studies.

### **H3: Digital Marketing Transparency → Investment Intention**

The third hypothesis tests the direct effect of digital marketing transparency on investment intention. The results reveal a positive and significant effect ( $\beta = 0.28$ ;  $p < 0.001$ ), although the coefficient is smaller than the indirect path through investor perception.

This finding indicates that transparency can influence investment intention even without full cognitive mediation. In other words, some investors respond directly to transparent digital communication as a heuristic cue, using transparency itself as a proxy for governance quality and managerial integrity.

**Novelty contribution:**

This direct effect provides evidence for a dual-path influence of digital transparency: a rational–cognitive path (via perception) and a heuristic–behavioral path (direct effect). This enriches existing models that assume transparency influences behavior only indirectly, thereby adding nuance to digital marketing transparency theory in investment contexts.

**H4: Mediating Role of Investor Perception**

The mediation hypothesis examines whether investor perception mediates the relationship between digital marketing transparency and investment intention. The results confirm a significant indirect effect ( $\beta = 0.34$ ;  $p < 0.001$ ), indicating partial mediation.

Partial mediation suggests that while transparency directly affects intention, a substantial portion of its impact is transmitted through investor perception. This implies that perception acts as a cognitive processing mechanism, translating transparent digital signals into evaluative judgments that then guide investment decisions.

**Novelty contribution:**

The mediation result introduces a marketing–cognition–investment framework, demonstrating that digital marketing transparency influences investor behavior through structured cognitive pathways. This provides a novel integrative model that combines digital marketing transparency with investor psychology, moving beyond linear cause–effect explanations commonly found in prior studies.

**Discussion**

The findings of this study demonstrate that digital marketing transparency plays a decisive role in shaping investor behavior in the construction sector of West Java. The strong positive effect of digital marketing transparency on investor perception indicates that investors actively rely on transparent digital disclosures as a primary basis for evaluating construction firms. This result is consistent with recent digital transformation literature, which emphasizes transparency as a critical mechanism for reducing information asymmetry and enhancing stakeholder confidence in high-uncertainty industries (Vial, 2021; Verhoef et al., 2021). In the construction sector, where project outcomes are long-term and risks are substantial, transparent digital communication functions as a substitute for direct project observation, enabling investors to form informed and credible perceptions. Furthermore, the significant relationship between investor perception and investment intention confirms that perception operates as a cognitive bridge between information exposure and behavioral response.

Contemporary behavioral finance research highlights that investment decisions are not driven solely by objective financial indicators but are strongly influenced by cognitive evaluations formed through information processing and perceived credibility (Shiller, 2021; Healy & Palepu, 2021). The findings of this study reinforce this perspective by demonstrating that positive investor perception—shaped through transparent digital marketing—significantly increases investors' willingness to allocate capital in the construction sector. This relationship underscores the importance of managing investor perception as a strategic asset rather than treating it as a passive outcome of financial performance. The results also reveal a direct effect of digital marketing transparency on investment intention, suggesting that transparency influences investor behavior not only through cognitive perception but also through heuristic decision-making processes.

Recent studies on digital signaling and stakeholder communication argue that transparent disclosures serve as immediate signals of governance quality and managerial integrity, which investors may use as shortcuts in decision-making under uncertainty (Connelly et al., 2021; Fitzgerald & Stolterman, 2022). This finding extends existing digital marketing theory by demonstrating that transparency can trigger investment intention even in the absence of fully formed evaluative judgments, particularly in capital-intensive sectors such as construction.

The mediation analysis further clarifies the role of investor perception as a partial mediator in the relationship between digital marketing transparency and investment intention. This result indicates that transparency influences investment intention through both direct and indirect pathways. From a theoretical standpoint, this dual-path mechanism aligns with recent digital decision-making frameworks, which propose that digital information affects behavior through simultaneous rational–cognitive and heuristic–behavioral processes (Verhoef et al., 2021; Vial, 2021). The presence of partial mediation suggests that while transparent digital marketing enhances investor perception, it also independently reinforces investment intention by signaling accountability and reducing perceived risk.

Taken together, these findings contribute to the development of digital marketing and investor behavior literature by repositioning digital marketing transparency as a strategic determinant of investment behavior rather than a mere communication attribute. Unlike prior studies that focus primarily on consumers, this research extends the application of digital marketing theory to the investor context, particularly within the construction industry. The results highlight that transparent digital marketing practices not only shape investor perceptions but also actively influence investment intention through cognitive and behavioral mechanisms. In practical terms, construction firms in West Java can leverage transparent digital marketing as a strategic tool to attract sustainable investment by emphasizing clear project disclosure, financial transparency, and risk communication. In theoretical terms, this study introduces an integrative framework that connects digital marketing transparency, investor perception, and investment intention, offering a novel perspective on how digital communication strategies influence investment decision-making in high-risk industries..

## CONCLUSION

This study provides empirical evidence that digital marketing transparency plays a pivotal role in shaping investor behavior in the construction sector of West Java. The findings confirm that transparent digital communication significantly enhances investor perception and directly increases investment intention, while investor perception also functions as an important mediating mechanism that translates transparency into behavioral intention. These results demonstrate that digital marketing transparency is not merely a supportive communication practice but a strategic driver of investment-related decision-making in high-risk and capital-intensive industries.

The study reveals that investors rely heavily on transparent digital information—such as project disclosure, financial clarity, and risk communication—to evaluate the credibility and reliability of construction firms. Positive investor perception, formed through transparent digital marketing, significantly increases investors' willingness to commit capital. Moreover, the presence of both direct and indirect effects indicates that transparency influences investment intention through dual pathways, combining rational cognitive evaluation and heuristic signaling processes.

From a theoretical perspective, this study contributes to the marketing and investment behavior literature by extending digital marketing theory beyond consumer contexts to the domain of investor decision-making. By integrating digital marketing transparency, investor perception, and investment intention into a single analytical framework, the study offers a novel explanation of how digital communication strategies influence investment behavior. The findings also enrich behavioral finance research by demonstrating that investor perception is shaped not only by financial indicators but also by the quality and transparency of digital marketing information.

From a practical standpoint, the results suggest that construction firms in West Java should prioritize transparent digital marketing practices as part of their investor engagement strategies. Clear and accessible digital disclosures regarding project progress, financial performance, and risk management can strengthen investor perception and enhance investment

intention. By adopting transparent digital communication, construction firms can improve investor confidence and attract sustainable investment in a competitive and uncertain market environment.

Overall, this study highlights the strategic importance of digital marketing transparency in influencing investor behavior and provides a foundation for future research on digital communication and investment decision-making in the construction industry.

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