Building the Effectively Customer Engagement in Improving Sales Performance

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Abstract

The Covid-19 pandemic has forced many business units to shift some of their activities to online media, including marketing activities that have shifted massively to online marketing. Entrepreneurs do various ways so that their online marketing can effectively increase their business sales. For this reason, this research was conducted to obtain empirical evidence from various customer engagement activities in social media to significantly improve the sales performance of business units. This study uses a quantitative approach to the research object, customer engagement, and sales performance. The research subject is a culinary business with Oshin Brand. Action research was chosen as a research strategy to achieve research objectives. Research participants consist of owners as researchers and consumers as respondents who will assess the action research results carried out data analysis using descriptive analysis and verification analysis using SPSS20. The online questionnaire as a research instrument was distributed randomly to one hundred consumers as respondents. Based on the one action research cycle has done for eight months, it was found that customer engagement built with awareness, enthusiasm, interaction, activity, and exceptional experience significantly impacted sales performance. This can be seen from the results of the paired t-test which showed a positive difference in sales results before and after customer engagement was carried out through Oshin's social media Instagram. These empirical findings can provide insight to the culinary entrepreneurs about "how-to" optimize the social media online marketing through customer engagement to improve sales performance.

Keywords
Entrepreneurship, Customer Engagement, Sales Performance, Action Research, Creative Industry

1. Introduction

Activities involving consumers are indirectly related to search, evaluation of alternatives, and decision-making involving brand selection (Vivek et al., 2012). The brand of a product/service can create an attractive impression for consumers, in building awareness, trust, and customer loyalty. A good brand for a product/service can stimulate the creation of a good relationship between producers and consumers. This relationship increases customer engagement through social media, this can make customers happy and voluntarily share experiences and good news about the brand with their friends, fans, and followers, and they can become potential customers for the brand (Sherman & Smith, 2013).

Increased customer loyalty can be stimulated through a psychological process called customer engagement, where this process can be formed through consumer relationships with other consumers, companies, and certain brands (Brodie, Ilick, Juric, & Hollebeek, 2013). Repeat purchases reflect the loyalty that arises because of intensive customer involvement. A mutually beneficial reciprocal relationship in an engagement interaction between customers and the company can stimulate mutual trust between the two, and the interaction is outside of purchasing activities (So et al., 2014). The Covid-19 pandemic also has an impact on the culinary business in the city of Bandung. Currently, people are starting to buy food and drinks using the delivery or takeaway method. This new habit has become a concern for food and beverage businesses to find ways to make it easier for consumers to order their products during a pandemic. According to the predictions of the Indonesian Food and Beverage Entrepreneurs Association, the growth of the food and beverage industry will grow 4% - 5% amid the Covid-19 pandemic.

Processed food products are currently widely traded online and online sales increased sharply during the Covid-19 outbreak. For culinary business players who are still surviving, this can be a challenge, because apart from competing with other companies, companies must also be able to survive during uncertainty due to the Pandemic including OSHIN, a culinary business built by the author under the guidance of the Bina Nusantara University business incubator. With the limited movement of the community, OSHIN does not serve dine-in or dine-in and causes many customers who do not want to leave the house to buy food, so OSHIN must follow the growing trend of selling online. OSHIN already has a social media account on Instagram, but there is not much interaction with buyers. It is due to the low number of uploads made by OSHIN. Sales also tend to decline in almost the last one year. The business phenomenon, which is then linked to the theory referred to, inspires the author to research in finding solutions to existing problems "how to increase customer engagement on OSHIN social media as the main marketing channel so that it can increase sales?".

1.1 Objectives
1. To find out how social media customer engagement can improve sales performance
2. To measure the growth performance of business marketing

2. Literature Review
Many things and many forces outside an organization that affect the course of the business being carried out, this is called the company's macro environment. PESTLE Analysis is used to observe, measure, and evaluate the environment outside the organization. PESTLE is an abbreviation of several words as its external influence, namely Political, Economic, Social, Technological, Legal, and Environmental. In the book 'What is the PESTLE Analysis' by Paul Newton (2014). Vivek (2019) explains the dimensions of customer engagement that can be developed: awareness, enthusiasm, interaction, activity, and extraordinary experience. 1) People need to know about the ins and outs of the business world. This is what is called awareness, and serious efforts are needed to improve it.; 2) Knowing the high and low interest of someone about something, is called enthusiasm; 3) Interaction in buying and selling needs to be maintained so that it is always good, this is intentionally done to maintain the communication that has been built between the two; 4) The activity here means the efforts that need to be made so that customers continue to make transactions with us, and are reluctant to switch to others; 5) Great experience means that customers have great memories, events or services with usAnwar Prabu Mangkunegara (2006:67) states the value of work, both in terms of numbers, as well as the results that a person has achieved in working based on his job description and responsibilities, are interpreted as a result of performance..

Figure 1. Conceptual Model

3. Methods
This study uses a deductive approach with an action research strategy. The object of research is customer engagement and sales performance. The research subject is the OSHIN business unit located in Bandung. Research participants are owners as researchers and customers as respondents. The owner as a researcher takes corrective action on problems that exist in the built business unit, while the consumer as a respondent will provide information about the process of the action that has been tested. Data was collected by distributing questionnaires randomly using a research instrument in an online questionnaire. Data analysis was carried out descriptively and inferentially using paired t-test to see whether there was a positive difference in sales data before and after action research.

The action research cycle in this study refers to the action research cycle model proposed by Zuber-Skerritt and Perry in 2002 through the stages of the plan, act, observe and reflect. Based on these stages, the researchers designed a plan to increase sales by conducting customer engagement which refers to the theory of Customer Engagement (Vivek, 2009). The actions taken by researchers refer to Vivek's theory of customer engagement for a period of 12 months, from January 2021 to December 2021. The following are the actions taken by researchers while developing customer engagement on OSHIN IG based on Vivek theory:

3.1 Awareness

It is done by increasing the duration and number of uploads to activate Instagram OSHIN. The increase in the number of uploads is done so that consumers will see Instagram profiles longer. The author also uses Instagram for Business on Instagram OSHIN to see insights and be seen as more professional by consumers. Creating an attractive Instagram profile can increase consumer awareness of the OSHIN brand so that the products sold will be ogled by the public and interested in buying. The OSHIN account also uploads interesting contemporary content. For example, content that provides explanations about products or holiday content. The OSHIN Instagram account explains the benefits of garlic in the Hainanese Chicken menu, so the author mentions the benefits of educating the public and becoming the main attraction of OSHIN products. It can be seen in Figure 2, awareness dimenstion that have been built in OSHIN Instagram account, which explains the benefits about garlic in the Hainanese Chicken menu.

Figure 2. Example of Enthusiasm Content

3.2. Enthusiasm

Displays the latest information, news, and holiday content that is currently viral. Refers to feelings that represent the level of excitement, interest, and humor so that followers can be attracted to the OSHIN account and spread Instagram profiles to their relatives through social media or WOM (Word of Mouth). Uploaded content updates or follows the latest trends to create consumer desires always to visit OSHIN's Instagram profile.

3.3. Interaction

The author will interact with consumers and potential consumers by creating content. The platform used by OSHIN is the Instagram application to carry out promotional activities or interact with consumers. There is also a WhatsApp application to interact and communicate with customers to buy OSHIN products. The first way is by polling or quizzing on Instagram Stories, and Instagram Feeds. OSHIN does this by asking several questions called "This or That". By asking questions on OSHIN content, consumers will answer in the comment column. With the answers provided by consumers, the researcher will know which products are preferred by OSHIN customers.

3.4. Activities

Activities are carried out by holding promotional activities carried out by consumers, by uploading content or products from OSHIN to social media, which can increase followers. Online engagement is a psychological condition of the user, which is categorized by the interactive, creative experience of the user with an agent and object. A post is said to have high online engagement when the response is also high. In other words, a post that attracts the user's attention will have high online engagement, so the online engagement indicator itself is the level of user involvement in responding. In this study, researchers focused on post activities carried out using words, images, or videos.

3.5. Extraordinary Experience

It is carried out by making it easy to access accounts and place orders for OSHIN products on Instagram. It is very helpful for consumers and will certainly please customers. Having an online platform will help OSHIN make it easier for customers to reach products. Grab and Gojek are online applications widely used by today's society, and with the option to directly connect from Instagram to WhatsApp, it is very easy for consumers if they want to place an order.

OSHIN observes the results of developing customer engagement with OSHIN social media accounts as its online marketing media by distributing questionnaires to customers who have purchased products or who will become potential OSHIN customers. The questionnaire will be distributed via a Google Form link where the questionnaire contains customer engagement that was built. Table 1 presents a list of questions asked to research respondents:

Table 1. Research Instrument

Awareness	• @OSHINricebowl's Instagram profile view has the information needed for me.
	• The appearance of @OSHINricebowl's Instagram profile makes me aware of the products offered
Enthusiasm	• I am interested in buying/using the product when viewing @OSHINricebowl's Instagram content.
	• I am interested and have the potential to follow the @OSHINricebowl Instagram account if I foll(my friends or followers.
Interaction Activity	• I am involved in the content or post on Instagram @OSHINricebowl
	• Interesting content or posts on Instagram @OSHINricebowl to share with my friends or relatives.
Experience	• I get the information I need easily on the Instagram account @OSHINricebowl

Furthermore, the authors also collect data on sales of OSHIN products before and after the action research is carried out. The data was taken for 12 months, from January 2021 to December 2021. The data that had been collected was tested using a paired t-test with the Microsoft Excel application. The paired t-test results were to determine whether customer engagement gave a positive difference to sales data before and after action research was carried out.

4. Results and Discussion

4.1 Instrument Test Result: Validity & Reliability

Validity is a measure that shows that the variable being measured is the variable that the researcher wants to study. In this study, the validity of the data was tested using the Pearson Bivariate Correlation with the SPSS program. The data that the researcher validated was in the form of questionnaires taken randomly. In this study, the measurement of scores for each question item in the questionnaire used a Likert scale. Table 2 is the results of the Pearson Bivariate Correlation test conducted by researchers on the data from the OSHIN questionnaire using SPSS:

Table 2. The results of the validity of each question item on the customer engagement variable

	X11	X12	X13	X14	X15	X16
Pearson Correlation	0.778**	0.742**	0.836**	0.806**	0.871**	0.852**
Sig. (2-tailed)	0.000	0.000	0.000	0.000	0.000	0.000
N	114	114	114	114	114	114

Based on the table of the Pearson Bivariate Correlation test results above, the total X tested has a significant correlation with 0.01. As shown in Table 2 the significance value > 0.01, it was proven that the results of the OSHIN questionnaire were valid. Reliability is a tool to measure a research instrument. An instrument is declared reliable when the respondent answers the questions that are asked repeatedly on a constant basis. A reliable instrument can certainly produce reliable research data as well Ghozali (2009). The researcher's type of data reliability test is the Cronbach's Alpha reliability test using SPSS. Researchers used the Cronbach's Alpha reliability test to determine the reliability score of the resulting instrument. According to Eisingerich and Rubera (2010:27), the minimum value of Cronbach's Alpha reliability level is 0.70 or 70%.

Table 3. The results of the reliability test of the customer engagement variable

		N	%	Reliability Statistics	
				Cronbach's Alpha	N of Items
Cases	Valid	114	100.0	0,886	6
	Exclude	0	0.0		
	Total	114	100.0		

The reliability test results on the customer engagement variable show the Cronbach's Alpha value of 0.886 or 88.6%. It means that the instrument is reliable because the Cronbach's Alpha score obtained is greater than 80%.

4.2 Demography Analysis
Respondents who filled out and returned the questionnaire were 114 respondents. As many as 61.4% are women, and the rest are men. The other demography analysis from the respondents is shown in Figure 3 about respondent age range and Figure 4 about respondent status. From the two pictures, the participants of this research instrument are student consumers aged 21-25 years.
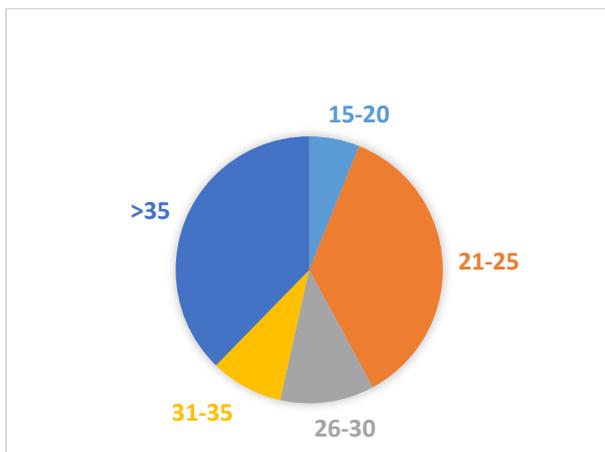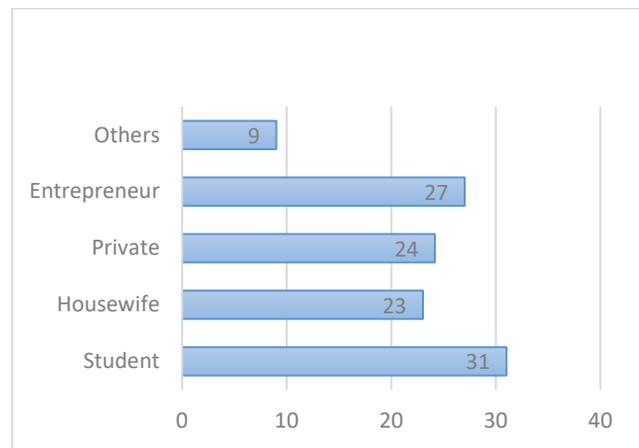

Figure 3. Respondents' Age Range   Figure 4. Respondent Status

4.3 Descriptive Analysis
Based on the perceptions of 114 respondents who are OSHIN consumers who have made purchase transactions, an overview of the customer engagement built in this action research is obtained: 1) 64% strongly agree that the appearance of the OSHIN Instagram profile has provided the required information; 2) as many as 76% of respondents strongly agree with the appearance of OSHIN Instagram which has provided information about the products offered; 3) A total of 56% of respondents stated that they are very interested in buying after viewing Instagram content; 4) As many as 59% of respondents "strongly agree" to follow the OSHIN Instagram if they have been followed by their friends and followers. A total of 36% "agree", and 14% feel "neutral"; 5) 58% of respondents stated strongly agree" that the posted content involves consumers, 29% agree, and 13% strongly disagree; 6) A total of 56% strongly agree that the content that has been posted is interesting to share with their relatives, 36% agree, and the rest feel neutral; 7) As many as 62% of respondents "strongly agree" they have received information from the OSHIN Instagram account, 32% agree, the rest are neutral. Based on the results of the analysis above, it can be stated that the customer engagement built on OSHIN social media can be stated above the average (i.e., 62%) stating that it is very good, the rest states that it is good.

4.4 Paired t-test Result
The results of action research in the form of product innovations created by OSHIN were analysed and measured using the T-test or different tests using the Microsoft Excel program. Measurements were made by comparing OSHIN sales data before and after the research action was carried out to determine the success of the research action.

Table 4. Paired t-test Result

	Paired t-test	
	after	*before*
Mean	69,3	65,9166667
Variance	33,2	42,0833333
Observations	12	12
Hypothesized Mean Difference	0	
df	11	
t Stat	5,992065952	
P(T<=t) one-tail	4,51423E-05	
t Critical one-tail	1,795884819	

Before the research action, the average sales value was 65 in January, and lower than the average sales after the research action is 69. The t-stat value = 5.99 is greater than the one-tail critical t (1.79). The t count value is higher than the t table, which shows that H0 is rejected. It means that the action of increasing customer engagement shows an increase in sales performance after doing action research.

4.5 Business Growth Performance Dashboard

Figure 5. Business Growth Performance Dashboard OSHIN

From the description of OSHIN's Business Growth Performance Dashboard, during the one-year period (January – December 2021) the company managed to get 13% of consumers who are the outer circle. In addition, OSHIN for six months has reached 94.3% Customer Retention Rate or the percentage of existing customers who have stayed for these six months. Regarding the Customer Growth Rate, OSHIN gets a percentage of 5.1% as the growth rate of new customers or the acceleration of OSHIN in acquiring new customers. The number of products sold in this one-year period increased in August. For business process performance dashboards, OSHIN initially only had 2 types of rice bowl menus, and now they have issued several additional menus.

5. Conclusion

The researcher concludes that the development of customer engagement is one of the strategies that can be considered by businesses that aim to improve their sales performance. This customer engagement follows the stages starting from awareness, enthusiasm, interaction, activity, extraordinary experience. The next conclusion is that the factors that can give the biggest contribution to the success in increasing the sales performance of OSHIN are customer engagement which is done using Instagram social media.

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Biographies

Ivonne Giovanny is an entrepreneur in the creative industry and a student of the entrepreneurship department. She has a focus and interest in the development of culinary business products. She is active in business organizations.

Eriana Astuty is an assistant professor, and faculty member of Entrepreneurship Department at Bina Nusantara University. She earned bachelor's degree in industrial engineering from Pasundan University, Indonesia; Master's in management science from Bandung Technology Institute, Indonesia; and Doctor in Management from Indonesian Education University, Indonesia. She has published journal, conference papers, and book chapter. Dr. Eriana's research interests include strategic management, entrepreneurship, operation management, business & management, in scope of SME, creative industry, and higher education. She is a member of Forum Manajemen Indonesia (FMI), and reviewer of Jember University, Indonesia.