

CHAPTER II

Literature Review

2.1 Theoretical Background

Recently, many online retailers have started using social media communities to build brand relationships with their target market (Wibowo, 2021). In the context of marketing a brand through social media, social media marketing activities are a way to communicate with customers. (Godey, 2016) have identified five dimensions of social media marketing activities, namely entertainment, interaction, trendiness, custom, and WOM. Social Media Marketing (SMM) is one part of the strategic digital marketing which involves communication between companies through media social engagement with consumers to encourage positive engagement with companies the brand (Chaffey, 2019). SMM can be used by many companies from various fields (Cheung C. M., 2012). SMM has the advantage of strengthening communication activities in a cost efficient manner (Kotler, 2016) In addition to the advantages, SMM also has weaknesses in the form of difficulty controlling messages that can damage the brand's good name (Chaffey, 2019). The role of SMM has a positive impact on business because SMM is able to build consumer trust and relationships with brands so that this impact will make consumers have the intention to buy (Cheung et al., 2020). For marketing success in social media, SMM depends on several elements to be used, such as entertainment, interaction, trendiness, customization, and electronic word of mouth (Cheung et al., 2020). Social Media Marketing Activities is something that really needs to be considered for companies in the current era, given the number of social media users who are growing very rapidly and also almost every generation has started using it, leveraging the power of social media as part of marketing activities is the right move considering the large influence of social media marketing to a brand.

2.1.1 Entertainment

Entertainment is a form of activity that attracts the attention and interest of the audience or provides pleasure. Media entertainment is thus commonly understood in terms of its functions, attributions, or differences. In the field of media and communication studies, however, media entertainment is typically defined by the characteristics of a user's entertainment experience rather than by specific media types or content: it can be described as a form of media use that is intrinsically rewarding for the user, which means that it is enjoyed or appreciated for the sake of the media experience itself (Bartsch, 2016). Or in simple way entertainment can be defined as the source of enjoyment, it provides happiness for people affected by it. Others have provided a model of enjoyment in the context of self-determination theory that comprises the need satisfaction of autonomy, competence, and relatedness associated with psychological well-being (Tamborini et al., 2010). Entertainment is included in one of the elements in social media marketing that is able to create emotional formation.

Emotional aspects created from entertainment process by the company is capable provide experiences for consumers towards brands. Procurement of entertainment carried out by companies in the media social media is one of the models in the marketing communication mix (Kotler, 2016). Entertainment provided by the company in Social media provides a pleasant experience to consumers (Cheung C. M., 2012) These experiences can be constructive relationship between consumers and brands, increase consumer knowledge about brands, and consumer buying intentions for products so that entertainment content used by SMM to build consumer awareness of the brand and consumer loyalty to brands (Cheung et al., 2020).

2.1.2 Customization

Customization is an attempt to adjust the product with consumer desires. Customization refers to the process of offering a product or service that consistently matches the wants and needs of consumers. People are not exactly the same in this world. Everyone has different wishes. Marketers try to offer according to market

demand. Customization is a business activity carried out by a company by creating and providing products/services to consumers according to the needs and desires of its consumers. Companies must be able to see and know quickly what their customers need or want. On the other hand, companies must be proficient and agile in carrying out marketing concepts that support customization activities in order to accommodate consumer needs and desires. Customization talks about the extent of a service customized to express and customize the user, so brands are able to build strong customer knowledge and loyalty (Godey, 2016). Customization is able to make customers search certain information more easily (Cheung et al., 2020). Consumer like content that suits them and convinces them (Godey, 2016). Besides customized content, customization is talking about adjustments made by companies to products (Man Lai Cheung, 2019) Adjustments to products are made to improve quality products to provide convenience to consumers.

2.1.3 Trendiness

Trend is a movement tendency up and down obtained from changes over time (Maryati, 2010). Trend is the ability of social media to spread trendiness information through four sub-motivations: supervision, knowledge, pre-purchase information, and inspiration (Kim, 2012). Trends in terms of distribution of latest and trendy information about brands. Social media is a good marketing strategy because social media is able to provide the latest information about brands or products (Ismail, 2017). Trendy information drives consumers to create content and share it with others on social media so that the trendiness comes in handy in strengthening consumer intentions to create content (Cheung et al., 2020). Many consumers are looking for the latest information on social media because it is considered more practical and reliable compared to traditional promotions sponsored by companies.

2.1.4 Interaction

Social media interactions can be divided into two groups, profile-based activity (Facebook, Twitter, WhatsApp, and others), individual member-centered

with information and related topics, and activities content based (Flickr, Instagram, YouTube and others), discussion centered social media, comments and content that consumers love (Zhu, 2015). Interaction can be defined as the activity of sharing information and exchanging opinions with others. The exchange of information or opinions between companies and consumers or fellow consumers can be said to be social interaction (Godey, 2016). Social interaction is now easier because of social media. Many people seek information through interactions on social media because social media is considered to provide the latest, practical, and more reliable information compared to information contained in marketing advertisements (Seo E., 2018). Many companies take advantage of interaction on social media to connect between marketers and consumers (Kotler, 2016). The interaction is in the form of sharing interesting content or unique, active and open in discussing something, and helping consumer issues to increase credibility and brand affinity (Godey, 2016).

2.1.5 Word of Mouth

Communication by word of mouth usually occurs when consumers or customers talk about the service, the brand, and the quality of the products they have used to others. According to (Priansa, 2017) word of mouth is an activity marketing in providing information on a product or service from one consumer to another consumer to talk about, promote and want to sell a brand to others. According to (Sunyoto, 2015), that customers will talk to other customers or other people about their experiences using the products they buy, so advertising goes through word of mouth is a reference from other people, this reference is done by word of mouth and This advertising activity is very simple but is a surefire way to sell products. Communication according to (Dimyati, 2016), is defined as exchanging and sharing meaningful information and timely informally, between buyers and sellers.

WOM on social media is one of the most effective marketing tools strong (Kotler, 2016). E-WOM is able to provide information about the product through the exchange of information (can be in the form of reviews or recommendations) from consumers to other consumers or potential customers (Kudeshia & Kumar,

2017). The process of exchanging information can be in the form of sharing content that contains about products in social media owned company to consumers so that consumers or potential customers can view shared content (Kudeshia & Kumar, 2017). This business can influence potential consumers to get to know the brand (Kudeshia & Kumar, 2017).

2.1.6 Brand Awareness

Brand awareness is the individual's ability to identify and remember the brand of a particular product category and is the main dimension of brand equity (Keller in Juliana & Sihombing, 2019). Brand equity itself according to (Aaker 2018) is a collection of brand assets and liabilities associated with a brand, name and symbol, which increase or decrease the value provided by a product or service to a company or customer. Meanwhile, according to (Durianto, 2017) argues that brand awareness is the ability of a potential buyer to recognize or recall a brand as part of a particular product category. Consumers are more likely to like or buy familiar brands because consumers feel safe with something they know, and this brand awareness is the key to knowing the brand itself. In line with the opinion above, (Aaeker, 2018) reveals that brand awareness is the ability of a customer or potential customer to recognize or recall that a brand is a part of a particular product. It can be concluded that brand awareness is the ability or ability of potential customers to recognize or recall a brand, which is one of the choices that can be purchased in a particular product category.

2.1.7 Brand Image

Brand image is the consumer's response to a brand based on the good and bad of the brand that consumers remember (Keller & Swaminathan, 2020). The consumer's memory is of course formed by the experience of using the product or the perceptions and opinions of other consumers. As revealed by (Firmansyah, 2019) that brand image is a perception that arises in the minds of consumers when remembering a brand from a certain line of products. This experience will then be imaged or depicted on the brand so as to form a positive or negative brand image

depending on various previous experiences and images of the brand or company. Still in line with the opinion above, (Setiadi, 2016) reveals that brand image is a representation of the overall perception of the brand and is formed from information and past experience of the brand itself. Thus, all past information and experience will become a representation that will create consumer perceptions of the brand.

2.1.8 Repurchase Intention

Repurchase intention occurs when the consumer has purchased a product or service before. To date there is limited research that has focused on repurchase intention. One of the factors that makes a big impact on a business like an online store is repurchase intention. The customer's repurchase intention depends on the value obtained in previous transactions. Repurchase intention is a post-purchase consumer action. The occurrence of post-purchase consumer satisfaction and dissatisfaction with a product will influence subsequent behavior. If consumers are satisfied, they will show a higher probability of repurchasing the product (Kotler, 2016). According to (Pappas et al., 2014) repurchase intention appears if the customer has had experience, especially online, customers will trust more if the online store has good performance.

2.2 Previous Studies

Table 2.1 Previous Study

Author and Title of Articles	Variables	Analysis tool	Conclusion
Sustainable customer retention through social media marketing activities using hybrid SEM-neural network approach. Author: (Qing Yang, 2022)	Entertainment Customization Trendiness Interaction Word of Mouth Brand Awareness Brand Image Repurchase Intention Mediating Effects of Brand Awareness and Brand Image	PLS-SEM, the study collected data from more than 400 respondents	The obtained results revealed positive and significant effects of trendiness, interaction, and word of mouth on brand awareness. Customization, trendiness, interaction, and word of mouth were found to positively affect brand image. Brand awareness and brand image were found to affect repurchase intention. The results of multilayer ANN analysis suggested trendiness as the most notable factor in developing brand awareness and brand image. Brand awareness was found to be an influential factor that nurtures repurchase intention. The study's results confirmed the relevance of social media marketing activities in predicting brand equity and brand loyalty by repurchase intention.

Author and Title of Articles	Variables	Analysis tool	Conclusion
The Effect of Social Media Marketing Activities on Brand Awareness, Brand Image and Brand Loyalty Author: (Bilgin, 2018)	Social Media Marketing Activities Brand Awareness Brand Image Brand Loyalty	SPSS, AMOS Unit analysis: Menyebarkan kuesioner kepada 547 respondent.	Social media marketing activities have a significant effect on brand awareness. Social media marketing activities have a significant influence on brand image and brand loyalty. Brand awareness and brand image have a significant effect on brand loyalty. Brand awareness has a significant effect on brand image.
Driving COBRAs: the power of social media marketing Author: (Man Lai Cheung, 2019)	Entertainment Interaction Trendiness Customization Consuming Contributing Creating On-going Search Repurchase Intention	Analysis tools: SmartPLS with 7-point ranging scale. Units of Analysis: spread to 654 respondents but only 433 respondent who is a user WeChat and experienced in using luxury brand in China.	The result discloses that Entertainment and Interactions are influential against consuming, contributes, and creating. Trendiness just pushing creating. Customization has not influential significant on consuming, contributes, and creating. Consuming and creating influential against on-going search and repurchase intention. Contributing effect only to on-going search.

Author and Title of Articles	Variables	Analysis tool	Conclusion
A study on the effects of social media marketing activities on brand equity and customer response in the airline industry. Author: (Seo E., 2018)	Social Media Marketing Activities Brand Awareness Brand Image E-WOM Commitment	Analysis tool: SPSS 21.0 and AMOS 20.0 with a ranging scale of 5 points. Units of Analysis: deploy 380 questionnaires, where 302 questionnaires qualify, namely Koreans which has experience using airlines	The result discloses that Brands Awareness is not influential against E-WOM, yet influential towards commitment. Brand Image influential against E-WOM and commitment. Social Media marketing influential to Brands Awareness and Brand Image with component that most influence is trendiness, followed by adjustment, risk perception, interactions, and entertainment
Social media marketing efforts of luxury brands: Influence on brand equity and consumer behavior Author: (Godey, 2016)	Social Media Marketing Efforts Brand Equity Consumer Responses	Analysis Tools: Use SEM method with 7-point ranging scale. Units of Analysis: share questionnaire to 834 respondents in China, France, India, and Italy.	The result discloses that Social Media Marketing (SMME) is influential towards Consumer Brand Based Brand Equity (CBBE). Aside from that, SMME is too influential towards consumers preferences, willingness to pay a premium price, and brand loyalty. Brands Equity able mediate relationships between Social Media Marketing Efforts with Consumer Responses.

2.3 Hypothesis Development

2.3.1 Social Media Marketing Activities and Brand Awareness

Entertainment and brand awareness.

Entertainment generally refers to the fun aspect embedded in brand marketing content, which has been underlined by (Kim, 2012) and (Seo E., 2018) as an integral part of SMMA (Social Media Marketing Activity). Today, brand products are no longer tethered to traditional displays; instead, they are integrated with entertainment components to establish a stronger emotional connection with consumers (Simon Hudson, 2006). Furthermore, it has been pin-pointed as a factor that directly affects consumer attitudes towards brands, whereby Bilgin (Bilgin, 2018) has specifically detailed its significant effect on brand awareness and brand image. Accordingly, improving brand awareness is among the well-known corporate SMMA (Kim, 2012). For example, Seo and Park (Seo E., 2018) have pointed out that such activities performed by aviation and hotel businesses positively impact brand awareness and brand image. As such, the following hypotheses are formulated:

H1: Entertainment affects brand awareness.

H2: Entertainment affects brand image.

Customization and brand equity

Consumers typically believe that personalized brand recommendations align with their product preferences, and their more personalized needs to a higher degree (Benbasat, 2006). In social media, customization refers to the target audience of a message. Zhu and Chen (Zhu, 2015) have thus identified the two types of publishing, depending on the level of message customization: custom message and broadcast. Here, customized information targets specific people or a small number of audiences (e.g., Facebook posts), whereas a broadcast generally contains messages directed at anyone interested in the content material (e.g., Twitter tweets). Therefore, the following hypotheses are proposed:

H3: Customization affects brand awareness.

H4: Customization affects brand image.

Trendiness and brand equity

Technology empowers firms to cultivate trends and enrich customer satisfaction and experience (Lee, 2019). Trends are known for their significant impact on customer brand equity, especially in the context of young consumers (Valaei N., 2017). Trendiness depicts the firms' ability to foster and spread pertinent information that empowers their brand equity (Sano Y., 2019). The adoption of social media to attract consumers has increased among SMEs (Fan M., 2021). In the luxury goods industry, fashion trends denote an essential element in SMMA and positively impact brand equity (Raji R. A., 2019). Kim and Lee (Lee, 2019) claimed that social media-based trendiness spurs brand awareness and brand image among the prospective consumers. Similarly, social media trends offer extensive awareness among users and help develop the brand image. Therefore, the following hypotheses are developed:

H5: Trendiness affects brand awareness.

H6: Trendiness affects brand image.

Interaction and brand equity

Interaction mainly describes the dynamic communication between enterprises and consumers (Goh K., 2013), and social media empowers both to interact facilitatively. Social media-based interaction simplifies the brand communication to the brand consumers and nurtures consumers' brand experience and satisfaction (Lin, 2019). Consumers and brands communicate and interact using various social media platforms (Ibrahim B., 2020). Such platforms can be utilized to build consumer brand awareness and establish the right brand image concurrently (Godey, 2016). Wang et al. (Wang Y., 2019) documented that social media-based interaction influences brand awareness and brand image building among young fashion retail consumers. Therefore, the following hypotheses are formulated:

H7: Interaction affects brand awareness.

H8: Interaction affects brand image.

Word of Mouth and brand equity

In general, word of mouth refers to consumer perception regarding the degree to which other customers recommend and share the latter's social media experiences (Jacobson J., 2020). Consumers like to share their positive or negative experiences on social media (Lee, 2019). An industry survey has revealed that a whopping 91% of respondents would consider online reviews, ratings, etc., prior to any product purchases from e-commerce sites. In contrast, nearly 46% agree that such reviews influence their purchasing decisions (Cheung C. M., 2012). Consumers' comments on social media facilitate prospective consumers' awareness and help build the brand image that later influences purchase intention (Qonitah U., 2020). Chahal, Wirtz, and Verma (Chahal H., 2019) claimed that online brand reputation directly affects perceived brand equity among consumers. Kim and Lee (Lee, 2019) suggested the positive influence of word of mouth on the levels of brand awareness and brand image among young Bangladeshi consumers. As such, the following hypotheses are proposed:

H9: Word of mouth affects brand awareness.

H10: Word of mouth affects brand image.

Brand Equity and repurchase intention.

Theoretically, brand equity is a subjective assessment of consumer brand preferences (Ansari S., 2019), whereby a brand rated as unique and appropriate by consumers indicates a high level of brand equity perceived for it (Verma, 2020). Accordingly, a positive brand attitude can positively influence the customers repurchase intentions (Du H. S., 2020). Zhang et al. (Zhang S., 2014) have postulated the positive link between brand equity and customer loyalty. In particular, brand equity based on brand awareness and brand image positively influences repurchase intention. For instance, brand awareness and brand image promote brand purchase and repurchase (Ansari S., 2019). Thus, the following hypotheses are generated:

H11: Brand awareness affects repurchase intention.

H12: Brand image affects repurchase intention.

Mediating Effect of brand equity

The impact of SMMA on brand equity has been confirmed in multiple previous studies in which the latter is considered the reason or motivation for purchasing certain brands. Therefore, higher brand equity can be correlated with higher robustness for consumer preference and willingness to buy any products (Jani D., 2014). Alternatively, brand awareness also affects consumer attitudes towards brands, further stimulating their brand choice (Godey, 2016). In this matter, Keller (Keller, 1993) believes that regardless of the attributes being related to specific brand products or not, they vigorously promote the formation of brand associations, which will, in turn, directly affect consumer purchase or repurchase intentions. Therefore, brand loyalty is considered a necessary factor for ensuring repeat purchases (Jani D., 2014). Hence, the following hypothesis is generated:

H13: Brand Image has a mediation effect on Customization to Repurchase Intention.

H14: Brand Image has a mediation effect on Interaction to Repurchase Intention.

H15: Brand Awareness has a mediation effect on Word of Mouth to Repurchase Intention.

H16: Brand Image has mediation Effect on Trendiness to Repurchase Intention.

H17: Brand Image has mediation effect on Word of Mouth to Repurchase Intention.

H18: Brand Awareness has a mediation effect on Entertainment to Repurchase Intention.

H19: Brand Awareness has a mediation effect on Trendiness to Repurchase Intention.

H20: Brand Awareness has a mediation effect on Interaction to Repurchase Intention.

H21: Brand Awareness has a mediation effect on Customization to Repurchase Intention.

H22: Brand Image has a mediation effect on Entertainment to Repurchase Intention.

2.4 Conceptual Framework

Research Model

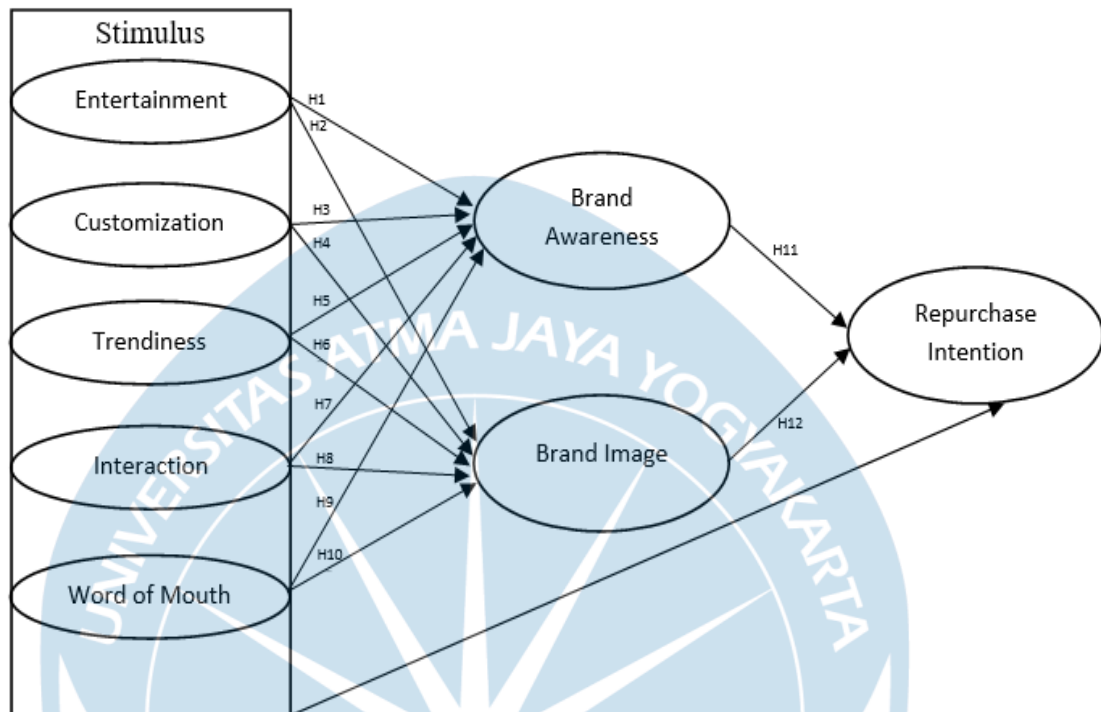


Figure 2.1

Source: (Qing Yang, 2022)