

Impact of Firm-Created Content and User-Generated Content on Consumer Perception in Grab-and-Go Coffee Brands

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ABSTRACT

Social media platforms nowadays are numerous and have many different features to aid the communication conducted by individuals or groups. At the same time, it has an implication on how marketing communications are conducted and how consumers perceive brands, thus determining purchase intentions. The research investigated 92 data set to scrutinize the impact of Firm-created Content (FCC) and User-generated Content (UGC) towards Brand Equity, Brand Attitude and Purchase Intention in the Grab-and-Go coffee business as the new trend among urban dwellers which mostly used social media communications. Partial Least Squares (PLS) Structural Equation modelling was employed to analyze the impact of FCC and UGC as social media communications in that new trend. The empirical findings show that FCC and UGC only influence Brand Attitude and have no influence on Brand Equity. Brand Attitude and Brand Equity is shown to be influencing Purchase Intention. These results may be beneficial for marketers who manage and whose target markets are similar to the Grab-and-Go coffee business.

Keywords: Social Medi, Brand Attitude, Brand Equity, Purchase Intention, Firm-created Content, User Generated Content.

1. INTRODUCTION

Advancement in technology paved ways to how we communicate these days. Recent statistics from World Internet Usage and Population Statistics show that people who have access to the internet is about 57.3% of the world population. Indonesia has 56% internet penetration already from the population of a staggering 268 billion people. Based on that number, 150 billion are active social media users. Social media, simply is text, pictures, words, videos, and such with the intention of sharing. In the viewpoint of the marketplace, it is the thoughts and experiences of participants/consumers that relate to brands, products, or service [1]. The nascent social media has changed the way of communication from one dimensional into multi-dimensional, 2-ways, peer-to-peer communications. Therefore, social media platforms have made companies no longer the primary source of communication of a brand [2]. Social media websites change the way traditional marketing communication works, which was previously controlled and managed by brand managers and marketing managers, now starting to be shaped by consumers [3].

In the field of marketing science, these social media platforms still piqued the interest in terms of how it offers a challenge and opportunities for brand management. The silver lining between advertising and brand strategy is to create and sustain brand equity. Brand equity can be understood as an intangible asset that has a value added or goodwill resulting from a good image, differentiation, or attachment from consumers to a company's name or brand [4]. Thus, social media allows users to create positive and negative influences on brand equity. Many researchers advise companies to get involved in social media.

There are various types of marketing communication that are related to social media, for example Electronics Word of Mouth (EWoM), Online reviews, Virtual Brand Communities, Brand Fan Pages, Advertising, Firm-Created Content (FCC), and User-Generated Content (UGC). Among those, FCC and UGC still pique interest on how it affects consumer's perception, mainly because the former is managed and dictated by the brands and the latter is independent. Several studies have been carried out related to social media communication using FCC and UGC and brand

management. [3] analyzed the effect of social media communications on consumer perceptions of brands.

Based on the previous studies, this study contributes to developing literature in the field of social media marketing related to brand management. We tried to examine and widen the scope of research applicability from previous studies by scrutinizing brands that emerge in a new kind of business trend, that is the case of Grab-and-Go lifestyle, rather than types of industry. This trend recently emerges to capture the needs of a highly mobile lifestyle, and mainly food and beverages tried to provide. Second, although the social media are already being used more than a decade in Indonesia, it is still need to be researched to know what the actual perceptions from users are when they're exposed to FCCs and UGCs based on the nature differences from both communications.

2. LITERATURE REVIEW

[4] wrote that there is a shift in how companies formulate a strategy because of how the market is fragmented, rapid growth of the internet and other digital media, the rise of global market, uncertainty of economic condition, and consumer's lifestyle and media consumption behaviors. There is a finding that Facebook, Twitter and YouTube were amongst the most influential social media considered by academics and communication managers [3]. Facebook is a very popular social media. In Indonesia, it is ranked 3rd by average monthly traffic among websites, below Google.com and Google.co.id. The activities, or interactions in Facebook usually come in the forms of posting a content, giving commentary, giving likes, posting a photo, posting a video, among other things.

2.1. Firm-created Content (FCC)

Looking back, post Web 1.0., how media interact with users have gotten increasingly complex if not intimate. Web 2.0. as it has been dubbed, raises the exposure of information to a whole new level, by using social media, towards individuals and firms. Social media offers a new way of communication to the extent it becomes an important element in a firm's promotional mix [5]. Marketing managers have an expectation for media social communications as it connects the loyal customers and influences consumers' perception about the product, information dissemination, and insight about its customer. Firm-created content per definition is a form of advertisement that is fully controlled by the corporation and inline with the company's agendas [3]. Firm-created content includes many forms of communication that are available in social media, such as review, blogs, videos, photos, and Q&A sessions.

2.2. User-generated Content (UGC)

User-generated content is defined as content that is focused on the consumer's dimension, created by the public, not a professional marketer, and mainly distributed through the internet. By definition from OECD (2017) user-generated content is a content that is publicly available for public on the Internet, content that is more or less reflecting creative endeavor, and content that is created outside of professional and practitioner. In Web 2.0. user-generated content can build such a strong community that facilitates people with the same interest. Also, the internet and Web 2.0. drives the proactive natures of consumers in the process of information gathering and purchasing a product or service and consumer using social media to access information about products and brands [2]. Thus, the growth of online brands community, which includes social media, provides a backbone for user-generated content growth as a means to communicate [2].

User generated content may affect marketers in the following ways [2]:

1. Pooling ideas (from consumers) with a relatively lower cost than traditional methods.
2. User-generated content is able to gather brand advocates which in turn share and forward the information about product and brands to other customers.
3. User-generated content is perceived as trustworthy by consumers.

2.3. Brand Equity

Integrated Marketing Communication, or IMC for short, stressed the importance of the process of developing and managing brand identity and brand equity. Brand equity is a set of intangible assets that have added value and goodwill that comes from good reputation, differentiation or customer's bonds to brands, company or any particular attributes. [6] describe that building and managing brand equity have become the highest priority for a company in any scale, industry and markets. Brand equity can produce a differentiated relationship between company and public, thus preserved the long-term consumption pattern. Consumer-Based Brand Equity (CBBE) uses cognitive psychology to predict consumers' behavior as it responds to the marketing campaign (of a product/brand) and results in having a differential effect based on consumer's knowledge of product/brands [3] [6].

2.4. Brand Attitude

Brand attitude can be defined as an overall assessment of brand by consumer or global assessment based on positive or negative reaction against stimulus (brands or belief). Brand attitude is also a component in CBBE model [3]. The brand attitude relationship can be explained using the multi-attribute attitude model. This model postulates that a global evaluation for a brand is a function of belief toward particular attributes of brands/product. Brand attribute is included in this research as a variable that helps to explain the relationship of social media communication in regards to consumer perception toward brands. Brand Attitude is able to predict interested behavior towards a company, which includes brand consideration, purchase intention, purchase behavior, and brand choice [3].

According to [3] firm-created content does not directly influence Brand Equity, and User-generated content can positively influence brand equity. Brand communication positively affects brand equity as long as the content creates satisfactory customer reaction [7]. There's evidence that the creation of UGC influences customer's involvement with UGC, which has positive impact towards brand equity [8] and consumer perception of UGC influences hedonic brand image [3]. Therefore, it is expected that FCC and UGC positively influence brand equity.

The first two hypotheses in this study are as follows:

H₁: Firm-created content positively influences Brand Equity

H₂: User-generated content positively influences Brand Equity

According to [3] brand attitude has a positive influence on brand equity. Brand attitudes can determine behavior of interest towards firms, and aspects related to it such as brand consideration, purchase intention, purchase behavior, and brand choice [9]. Brand attitudes influence customer evaluations of brands, and there are prior studies that directly indicate that brand attitudes are antecedents to brand equity. Therefore, brand attitude is expected to positively influence brand equity.

H₃: Brand Attitude positively influences Brand Equity

According to [3] firm-created content and user-generated content can positively influence brand attitude. Attitude constitutes a multiplicative combination of the brand-based association of attributes and benefits. Therefore, positive communication is expected to beget positive brand attitudes. Another research by [7] found that FCC and UGC positively influence brand awareness. Because FCC and UGC are designed to deliver positive messages about brands, with the aim to raise positive awareness towards brands, hence the rise of positive attitudes is to be expected.

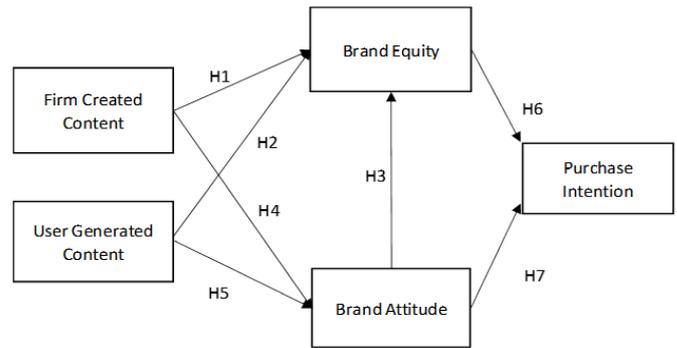


Figure 1 Suggested conceptual model

H₄: Firm-created content positively influences Brand Attitude

H₅: User-generated content positively influences Brand Attitude

According to [3] brand equity and brand attitude can positively influence purchase intention. Other previous studies found that high levels of brand equity can drive permanent purchase of the same brand [7]. Brand attitude supposed to be a predictor of behavioral intentions, so we expect that brand equity and brand attitude to positively influence purchase intention.

H₆: Brand Equity positively influences Purchase Intention

H₇: Brand Attitude positively influences Purchase Intention

3. RESEARCH METHODOLOGY

The valid responses must be in the category of products of coffee brands that run its business model in a Grab-and-Go model. This specific category of business model is on the hype, outpacing the traditional cafe or the big chain coffee shops, such as Starbucks. They are also avid employers of social media communications, baring regular advertisements using social media channels such as Instagram, and Facebook to reach their audiences. In Indonesia, beverages that can be considered a Grab-and-Go coffee brands are numerous, but the most well-known are Kopi Kenangan, which gains support from US Venture Capital; and Janji Jiwa, which actively endorsed their products to trends in society most notably collaboration with the movie ‘Gundala’. We expect that the respondents will fill those brands to identify them as eligible.

The questionnaire used the same set of questions as a previous study by [3]. Using Google Forms, the questionnaire was created. The Link for the questionnaire was created in March 2020. The questionnaire was sent using social media-chatting apps (mainly WhatsApp) and mixed with snowball technique

to spread the questionnaire further. There is an invitation in a short text informing the questionnaire. After clicking the link, the respondent would be graced by some brief explanation about this particular research, and there are screening questions such as:

- Do you follow Grab-and-Go Coffee brands social media page?
- Do you read other user reviews about the particular Grab-and-Go Coffee brands?

There is an explanatory text describing the general objectives and brief explanation of each part of the latent variables asked and some with an image as a visual example. Afterwards, respondents were taken to the main questionnaire which consists of each of the metrics questions. Purposive sampling and snowball sampling were employed; thus, the targeted respondent was chosen. The minimum number of samples were calculated according to [10] which is the number of questions (of the construct) x 5, thus the minimum sample is $18 \times 5 = 90$ samples. The reliability analysis show that all the variables have reliabilities as: FCC (4 items, 0.93), UGC (4 items, 0.93), Brand Equity (4 items, 0.93), Brand Attitude (3 items, 0.93), and Purchase intentions (3 items, 0.93).

A total of 171 questionnaires were completed and only the remaining 92 were valid. The profile of the sample can be briefly summed as follows:

- Gender proportion was 50% male and 50% female.
- Age distribution was 67% of age above 28 years old, 28% of age 23-28 years old and 4% of age between 18-22 years old.

- Income distributed between 3% (below 1 million rupiahs), 15% (1 – 2 million rupiahs), 42% (3 – 5 million rupiahs), and 39% (above 5 million rupiahs).

The metric used in this questionnaire was adopted from relevant literature and measured using a 7-point Likert scale that depicts ‘strongly disagree’ to ‘strongly agree’ expressions. As per previous literature from [3], FCC, UGC and Brand Equity were measured using 4 items. Brand attitude and Purchase Intentions were measured using 3 items. The data was analyzed using SPSS for pretest and SmartPLS for main test. We will conduct Outer Model Analysis, Inner Model Analysis and Hypothesis testing using PLS Structural Equation Modelling (SEM).

4. RESULTS

4.1 Measurement and Structural Model

To test the reliability and validity of the measures, the multi-item scales were measured using exploratory and confirmatory tools. As seen in Figure 2, first, we evaluate the Outer Model. We assess the loading factor from each of the indicators for at least above 0.5 and its t-statistics higher than t-table, hence we found all but one indicator has a loading factor above 0,5. One of the indicators which is below 0,5 is an item used to measure firm-created content; hence, we omitted that indicator. All the other variables are considered valid. Then for each variable we have Cronbach’s Alpha values between 0,7 – 0,9, that is considered a good reliability. Composite reliability also shown as above 0,8 for all variables. Average Variance Extracted have values higher than 0,6. Thus we concluded that all of the variables are reliable.

Table 1 Model Fit

| Variable | Indicators | Deleted Items | Loading Factor | Cronbach Alpha | rho_A | Composite Reliability | AVE |
|----------|------------|---------------|----------------|----------------|-------|-----------------------|-------|
| FCC | FCC1 | FCC4 | 0,853 | 0,821 | 0,839 | 0,894 | 0,737 |
| | FCC2 | | 0,918 | | | | |
| | FCC3 | | 0,801 | | | | |
| UGC | UGC1 | | 0,888 | 0,891 | 0,891 | 0,925 | 0,754 |
| | UGC2 | | 0,870 | | | | |
| | UGC3 | | 0,896 | | | | |
| | UGC4 | | 0,818 | | | | |
| BE | BE1 | | 0,762 | 0,846 | 0,873 | 0,893 | 0,676 |
| | BE2 | | 0,840 | | | | |
| | BE3 | | 0,838 | | | | |
| | BE4 | | 0,857 | | | | |
| BA | BA1 | | 0,950 | 0,895 | 0,899 | 0,935 | 0,828 |
| | BA2 | | 0,930 | | | | |
| | BA3 | | 0,847 | | | | |
| PI | PI1 | | 0,890 | 0,840 | 0,853 | 0,904 | 0,758 |
| | PI2 | | 0,918 | | | | |
| | PI3 | | 0,801 | | | | |

Table 2 f^2 values

| | Brand Attitude | Brand Equity | Purchase Intention |
|------------------------|----------------|--------------|--------------------|
| Brand Attitude | | 0,138 | 0,740 |
| Brand Equity | | | 0,353 |
| Firm Created Content | 0,233 | 0,006 | |
| Purchase Intention | | | |
| User Generated Content | 0,325 | 0,063 | |

Then we examine the Inner Model, using R^2 , f^2 , and VIF. The R^2 measured by these criteria, if it's above 0,67 it is considered good, between 0,33 and 0,67 is considered moderate, and below 0,33 is considered weak. R^2 values for Brand attitude is 0,549, for Brand Equity is 0,366 and for Purchase Intentions is 0,713. Values for f^2 statistics can be measured by 0,02 (weak), 0,15 (moderate), and 0,35 (strong). As we have seen from Figure 3, FCC and UGC have moderate power to estimate its Dependent Variable (DV) as both have values of 0,233 and 0,325. For FCC, UGC and Brand Attitude to Brand Equity as DV, the three of them have weak influence if they both predict the DV separately. As for Brand Equity and Brand Attitude towards Purchase Intentions as its DV, the values were higher, implying that each Independent Variable had strong influence.

4.2 Hypothesis Testing

To test the hypothesis, we used PLS SEM in SmartPLS. the result is as follows in Table 3. It is found that FCC is not significant, looking from its t-value. Although the other hypothesis is significant in terms of t-value. The direction of FCC also is not as expected, it is negative. Although the insignificant of t-statistics is to be found in previous study of [3].

5. DISCUSSION

5.1 Result for Impact of Firm-created Content and User-generated Content on Brand Equity

Based on the data analysis previously undertaken, firm-created content is not significant in terms of statistics, which imply that this communication cannot influence the brand equity. Whereas user-generated

content can influence brand equity. This finding is in line with previous studies from [3]. There are findings of positive relationship between advertising and brand equity in the topics of advertising budget [7] high advertising budget can be perceived as high value brands. FCC does not support the findings perhaps the product in question is mostly in the affordable range; between Rp.13.000 – Rp.25.000 which is below the pricing of big coffee chain shops, thus creating weak perception that invalidates the hypothesis. For UGC, the result is inline because empirically, we found that users who consume the coffee products many were middle class income, thus directing perception towards good brand equity.

5.2 Result for Impact of Firm-created Content and User-generated Content on Brand Attitude

Towards brand attitude, both types of communication are able to influence brand attitude as found in [3]. Aizen and Fishbein state that attitude is a combination from brand association that is influenced by brand awareness and brand image. Also, brand awareness that has a strong association can create a specific brand image [7]. Those statements strongly support the finding. Empirical evidence for FCC and UGC is when brand Kopi Janji Jiwa gained rights to use the “Gundala” logo which is the local-fictional hero, which sees resurgence in 2018, thus creating such an image of “coffee brands that exude nationalism”.

5.3 Result for Impact of Brand Attitude on Brand Equity

Brand attitudes positively influence brand equity, as found in this research and in line with previous research by [3]. Brand attitude influences the evaluation of a brand by consumers and gain in market share happening with a positive brand attitude. Market share increases when brand attitude becomes more positive. Empirically, we found that consumers appreciated and lauded Kopi Kenangan for its success in getting financial support from several high-profile venture capitalists, this in turn creates higher perceived brand equity.

5.4 Result for Impact of Brand Attitude and Brand Equity on Purchase Intention

As found in the measurement, purchase intention can be influenced by brand equity and brand attitude and in line with the previous work by [3]. Here. Purchase intention is a variable examining whether there is a behavioral influence of social media communications towards brands. As more people use social media to search for information and to make their purchasing decisions, positive Brand Equity should direct consumer perception towards purchase decisions.

Table 3. Path Coefficient

| Hypothesis | Path | Estimation Value | t-value | P-Values |
|------------|--------|------------------|---------|----------|
| H1 | FCC>BE | -0,081 | 0,647 | 0,52 |
| H2 | UGC>BE | 0,274 | 2,046 | 0,04 |
| H3 | BA>BE | 0,44 | 3,731 | 0,00 |
| H4 | FCC>BA | 0,386 | 3,668 | 0,00 |
| H5 | UGC>BA | 0,456 | 4,284 | 0,00 |
| H6 | BA>PI | 0,561 | 6,334 | 0,00 |
| H7 | BE>PI | 0,388 | 3,986 | 0,00 |

We saw empirically that consumers tend to buy higher equity brands rather than its lower competitors. As for brand attitude, in itself is a predictor of behavior, and according to Miniard, Obermiller and Page (1983) in [3] purchase intention is identified as an intervening psychological variable between attitude and actual behavior. Another study from [6] found that a positive attitude toward a brand influences a customer's purchase intention and his willingness to pay a premium price, which supports the findings. Empirically, consumers who find that Kopi Janji Jiwa which had a Gundala image on its coffee cup creates such nationalism attitudes, which influence their behavior when deciding their coffee purchase because of their sense of patriotism, as a proof of loving one's nation.

6. CONCLUSION

This research has an objective to find out how social media marketing communication in the form of firm-created content and user-generated content affect perception of brands, by investigating its brand attitude and brand equity, and subsequently affect purchase intention. Also, in the new trend that occurs, marketers always have to be pragmatic when they have to create a strategic marketing plan in this new kind of lifestyle, in which consumers have brand new perceptions toward brand.

On that note, we found somehow the effect of FCC is not significant but according to previous studies, this indicates an indirect influence towards brand equity. In this kind of emerging trend, the usage of digital communication might be convoluted by the newness of the platforms itself and the targeted people or market might not catch up with the intention within the messages. Therefore, the focus might be placed on nurturing the attitudes towards the brand itself as it is proven also by previous studies in the different industries.

This research might add more depth in the literature concerning social media marketing, but this result still cannot be generalized. Because of the differences in nationality, we can expect to face a multitude facet of attributes that in turn define how consumers will perceive the brand. As we can see from the international study of Hofstede Insight, to name a few. Each

nation differs albeit slightly in each parameter. Therefore, it is highly recommended to expand the study in different nationalities or cultural groups to create stronger validity and generalization.

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