Analysis of The Use of Promotion In Social Media on The Performance of E-Commerce Marketing

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ABSTRACT

Social media is a new phenomenon that has changed the way the business environment operates. Through social media, businesses gain access to resources that are otherwise unavailable to the business owner. This research is a causality research, which aims to analyze the causal relationship and influence of two or more phenomena, through hypothesis testing. The population and sample in this study are SMEs who open e-commerce businesses on social media. The number of samples used in this study amounted to 154 respondents. Based on the analysis and discussion, it is concluded that the Marketing operation advantages variable has no significant effect on Marketing Performance, the Cost-effectiveness variable has a significant effect on Marketing Performance, the Customer Communication Channel variable has a significant effect on Cost-effectiveness, the Customer Communication Channel variable has a significant effect on Increased customer satisfaction, Customer The Communication Channel has a significant effect on Marketing operation advantages, the Customer relationship performance variable has a significant effect on Marketing Performance, the Increased customer satisfaction variable has a significant effect on Marketing Performance and the Social media marketing implementation capabilities variable has a significant effect on Customer relationship performance.

Keywords: Customer Communication Channel related, Ability to implement social media marketing, customer relationship performance, excellence of marketing operations, effectiveness of cost utilization,

1. Introduction

E-commerce or what is commonly referred to as Ecom or Emmerce or EC is a routine business exchange using Electronic Data Interchange (EDI) transmissions such as email, electronic bulletin boards, facsimile machines, and Electronic Funds Transfers regarding shopping transactions on Internet shopping, online stock and bonds, downloading and selling of software, documents, graphics, music, and so on [1]. The Internet is developing into a major global distribution channel for products, services, managerial and professional jobs [2]. Its impact is changing the economy, market structure and industry, products and services and their flow of distribution, market segmentation, value for consumers, consumer behavior, employment and the labor market [3]. The impact also occurs on society and politics, and our perspective on the world and ourselves in it.

Social media is an online media, where users can easily participate, share, and create content including blogs, social networks, wikis, forums and virtual worlds [4]. Blogs, social networks and wikis are the most common forms of social media used by people around the world [5]. A social network is a social structure consisting of individual or organizational elements [5]. This network shows the ways in which they relate because of the similarity of sociality, from those who are known everyday to their families ".

According to Kaplan and Haenlein [6], social media is a set of applications based on internet networks that are based on Web 2.0, the program invented by Chanthinok et al [8]. Web 2.0 is a basic platform for the formation of social media, this platform provides convenience for users to collaborate online and share (sharing). Social media, Facebook and Twitter, are currently used to disseminate information quickly, viral, and to spread to large numbers of internet users [7]. Chanthinok et al [8] studied the impact of social media on South African business marketing strategies using qualitative research on a small sample size and also offered suggestions for further research in a quantitative approach with a larger sample size. In addition, most studies on social media focus on consumer perspectives such as consumer behavior, electronic word of mouth, and online shopping behavior [9]. Although the foregoing suggests that studies on social media marketing are proven, both quantitative and qualitative research, however, manage consumer perspectives rather than strategy at the company level.

The use of social media platforms in Indonesia is growing significantly. Anand Tilak, Head of Facebook Indonesia, revealed that there are 69 million active Facebook users in Indonesia every month (excerpt from Kompas interview with Anand Tilak, 22 September 2014). The most important thing is how to use social media in promoting or introducing the products offered to consumers.

Social media is a new phenomenon that has changed the way the business environment operates. Through social media, businesses gain access to resources that are otherwise unavailable to the business owner. It also helps companies to increase their viability, cultivate strategic partnerships and increase their contact with customers and suppliers. It is very important for business and marketing owners to understand how social media works as a communication, marketing tool and how they can significantly grow their business [10].

The aim of this research is; (1) examining the effect of social media marketing activities on brand awareness, brand image and brand loyalty, (2) measuring the effect of brand awareness on brand image, and (3) analyzing the effect of brand awareness and brand image on brand loyalty.

2. LITERATURE REVIEW
2.1. Customer Communication Channel

There are various kinds of focus on customer communication channels, including all forms of promotion, advertising, [11] or publicity spread close relationship Social media provides a vessel between a business and its customers that has direct interaction, changing from one-to-many to many-to-many solutions [12]. The quantitative study of Samson, Mehta, and Chandani [13] confirms that online digital media provides rich information such as reviews, ratings, or comments as a communication tool for consumers who intend to buy a car. It also has a positive effect on customer purchasing decisions. In contrast, a qualitative study by Zailskaite-Jakste and Kuvykaite [14] revealed that social media is able to gather feedback or monitor consumer trends on a daily basis in both positive and negative communication. It can create brand equity. In particular, word of mouth on social media platforms is dominant and cheap.

In addition, the focus of the customer communication channel provides more opportunities to organize and more choices, namely various message content and allows communicating feedback for each experience of consumption of goods and services [11]. Based on the description above, the literature shows that communication channels with social media tools are more likely to increase companies to achieve good cost utilization [15], optimization of marketing operations [16], higher customer satisfaction and marketing performance. Therefore, the first set of hypotheses is as follows:

H1: Customer Communication Channel is positively related to a) excellence in marketing operations, b) cost-effectiveness, c) increased customer satisfaction, and d) marketing performance. Social media marketing implementation capabilities

Social media marketing implementation capability and company performance [17]. Based on the findings of Hanna, et al. [18], this study examines that the ability to implement social media marketing is associated with the ability to transform social media marketing plans into actions as well as the ability to use company resources effectively in line with social media marketing formulation decisions. Further, this capability involves adaptive mechanisms that allow companies to make adjustments regarding the implementation of marketing programs as well as to deploy company resources appropriately during the implementation of marketing strategies when unexpected obstacles and opportunities, as well as changes, occur [19]. This view is supported by the study Gounaris, [20] who found that marketing implementation capabilities affect customer-centered performance measures such as customer attractiveness and customer retention. Based on the previous marketing literature, these capabilities facilitate added value to the company's products and services as well as product and service differentiation [21], thus enabling companies to attract and retain their customers [22]. In this case, companies with strong social media marketing implementation capabilities are expected to have a higher level of customer relationship performance. In addition to customer-related performance, when the company has a high level of proficiency, this gives the company the opportunity to expand into new target markets:

H2. The ability to implement social media marketing is positively related to (a) customer relationship performance and (b) marketing performance

3. RESEARCH METHOD
3.1. Type of Research Design

According to E.A. Suchman, the design of the research is all the necessary process in planning and conducting research. In a narrower sense, research design is only about data collection and analysis [23]. Research design also means a structured work plan in terms of the relationships between variables in a comprehensive manner, in such a way that the research results can provide answers to research questions [24].

This research is a survey research, which is research that takes samples directly from the population. This research is a causality research, which aims to analyze the causal relationship and influence of two or more phenomena, through hypothesis testing.

Based on the framework above, a research model was developed. The research model illustrated in Figure 1 will be used as a guideline for recommendations for problem solving in this study. The theoretical research framework describes the relationship between variables: Customer Communication Channel

related, ability to implement social media marketing, customer relationship performance, excellence in marketing operations, cost effectiveness, increased customer satisfaction, and marketing performance.

Descriptive statistical analysis models and Structural Equations will be described here. To determine the effect of related Customer Communication Channels, the ability to implement social media marketing, customer relationship performance, excellence in marketing operations, cost effectiveness, increase customer satisfaction, and marketing performance used the multivariate method. The multivariate method refers to all statistical techniques simultaneously analyzing several measurements of the individual or object under study, analyzing several variables that represent measurements related to individuals, companies, events, activities, situations, and so on [25]. The application of multivariate statistical techniques should first divide the data variables into independent and dependent classifications, then show the dependent or dependent techniques that need to be applied [25]. The multivariate statistic used in this study is Structural Equation Modeling (SEM) based on the variant, namely Partial Least Square (PLS) with the SmartPLS program. SmartPLS is one of the best software for PLS-SEM.

The population and sample in this study are SMEs who open e-commerce businesses on social media. The number of samples used in this study amounted to 154 respondents. The following is an explanation of the characteristics of the sample used in this study.

Table 1. Characteristics of respondents in this study

Respondents	Total	
	Person	**%**
Respondents based on gender		
• Men	65	42,2 %
• Women	89	57,8 %
Respondents by type of business		
• C2C category Online Shopping Site	46	29,8 %
• Delivery service	29	18,8 %
• Hotel Online	26	16,8 %
• Online tickets	24	15,7 %
• Online Bookstore	15	9,7 %
• Online Fashion	14	9,1 %
Respondents by age		
• 25-30 year	49	31,8 %
• 30-35 year	15	9,7 %
• 35-40 year	44	28,6 %
• 40-45 year	25	16,2 %
• 45-50 year	16	10,4 %
• > 50 year	5	3,2 %
Respondents based on education level		
• SD/SMP (primary, secondary)	-	
• High school	20	12,9 %
• Higher education level (D3, S1,)	87	56,5 %
• S2 and S3	47	30,5 %

Source: interview results processed by the author

Based on the table above, it is known that most of the respondents based on gender were men with a total of 65 people (42.2%) and women 89 respondents (57.8%). Most of them are businesses in the C2C category of Online Shopping Sites 46 people (29.8%), Delivery Service 29 people (18.8%), Online

Hotels 26 people (16.8%), Online Tickets 24 people (15.7%), Online Bookstore 15 people (9.7%) and Online Fashion 14 people (9.1%). Meanwhile, based on age, 49 people aged 25-30 years (31.8%), 35-40 years 44 people (28.6%), 25 people aged 40-45 years (16.2%), 45 -50 years 16 people (10.4%), ages 25-30 years 15 people (9.7%), and aged> 50 years 5 people (3.2%). Whereas respondents based on the level of education obtained higher education level (D3 and S1) 87 people (56.5%), then education level (S2 and S3) 47 people (30.5%) and high school education level 20 people (12.9%).

4. RESEARCH RESULTS

Basically, the reliability test shows the extent to which a measuring instrument can provide relatively the same results when re-measured on the same subject. Reliability test in SEM can be obtained through the following formula [26]:
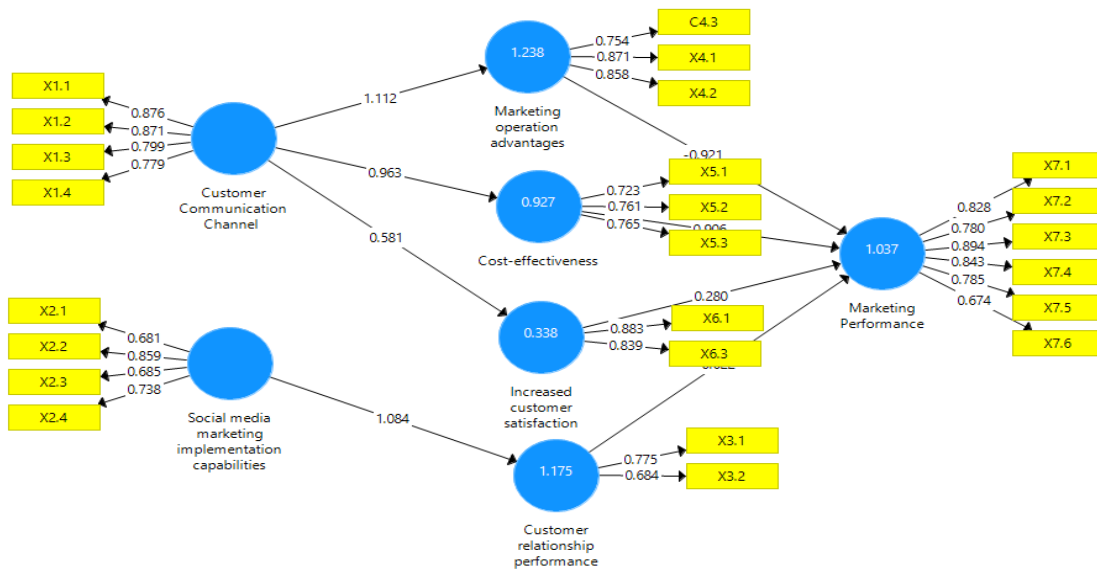

Figure 1. Diagram of Theoretical Model Development

Validity and Reliability Test

In this study, a validity test was conducted to separate invalid statement items from valid statement items to obtain test results with all r> r table values (with df = 30-2 = 28 and a 5% significance of 0.374). We found that all question items were statistically valid. We also tested the level of reliability by looking at the Crombach Alpha value against our model with a Crombach Alpha value limit> 0.6. The results showed that all variables (including latent variables)> 0.6. This value means that all variables are very reliable.

Table 2. Evaluation of Measurement Model

Cronbachs Alpha

	Cronbachs Alpha
Cost-effectiveness	0,795
Customer Communication Channel	0,899
Customer relationship performance	0,693
Increased customer satisfaction	0,851
Marketing Performance	0,914
Marketing operation advantages	0,866
Social media marketing	0.829

a. Composite Reliability (ρc)

	Composite Reliability
Cost-effectiveness	0,794
Customer Communication Channel	0,900
Customer relationship performance	0,696
Increased customer satisfaction	0,851
Marketing Performance	0,916
Marketing operation advantages	0,868
Social media marketing	0.831

implementation capabilities		implementation capabilities	

Based on Table 2, information is obtained that the Composite Reliability value on all indicator blocks has met the Composite Reliability assumption (> 0.6), which means that all indicators on each latent variable have adequate consistency. Because the validity is sufficient, our model is declared to have reached a convergence condition and the output outer loadings of all indicators fulfills the assumption of convergence validity. This shows that all indicators in the latent variable experience divergence to explain the quality of the construct. The discriminant validity of an indicator can be seen in the cross loading between the indicator and its latent variable.

Evaluation of Structural Model

The R-square value is used to see the relationship between variables, which is a goodness-fit model test [27]

	R Square	R Square Adjusted
Cost-effectiveness	0,927	0,926
Customer relationship performance	0, 875	0, 876
Increased customer satisfaction	0,338	0,333
Marketing Performance	0,037	0,038
Marketing operation advantages	0, 738	0, 739

Hypothesis Testing

Before testing the hypothesis, a bootstrapping procedure is carried out on the sample data. Bootstrapping was carried out 500 times where every time data bootstrapping was performed, the resampling obtained was 100 valid data. The results of bootstrapping with a bootstrap sample of 500 times, it is assumed that the data is normally distributed so that the parameter testing in the model can be done by using the t test.

Table 3. T test for Path Coefficients

The coefficient value of the model is said to be significant if the t-value> t-table is 1.64 (1.64 is the t-table value in 95% confidence level, 5% significance level, df = n-2, 1-way test).

The results of hypothesis testing for the outer model concluded that all significant indicators were used to build the model, while the results of the inner model hypothesis testing can be seen in table 5 with the results of all significant path coefficients.

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Cost-effectiveness -> Marketing Performance	0,862	0,855	0,118	7,318	0,000
Customer Communication Channel -> Cost-effectiveness	0,815	0,815	0,031	26,342	0,000
Customer Communication Channel -> Increased customer satisfaction	0,510	0,512	0,063	8,087	0,000
Customer Communication Channel -> Marketing operation advantages	0,987	0,987	0,001	777,837	0,000
Customer relationship performance -> Marketing Performance	-0,259	-0,255	0,131	1,974	0,049
Increased customer satisfaction -> Marketing Performance	0,346	0,345	0,046	7,579	0,000
Marketing operation advantages -> Marketing Performance	0,052	0,053	0,082	0,632	0,527
Social media marketing implementation capabilities -> Customer relationship performance	0,831	0,832	0,026	31,596	0,000

Source: author

Based on the table above, it is found that the Marketing operation advantages variable does not have a significant effect on Marketing Performance with P values of 0.527, the Cost-effectiveness variable has a significant effect on Marketing Performance with P Values of 0,000, the Customer Communication Channel variable has a significant effect on Cost-effectiveness with PValues of 0,000, Customer Communication Channel variables have a significant effect on Increased customer satisfaction with P values 0,000, Customer Communication Channel has a significant effect on Marketing operation advantages with P values 0,000, Customer relationship performance variables have a significant effect on Marketing Performance with PValues 0.049, Variables Increased customer satisfaction has a significant effect on Marketing Performance with P Values of 0,000, and the variable Social media marketing capabilities have a significant effect on Customer relationship performance with P Values of 0.000.

Direct Effect, and Indirect Effect
Table 4. Influence Inter Latent Variables

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Customer Communication Channel -> Cost-effectiveness -> Marketing Performance	0,703	0,697	0,100	7,026	0,000
Social media marketing implementation capabilities -> Customer relationship performance -> Marketing Performance	-0,215	-0,211	0,107	2,009	0,045
Customer Communication Channel -> Increased customer satisfaction -> Marketing Performance	0,176	0,177	0,035	5,056	0,000
Customer Communication Channel -> Marketing operation advantages -> Marketing Performance	0,051	0,052	0,081	0,632	0,528

Source: author

Based on the table above, we find that the Cost-effectiveness variable is proven to mediate the Customer Communication Channel variable on Marketing Performance with a P value of 0,000, the Customer relationship performance variable is proven to mediate the Social media marketing capabilities implementation variable towards Marketing Performance with a P value of 0.045, the Increased customer satisfaction variable is proven mediating the Customer Communication Channel variable on Marketing Performance with a value of P 0,000, while the Marketing operation advantages variable is not proven to be successful in mediating the influence of the Customer Communication Channel variable on Marketing Performance with 0.528.

5. CONCLUSIONS AND SUGGESTIONS
5.1. Conclusion

Based on the analysis and discussion, it is concluded that the Marketing operation advantages variable has no significant effect on Marketing Performance, the Cost-effectiveness variable has a significant effect on Marketing Performance, the Customer Communication Channel variable has a significant effect on Cost-effectiveness, the Customer Communication Channel variable has a significant effect on Increased customer satisfaction, Customer The Communication Channel has a significant effect on Marketing operation advantages, the Customer relationship performance variable has a significant effect on Marketing Performance, the Increased customer satisfaction variable has a significant effect on Marketing Performance and the Social media marketing implementation capabilities variable has a significant effect on Customer relationship performance.

Meanwhile, the moderation variable shows that the Cost-effectiveness variable is proven to mediate the Customer Communication Channel variable on Marketing Performance, the Customer relationship performance variable is proven to mediate the Social media marketing implementation

capabilities variable on Marketing Performance, the Increased customer satisfaction variable is proven to mediate the Customer Communication Channel variable on Marketing Performance, Meanwhile, the Marketing operation advantages variable has not been proven successful in mediating the influence of the Customer Communication Channel variable on Marketing Performance.

5.2. Research implications

This study makes managerial contributions to executives, marketing managers, information technology managers, and top managers regarding the social media applications available in organizations. Social media marketing is a new challenge in company performance that is relevant to marketing operations in products and services, information management, and new ideas through social media applications, which then develop into traditional marketing fulfillment.

Subsequent research is directed at using a wider sample, such as conducting research on all stores or retail that use social media.

Daftar Pustaka

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