

The Influence of Social Media Marketing on Brand Loyalty through Customer Engagement as Intervening Variable on Sociolla's Instagram Account

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Abstract

In a market with a fierce level of competition, loyal customers are needed to be able to stay competitive. In this era of connectivity, loyalty can be increased through customer engagement on a brand's social media account. Sociolla is a beauty e-commerce platform that uses social media to increase brand loyalty through customer engagement. This study aims to analyze the effect of social media marketing on brand loyalty through customer engagement on Sociolla's Instagram account. The research uses descriptive-causal with a quantitative approach using purposive sampling, given to 100 respondents. This study uses structural equation modeling (SEM). The data was processed using the SmartPLS 3.3 software. The results obtained in this study are social media marketing has a positive and significant effect on customer engagement, customer engagement has a positive and significant effect on brand loyalty, social media marketing has a positive and significant effect on brand loyalty, and social media marketing has an indirect effect on brand loyalty through customer engagement. For this reason, Sociolla should consider improving social media marketing because it will affect customer engagement and brand loyalty.

Keywords

Social Media Marketing, Customer Engagement, Brand Loyalty, E-Commerce, Marketing

1. Introduction

It is undeniable that the internet seems to be a primary need for society globally. Almost every activity carried out is always connected to an internet connection, such as the process of finding information, communicating, transacting, shopping, and even doing business. Lifestyle changes that become completely online provide great opportunities for the business sector. The increasing interest in online shopping has triggered the emergence of various e-commerce in Indonesia. Electronic commerce or what is commonly known as e-commerce is defined as a way of shopping online or direct selling that utilizes internet facilities. Reporting from the 2021 Bank Indonesia (BI) Annual Meeting report, it is predicted that e-commerce will grow to 31.4% in 2022. This growth not only provides opportunities but also stiff competition. Sociolla is a beauty e-commerce that is growing very rapidly throughout 2021. However, there is no guarantee that Sociolla will be able to compete in a highly competitive market.

In a market with a high level of competition, it will be more effective to keep consumers from switching to other brands (customer loyalty) than to find new consumers (Tjiptono, 2000). Brand loyalty is one of the most important keys in winning a market with intense competition, where a brand can maintain its sustainability by retaining consumers (Yavas et al in Wibowo, 2019). Informing brand loyalty, companies must be able to influence consumer

perceptions where consumers can trust the brand well, feel satisfied with the brand's services and products, and build strong and positive emotional relationships or ties (Wibowo et al. 2019). To build this emotional bond, there must be an engagement between the consumer and the brand. Intense engagement between brands and consumers can affect customer satisfaction. The engagement process begins when consumers interact with other brands or customers to find out more information about the brand.

Customer engagement does not only occur through direct social interaction but can be formed online through various electronic media. Sociolla uses social media such as Instagram to be able to interact and promote its products. This activity is called social media marketing, where brands can communicate and invite their audience to be involved with brand activities.

1.1 Objectives

Based on research conducted by Yudiana et al. (2016), it is known that there is a significant influence on social media marketing on brand loyalty through customer engagement. This phenomenon is interesting to be investigated further because it can be used as an evaluation material for Sociolla to develop a strategy to compete by utilizing its social media network.

2. Literature Review

2.1 Social Media Marketing

According to Setiawati in Praditasetyo (2021), social media is a means of online community where people are connected in a particular community. Social media marketing activities can be interpreted as an effective way to carry out marketing communications. This method reaches the understanding of the consumers involved and the understanding of social media marketing activities with 5 dimensions, namely online community, interaction, sharing of content, accessibility, and credibility (Alhadid & As'ad 2020).

2.2 Customer Engagement

In a book entitled "Customer Engagement in Theory & Practice (2019)" Zyminkowska argues that customer engagement is one way for brands to get their customers involved and engaged with the brand. Customer engagement is formed from a customer's involvement with a brand, this engagement then creates a psychological state based on an interactive and creative customer experience with a brand. The result of this engagement is a good relationship and perception of the brand. According to Muchardie (2016), customer engagement can be formed through the dimensions of connection, interaction, retention, satisfaction, commitment, advocacy, and engagement.

2.3 Brand Loyalty

Brand loyalty or brand loyalty is defined as a consumer's commitment to consistently use products or services from the same brand without being affected by competitors' products or services (Muchardie, 2016). Warnadi and Triyono (2019) in their book entitled "Marketing Management" argues that loyalty is also defined as loyalty, where line loyalty must arise without coercion. Loyalty itself arises from self-awareness. Cecilia Marvelyn (2020) brand loyalty can be formed through cognitive, affective, conative, and action dimensions.

2.4 Framework

Based on the description of the theory of customer engagement, social media marketing, and brand loyalty above, the following framework is obtained. (Figure 1)

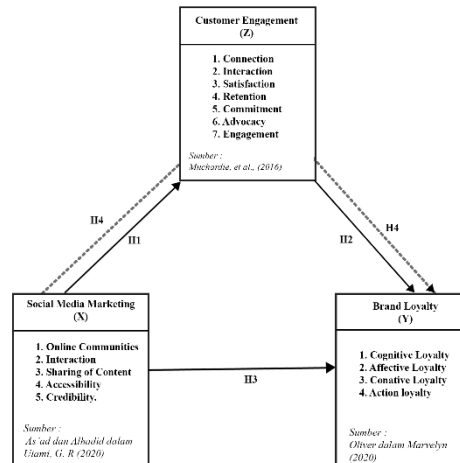


Figure 1. Framework

2.5 Research Hypothesis

The hypotheses obtained from the above framework are:

H1: Social media marketing has a significant effect on Customer Engagement

H2: Customer Engagement has a significant effect on Brand Loyalty

H3: Social media marketing has a significant effect on Brand Loyalty

H4: Social Media Marketing has a significant effect on Brand Loyalty through Customer Engagement

3. Methods

The research method used in this study is causal descriptive with a quantitative approach using purposive sampling distributed to 100 respondents and using Structural Equation Modeling (SEM). Data processing is carried out with the help of SmartPLS 3.3 software. Respondent criteria on This research are Sociolla's Instagram followers who have made repeated purchases on Sociolla's e-commerce

4. Data Collection

4.1 Description Analysis Results

a. Respondents' Responses to Social Media Marketing Variable. The results of the descriptive analysis show that social media marketing on Instagram Sociolla is in a good category. This is indicated by the percentage value of 81.1% of the ideal score.

b. Respondents' Responses to Customers Engagement Variable. The results of the descriptive analysis show that customer engagement on Instagram Sociolla is in a good category. This is indicated by the percentage value of 80.7% of the ideal score.

c. Respondents' Responses to Brand Loyalty Variable. The results of the descriptive analysis show that brand loyalty and the Sociolla brand are in a good category. This is indicated by the percentage value of 81.6% of the ideal score.

4.2 Outer Model

Validity and reliability testing will be carried out on the outer against the indicators used and with the help of SmartPLS 3.3 software. The following is the outer model of this research based on the SmartPLS 3.3 estimation (Figure 2):

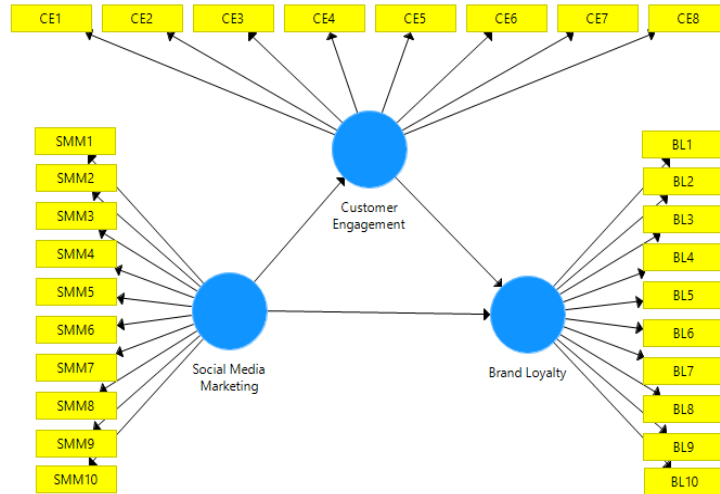


Figure 2. Outer Model (1)

Convergent Validation In the validity test on SmartPLS 3.3, an indicator can be declared valid if the loading factor value is greater than 0.7 and the Average Variance Extracted (AVE) value is greater than 0.5 (Table 1). However, for exploratory research, the value of loading factor > 0.6 is considered valid or worthy to be declared valid (Ghozali & Latan, 2015).

Table 1. Outer Loading Factors (1)

Variable	Indicator	Outer-Loading	Conclusion
Social Media Marketing (X)	SMM1	0,717	VALID
	SMM2	0,509	INVALID
	SMM3	0,533	INVALID
	SMM4	0,507	INVALID
	SMM5	0,484	INVALID
	SMM6	0,524	INVALID
	SMM7	0,558	INVALID
	SMM8	0,634	VALID
	SMM9	0,667	VALID
	SMM10	0,595	INVALID
Customer Engagement (Z)	CE1	0,725	VALID
	CE2	0,741	VALID
	CE3	0,805	VALID
	CE4	0,777	VALID
	CE5	0,723	VALID
	CE6	0,743	VALID
	CE7	0,696	VALID
	CE8	0,819	VALID
Brand Loyalty (Y)	BL1	0,740	VALID
	BL2	0,595	INVALID
	BL3	0,503	INVALID
	BL4	0,602	VALID
	BL5	0,656	VALID
	BL6	0,780	VALID
	BL7	0,725	VALID
	BL8	0,715	VALID
	BL9	0,655	VALID
	BL10	0,784	INVALID

After processing the data in the form of a convergent validity test, it is known that several indicators are stated invalid because it does not meet the requirements for the outer loading value > 0.6 . To continue research, it is necessary to re-select indicators that do not meet the outer loading requirements > 0.6 , so that the outer loading value is obtained as follows (Table 2):

Table 2. Outer Loading Factors (2)

Variable	Indicator	Outer-Loading	Conclusion
Social Media Marketing (X)	SMM1	0,676	VALID
	SMM7	0,676	VALID
	SMM8	0,697	VALID
	SMM9	0,843	VALID
	SMM10	0,742	VALID
Customer Engagement (Z)	CE1	0,713	VALID
	CE2	0,733	VALID
	CE3	0,817	VALID
	CE4	0,788	VALID
	CE5	0,713	VALID
	CE6	0,739	VALID
	CE7	0,704	VALID
	CE8	0,813	VALID
Brand Loyalty (Y)	BL1	0,781	VALID
	BL2	0,635	VALID
	BL5	0,605	VALID
	BL6	0,775	VALID
	BL7	0,714	VALID
	BL8	0,755	VALID
	BL9	0,718	VALID
	BL10	0,787	VALID

After re-selection to test the feasibility of indicators, seven indicators were removed and declared unfit for causality research. The seven indicators are SMM2, SMM3, SMM4, SMM5, SMM6, BL3, and BL4. So that we get 21 indicators that meet the requirements for the outer loading value > 0.6 so that it is declared valid.

Besides being seen through the outer loading value, the convergent validity test is also determined by the value of Average Variance Extracted (AVE). It can be said to be valid if the AVE value of the indicator is greater than 0.5. The following table Average Variance Extracted (AVE) (Table 3):

Table 3. AVE Value

Variabel	AVE	Keterangan
Social Media Marketing (X)	0,532	VALID
Customer Engagement (Z)	0,568	VALID
Brand Loyalty (Y)	0,524	VALID

According to table 3 above, it is known that the three variables have an AVE value > 0.5 . Twenty-one research indicators have met the requirements for the outer-loading value > 0.67 and the Average Variance Extracted (AVE) value > 0.5 so that it is declared valid. With changes in research indicators, the outer model in this study also changes. The following is the outer model that has changed after the convergent validity test was carried out (Figure 3):

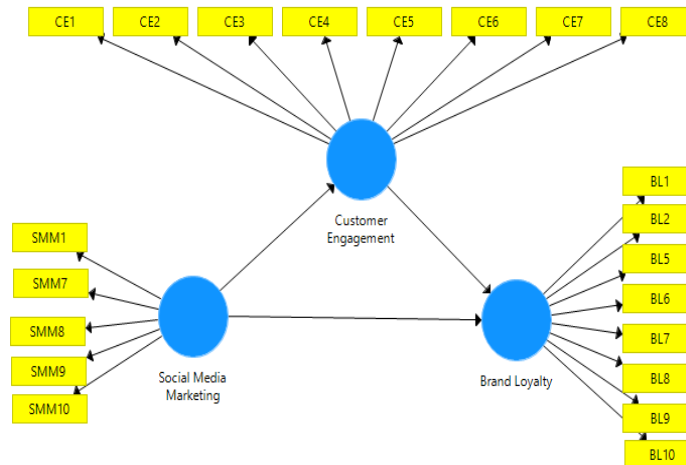


Figure 3. Outer Model (2)

An indicator is declared to meet the discriminant validity test if its cross-loading factor is greater than other construct cross-loading values. The cross-loading indicators of the three variables are described in the table below in table 4:

Table 4. Cross Loading Factors

Indicator	Social Media Marketing	Customer Engagement	Brand Loyalty
SMM1	0,676	0,621	0,426
SMM7	0,676	0,379	0,379
SMM8	0,697	0,446	0,379
SMM9	0,843	0,459	0,471
SMM10	0,742	0,404	0,571
CE1	0,383	0,713	0,266
CE2	0,540	0,733	0,301
CE3	0,611	0,817	0,542
CE4	0,545	0,788	0,533
CE5	0,389	0,713	0,373
CE6	0,401	0,739	0,379
CE7	0,491	0,704	0,455
CE8	0,440	0,813	0,404
BL1	0,567	0,433	0,781
BL2	0,437	0,326	0,635
BL5	0,412	0,558	0,605
BL6	0,483	0,454	0,775
BL7	0,343	0,365	0,714
BL8	0,372	0,276	0,755
BL9	0,461	0,329	0,718
BL10	0,433	0,404	0,787

The results of the convergent and discriminant validity tests state that all indicators are valid and have met conditions. It can be concluded that the twenty-one statement items in the questionnaire are capable of being a measuring tool worthy or valid in this study.

The construct is declared reliable if it exceeds the critical value of 0.7. The results of the reliability test are described in table 5.

Table 5. Results of Reliability test

Variable	Cronbach's Alpha	Indicate	Composite Reliability	Indicate
Social Media Marketing	0,779	RELIABLE	0,850	RELIABLE
Customer Engagement	0,892		0,913	
Brand Loyalty	0,869		0,897	

Based on table 5 above, the results show that the three latent variables (Social Media Marketing, Customer Engagement, and Brand loyalty) have Cronbach's Alpha values > 0.7 and Composite Reliability > 0.7 so that they are declared reliable or consistent.

4.3 Inner Model

The following is the structural model (inner model) used in this study in figure 4.

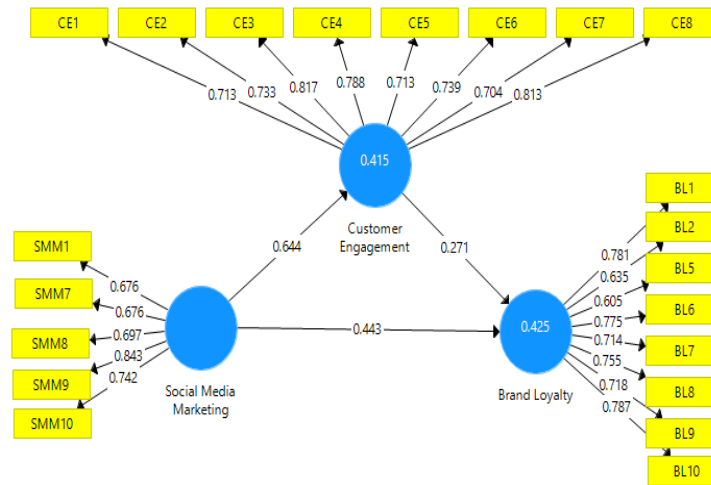


Figure 4. Inner Model

T-statistic values can be obtained through data processing in SmartPLS software, especially through the bootstrapping process. The largest path coefficient value was found on the Social Media Marketing path to Customer Engagement (0.644). Furthermore, the second largest influence is shown by the Social Media Marketing to Brand Loyalty (0.443). Then the smallest path coefficient is indicated by the Customer Engagement path to Brand Loyalty, which is 0.271. The three paths have positive values, where the influence of Social Media Marketing on Customer Engagement has the greatest influence.

The results of the R-squares test in this study are shown in table 6:

Table 6. R-Square Values

Variable	R ²
Customer Engagement	0,415
Brand Loyalty	0,425

It is known that the R² value on the Customer Engagement variable is 0.415 and is in the medium category. This shows that the Social Media Marketing variable has an influence on Customer Engagement by 41.5% and the remaining 58.5% is influenced by other variables not examined in this study. While the Brand Loyalty variable has an R² value of 0.425 and is in the medium category. It is concluded that Social Media Marketing has an influence on Brand Loyalty by 42.5% and the remaining 57.5% is influenced by other variables not examined in this study.

Predictive Relevance (Q²), an exogenous latent variable is said to be good if it has a value of Q² > 0, and it can be stated that the exogenous variable can predict the endogenous variable. The following is a test of

$$Q^2: Q^2 = 1 - (1 - 0,415^2)(1 - 0,425^2)$$

$$Q^2 = 1 - (1 - 0,172)(1 - 0,181)$$

$$Q^2 = 1 - 0,678$$

$$Q^2 = 0,322$$

Based on the results of the calculations above, the results obtained are 0,322, which means that it meets the requirements of $Q^2 > 0$ which indicates that the estimated parameter has a relevant predictive value.

4.4 Hypothesis Test

The conditions for accepting the hypothesis are described as follows:

- 1) If $t_0 > \alpha$, H_0 is rejected and H_a is accepted.
- 2) If $t_0 < \alpha$, H_0 is rejected and H_a is accepted.

In this study, the researchers set a two-tailed test study with a significance level of 5% or a t_0 value of 1.96. In addition, P Values are also an assessment indicator that shows whether the influence is significant or not. It is said to be significant if the sig P Values are less than 0.05. Here's the bootstrapping process in table 7.:

Table 7. Hypothesis Test Results (Direct)

Variable	Original Sample (o)	T Statistics (O /STDEV)	P Values	Conclusion
SMM → CE	0,644	10,760	0,000	H1 : Accepted (Significant)
CE → BL	0,271	2,606	0,009	H2 : Accepted (Significant)
SMM → BL	0,443	4,231	0,000	H3 : Accepted (Significant)

Based on the table above, the results of the hypothesis can be described as follows:

1. Effect of Social Media Marketing on Customer Engagement

Based on bootstrapping results, obtained T-Statistics of 10.760, P Values of 0.000, and positive path coefficients of 0.644. This shows that T-Statistics (10.760) > T-Table (1.96) and P Values (0.000) < 0.05. Thus, the hypothesis which states that social media marketing has a significant influence on customer engagement is accepted (**H0 is rejected, H1 is accepted**). In addition, the path coefficients value of 0,644 indicates a positive direction of relationship, where the better social media marketing, more positive effect on customer engagement.

2. Effect of Customer Engagement on Brand Loyalty

Based on the test result above, the T-Statistics Value is 2,606, P Value is 0.009 and the path coefficients value is positive 0.271. This shows that T-Statistics (2,606) > T-Table (1.96) and P Values (0.009) < 0.05. With Thus, the hypothesis which states that Customer Engagement has a significant effect on Brand Loyalty is accepted (**H0 is rejected, H2 is accepted**). In addition, the path coefficients value of 0.271 indicates a positive relationship direction, where the better Customer Engagement, more positive effect on Brand Loyalty.

3. Effect of Social Media Marketing on Brand Loyalty

Based on the test results above, the T-Statistics value is 4.231, the P Values is 0.000 and the path coefficients value is positive 0.443. This shows that T-Statistics (4.231) > T-Table (1.96) and P Values (0.000) < 0.05. Thus, the hypothesis which states that Social Media Marketing has a significant influence on Brand Loyalty is accepted (**H0 is rejected, H3 is accepted**). In addition, the path coefficients value of 0.443 indicates a positive direction of relationship, where the better Social Media Marketing, more positive effect on Brand Loyalty in table 8.

Table 8. Hypothesis Test Results (Indirect)

Variable	Original Sample (o)	T Statistics (O /STDEV)	P Values	Conclusion
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SMM → CE → BL	0,175	2,480	0,013	H4 : Accepted (Significant)
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4. The Influence of Social Media Marketing on Brand Loyalty through Customer Engagement

In the table above, the results of T-Statistics are 2.480, P Values are 0.013, and path coefficients are positive 0.175. Through these data, it can be seen that T-Statistics (2.480) > T-Table (1.96) and P Values (0.013) < 0,005. This shows that there is a mediating effect between the relationship between Social Media Marketing variables and Brand Loyalty variables, or it can be interpreted that there is an indirect influence between Social Media Marketing variables on Brand Loyalty through Customer Engagement.

In addition, the path coefficients between Social Media Marketing variables and Brand Loyalty through Customer Engagement have a value of 0.175. The value of these path coefficients indicates the direction of a positive relationship, which can be interpreted as increasing Social Media Marketing, it will be followed by an increase in Brand Loyalty in Sociolla, but must create Customer Engagement first. So the hypothesis that Social Media Marketing has a significant influence on Brand Loyalty through Customer Engagement is accepted (**H0 is rejected, H4 is accepted**).

5. Results and Discussion

From the results of research on the variables of social media marketing, customer engagement, and brand loyalty on Instagram Sociolla with SEM analysis, the following conclusions are obtained:

1. Social Media Marketing on Instagram Sociolla

The results of the descriptive analysis show that social media marketing on Instagram Sociolla is in the good category. This is indicated by the percentage value of 81.1% of the ideal score. This proves that Instagram Sociolla has become a forum for the online community of Sociolla.

2. Customer Engagement on Instagram Sociolla

The results of the descriptive analysis show that customer engagement on Instagram Sociolla is in the good category. This is indicated by the percentage value of 80.7% of the ideal score. This proves that customers have good engagement and are active on the Sociolla Instagram account.

3. Brand Loyalty on Instagram Sociolla

The results of the descriptive analysis show that brand loyalty to Sociolla is in the good category. This is indicated by the percentage value of 81.6% of the ideal score. This proves that the level of loyalty to Sociolla is quite high and can help Sociolla compete in a highly competitive market.

4. The Influence of Social Media Marketing on Customer Engagement on Instagram Sociolla Accounts

Hypothesis testing shows that social media marketing has a significant effect on customer engagement, H1 is accepted.

5. The Influence of Customer Engagement on Brand Loyalty on Sociolla's Instagram Account

Hypothesis testing shows that customer engagement has a significant effect on brand loyalty, H2 is accepted.

6. The Effect of Social Media Marketing on Brand Loyalty on Sociolla's Instagram Account

Hypothesis testing shows that social media marketing has a significant effect on Brand Loyalty, H3 is accepted.

7. The Influence of Social Media Marketing on Brand Loyalty through Customer Engagement at Sociolla

Hypothesis testing shows that social media marketing has a significant effect on brand loyalty through customer engagement, H4 is accepted.

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