



The Influence of Social Media Marketing and Perceived Quality on KFC Brand Equity (Consumer Study KFC Mulyosari Surabaya)

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ABSTRACT

This study aimed to determine the influence of social media marketing and perceived quality on KFC brand equity. This study makes use of quantitative research techniques and the KFC Mulyosari Surabaya customer population. Using a purposive sampling technique and non-probability sampling, a sample of 130 respondents was chosen. The sample consists of respondents who often visit and buy KFC at KFC Mulyosari Surabaya outlets at least once a month, actively follow KFC Instagram social media, and are over 17 years old. Primary as well as secondary data were used in this study. Partial least square (PLS) analysis was employed in this study along with validity, reliability, and hypothesis testing tests. The conclusions of this study prove that social media marketing and perceived quality have a positive and significant influence on brand equity.

INTRODUCTION

The globalization era development of the times has led to the expansion of numerous industrial sectors, including the culinary industry. This change affects how individuals act in meeting their daily needs, where they tend to seek practical solutions. Increased mobility and the busyness of work are the main factors influencing consumption behavior, with people choosing ready-to-eat food to meet their consumption needs. Fast food restaurants offer a wide selection of delicious food and drink menus that are in great demand by Indonesian people. Along with increasing consumer interest in fast food restaurants, this industry is experiencing rapid growth in Indonesia, with various brands such as McDonald's, KFC, A&W, Burger King, and others spread across various cities. This rapid growth requires the company to compete and maintain its position. Every company needs to formulate the right strategy to survive and gain an advantage amid intense competition, as the KFC company has done with various efforts to survive and compete with other competitors. Where KFC has successfully operated 739 outlets in various cities in Indonesia and has become one of the leading fast-food restaurants in Indonesia, previously holding the position as a top fast-food restaurant brand. However, in recent years, KFC has lost its position as the top fast food restaurant brand to McDonald's.

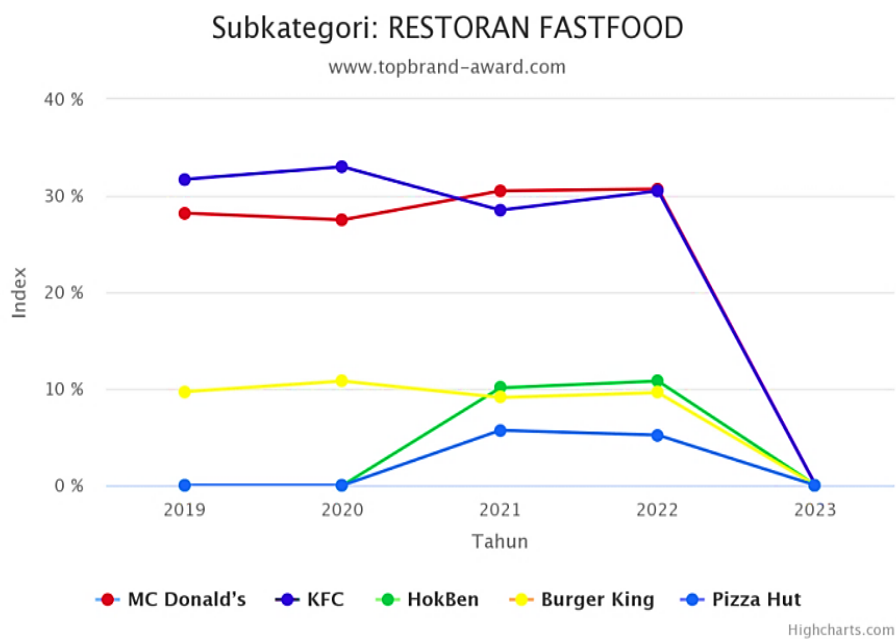


Figure 1 Top Fast Food Restaurant Brands in 2019-2023

Source: www.topbrand-award.com

Based on the figure, it is known that during 2019-2020, KFC occupies the top position, but in 2021, McDonald's can beat KFC with a TBI of 30%. Quoted from a databox source, it is evident in KFC's profit/loss report showing that there has been a decrease in revenue in 2021-2022. In dealing with the development of increasingly widespread internet use, KFC is utilizing Instagram with the account "@kfcindonesia" to build a brand through social media marketing. They are active in sharing product information and attractive promos with their followers. Even though there are still complaints regarding

promos and product discrepancies, KFC continues to strive to provide quality services and products in all of its outlets. One example is the KFC Mulyosari Surabaya outlet which was chosen as the object of research because it has many visitors and a good rating. In 3,900 reviews from consumers on Google, 80% were satisfied with the services and products offered, although there were about 20% complaints. Even though a small number of reviews contain complaints, this can influence the perceived quality of the products and services provided. KFC needs to take fast and appropriate action to handle these complaints to maintain its brand image to increase brand equity in the long term.

In the context of increasingly fierce competition, it is important for companies to understand the impact of social media marketing and perceived quality on brand equity. By understanding the influence of these two factors, companies can increase their competitiveness and maintain their top position as a top fast food restaurant brand. In the digital era, social media marketing is becoming one of the most effective marketing tools for brand enhancement. By the definition of Mileva (2018), social media marketing is a marketing strategy that uses the platform to more specifically promote goods or services. Meanwhile, Aaker in Faizal, et al. (2019) explained that perceived quality is crucial in a brand in the sense that great quality offers customers a compelling reason to acquire a brand and distinguishes it from its competitors. According to Susanto and Wijanarko in Leonanda (2020), brand equity is a tool for dealing with intense competition, if a brand has strong strength, it will be a factor that differentiates, has high value, and is sustainable. Therefore, KFC as a company that has been operating in this field for a long time seeks to focus on brand equity to maintain its company. The more competitors there are, the more options there will be for consumers to choose the product that suits them. The phenomenon that often occurs is brand switching, resulting in low consumer loyalty to a particular product. The authors thus carried out a study to figure perceived quality and social media marketing influence of KFC brand equity.

THEORETICAL REVIEW

Social Media Marketing

Social media marketing is a marketing strategy that uses social media to more specifically advertise goods or services (Mileva, 2018). Meanwhile, Lubis et al. (2018) suggest that social media marketing is a type of online advertising that makes use of social communities including social networks, virtual worlds, social news sites, and social opinion-sharing sites as a cultural context to accomplish communication goals. According to Heuer in Kusuma, et al. (2019), there are 4 indicators as follows: 1) Context, 2) Communication, 3) Collaboration, 4) Connection.

Perceived Quality

The definition of perceived quality presented by Aaker in Saputra, et al. (2019) is the customer's perception of the general quality or superiority of a good or service in relation to its intended purpose. Meanwhile, based on Keller

in Surya, L. C., (2022), perceived quality is defined as the consumer's view of the general quality or superiority of goods and services that are appropriate for their intended purpose. According to Garvin in Pandiangan, et al. (2021), there are 5 indicators as follows: 1) Has consistent quality, 2) Is well made, 3) Has an acceptable standard of quality, 4) Rarely experiences product defects, 5) Would perform consistently.

Brand Equity

Brand equity is the value associated with a brand that can add or subtract from the value of the products or services provided by the company, both in the eyes of the company and in the eyes of consumers (Ardi Wirdamulia, 2019). Meanwhile, according to Ratana (2018), brand equity refers to the assets and liabilities associated with brands, names, and logos that have the potential to raise or lower the value of goods or services for companies or consumers. According to Soehadi in Pandiangan (2021), the strength of brand equity can be measured based on the following indicators: 1) Leadership, 2) Stability, 3) Internationality, and 4) Trend.

The Influence of Social Media Marketing on Brand Equity

The advancement of more sophisticated technology plays a vital part in the realm of marketing. According to Philip Kotler and Kevin Lane Keller in Aisyah (2021), social media is a platform that people use to communicate information with companies and other people in the form of text, photos, sound, and video. By utilizing social media marketing, companies can build brand equity through interesting content that informs about products and establishes interaction with consumers. Branding activities carried out on social media help companies build brands and increase consumer knowledge about the brand. In addition, the use of social media can also increase brand attractiveness (Aurinawati & Rostika, 2018). This is confirmed by a study by Angkie et al. (2019), which demonstrates how social media marketing significantly influences brand equity. In addition, another study conducted by Kusuma et al. (2019) demonstrates that brand equity is significantly influenced by social media marketing. Based on this, the hypothesis is formulated as follows:

H1: Social Media Marketing has a positive and significant influence on Brand Equity

The Influence of Perceived Quality on Brand Equity

Quality is an important aspect that must be considered to increase brand equity. Companies must ensure the best quality for their brand to create brand equity. Perceived quality measures the total quality of a good or service. According to Amelia (2018), brand equity can be reflected through the views, feelings, and behavior of consumers towards the brand, price, market share, and the benefits provided by the brand to the company. Meanwhile, according to Mardikaningsih (2019) in the field of marketing, perceived quality is considered an important element in consumer decision-making, because consumers will consider the quality and price of a particular brand before

making a purchase. Corporate image is very important in increasing positive consumer perceptions (Mirza & Hosseini, 2018). If a product or service is considered high quality by consumers, then it can enhance the positive image of the company's brand and strengthen brand equity. This is confirmed by a study by Brangsinga, et al. (2019) explained that perceived quality has a positive influence on brand equity. In addition, another study conducted by Lesmana et al. (2020) demonstrates that brand equity is significantly influenced by perceived quality. Based on this, the hypothesis is formulated as follows:

H2: Perceived Quality has a positive and significant influence on Brand Equity

METHODOLOGY

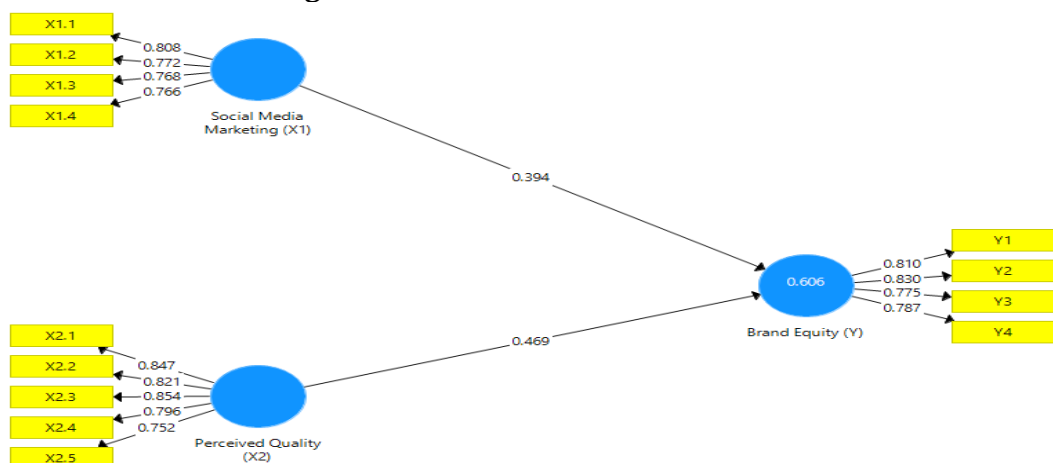
This study employs a quantitative method to the population, namely KFC Mulyosari Surabaya customers. The sample of the research obtained was 130 respondents. Data analysis technique using nonprobability sampling with the purposive sampling method. Determination of sample size based on the theory of Hair et al due to the number of representative samples. The research instrument uses a questionnaire through direct distribution of questionnaires and has been designed so that it can measure each question's weight in all variables with partial least squares (PLS) analysis which uses a Likert scale to measure indicators with a preference level of answers, each of which has a score of 1- 5.

RESULTS AND DISCUSSION

The total number of respondents received for this study was 130, with the majority of respondents aged 22-26 years, namely 70 respondents or 53.8% of the total 130 respondents. Meanwhile, those aged 17-21 years had a percentage of 20.8 % or as many as 27 respondents, then aged 27-31 years, namely 10% or 13 respondents, and then more than 31 years of age, namely 15.4% or 20 respondents.

Validity and Reliability Test

Figure 2 PLS Model Test Results



(Source: *Output SmartPLS, 2023*)

Validity testing includes testing for convergent validity. The average variance extracted (AVE) and factor loading values of each indicator were used to perform a convergent validity test. The results of the PLS model test produce all factor loading values greater than 0.70 and all AVE values greater than 0.50, indicating that convergent validity measures have been met.

Table 1 Average Variance Extracted (AVE)

	AVE
Social Media Marketing (X1)	0.606
Perceived Quality (X2)	0.664
Brand Equity (Y)	0.641

(Source: *Output SmartPLS, 2023*)

According to the findings of the AVE test, the Brand Equity (Y) variable has a value of 0.641, the Perceived Quality (X2) variable has a value of 0.664, and the Social Media Marketing (X1) variable has a value of 0.606, all three of which are values more than 0.5, indicating that the study's variables have an excellent level of validity.

Table 2 Composite Reliability

	Composite Reliability
Social Media Marketing (X1)	0.860
Perceived Quality (X2)	0.908
Brand Equity (Y)	0.877

(Source: *Output SmartPLS, 2023*)

The Composite Reliability results from the tests demonstrate that the Social Media Marketing variable (X1) is 0.860, the Perceived Quality variable (X2) is 0.908, and the Brand Equity variable (Y) is 0.877, all of which have a Composite Reliability value greater than 0.70, indicating that all variables in this study are reliable.

Table 3 R-Square

	R Square
Brand Equity (Y)	0.606

(Source: *Output SmartPLS, 2023*)

The structural model is tested by looking at the R-Square value, which uses the goodness-of-fit model test. The value of R² (Brand Equity) = 0.606 indicates that the model can explain the phenomenon of Brand Equity, which is influenced by independent variables such as Social Media Marketing and Perceived Quality, with a variance of 60.6%, but the rest of the variance 39.4% is caused by variables away from this study (other than Social Media Marketing and Perceived Quality).

Hypothesis Test

Table 4
Path Coefficients (Mean, STDEC, T-Values, P-Values)

	Path Coefficients	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Perceived Quality (X2) -> Brand Equity (Y)	0.469	0.475	0.083	5.636	0.000
Social Media Marketing (X1) -> Brand Equity (Y)	0.394	0.393	0.084	4.687	0.000

Source : Primary data processed, 2023

The table shows that the hypothesis suggested is

Hypothesis 1: Social Media Marketing has a significant positive influence on Brand Equity at KFC Mulyosari Surabaya outlets, and the results are acceptable, with a path coefficient of 0.394 and a T-statistic value of 4.687 > 1.96 where the p-value = 0 is less than the α value = 0.05 (5%).

Hypothesis 2: Perceived Quality has a significant positive influence on Brand Equity at KFC Mulyosari Surabaya outlets, and the results are acceptable, with a path coefficient of 0.469, and a T-statistic value of 5.636 > 1.96 where the p-value = 0 is less than the α value = 0.05 (5%).

The Influence of Social Media Marketing on Brand Equity

Based on the outcomes of the PLS data processing, it has been found that social media marketing had a positive and significant influence on brand equity at the KFC Mulyosari Surabaya Outlet, which was acceptable. This explains how social media marketing helps KFC build its brand equity. The Outer Loading analysis's findings show that context is the most significant indication for social media marketing, which means that context is crucial for affecting consumers and bolstering the brand. The findings of this study's discussion demonstrate that in social media marketing, the context refers to the information or messages companies send on the social media platform Instagram. Through content that is relevant, consistent and by brand values, convey product information, provide interesting and useful content, and establish positive interactions with consumers. Content can effectively communicate brand messages, strengthen brand image, and build consumer awareness and trust in the brand. This will have an impact on increasing KFC brand equity.

This is by Metta Ratana's research (2018), which states that the media has great power in influencing human views of the world through the content it presents. Social media marketing, as an online media marketing channel with numerous updates, may strengthen, advertise, and even sustain the stability of a product's brand equity, allowing it to exist in the face of fierce product rivalry. The ease of social media marketing in interacting, communicating and accessing

images and information helps products to be better known through their brand equity (Keller & Lehmann in Angkie et al., 2006).

The findings of this research are also confirmed by research conducted by Nam et al. (2011) who found that social media marketing can provide information to consumers about the goods offered through the creation of interesting content, resulting in a good brand perception from customers towards the company. A positive brand image can have a positive impact on society, thereby increasing brand equity (Nam et al., 2011).

The Influence of Perceived Quality on Brand Equity

Based on the outcomes of the PLS data processing, it has been found that perceived quality had a positive and significant influence on brand equity at the KFC Mulyosari Surabaya Outlet, which was acceptable. This explains how perceived quality helps KFC build its brand equity. The Outer Loading analysis's findings show that the Has an acceptable standard of quality is the most significant indication for perceived quality, which means that consumer confidence in products and services tailored to the expected quality plays a major role in strengthening brand equity. When consumers have confidence that the products and services provided will meet or even exceed their expectations in terms of quality, this will improve consumer perceptions of product quality and create a favorable view of the brand. The findings of the present study demonstrate that over time, steadily growing customer trust will have a favorable influence on brand equity because consumers tend to become loyal customers and recommend brands to others. Therefore, building and maintaining consumer confidence in the quality of products and services that meet their expectations is an important factor in increasing perceived quality and strengthening brand equity.

This is to the research of Brangsinga, et al (2018), it argues that the greater a consumer's perception of quality and advantages provided by Samsung to consumers and according to what is expected, the better the brand value of the Samsung Galaxy cellphone product in the market.

The findings of this research are also confirmed by research conducted by Uning, et al. (2021) that the higher the perception of millennial consumers regarding the perceived quality of a coffee shop brand, the value of brand equity for coffee shops in Solo will also increase. According to Aaker in Pandiangan (2021), perceived quality is a consumer's judgment of a product's overall excellence or superiority, excluding subjective judgements.. Therefore, by maintaining positive consumer ratings, companies can maintain and increase brand equity.

CONCLUSIONS AND RECOMMENDATIONS

Social Media Marketing has an influence on Brand Equity at the KFC Mulyosari Surabaya Outlet. This demonstrates that social media marketing contributes to enhancing KFC brand equity, through content relevant to brand values, conveying product information, providing interesting and useful content, and establishing positive interactions with consumers in increasing brand equity. Therefore, it is hoped that KFC will pay more attention to the use

of language, images, and communication styles in social media content so that it is easy to understand and in accordance with the company's brand identity. This will help the company to introduce the brand well to consumers. Perceived Quality also influences Brand Equity at the KFC Mulyosari Surabaya Outlet. This shows that Perceived Quality contributes to increasing KFC Brand Equity, through consumer confidence in the quality of products and services in increasing brand equity. Therefore, it is hoped that KFC will always maintain the consistency of the products and services provided. This can be done by implementing strict operational procedures and carrying out supervision. In addition, companies also need to listen to consumer feedback and take appropriate actions to correct identified deficiencies. In this way, you can build good relationships and maintain consumer trust in the brand increasing brand equity.

FURTHER STUDY

In every research, there are weaknesses and limitations both in the formulation of the problem, the variables used, and the research process. Limitations of this research include limited sample coverage and variable measurements that may not fully cover its complexity. For future research, it is recommended to expand the sample by involving more diverse consumers and a wider geographic area. Applying qualitative methods such as in-depth interviews or social media content analysis can provide deeper insight into perceived quality and brand equity. Additionally, the ongoing changes in social media and consumer behavior indicate the need for ongoing research to understand the trends and the influence of KFC social media marketing strategies and perceived quality on its brand equity. This research will be useful for KFC in developing more effective and sustainable marketing strategies in the digital era.

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