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The Effect of Customer Engagement and Social Media Marketing on Brand Loyalty on Shopee Application User

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A R T I C L E I N F O

A B S T R A C T

Competition between marketplaces is competing to provide the best platform for online shopping. Therefore, companies need to pay attention to variable such as consumer engagement and social media marketing which attract users and influence customer loyalty so that they continue to be loyal to use their platform. his study aims to investigate the influence of consumer engagement and social media marketing on brand loyalty among Shopee app users in Surabaya. This research was conducted using a quantitative approach and involved 96 respondents as the sample. The sample was selected using purposive sampling method with snowball sampling approach. The data used consisted of primary data and secondary data. The analysis method applied is component-based structural equation modeling (SEM), using the partial least square (PLS) analysis tool with validity test, reliability test and hypothesis testing.The results of this study prove that: (1) Customer Engagement has a positive and significant effect on Brand Loyalty. (2) Social Media Marketing has a positive and significant effect on Brand Loyalty.

INTRODUCTION

The technology and internet development in Indonesia has increased significantly every year, especially with the increasing use of smartphones. The number of internet users in Indonesia jumped from 175 million to 210 million people during the COVID-19 pandemic, as reported by Kementerian Komunikasi dan Informatika (Kominfo). This has an impact on human activities and lifestyles that are increasingly modern and practical. The growth in the number of internet users creates opportunities for economic actors and encourages the emergence of digital businesses, including e-commerce platforms. This platform makes it easy for businesses to reach a wider market and makes it easier for consumers to shop.

In Indonesia, there are various e-commerce platforms. The competition between these e-commerce platforms is getting higher because consumers have many different choices and preferences. Competition between e-commerce platforms encourages innovation and service quality improvement from each platform so that consumers have a better shopping experience. However, businesses also face several challenges, including intense competition, fraud and online transaction security, as well as changing policies. To stay competitive, each platform must adapt and innovate continuously. An interesting phenomenon that can be researched is the difference in popularity between e-commerce platforms such as Shopee, Tokopedia, Lazada, Blibli, and Bukalapak.

Figure 1 Top E-Commerce based on PlayStore Ranking for Quarter I 2017-Quarter II 2019

Source: Databoks processed, 2023

Based on Figure 1 Shopee maintains its position as the top e-commerce for ten consecutive quarters based on rankings on PlayStore. From its achievement of being a top e-commerce brand, Shopee also often experiences complaints from its users such as high admin fees compared to other marketplaces. Making sellers raise their selling prices has an impact on sellers not being able to compete, due to demands for admin fees. Not only that, many Shopee users complain that the

Shopee application has too many features, such as live Shopee, shop games and other features. Where this feature has an impact on the smooth running of application users who are slow in operating the Shopee application on their smartphones.

Although there are various complaints from users and sales. Shopee continues to gain significant popularity among Indonesian consumers. This is proven by the significant increase in Shopee users from year to year. This shows the high loyalty of Shopee users to the brand. Even though there is an increase in prices, Shopee is still very popular.

In building a loyal relationship with customers, it is important to involve them and maintain a good relationship. One way that many companies do this is to use social media as a marketing tool and to receive input, criticism, and suggestions from customers (Imron et al., 2018). The purpose of engaging these customers is to increase brand loyalty. According to Juvetino (2020), customer engagement is a relationship that is built emotionally and cognitively between the customer and the company. In social media marketing, there is a belief that using social media can increase the level of brand loyalty to customers. This is because, through social media, companies can build interactive and interesting communications with customers directly and quickly. In this case, an effective two-way communication flow is created between the company and the customer (Hidayah, 2019).

Conducting customer engagement can increase customer loyalty because effective interaction can generate positive word of mouth and provide a satisfying and enjoyable experience for customers. This can create brand knowledge among customers and ultimately increase brand equity, especially in terms of brand loyalty and perceived quality (Mohamed in Hidayah, 2019).

From the phenomenon above, it is necessary to research to find out what factors influence Shopee users to increase and become number one in the e-commerce industry in Indonesia. This research is expected to provide deeper insight into consumer behavior in online shopping and provide recommendations for e-commerce businesses to increase their competitiveness. Using Customer Engagement and Social Media Marketing variables for Brand Loyalty can affect the loyalty of Shopee users.

THEORETICAL REVIEW

Customer Engagement

Customer engagement theory is customer brand involvement as the level of customer motivation, which is related to the brand, and a context-dependent state of mind that is characterized by a certain level of cognitive, emotional, and behavioral activity in brand interactions (Brodie, 2013). Meanwhile, according to Utami (2020), customer engagement is consumer involvement in various activities that involve brands or companies physically, cognitively, and emotionally. According to Dessart & Morgan in Wijaya et al (2023) to measure

customer engagement can use seven indicators, namely as follows: 1) Enthusiasm, 2) Enjoyment, 3) Attention, 4) Absorption, 5) Sharing, 6) Learning, 7) Endorsing.

Social Media Marketing

Social media marketing is the perfect way to build a community of brands and places where consumers can share experiences, information, and ideas. (Kotler & Armstrong, 2016). Erdoğmuş et al. in Haudi et al. (2022) also said that social media marketing is a traditional and digital marketing communication support tool that monitors and facilitates communication, collaboration, and customer interaction with companies, brands, and other customers, and increases their engagement. Meruvishnu's research (2022) states that there are 5 indicators in measuring Social Media Marketing: 1) Interactivity, 2) Informative, 3) Personalization, 4) Trendy, and 5) Word of mouth.

Brand Loyalty

According to Kotler and Armstrong (2016), brand loyalty is the degree to which customers choose and remain loyal to certain products or brands for a long time. Meanwhile, according to Laksamana (2018), brand loyalty is repeated purchases that are carried out consistently by consumers on one particular brand from a series of other existing brand choices. According to Meruvishnu (2022), brand loyalty can be measured through five indicators, namely: 1) Brand satisfaction, 2) Repeat purchase intention with the same category brand, 3) Brand recommendation intention, 4) Repeat purchase intention in the event of a price increase, 5) Intention repeat purchases in the event of a decrease in distribution.

The Effect of Customer Engagement on Brand loyalty

Islam and Rahman in Meruvishnu (2022) researched to examine the relationship between customer involvement in online brand communities and brand loyalty and confirmed that social media marketing has triggered increased customer engagement with brands which can generate brand loyalty. Liu et al. (2019) stated that customer engagement has a significant effect on brand loyalty on social media. Widodo, T., & Febrianti, I. V. A. (2021) also mentions that customers who are involved in interacting with brands have a high tendency to be able to build a trusting relationship with brands. The higher the level of customer engagement, the higher the level of consumer brand loyalty towards products or services from certain companies.

H_1 : It is suspected that customer engagement affects the brand loyalty of Shopee application users

The Effect of Social Media Marketing on Brand Loyalty

Laksamana's research (2018) explains that his research has shown that social media marketing does affect brand loyalty. Information overload on the internet has become a challenge to communicate and interact with consumers. Therefore, to have a positive impact on brands the communication effort must be interactive, adaptable, and still entertaining. According to Haudi's research (2022), marketing through social media can have a positive impact on brand

loyalty. Customers who have a positive and loyal attitude tend to have the intention to revisit online platforms that offer updated, trendy and informative content. Social media is a practical and flexible marketing communication tool, which can be used without significant time, place, media, and cost restrictions (Kim and Ko, 2012).

H_2 : It is suspected that social media marketing affects the brand loyalty of the company's Shopee application users.

METHODOLOGY

This study uses a quantitative approach to the population, namely Shopee application users domiciled in the city of Surabaya. The sample of the research obtained was 96 respondents. Data analysis technique using nonprobability sampling with the purposive sampling method. Determining the sample size using the formula according to Sugiyono because the total population is not known with certainty. The research instrument uses a questionnaire using a Google form that has been designed so that it can measure each question's weight in all variables with a partial least squares (PLS) analysis that uses a Likert scale to measure indicators at levels from 1 to 5.

RESULTS

In this study, the total number of respondents obtained was 96 respondents, of which 52 were women and 44 were men. The majority of respondents were aged between 22-26 years with a total of 22-26 years old, namely 51 people, followed by 20 people aged 27-31, 13 people aged 17-21 years and over 31 years old with 12 people.

PLS Model Analysis
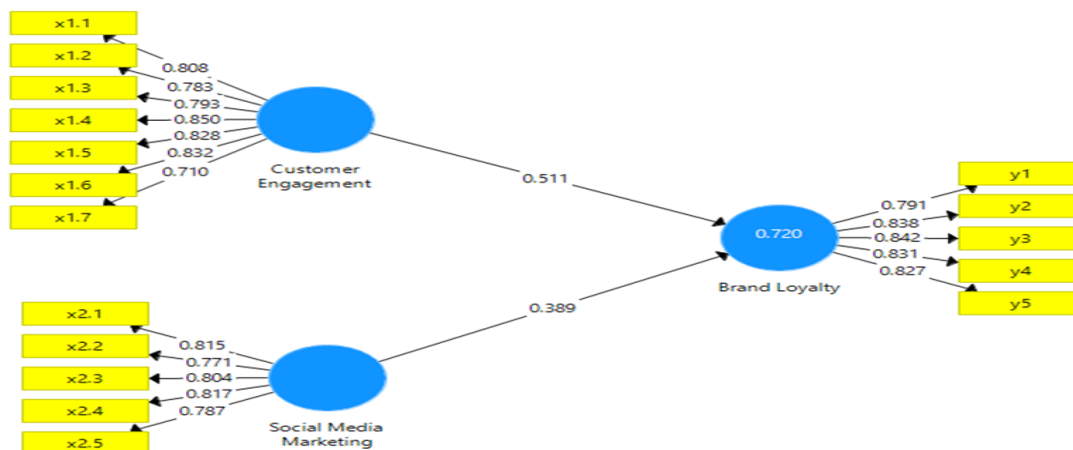
Source: PLS Processed

From the PLS output image, it is apparent that the factor loading values of each indicator are situated above the arrows connecting variables to indicators. Similarly, the path coefficients can be observed above the arrow line linking exogenous and endogenous variables. Furthermore, the R-Square values

are visible within the circle of endogenous variables. (Brand Loyalty Variables). Therefore, it can be seen from the biggest factor loading of the Customer Engagement indicator, namely Absorption (X1.4), which is the biggest indicator with a loading factor of 0.850. The loading factor for the Social Media Marketing indicator is Trendy (X2.4), which is the biggest indicator with a loading factor of 0.817

Inner Model

Table 1
R Square

R Square

	R Square	R Square Adjusted
Brand Loyalty (Y)	0,720	0,714

Source : Data Primer Processed, 2023

Value (Brand Loyalty) 0.720 It can be interpreted that the model is able to explain the phenomenon/problem of Brand Loyalty by 72%. While the rest (28%) is explained by other variables (besides the Customer Engagement and Social Media Marketing variables) that have not been included in the model and errors. This means that Brand Loyalty is influenced by Customer Engagement and Social Media Marketing variables by 72% while 28% is influenced by variables other than the variables, Customer Engagement and Social Media Marketing.

Hypothesis test

Table 2
Path Coefficients (Mean, STDEC, T-Values, P-Values)
Path Coefficients
Mean, STDEV, T-Values, P-Values

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Customer Engagement (X1) -> Brand Loyalty (Y)	0,511	0,515	0,112	4,585	**0,000**
Social Media Marketing (X2) -> Brand Loyalty (Y)	0,389	0,385	0,123	3,160	**0,002**

Source : Data Primer Processed, 2023

From the table above it can be concluded that the hypothesis stated

H1: Customer Engagement (X1) has a significant positive effect on Brand Loyalty with a path coefficient of 0.511 and a T-Statistics value of 4.585 > 1.96 where the p-value = 0.000 is smaller than the value α = 0.05 (5%)

H2: Social Media Marketing (X2) has a significant positive effect on Brand Loyalty with a path coefficient of 0.389 and a T-Statistics value of 3.160 > 1.96 where the p-value = 0.002 is smaller than the value α = 0.05 (5%)

DISCUSSION

The Effect of Customer Engagement on Brand Loyalty

The research results show that customer engagement contributes to brand loyalty for the Shopee application and can be accepted. The hypotheses have been accepted, indicating a positive correlation between customer engagement and brand loyalty. In this case, the better customer engagement a consumer has for a product, the higher consumer loyalty will be to continue using the Shopee application as an online shopping medium. Consumer behavior toward a product can be determined by the involvement of other consumers, depending on individual perceptions of the environment and individual conditions.

Absorption is shown to be the indicator with the greatest impact on brand loyalty from the results of the analysis of the customer engagement variable. Conditions like this show that the Shopee application has succeeded in providing good service to consumers so that consumers feel bound and comfortable in using the Shopee application.

The findings of this study pertain to the research theory developed by Widodo and Febrianti (2021), which indicates that customer engagement has a positive and significant effect on brand loyalty. Findings in line with this theory come from the study carried out by Wijaya and Simamora (2023), which also found that customer engagement has a significant positive effect on brand loyalty.

The Effect of Social Media Marketing on Brand Loyalty

Based on the research findings, it is evident that social media marketing enhances the brand loyalty of the Shopee application and is thus validated. The hypotheses have been accepted, confirming the impact of social media marketing on brand loyalty. In this instance, social media marketing has a potent influence on brand loyalty, as its role is to enhance popularity and enable consumers to access product recommendations, an essential aspect in fostering brand loyalty.

The variable with the greatest impact on brand loyalty from the analysis of social media marketing inicator is trendiness.. Conditions like this show that the more relevant the content provided by Shopee, the higher it can lead to consumer brand loyalty.

The results of this study are by the research theory conducted by Utami & Saputri (2020) that social media marketing has a positive and significant effect on brand loyalty. In line with research conducted by Meruvishnu & Sudaryanto

(2022) Social media marketing has been shown to have a significant and positive impact on brand loyalty.

CONCLUSIONS AND RECOMMENDATIONS

Based on the test results using PLS analysis to test the influence analysis of Customer Engagement and Social Media Marketing on Brand Loyalty of the Shopee Application in Surabaya City, it can be concluded as follows: (1) Customer Engagement has a contribution to Brand Loyalty of the Shopee Application in Surabaya City. This proves that the better Customer Engagement a consumer has in a product, the higher consumer loyalty will be in holding back competition between marketplaces. Consumer behavior toward a product can be determined by the involvement of other consumers, depending on individual perceptions of the environment and individual conditions. Continuously developing the user experience on the Shopee app to make it more intuitive, fast, and comfortable to use. Satisfied users tend to be more loyal. (2) Social Media Marketing has contributed to the Brand Loyalty of the Shopee Application service in the City of Surabaya. This proves that the trendy content factor presented by Shopee can fulfill relevance which can influence consumers directly on Brand Loyalty. Starting from the content, it is possible to provide product recommendations for consumers. And consumers can recommend a product to other people so that other people will be even more interested in using the Shopee application. Shopee should continue to generate relevant, engaging, and trendy content on social media platforms. This includes the use of images, videos, and texts that catch the attention of potential customers. Understanding local and seasonal trends is also important.

FURTHER STUDY

This study recommends further research that can expand geographic coverage for stronger generalization. This research is limited to Surabaya City and only focuses on the Shopee marketplace, so it is necessary to conduct similar research in other regions and on other e-commerce platforms. In addition, further research could investigate additional factors that potentially influence Brand Loyalty, such as product quality, price, and delivery efficiency. In terms of methodology, this study focused on quantitative surveys, and future research could consider qualitative approaches such as interviews, observations, and focus groups to provide deeper insights. All of this will result in a more comprehensive understanding of the factors that influence brand loyalty in a diverse e-commerce environment.

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