

CHAPTER II

LITERATURE REVIEW

The second chapter, will explain in detail the basic theories that form the basis for the research to be carried out. By referring to the conceptual framework that has been prepared, readers will be brought to understand the relationship between the concepts that are the focus of research. Contains literature review related to definitions, sources and theories about research variables, table of previous research, hypothesis development, and research frameworks.

2.1 Theoretical Review

2.1.1 Social Media Marketing Efforts

Social media is defined in detail by Safko and Brake (2009) as the sum of all the actions taken by members of online communities. Through conversational media channels, these communities provide a venue for people to discuss a wide range of content, including facts, opinions, and knowledge. As pointed out by Mangold and Faulds (2009), there have been major changes and alterations in the media landscape during the last decade. These shifts mirror how information and communication are changing in the digital era. The growing importance and potential of online platforms for economic activity and innovation was highlighted in 2014 by The Boston Consulting Group, who predicted a large \$4.2 trillion increase in the Internet economy by 2016. Additionally, around 40.7% of the world's population currently has access to the Internet, as reported by Internet World Stats (2014). The number of Internet users has been steadily increasing. The data highlights how far-reaching and influential online communication channels are in today's culture.

Social media marketing stands out as an important tool for businesses to actively engage with their target audience and influence their purchasing decisions. Using a variety of social media channels, brands can engage directly with customers, provide interesting information, and tailor their messages to certain demographics. This touch not only increases brand awareness, but it also fosters a sense of connection and loyalty in customers. Kim and Ko's (2010) argument for the

profitability of brand involvement in social media marketing emphasizes the actual benefits that brands may derive from such initiatives. Brands may effectively engage their target audience, increase sales, and ultimately enhance their bottom line by leveraging social media channels properly. Furthermore, social media platforms give brands a unique opportunity to shape and control their online identities. Kim and Ko's (2010) examination of the impact of social media on brand reputation emphasizes the need of maintaining a positive online presence. Given social media's broad reach and instantaneous nature, consumer sentiment expressed through these platforms could significantly influence brand reputation. Brands that actively engage with their target audience, respond quickly to complaints, and display transparency and authenticity are more likely to build a positive reputation and acquire consumer trust.

Phan, Thomas, and Heine (2011) found that social media affects brand success. In addition to money generating, social media marketing builds brand equity. By engaging with their target audience on social media and conveying brand values, brands may boost their trust, reputation, and perceived worth. Social media also allows companies to establish brand loyalty. Brands may establish loyalty by delivering ongoing interactions, personalized communication, and relevant information. This loyalty leads to repeat purchases, positive word-of-mouth, and brand advocacy. Social media marketing helps companies stand out from competition. By establishing unique brand identities, interesting stories, and immersive social media experiences, brands can stand out from competition. This distinction is essential for customer attention, brand relevance, and long-term competitive advantage. Phan, Thomas, and Heine's studies show that social media marketing revolutionizes brands across industries. In an increasingly competitive market, brands may establish long-term success by properly using social media to communicate, engage, and connect with customers.

In the context of social media, entertainment is defined as the pleasure and amusement that users derive from participating in different activities on these platforms, as stated by Agichtein et al. (2008). As pointed out by Manthiou et al. (2013), users derive this satisfaction from their relationships and experiences inside social media platforms, which makes them pleasure seekers. People are more

inclined to engage with social media sites if they find enjoyment there, according to Park et al. (2009). There are many uses for social media, such as communication and information exchange, but one of the most common is amusement. Most of the time, people use these sites just to have fun. As Muntinga et al. (2011) pointed out, amusement plays a significant part in brand engagement on social media, and users consume brand-related content on social media networks for both informational and recreational objectives. In a nutshell, entertainment on social media is crucial because it increases user engagement and content consumption, which in turn increases brand visibility and audience connection.

Kaplan and Haenlein (2010) and Gallaughier and Ransbotham (2010) both point out that communication channels are at the heart of social media interaction. Users can engage with one other and share content, ideas, and opinions through this interaction. According to Daugherty et al. (2008), social interaction can be a powerful motivator since it allows users to be involved in the creation process of material, which in turn allows them to share their viewpoints and interests and affect the final product. A sense of community and active participation in the platform is fostered through interaction on social media, which not only allows users to communicate but also gives them the power to create and share information.

The concept of trendiness on social media platforms pertains to the widespread distribution of current news and conversations related to certain companies and subjects, as emphasized by Naaman et al. (2011). According to Vollmer and Precourt (2008) and Mangold and Faulds (2009), social media is a main platform that customers use to obtain current information about brands. They tend to consider this information more reliable than information from traditional brand sponsors. Muntinga et al. (2011) provide a detailed analysis of the underlying motives that drive individuals to seek out popular content on social media platforms. These motivations encompass the acquisition of knowledge, inspiration, surveillance, and pre-purchase information. Knowledge acquisition encompasses the process of gaining insights pertaining to businesses through the expertise of other consumers. On the other hand, pre-purchase information involves conducting research on product reviews and downsides from social communities that are affiliated with the brand. Fundamentally, the prevalence of current trends on social media platforms

offers customers significant insights and information, hence impacting their decision-making processes and playing a role in shaping the overall consumer experience and brand perception.

According to Laundon (2010), customization is the ability to offer individually tailored products or services using the same production resources. According to Martin and Todorov (2010), brands can adapt their online presence based on their customers' needs and interests, with the goal of expressing individuality and eventually building brand loyalty. Zhu and Chen (2015) identify two kinds of customization for messages posted on social media platforms: broadcast messages, which are general and intended for a large audience, and customized messages, which are tailored to individual users' specific interests and needs. This approach to personalization enables organizations to better engage with their target audience, build stronger connections, and improve the overall consumer experience, resulting in increased happiness and loyalty.

According to Muntinga et al. (2011), word-of-mouth (WOM) on social media platforms makes it easier for customers to engage with electronic word-of-mouth (eWOM) regarding brands. Through their posts, customers can communicate with one other through this online platform, exchanging thoughts, ideas, and remarks about various products. Chu and Kim (2011) go into detail on the three ways that eWOM is used on social media: passing, providing, and soliciting opinions. Before deciding on a brand, shoppers that actively seek out information and consult with seasoned users are known as opinion seekers. By sharing their thoughts and experiences, opinion givers—also referred to as opinion leaders—have an impact on the attitudes and behaviors of other customers. Lastly, opinion passers are users who display traits that help electronic word-of-mouth (eWOM) propagate and facilitate the online information exchange. In the digital sphere, word-of-mouth (WOM) on social media platforms essentially shapes consumer views, influences purchase decisions, and promotes brand engagement and loyalty.

2.1.2 Brand Equity

According to Kotler and Keller (2012), a brand consists of several aspects such as a name, word, sign, symbol, or design, or a mix of these, that are purposely created to identify and differentiate a product or service from those supplied by other market vendors. In essence, a brand acts as a distinct identifier, encapsulating the promises, values, and characteristics connected with the offering it represents. Expanding on this concept, Keller et al. (2019) define brand equity as the additional value added to a product or service by consumer perceptions, associations, and actions. It represents the sum of consumer experiences, perceptions, and interactions with the brand throughout time.

Essentially, brand equity refers to the intangible assets acquired by a brand through positive consumer attitudes, loyalty, and awareness, which contribute to its competitive advantage and long-term success in the marketplace. Furthermore, brand equity is an important strategic asset for businesses since it increases consumer trust, loyalty, and preference, influencing purchase decisions and generating profitability. Organizations can boost brand equity through effective brand management methods that cultivate strong brand associations, create consistent brand experiences, and engage customers in meaningful interactions. Finally, brand equity elevates a brand from a simply commodity or service to a valuable entity with unique features and perceptions that resonate with customers. It becomes a significant asset for consumers, allowing them to identify, recognize, and connect with a brand within a sea of rival goods, influencing their purchasing decisions and brand preferences.

Building brand equity can help companies strengthen consumer relationships, boost brand loyalty, and acquire a competitive edge. Brand equity from regular brand interactions and positive connections helps organizations retain customers and expand sustainably. To sum up, brand equity is everything people think, feel, and experience about a brand. These factors affect brand perception and value to generate satisfaction, loyalty, and success for one's firm, one must build and maintain a strong brand reputation. Brand awareness is defined as ability a potential buyer to recognize or remember that a brand is part of a certain product category (Chamid in Yosef, 2017). Essentially, brand awareness refers to the ease with which a consumer can identify a specific brand among competing alternatives. This notion

consists of two main components: brand recall and brand recognition. Brand recall is the ease and speed with which a consumer can recall a brand from memory when presented with appropriate clues. Brand recognition, on the other hand, refers to how quickly a consumer can identify and distinguish one brand from another when presented with cues distinctive to that brand. In summary, brand awareness is critical for brands seeking to develop a strong market presence since it facilitates customer engagement and influences purchase decisions by keeping the brand salient and memorable in the minds of consumers.

According to Schiffan and Kanuk (2014): Brand image is a perception that lasts a long time, is formed through experience, and is relatively consistent. Therefore, consumer attitudes and actions towards a brand image are one of the important elements that encourage consumers to buy a product. Brand image, according to Coaker (2021), brand image is a reinterpretation of all perceptions of a brand which are formed from information and past experiences of consumers and customers regarding the brand. Symbolic, experiential, and endorsement aspects are among those that influence this view. Both symbolic and experiential aspects of a brand are important, but the former relates to the ideas and ideals that consumers associate with the brand and the latter to their personal interactions with the brand. Associating the brand with powerful people or groups is an example of an endorsement factor. Mcpheron (2021) and Wardhana, et al. (2021) stated that if customers have a positive image of a brand, then customers will purchase that product again. However, on the other hand, if the image of a brand is negative, there is little chance of repurchasing the product. Brand quality refers to the comprehensive level of excellence and standard found in the products or services offered by a brand. The establishment of quality dimensions to assess and ascertain the level of quality connected with a brand's products has been defined by Pappu et al. (2006), and Lee et al. (2011). It entails evaluating multiple factors like product performance, dependability, longevity, visual appeal, and customer support. According to Lee et al. (2011), the concept of brand quality encompasses the comprehensive evaluation of a brand's overall excellence, considering both tangible aspects (such as product features) and intangible attributes (such as brand reputation or customer experience). Furthermore, Cole and Flynn (2009) emphasize the pivotal significance of perceived quality, asserting that it has a substantial impact on

consumers' inclination to make a purchase and the price they are prepared to allocate for a certain product or service. Perceived quality pertains to the way consumers assess the quality of a brand's products or services, drawing upon their individual subjective evaluations and personal encounters. In essence, the establishment of brand quality plays a pivotal role in fostering trust, loyalty, and favorable brand associations among customers, hence facilitating the brand's sustained prosperity within the market.

2.1.3 Consumer Response

When it comes to molding attitudes and behaviors, the feedback of customers is of the biggest importance, since customer feedback is the single most essential factor in determining how customers behave and how they feel about brands. Customers have a variety of behavioral and emotional responses when they meet a brand, according to Seo and Park (2018), who describe this response as the entirety of such responses. The range of feelings and actions that are encompassed by these reactions is extremely broad, encompassing everything from pleasant to negative. The reactions of customers reflect their impressions, assessments, and experiences with a brand; these impressions, in turn, influence the consumers' ongoing behaviors, preferences, and decisions regarding purchases.

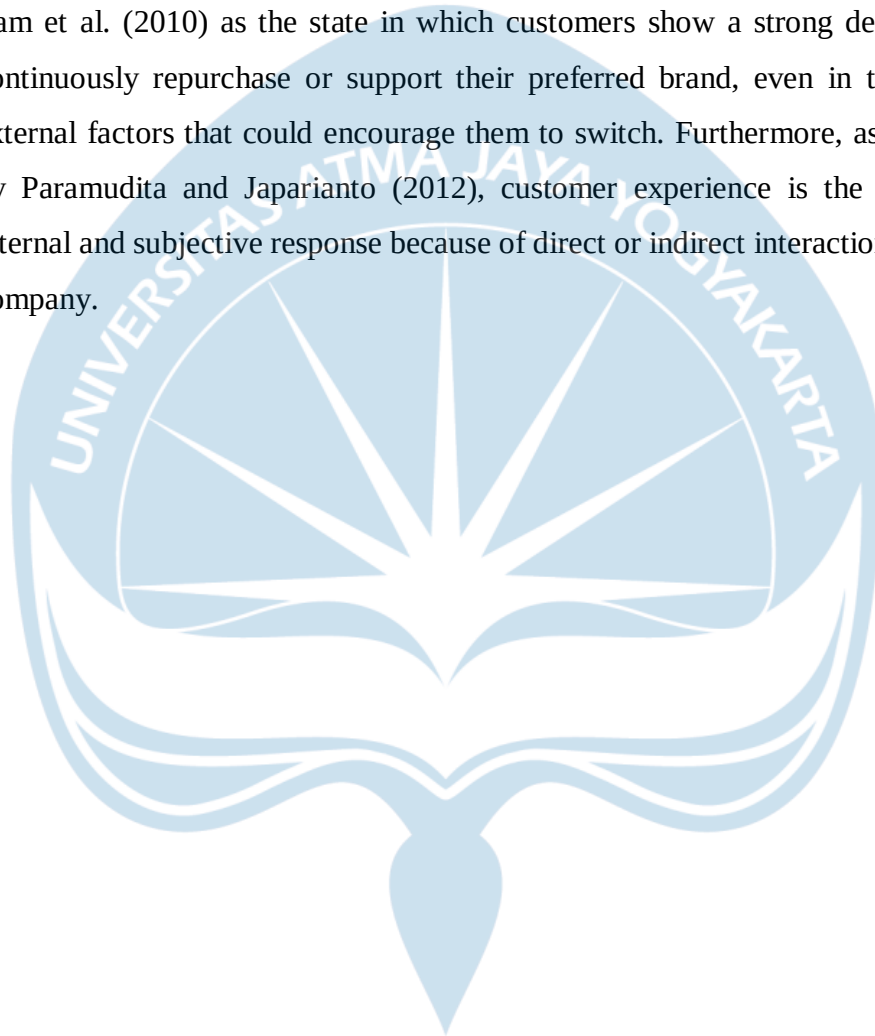
Kotler and Armstrong (2012) provide a definition of consumer response that helps to clarify this idea. They say it is the sum of all the things people do in reaction to products and brands. This broad category includes a wide variety of customer activities, such as purchasing decisions, brand loyalty, advocacy, and even word-of-mouth referrals. In essence, customer feedback acts as a tangible representation of customers' views, sentiments, and levels of contentment towards companies. Consequently, they are crucial in creating brand-customer relationships and business results. In addition, as stated by Kotler and Armstrong (2012), the way customers perceive and react to those brands is closely tied to the relationships they have with those businesses. Efforts to understand and

effectively meet consumer demands lead to the cultivation and nourishment of these connections, in addition to evoking favorable responses from customers through outstanding product quality, personalized experiences, and responsive customer service. By eliciting good reactions from customers, brands can strengthen their connections with their target demographic. This has the potential to boost customer value, advocacy, and loyalty to the brand over time. Customers' reactions measure how well a brand is doing at meeting their expectations, and vice versa; the two parties in this connection are mutually beneficial.

Kim and Ko (2012) explored how social media affects customer brand equity. The authors argue that social media platforms' interactivity and connectivity give marketers unmatched opportunities to impact their target demographic's opinions, attitudes, and preferences. Brands may develop customer curiosity and aspiration through different marketing initiatives on these platforms, preparing them for brand interaction and acquisition. Social media marketing methods are crucial to this process. These actions also boost and maintain brand engagement. Strategic content generation, targeted advertising, influencer partnerships, and community involvement help brands communicate their value proposition, evoke emotion, and connect with consumers. These marketing tactics help build brand recognition and create an engaging story and brand image that resonates with the target audience's desires and lifestyles. Significantly, these marketing efforts are designed to encourage consumers to consider and buy the brand. Brands use appealing messaging, incentives, and relevant material to influence consumer opinions. Thus, consumers are likely to respond positively to marketing methods, showing curiosity, active involvement, and a desire to buy. Consumer response and social media marketing benefit each other. Customers like, share, comment, and buy when companies invest in social media presence and engagement. The positive feedback loop strengthens brand-consumer relationships, boosting brand equity. Social media settings, marketing efforts, and consumer reactions show how digital platforms shape brand image and consumer behavior. In an increasingly interconnected and technology-driven market,

brands may build brand value, consumer loyalty, and economic growth by embracing social media.

According to Keller (2013), brand preference is the tendency of consumers to choose one brand over another within a market category due to several reasons such brand image, perceived value, and emotional attachment. This preference frequently results in brand loyalty, which is defined by Ashraf et al. (2017) and Lam et al. (2010) as the state in which customers show a strong dedication to continuously repurchase or support their preferred brand, even in the face of external factors that could encourage them to switch. Furthermore, as explained by Paramudita and Japariato (2012), customer experience is the customer's internal and subjective response because of direct or indirect interactions with the company.



2.2 Previous Journal

Table 2.1
List Previous Research

No	Title&Author	Variables	Research Methods	Research Result
1	The Influence of Social Media's Marketing Effort on Brand Equity and Consumer Response Sehar, Ashraf and Azam (2019)	Social Media Marketing Efforts, Brand Equity, and Consumer Response	Sampling Methods : questionnaire Respondents : social media users of the brands and follow the brand on social media websites. Number of respondents : total 360, valid responses only 200 Analytical tools : Structural Equation Modeling - Partial Least Square (SEM-PLS)	The findings of this study indicate that there is a positive and significant relationship between social media marketing efforts, brand equity, and consumer response. The study's findings also demonstrate that brands can improve their customer relationships by leveraging social media platforms.
2	A study on the effects of social media marketing activities on brand equity and customer response in the airline industry Seo & Park (2018)	Social Media Marketing Activities, Brand Equity, and Customer Response	Sampling Methods : questionnaire Respondents : passengers who used social media managed by airlines Number of respondents : 302 Analytical tools : used Structural Equation Modeling (SEM)	Social media marketing has a significant effect on brand equity (brand awareness and brand image), where brand equity is influenced by e-WOM and consumer commitment.
3	The Effect of Social Media Marketing on Brand Equity and Consumer Response in Luxury Fashion Brand Bernadus et al (2023)	Social Media Marketing, Brand Equity, and Consumer Response	Sampling Methods : questionnaire Respondents : female consumers of luxury fashion brands in Manado Number of respondents : - Analytical tools : used Structural Equation Modeling -	Significant effects were obtained both on the relationship of social media marketing with brand equity and the relationship of social media with consumer response.

			Partial Least Square (SEM-PLS)	
4	The influence of social media's marketing activity on local brand equity and consumer response Rusfian & Alesandro (2021)	Social Media Marketing Activity, Brand Equity, and Consumer Response	Sampling Methods : questionnaire Respondents : local consumers who use social media platforms. Number of respondents : - Analytical tools : mixed method approach	There is a significant relationship between social media marketing and brand equity and consumer response, and brand equity can mediate the relationship between social media marketing and consumer response.
5	Nexus between Instagram Marketing, Consumer Response and Customer Based Brand Equity: A Developing Country Perspective Yaqub et al (2023)	Instagram Marketing Activities, Consumer Response, and Customer Based Brand Equity	Sampling Methods : questionnaire Number of respondents : 327 Analytical tools : using Smart PLS-SEM Approach	It was found that there is a significant relationship between marketing using Instagram and brand equity, where companies that use Instagram as a marketing tool are able to increase contributions to interact with consumers and increase brand-equity.
6	Modelling the Effects of Social Media-based Brand Communities on Brand Trust, Brand Equity and Consumer Response Chavadi et al. (2023)	Customer-based brand equity, Customer engagement , Social media-based brand communities, Brand trust, Brand equity, Consumer response	Sampling Methods : questionnaire Respondents : local consumers who use social media platforms. Number of respondents : 384 Analytical tools : PSS version 26 and AMOS graphics	The variables from the study are a significant determinant of brand community engagement. There is also a direct and positive relationship between the use of social media and all dimensions of brand equity.

7	Do Firm-Created Contents on Social Media Enhance Brand Equity and Consumer Response Among Consumers of Automotive Brands?	Firm-created contents (FCCs) on social media, Brand equity, Consumer response	Sampling Methods : questionnaire Respondents : consumers of automotive brands Number of respondents : 615 Analytical tools : used Structural Equation Modeling (SEM)	The results showed no relationship between interactive social media marketing on consumer response and consumer-based brand equity.
	Raji et al. (2019)			
8	Role of Social Media Marketing Activities (SMMAs) in Apparel Brands Customer Response: A Moderated Mediation Analysis	Social Media Marketing Activities, Brand Equity, Customer Response, and Moderating Variable	Sampling Methods : questionnaire Respondents : Pakistani customers who used apparel brands Number of respondents : 406 Analytical tools : through confirmatory factor analysis (CFA) and Hayes PROCESS macro in SPSS	The findings of this study indicate that apparel brand equity (such as brand awareness and brand image) strongly mediates the association between FSMMA (Fashion-Specific Social Media Marketing Activities) and customer response metrics such as willingness to pay a price premium and customer loyalty. Furthermore, SSMMA (Social Media Marketing Activities in the Fashion Sector) control the indirect relationship between FSMMA and client response through brand equity.
	Khan, Yang, Shafi, & Yang (2019).			

2.3 Hypothesis Development

2.3.1 The Effect of Social Media Marketing Effort (SMME) toward Brand Equity

The convergence of multiple research studies highlights the intricate relationship between social media marketing efforts, consumer response, and brand equity. Building upon the findings of Bernadus et al. (2023) regarding the positive correlation between social media marketing efforts and brand equity, Seo and Park (2018) underline the importance of brand equity. This implies that while social media marketing operations shape brand perceptions and engagement, consumer reactions also affect brand equity. Seo and Park's (2018) study show that consumer behavior and reactions shape brand equity as much as marketing or brand image. Consumer response includes brand views, loyalty, and purchases. The reciprocal relationship between customer response and brand equity argues that consumer feelings and interactions can influence a brand's market equity. Additionally, Rusfian & Alesandro (2021) found that social media marketing boosts brand equity. Their study supports the idea that focused marketing, interesting content, and interactive customer communication on social media can boost brand equity. These studies show how social media marketing, consumer response, and brand perception interact to build brand equity. Companies may establish brand equity and sustain growth in today's digital market by recognizing the reciprocal relationship between these factors and using social media as a strategic platform for brand building and engagement.

Therefore, the first hypothesis for based on the support above is :

H1 : Social Media Marketing Efforts (SMME) have positive and significant effect on brand equity.

2.3.2 The Effect of Brand Equity toward Consumer Response

The idea that brand equity has a positive and considerable impact on the responses of consumers is backed by several research that have been carried out. As an illustration, Sehar et al (2019) conducted research that may demonstrate that firms that have high levels of brand equity tend to receive more positive responses from customers because of marketing efforts that are carried

out through social media sources. In addition, similar conclusions can be discovered by showing the strong relationship that exists between brand equity, consumer response, and marketing activities using Instagram, as Yaqub et al. (2023) have done. Furthermore, research conducted by Chavadi et al. (2023) can also provide support for this hypothesis by demonstrating how the presence of brand communities on social media can improve brand equity, which in turn can have a favorable impact on the responses of consumers. When taken as a whole, the findings of this research demonstrate that a robust brand equity plays a significant part in influencing the favorable reactions that consumers have towards a brand, particularly in the context of marketing through social media.

Therefore, the first hypothesis for based on the support above is :

H2 : Brand equity have positive and significant effect on consumer response.

2.3.3 The Effect of Consumer Response toward Social Media Marketing Effort (SMME)

Bernadus et al. (2023) state that the positive responses that customers have toward luxury brands operating within the fashion industry have a significant impact on the effectiveness of marketing efforts that are carried out through social media. Consumers who have a favorable reaction to brands are more likely to engage in active interaction with content that is posted on social media, which in turn magnifies the positive impact that the content has. The research that was carried out by Rusfian and Alesandro (2021) reveals that the effectiveness of marketing efforts that are carried out through social media is strongly influenced by the reactions of consumers toward local brands. Positive feedback from customers generates positive momentum, improves the reputation of the local brand, and encourages further involvement between businesses and customers with social media platforms. The research that was carried out by Khan, Yang, Shafi, and Yang (2019) provides empirical evidence in support of the hypothesis. The study highlights the considerable impact that consumer response has on the effectiveness of social media marketing methods that are utilized by clothing companies. Based on the findings of this study, it appears that positive responses from customers

toward businesses have a direct influence on the level of engagement and interactions that customers have with brands they contact with through social media platforms. Consequently, this strengthens the effectiveness of marketing activities that are carried out using social media.

Therefore, the first hypothesis for based on the support above is :

H3 : Consumer response have positive and significant effect on Social Media Marketing Efforts (SMME).

2.3.4 The Effect of Brand Equity Mediate between Social Media Marketing Efforts (SMME) toward Consumer Response.

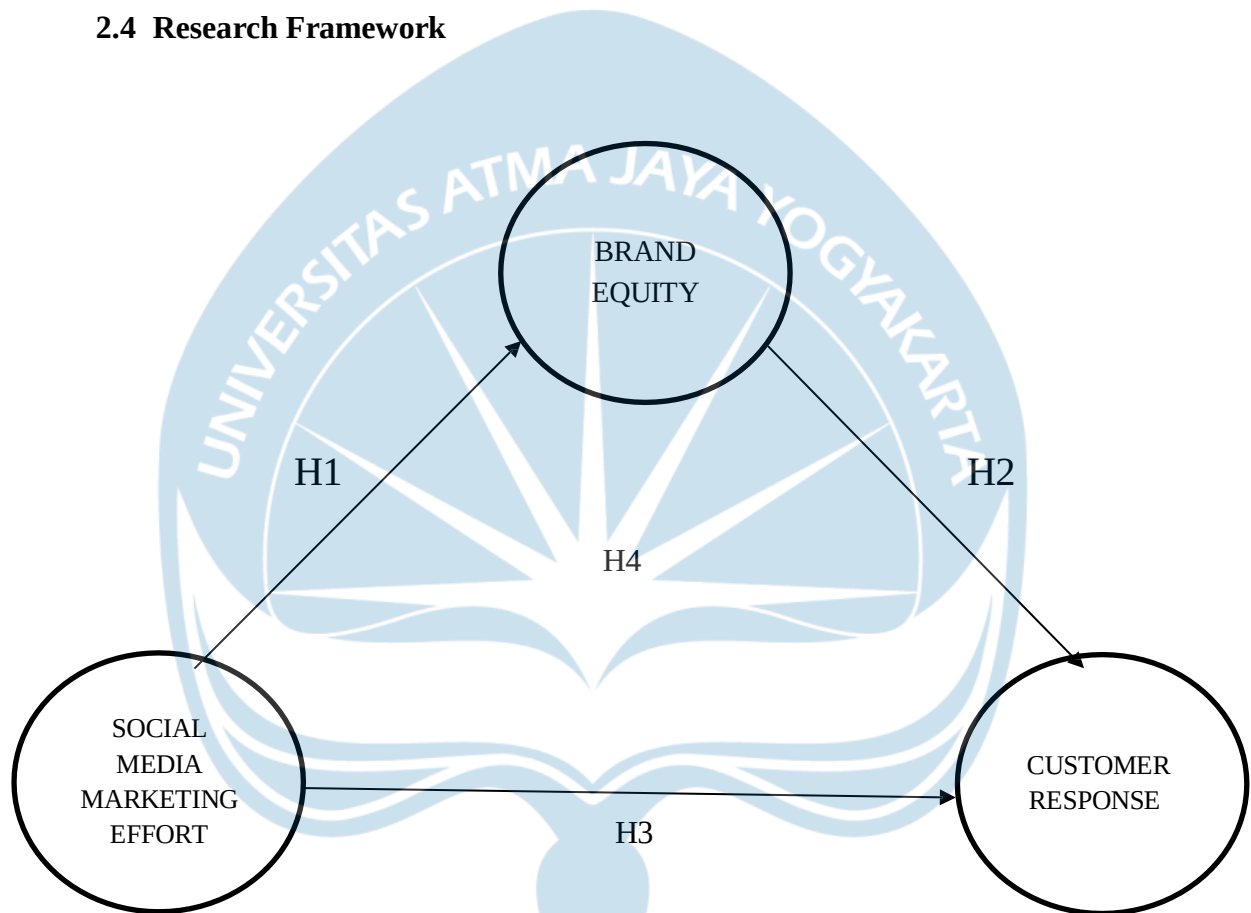
The research that was carried out by Khan, Yang, Shafi, and Yang. (2019) reveals that brand equity plays a significant role in mediating the connection between the social media marketing activities of apparel brands and the responses of consumers. Consequently, this indicates that the employment of social media marketing methods can influence customer perceptions of brand equity, which in turn can influence how customers react to the company. The findings of Raji et al. (2019) have revealed that the material that is produced by businesses on social media platforms leads to the increase of brand equity and elicits favorable reactions from customers regarding vehicle brands. According to the idea that has been put up, brand equity acts as a mediator that connects marketing operations that are carried out through social media with various responses from consumers. According to the findings of the study that was carried out by Rida Sehar, Sarfraz Ashraf, and Faisal Azam (2019), it appears that marketing initiatives that are carried out on social media have a direct influence on the way in which customers perceive the value of a brand. Because of this, the way in which customers respond to the brand is influenced. Within the context of the current environment, brand equity may be understood as a mediator that builds a relationship between marketing endeavors on social media platforms and the following reactions of customers. When it comes to the field of social media marketing initiatives, the assumptions, in general, highlight the significance of brand equity in terms of its ability to influence consumer reactions towards brands. Through a full grasp of the mediating function assumed by brand equity, firms may create marketing techniques that are

more efficacious in improving consumer engagement and establishing a robust brand reputation within the marketplace.

Therefore, the first hypothesis for based on the support above is :

H4 : Brand equity has a mediating influence between Social Media Marketing Efforts (SMME) toward consumer response.

2.4 Research Framework



Credit : Sehar, Ashraf and Azam (2019)

Figure 2.1 Research Model