

The Increasing of Online Local Brand Purchase: Influence and Relationship on Brand Loyalty And Word Of Mouth During The Pandemic

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Abstract

Seeing the growing public awareness of buying local brands during the pandemic is a positive thing. Considering that Indonesia is one of the countries experiencing an economic crisis due to the Corona pandemic. But the fact is that in this time of crisis, consumers actually feel that local Indonesian brands can compete even with global brands. Online shopping and the choice of local brands is very prominent and a very significant increase when compared to before the pandemic. Therefore, this study aims to discuss the influence of advertising, brand image, social networking service content, brand trust, brand reputation, brand performance, on brand loyalty and word of mouth on increasing local brand purchases by Indonesian consumers during the pandemic. The researchers want to underlie the increase in purchases of local brands during the COVID-19 pandemic and there also a few researchers who carried out the relationship between the variables mentioned above and at the same time wanted to know the extent of Indonesia consumer ratings on the quality of local brands.

Keywords

brand image, sns content, brand trust, brand reputation, brand performance, brand loyalty and word of mouth, local product

1. Introduction

The COVID-19 pandemic in recent years has damaged the world economy. This was stated by the International Monetary Fund (IMF), which according to the IMF, in 2020 the world's economic output will shrink by almost 5%. With this depreciation, it is estimated that within two years the world will lose economic output worth 12 trillion dollars. Meanwhile, a number of European countries, including the UK and France, are expected to experience a decline of 10%. According to the 2020 Central Statistics Agency (BPS) report, Indonesia is one of the countries experiencing an economic crisis due to the Corona pandemic from April to October 2020.

However, the most interesting thing about this condition is the growing public awareness in buying local products. According to a survey conducted by the Katadata Insight Center (KIC), 87.2% of consumers prefer to buy domestic products. Meanwhile, 12.8% stated that they prefer to buy foreign products. The survey also shows that around 88.8% of consumers prefer to use and consume products with domestic brands. While 11.2% stated otherwise. Google also noted an increase of up to 95% for the keyword 'made in Indonesia' and 70% for 'local products'. In the midst of a pandemic, people have a desire to support local businesses and encourage economic turnover by buying local products. For the Indonesian market, from the data from the Ipsos Global Trends 2021 survey, it is clear that online shopping and choice brand local area is very prominent and the increase is very significant when compared to before the pandemic. Apart from the ease of use of online shopping channels, such as applications, sites, social media networking

services (social networking service), and others. Ease of finding offers or promos (advertisement/promotion) more and better is also one of the considerations, consumers are more likely to choose online shopping than in stores.

Still quoting from the results of the Ipsos Global Trends 2021 survey, for brand choices or brand up to now, consumers have judged that brand local Indonesians have been able to compete even with brand global. This shows the level of trust consumer (brand trust) to brand local start high. Apart from the level of trust, brand local consumers are currently felt by consumers to have been able to meet consumer needs functionally (brand performance), and brand image (brand image) that improves in the minds of consumers helps shape reputation brand local (brand reputation) is now very positive and different when compared to the previous few years.

According to research conducted by Kwon HJ, et al (2020) there was no positive relationship between social media networking services (Social Networking Service/SNS) on brand trust, which has an effect on consumer loyalty (brand loyalty). In the research of Rasyid and Karya (2021) it is explained that the brand image (brand image) does not have a positive effect on brand trust (brand trust), as well as in the research of Nawaz et al (2020) which explained that there was no positive relationship between trust in brands (brand trust) to brand loyalty. Song et al (2018) explained that there was no positive relationship between brand reputation and brand performance with brand loyalty.

Therefore, this study discusses how the influence of advertising, brand image, social networking service content, brand trust, brand reputation, brand performance, to brand loyalty and word of mouth on purchase increase brand local to Indonesian consumers during the pandemic. The topic of this research is considered interesting because the researcher wants to know what are the influences that underlie the increase in purchases on consumers brand local government during the COVID-19 pandemic. This research was also conducted because it was felt that there were still few researchers who carried out the relationship between the variables mentioned above and at the same time wanted to know the extent to which Indonesian consumers evaluate the quality brand current local.

1.1 Objectives

This research activity has priority and is expected to produce managerial implications, including:

- Knowing and identifying what factors have the most influence on loyalty and positive comments on increasing brand purchases local in Indonesian consumers so that in the future a concept and strategy can be developed brand local adaptive to the situation and circumstances.
- Generate alternative strategies for brand including through the development of social media to expand business reach, knowing market wants and demands, public opinion, to trends that are being favored by consumers.
- Generate the basis of business activities for brand to be able to understand the importance of the role of digital marketing in the current era of disruption
- Increased loyalty of Indonesian consumers to brand local and also form a high belief in the quality and performance of brand local

2. Literature Review

Researchers are trying to find answers to increased purchase interest brand local consumers during the pandemic and the tendency of consumers to use online shopping channels, such as applications, websites, social media networking services, and others. According to Rose, et.al (2014), the factor of ease of finding offers or promos (advertisement/promotion) more and better is also one of the considerations that consumers are more likely to choose online shopping than in stores.

Adelia and Supriono (2017) stated that the Indonesian people are now increasingly proud of the products produced by the nation's children where previously the Indonesian people were still struggling with prestige or pride in brand famous from outside. Many studies have discussed brand but not many have analyzed its effect on loyalty and informal communication.

According to Wolfe (1991), the notion of brand local is a brand that exists in one country or in a limited geographic area. Schulling & Kapferer (2014), argue that brand Local governments are able to provide greater strategic flexibility for companies in many marketing areas. Zhang (2001) also stated that brand local brands can also introduce new markets quickly and with minimum marketing investment through successful local brand acquisitions.

Until now, consumers feel brand Indonesian local brands have been able to compete even with global brands. This shows the level of consumer confidence (brand trust) to brand local start high. Chaudhuri and Holbrook (2001), define brand trust as the willingness of the average consumer to depend on the ability of a brand to carry out all its uses or functions. Meanwhile, according to Lau and Lee (1999), brand trust describes an important component of internal placement or attitude associated with brand loyalty.

Therefore, a more perfect understanding of loyalty brand on a product cannot be achieved without an explanation of brand trust. In the context of industrial marketing, trust is built in relationships person-to-person. According to Kotler and Gertner (2002), Loyalty can be defined as attachment or feeling towards brands and companies. According to Aaker (2013) brand loyalty is a link between a customer and a brand. This measure provides an idea of whether or not a customer may switch to another brand offered by a competitor, especially if the brand is found to have differences in price or other attributes.

Apart from the belief in brand according to Jahanvi and Sharma (2021), the performance of the brand (brand performance), affects loyalty to brand (brand loyalty) which also leads to information from one consumer to another (word of mouth), but not with the reputation of a brand (brand reputation) which only affects customer loyalty (brand loyalty).

H. Song., et al (2019) stated that brand image also has influence on brand trust which ultimately affects brand loyalty. With brand image, this will foster trust for any consumer who is the target of marketing. According to Kotler (2008) brand image are perceptions and beliefs made by consumers, as reflected in associations that occur in consumer memory.

Public awareness to buy domestic products is a positive thing. The government believes that the awareness of buying and consuming domestic products is one way to restore the national economy due to the COVID-19 pandemic. Love for Indonesian products which is a reflection of the value of love for the homeland, unity and mutual cooperation. This is a step that deserves support from all parties, where this positive behavior is also part of WOM (word of mouth), Harrison Walker (2001) defines WOM communication as an informal person-to-person communication between a non-commercial communicator and its recipient based on a brand, product, organization, or service. This WOM can be positively or negatively charged.

3. Methods

The method used in this paper is quantitative research. Sampling in this study was carried out by non-probability sampling by using the approach purposive sampling. Collecting data by distributing questionnaires to consumers who have bought brand locally via online during the pandemic, then analyze the data using the SmartPLS 3 software In this study, there are five independent variables, namely advertising/promotion(X1), brand image(X2), SNS content (X3) ,brand performance (X4), brand trust (X5) and brand reputation (X6) and the two dependent variables, namely brand loyalty and word of mouth (Y). This study uses an analysis model description as follows (Figure 1):

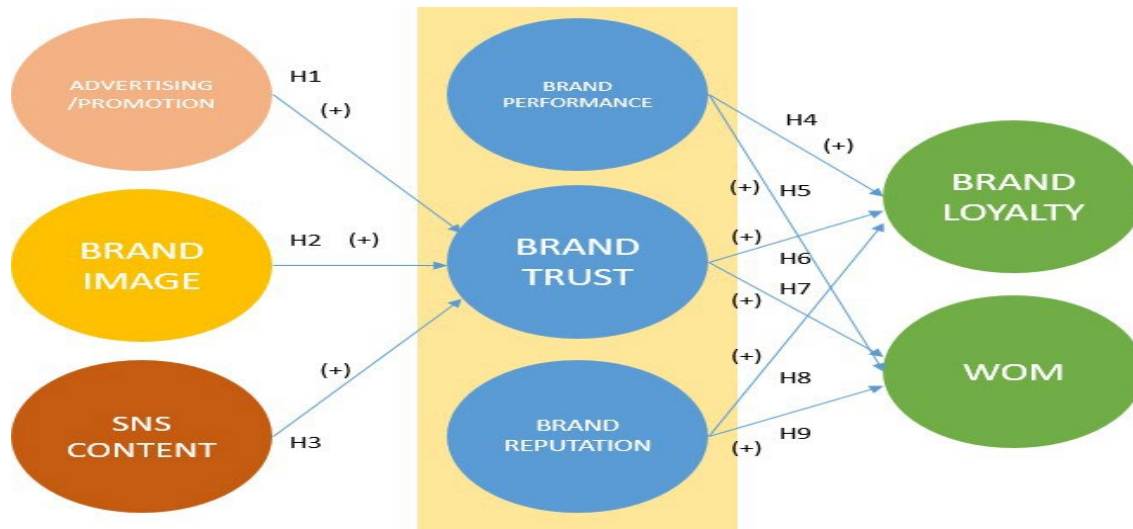


Figure 1. conceptual framework

4. Data collection and processing

Convergent validity assessment is based on the correlation between item scores, or component scores estimated with SmartPLS software. Individual reflexive measures are said to be high if they correlate more than 0.7 with the construct being measured. Convergent validity of the measurement model using reflective indicators is assessed based on the loading factor. (Table 1) However, for research in the early stages of developing a measurement scale, the loading value of 0.5 to 0.6 is considered sufficient. The following is the result of the outer loading that has been processed using SmartPLS.

Table 1. Convergent Validity Value

Variable	Indicator	Outer Loading	Information
Advertising/Promotion	AP1	0.721	Valid
	AP2	0.749	Valid
	AP3	0.385	Valid
	AP4	0.718	Valid
Brand Image	BI1	0.894	Valid
	BI2	0.887	Valid
	BI3	0.779	Valid
	BI4	0.839	Valid
SNS content	SC1	0.819	Valid
	SC2	0.880	Valid
	SC3	0.832	Valid
	SC4	0.846	Valid
Brand Performance	BP1	0.853	Valid
	BP2	0.813	Valid
	BP3	0.847	Valid
	BP4	0.838	Valid
	BP5	0.993	Valid
	BP6	0.810	Valid
Brand Trust	BT1	0.781	Valid
	BT2	0.649	Valid

	BT3	0.691	Valid
	BT4	0.848	Valid
	BT5	0.678	Valid
Brand Reputation	BR1	0.783	Valid
	BR2	0.897	Valid
	BR3	0.839	Valid
	BR4	0.694	Valid
	BR5	0.745	Valid
	BR6	0.636	Valid
Brand Loyalty	BL1	0.722	Valid
	BL2	0.884	Valid
	BL3	0.538	Valid
	BL4	0.529	Valid
	BL5	0.688	Valid
	BL6	0.828	Valid
	BL7	0.949	Valid
Word Of Mouth	WOM1	0.949	Valid
	WOM2	0.849	Valid
	WOM3	0.714	Valid
	WOM4	0.659	Valid
	WOM5	0.610	Valid
	WOM6	0.883	Valid

The measurement of the AVE value can be used to compare each construct with the correlation between other constructs in the model. The AVE value must have a value > 0.5 (Latan and Ghazali, 2014). (Table 2)

Table 2. AVE Value

No	Variable	Average Variance Extracted (AVE)
1	Advertising/Promotion	0.719
2	Brand Image	0.741
3	SNS content	0.704
4	Brand Performance	0.635
5	Brand Trust	0.704
6	Brand Reputation	0.767
7	Brand Loyalty	0.747
8	Word Of Mouth	0.391

Evaluation of composite reliability and Cronbach's alpha can be used to help test reliability. According to Hair et al (2014) data with composite reliability values > 0.7 have high reliability, while Cronbach's alpha values are expected to have values > 0.6 . (Table 3)

Table 3. Composite Reliability and Cronbach's Alpha

No	Variable	Cronbach's Alpha	Composite Reliability
1	Advertising/Promotion	0.813	0.889
2	Brand Image	0.835	0.936
3	SNS content	0.829	0.897
4	Brand Performance	0.937	0.831
5	Brand Trust	0.841	0.880
6	Brand Reputation	0.996	0.847
7	Brand Loyalty	0.846	0.802
8	Word Of Mouth	0.848	0.838

The inner model is part of the hypothesis testing that is useful for testing the significance of the independent variables on the dependent variable and R-Square (R²). According to Ghozali (2016) the value of R² has several criteria including weak (0.19), moderate (0.33) and high (0.67). (Table 4)

Table 4. Analysis of R²

No	Variable	R Square	Criteria
1	Advertising/Promotion	0.578	Moderate
2	Brand Image	0.683	Moderate
3	SNS content	0.574	Moderate
4	Brand Performance	0.570	Moderate
5	Brand Trust	0.636	Moderate
6	Brand Reputation	0.582	Moderate
7	Brand Loyalty	0.571	Moderate
8	Word Of Mouth	0.638	Moderate

5. Results and Discussion

Hypothesis testing is divided into direct influence and indirect effect. Hypothesis testing in this study was conducted by looking at the value of T-Statistics and the value of P-Values. The research hypothesis can be declared accepted if the P-Values <0.05. The following are the results of hypothesis testing obtained in this study through the inner model.

Table 5. Hypothesis Test

No	Hypothesis	Variable	Original Sample (O)	P Values
1	H1	AP → BT	0.436	0.000
2	H2	BI → BT	0.132	0.000
3	H3	SC → BT	0.753	0.028
4	H4	BP → BL	0.747	0.042
5	H5	BP → WOM	0.864	0.000
.6	H6	BT → BL	0.368	0.000
7	H7	BT → WOM	0.438	0.000
8	H8	BP → BL	0.137	0.005
9	H9	BP → WOM	0.781	0.000

Based on the test results shown in Table 5, it shows that Brand Trust has a positive effect on Advertising/Promotion, Brand Image, SNS content, then Brand Loyalty and Word of Mouth is positively influenced by Brand Performance, Brand Trust, and Brand Reputation.

6. Conclusion

The conclusion is that all the hypotheses that have been tested have a positive effect. With these results, local Indonesian brands can form a sense of local pride by focuses on strengthening relationships with consumers (customer engagement and relationship orientation) through social media as a means of digital marketing and can also develop the Indonesia local brand pride program as a strategy to improve and develop the competitiveness of local brands so that can fight in the global chapter.

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Biography

Reizano Amri Rasyid started his academic career by studying at ITS (Institut Teknologi Sepuluh Nopember). then continued his master's studies at the management technology department ITS. currently works as a lecturer at Nahdlatul Ulama University Surabaya in the management department. So far, the focus of his field of study is marketing management, especially in terms of branding.

Azmil Chusnaini graduated from Gadjah Mada University. currently works as a lecturer at the management department of the Nahdlatul Ulama University Surabaya. During his time as a lecturer, the focus of his field of study was entrepreneurship. currently not only a lecturer, but also a director of PT. Rosan Permai

Candraningrat is a graduate of the University of 17 Agustus Surabaya with a bachelor's degree in economics with a focus on marketing management, then continued his master's studies at Airlangga University Surabaya by taking the management department. currently works as a lecturer at the Dinamika University. not only as a lecturer, currently also works as an employee at CV. Bumi Citra Sejahtera