



Social Media: A Key Platform for Building Brand Loyalty and Customer Satisfaction in Indonesia

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Abstract. The aim of this research was to investigate the impact of social media on consumers' product experiences and its implications for organizations in Indonesia. A total of 200 participants aged between 21 to 45 years, both male and female, completed the survey. The study found that social media provides a competitive platform for organizations to build brand loyalty, generate positive word-of-mouth, and influence consumers' purchase intentions. Furthermore, the study suggests that collaboration between brands and services is key to increasing brand awareness and customer satisfaction. The results also indicate that dissatisfied customers can provide constructive feedback, advice, and suggestions to improve their product/service experience. The implication of this study for brand owners is to focus on building relationships and collaborations, while consumers are encouraged to provide feedback to help improve products and services.

Keywords: Social media · brand loyalty · customer satisfaction · Indonesia · marketing

1 Introduction

People have made positive or negative comments on products in the past and present after using them. People who are thinking about buying a product desire to get knowledge from other people's experiences who have already used it. Information about a product is spread through word-of-mouth marketing. Nowadays, social networks are the primary means of communication, which has encouraged people to talk about their product experiences. These shares are denoted by WOM. Customers can interact socially by using social media features including communities, forums, ratings, reviews, and pieces of advice. These interactions offer various chances to businesses and consumers alike [1]. To market their products and services, businesses can get in touch with online thought leaders (bloggers, podcasters, etc.).

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Within social media marketing, there is a debate about WOM. When we consider social media marketing in a broader context, Neti defines it as the marketing initiatives of a company using social media technologies to persuade customers to purchase their goods or services. Internet forums, social networks, blog marketing, and other online tools can all be employed in social media marketing campaigns (2011: 3). Social media tools provided a fresh method for businesses to reach key consumer segments quickly and naturally [2]. Through social platforms, it is simpler for businesses to produce and post content for numerous prospective consumers. Compared to big publication, publicity, or customer relationship management, it is quicker and less expensive [3].

According to Kepios' analysis, the number of social media users worldwide has continued to grow over the past year, with 4.65 billion users in April 2022. This equates to 58.7% of the total global population. Moreover, the average social media user actively visits or uses 7.4 different platforms each month and spends nearly 2.5 h per day on social media, according to data from GWI. Therefore, it can be inferred that social media is a pervasive part of people's lives, with individuals spending roughly 15% of their waking hours using social platforms.

Customers follow businesses on social media for various reasons, including finding out about new products and services (57%) and keeping up with business news (47%). These statistics reveal the significance of social media in marketing and its potential to reach a broad audience. Furthermore, the world spends more than 10 billion hours each day using social media, which is the equivalent of nearly 1.2 million years of human existence. This indicates the impact and influence social media has on people's lives, both personally and professionally.

In conclusion, the growth of social media usage and the significant amount of time people spend on social platforms highlights the importance of businesses incorporating social media into their marketing strategies. With an increasing number of users joining social media each year, the potential audience for businesses is continually expanding. As such, social media has become an essential part of everyday life, providing businesses with the opportunity to reach their target audience and build brand awareness.

Additionally, customers follow brands on social media to hear about sales or promotions (40%), be entertained (40%), be informed (34%) and be inspired (32%). In addition, fewer people (18%) are interested in following a brand in order to connect with people who are unlike them, whereas approximately one-third (32%) say they do so in order to connect with people who are like them.

2 Literature Review

A. Introduction Social Media Marketing

Using social media, business and consumer relationships have grown more intricate, varied, and intense during the past ten years. On the one hand, businesses are utilizing social media platforms to broaden their geographic reach to consumers [3] improve brand perceptions [4], and forge stronger relationships with clients [5], However, because of social media, consumers are becoming more in control of the marketing communication process and acting as message creators, collaborators, and commentators [6].

It has become increasingly important for marketers to strategically use and leverage social media to achieve competitive advantage and superior performance as the role of social media has gradually changed from that of a single marketing tool to that of a marketing intelligence source (in which businesses can observe, analyze, and predict customer behaviors) [3].

B. Word-of Mouth

WOM is described as “any good or negative words made by potential, actual, or past customers regarding a product or company, which are made available to a variety of people and organizations over the Internet,” in contrast to traditional WOM [7].

Such remarks are generally permanent in nature [2, 8], propagate more quickly due to their location [9], and incur little search expense for possible recipients [10]. Prior to making purchasing decisions, WOM seekers are interested in lowering risk, securing reduced pricing, and having simple access to information [6]. Scholar also distinguish between two main categories of WOM context [8].

- a. The first category consists of informational websites like product feedback pages and forums for customer reviews. Reviews in these situations are frequently narrowly focused on product performance.

Online communities and social networks that are not product-focused comprise.

- b. second category of context that is emotion oriented. Here, customer reviews frequently stress more varied and subjective product experiences.

In the end, one has to ask how consumers are able to comprehend any information in a media environment that is so crowded. Of course, selective attention is the answer, and this is an important thing to think about in the context of consumer generated WOM. Because traditional WOM communication (one-to-one) does not face the same level of competition for consumer attention that brand-related messages or product-based reviews do within social media, we believe that prior research on WOM has largely ignored this dynamic.

B. Hypothesis Development

2.1 Social Media and Purchase Intention

[11] found that blogs were more effective in influencing customers’ purchase intentions than online newspapers in their comparison study (2011: 317). Enhancing brand value and image through Facebook viral marketing, which raises consumer buying intent [10] On the likelihood of making a purchase, online communities, social media WOM, and online advertising all have a beneficial effect [12].

2.2 Social Media and Brand Loyalty

Brand loyalty, not pricing or haggling, is the most beneficial type of loyalty for firms [5]. [4] describes brand loyalty as a strong desire to continue consuming a certain brand notwithstanding circumstances and marketing initiatives that can influence consumer

purchasing behavior. The foundation of traditional brand loyalty development strategies is creating a positive brand perception through mass media communication. However, database technology in e-markets enable the development of a more tailored brand image of information, which increases brand loyalty [6].

2.3 Social Media and WOM

WOM is defined by Hennig-Thurau et al. as any opinion, whether favorable or unfavorable, expressed by prospective, actual, or past customers about a product or company and made public to a large audience over the Internet (2004: 39). Social media plays a significant role in WOM realization. According to the findings of their study, Luo et al., the relationship between consumers and brands as well as the relationship between customers and other consumers, as well as brand loyalty, are all positively impacted by social networking applications (2015: 495–496). Social media brand communities have a good impact on relationships between brands, companies, and customers as well as relationships amongst consumers themselves.

2.4 Brand Loyalty and Purchase Intention

Brand loyalty is a crucial topic. Because only with dependable consumers can sales and profits be predicted [4]. Customers that are committed to a brand are frequently the simplest to market to [4].

Brand loyalty and purchasing intent are positively correlated [12]. WOM on social media positively impacts brand attitude, and purchases are positively impacted by positive brand attitudes [7].

2.5 WOM and Purchase Intention

Effectiveness of word-of-mouth marketing can significantly influence buyer intention. Recommendations from other customers may be more trustworthy than information from commercial sources like adverts or salespeople [12]. The oldest marketing strategy is word-of-mouth advertising. People now share their opinions on companies, goods, and services online thanks to the Internet. A comment on social media may be seen by thousands of people, or many people looking for information about a product or brand may read previous comments about that item or brand.

The research hypotheses which are formed by considering the research model are as follows:

- H1: Social media marketing has a positive effect on brand loyalty.
- H2: Social media marketing has a positive effect on the electronic word of mouth.
- H3: Social media marketing has a positive effect on purchase intention.
- H4: Brand loyalty has a positive effect on purchase intention.
- H5: Electronic word of mouth has a positive effect on purchase intention.

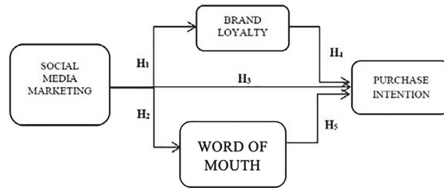


Fig. 1. Research Model

3 Methodology

3.1 Research Design

The objective of this research is to investigate the impact of social media marketing on brand loyalty, electronic word of mouth, and purchase intention. The study focuses on Indonesian citizens who are students and follow product or service brands on social media as the population for analysis (Fig. 1).

To measure the constructs in this research, expressions from previous studies were considered. The items were measured using a 5-point Likert scale, ranging from (1) strongly disagree to (5) strongly agree. The questionnaire construct utilized statements adapted from various sources [6, 8, 11].

3.2 Research Method

The research was conducted among consumers in Indonesia which is the aged between 21 to 45 years consist of female and male participants.

In this research, purchase intention was the dependent variable and social media marketing, brand loyalty and electronic word of mouth was independent variable. The pre-test was carried out to detect errors of the questionnaire, timely fix them in readiness of the main field survey. Furthermore, this research of the questionnaire will be involved 200 participants male and female, and for pretest procedure, researchers can have a better understanding of which part needs to be edited or fixed like poor presentation, illogical arrangement, and incomprehensible words. The length of time to complete the questionnaire will be take 5–7 min. From 200 participants respondent were returned giving 98% and considered valid for data analysis.

3.3 Data Collection and Procedure

In qualitative research, validity and reliability promote transparency and reduce potential for researcher bias [Singh, 2014]. A thorough evaluation of reliability and validity for all secondary data includes a review of the data collection techniques [9]. These offer an excellent relationship for interpreting results from psychometric instruments used in clinical practice, research, education, and administration (such as symptom scales, questionnaires, educational assessments, and observer evaluations) [10]. These are crucial

$$\alpha = \frac{N\bar{c}}{\bar{v} + (N - 1)\bar{c}}$$

Fig. 2. Reliability Equation

$$R = \frac{n(\sum XY) - (\sum X)(\sum Y)}{\sqrt{n(\sum X^2) - (\sum X)^2} \sqrt{n(\sum Y^2) - (\sum Y)^2}}$$

where,

n = Number of observations

x = Measures of Variable 1

y = Measures of Variable 2

$\sum xy$ = Sum of the product of respective variable measures

$\sum x$ = Sum of the measures of Variable 1

$\sum y$ = Sum of the measures of Variable 2

$\sum x^2$ = Sum of squared values of the measures of Variable 1

$\sum y^2$ = Sum of squared values of the measures of Variable 2

Fig. 3. Correlational Equation

ideas for contemporary research since they improve the precision of a research work's assessment and evaluation [12] (Fig. 2).

$$\alpha = \frac{N\bar{c}}{\bar{v} + (N - 1)\bar{c}}$$

3.4 Correlational Analysis

This essay focuses on how Pearson's Simple Linear Correlation can be used to investigate the relationship between variables (Fig. 3).

3.5 Regression Analysis

The four main goals of regression analysis are description, estimation, prediction, and control. Regression can describe how dependent and independent variables relate to one another. Estimation is the process of determining the value of the dependent variable using the observed values of the independent variables. Based on the interactions between dependent and independent variables, regression analysis can be beneficial for forecasting outcomes and changes in dependent variables. The ability to control the impact of one or more independent variables while examining the relationship between one independent variable and the dependent variable is the final advantage of regression (Fig. 4).

$$a = \frac{(\sum y)(\sum x^2) - (\sum x)(\sum xy)}{n(\sum x^2) - (\sum x)^2}$$

$$b = \frac{n(\sum xy) - (\sum x)(\sum y)}{n(\sum x^2) - (\sum x)^2}$$

Fig. 4. Regression Analysis

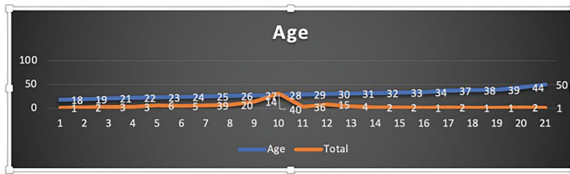


Fig. 5. The Age of Respondents

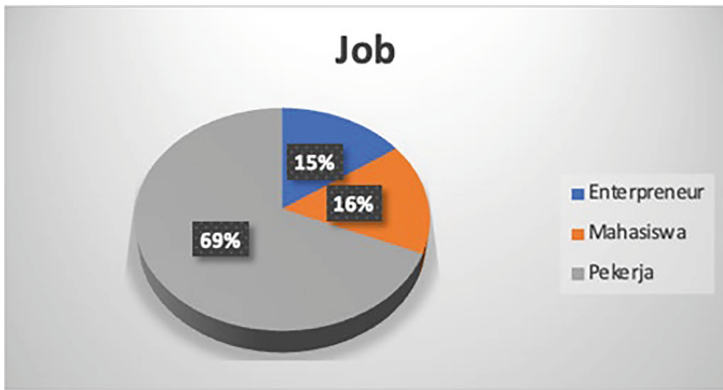


Fig. 6. Job of respondent

4 Results and Data Analysis

4.1 Descriptive Statistic

The majority average age of the respondents is around 25–30 years old that active and always open for social media (Figs. 5, 6, 7, and 8).

The study analyzed the participants’ demographic and social media usage patterns. The distribution of participants by job revealed that 69% were employees, 16% were students, and 15% were entrepreneurs. Regarding the frequently used social media tools, 65% of participants used Instagram, followed by 14% who used TikTok, 11% who used YouTube, and 4% who used Facebook. In terms of daily usage periods, the majority (40%) reported using social media for 2–3 h per day, while 25.6% used it for 4–5 h, 13.1% used it for 6–7 h, 12.3% used it for less than 1–2 h, and 9.3% used it for less than 10 h per day. These findings provide insights into the social media usage patterns of the study participants, which can be useful for future research and marketing strategies.

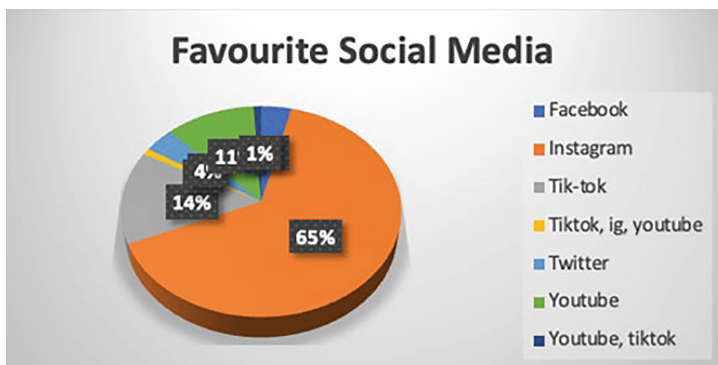


Fig. 7. Favorite social media by respondents

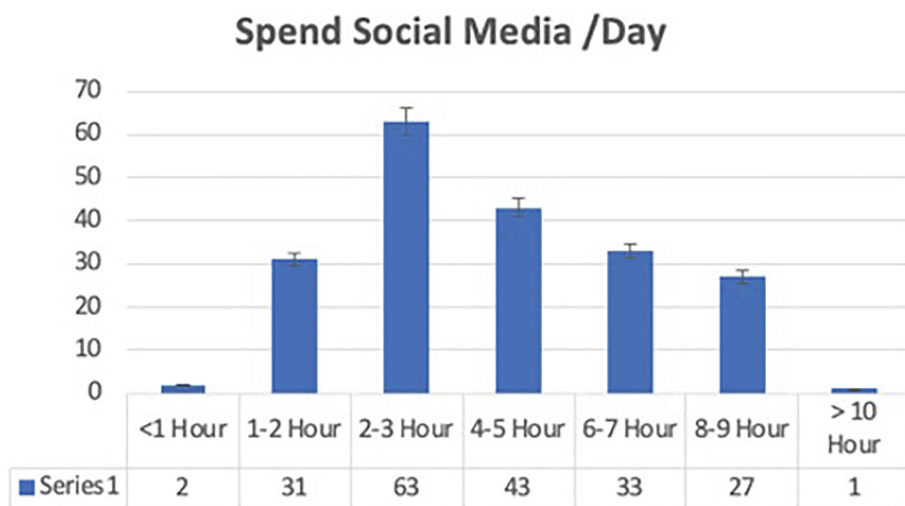


Fig. 8. Hour spend on social media

4.2 T-Test

Subjects’ social media marketing the mean of the item “I will buy a product with a good rating on social media” was the highest (3.98), and that of the item “I am satisfied with the services in social media while buying a product (3.16). Moreover, the Cronbach’s α of relationship quality was 0,853- 0.858, which was greater than the standard of 0.7. Therefore, the reliability was good.

The subjects’ Purchase Intention The mean of the item “with a good review of a brand/product, I am certain to buy it (4,36), and that of the item “If my idol influencer markets a product on social media, I’m interested in buying it (3,43). Moreover, the Cronbach’s α of relationship quality was 0,861–0,866 which was greater than the standard of 0.7.

4.3 Correlational Test

The subjects' Brand Loyalty. The mean of the item "I will recommend to another person to rebuying a product with a good service and I will return buying a product with a good service (4,22) Moreover, the Cronbach's α of relationship quality was 0,859–0,861 which was greater than the standard of 0.7.

Pearson Correlation analysis was performed to test there was a significant positive mutual correlation within social media marketing with the purchase intention because of (r) **0.306 p: < 0.001**.

There is a **medium correlation** between the variable social media marketing and Purchase Intention r:0.306 and also the statistically significant at 5% (0,05) with the p value is 0,00 is the meaning we reject the null hypothesis that states social media marketing has no significant effect with Purchase Intention. The positive Pearson Correlation 0.306 indicates that if we post about product/service content on social media in the form of the new product introductions, promotions and other things can be increase/convert 30.6% of purchase intention in the community. There is a medium correlation between the variable social media marketing and Purchase Intention r:0.465.

There is a medium correlation between the variable social media marketing and word of mouth with r:0.465 and also the statistically significant at 5% (0,05) with the p value is 0,00 is the meaning we reject the null hypothesis that states social media marketing has no significant effect with word of mouth. A positive Pearson Correlation of 0.405 indicates that the content we create on social media marketing about certain products/services can increase about 40.5% word of mouth to other people who do not know the products/services we offer to the customers.

There is a **medium correlation** between the variable social media marketing and Brand Loyalty r:0.302. There is a medium correlation between the variable social media marketing and brand Loyalty, with r:0.302 and also the statistically significant at 5% (0,05) with the p value is 0,00 is the meaning we reject the null hypothesis that states social media marketing has no significant effect with brand loyalty. Positive Pearson Correlation of 0.302 indicates that 30.2% brand loyalty of a product will affect social media marketing. Because of consumer behavior patterns that tend to be committed to certain products or brands and continue to make repeat purchases over time, including following on social media.

There is a **little correlation** between the variable Brand Loyalty with the Purchase Intention r:0.195. There is a little correlation between the variable brand loyalty and purchase intention, with r:0.195 Positive Pearson Correlation of 0.195 indicates that 19,5% brand loyalty of a product will affect purchase intention. Because of consumer behavior patterns that tend to be committed to certain products or brands and continue to make repeat purchases.

There is a **little correlation** between the variable Word of Mouth with the Purchase Intention r:0.206 was a significant positive mutual WOM with purchase intention because of 0,260 > 0,1161. There is a little correlation between the variable WOM and purchase intention, with r:0.206 Positive Pearson Correlation of 0.206 indicates that 20.6% WOM of a product will affect purchase intention. Because of consumer behavior patterns that tend to be committed to certain products or brands and continue to make repeat purchases, if they got reference from friends, relatives, or family.

5 Conclusion

Based on the statistical results that we have tested based on the hypothesis 1,2,3 that we have determined from the start, we can get the results that **social media marketing, word of mouth and brand loyalty have medium correlation with the purchase intention.**

The secondly research result that brandy loyalty have small correlation with the purchase intention. The general meaning of brand loyalty is that ability of a brand to keep its consumers trusting and making purchases from the brand. Either that that if we want to have high performance of brand loyalty and returning, we also need to make sure other points that also important and involve such as: the effectiveness of marketing or advertising campaign of each product/service within online/offline campaign good experiences with a particular product or brand, and it typically requires a lot of time.

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