

# EFFECT OF SOCIAL MEDIA MARKETING ON CUSTOMER ENGAGEMENT AND ITS IMPACT ON BRAND LOYALTY IN CARING COLOURS COSMETICS, MARTHA TILAAAR

Brian Garda Muchardie<sup>1</sup>; Nabila Hanindya Yudiana<sup>2</sup>; Annetta Gunawan<sup>3</sup>

<sup>1,2</sup>Binus Online Learning, Bina Nusantara University,  
Jln. K.H. Syahdan No 9, Jakarta Barat, DKI Jakarta, 11480, Indonesia

<sup>3</sup>Management Department, School of Business Management, Bina Nusantara University,  
Jln. K.H. Syahdan No 9, Jakarta Barat, DKI Jakarta, 11480, Indonesia

<sup>1,2</sup>brian\_muchardie@binus.ac.id; <sup>3</sup>annetta\_gunawan@binus.ac.id

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## ABSTRACT

The purpose of this research was to determine the influence of social media marketing against customer engagement and its impact on brand loyalty. Methods applied is a quantitative method by distributing questionnaire to 100 customers. Data analysis was applied path analysis. The results of this study shows that social media marketing has a positive and significant impact on customer engagement, on brand loyalty, and on customer engagement, and its impact on brand loyalty where customer engagement has a greater influence on brand loyalty than social media marketing.

**Keywords:** social media marketing, customer engagement, brand loyalty

## INTRODUCTION

It is undeniable that the use of social media keeps increasing these days. Almost everyone has a social media account and is always up-to-date with their social media account, according to Statisticbrain. Facebook is one of the most popular social media, which currently has 1,310,000,000 users with the high use of social media marketers, who also see that social media can be used as a quite effective marketing tool, because social media can also boost engagement with customers, which in turn have an impact on customer loyalty to the brand. This statement is in accordance with the theory of Conceptual Framework of Customer Engagement (Vivek, *et al.*, 2012) which states that an individual involved can develop a better attitude towards the brand that he associates and will feel more loyal to the brand.

The high level of social media used by the public, especially in Indonesia, is also the reason why social media became an important tool for improving engagement with customers, which in turn is expected to make customers more loyal to the brand. According to the official website of the Ministry of Communications and Information of the Republic, the internet user in Indonesia currently has reached 63 million. There are at least 95% of them who access social media. While Facebook and Twitter are the most widely accessed by the people in Indonesia, Indonesia itself occupies the fourth rank of Facebook users in the world after the USA, Brazil, and India, with about 65 million active Facebook users.

Social media is a tool that many marketers use to increase engagement and brand loyalty, as through social media, companies can create two-way direct communication flow, fast and interactive

communication between the company and its customers. This was confirmed by Tabroni, where social media invite anyone who is interested in participation by contributing and giving feedback openly and share information in a short time and unlimitedly (Tabroni, 2012). Furthermore, Nicholas Jakson revealed that at least half of Twitter and Facebook users claim that they were more likely to discuss, recommend or purchase the company's products after they began to follow and engage with companies in social media. This statement is supported by research conducted by Cicek who argued that customer loyalty to a brand is positively affected when the brand offers a profitable campaign and relevant contents in social media.

Caring Colours, cosmetics brand under Martha Tilaar Group (PT Martina Berto), which is the pioneer of the cosmetics industry in Indonesia, is very aware of the importance of social media for their brand. Caring Colours itself is ranked second among other Martha Tilaar brands which have the most fans of with 258.587 likes on its Facebook Page and 11.971 followers on its Twitter account.

With numerous fans and followers in each social media account, Caring Colours should manage their social media better, as it can be a great potential to build a meaningful relationship with the fans and followers, so that they become a loyal customer. Based on the research, Caring Colours have not been able to maximize the use of social media to build relationships with their fans and followers, evident from the contents that exist on Caring Colours social media accounts, especially Facebook Page that has low level of engagement even if the contents have high reached. Reached is an indicator to see how far and how many people saw the post. This means that many people view the contents exist, but does not engage with the post.

Low level of engagement can also be seen from the level of Talking About This. Low level of Talking About This means there aren't a lot of fans on Caring Colours Facebook who involved with the activity. But one of the Caring Colours goal in using

social media as a marketing tool is to make and build strong relationship with customers, so that later they would be more loyal to Caring Colours. However, it is difficult to achieve if the fans do not get involved with the contents provided by Caring Colours.

Social Media is a term to describe the type of media that is based on online conversation and interaction between people. Social media also appears in many different forms, including Internet forums, social blogs, microblogging, pictures, and video. It also includes technologies such as e-mail, picture-sharing, blogs, wall-postings, and music-sharing (Strauss & Frost, 2012). Social Media itself has five characteristics, namely: Participation, Openness, Conversation, Community, Connectedness (Mayfield, 2008).

Customer Engagement is a psychological process that formed the underlying mechanism model of customer loyalty from new customers of the brand, as well as the mechanism by which the customer loyalty can be maintained for repeat purchases of a brand (Bowden, 2009). Customer Engagement itself can be formed through seven stages: Connection, Interaction, Satisfaction, Retention, Commitment, Advocacy, and Engagement (Sashi, 2012).

Brand Loyalty can be interpreted as a consistent consumer preference to make purchases on the same brand on a specific product or a specific service category (Schiffman and Kanuk, 2004). Additionally, Brand loyalty is a measure of the customer relationship to a brand (Durianto, *et.al.*, 2004). Brand Loyalty itself is divided into five stages, namely: Switcher, Habitual Buyer, Satisfied Buyer, Liking The Brand and Committed Buyer (Durianto, *et.al.*, 2004). Based on the theories above, the authors create a theoretical framework as seen in Figure 1.

There several purposes within this research. Firstly, to analyze the influence of social media marketing to customer engagement on Caring Colors Martha Tilaar. Second, to analyze the influence of social media marketing to brand loyalty on Caring Colors Martha Tilaar. Third, to analyze the influence

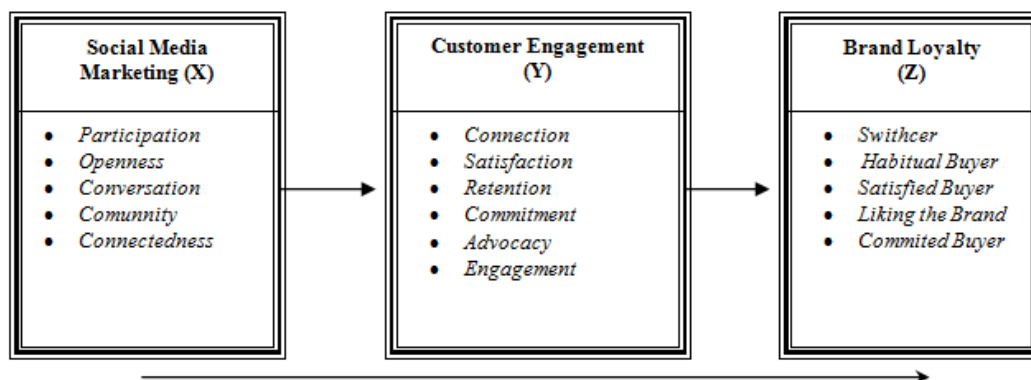


Figure 1 Theoretical Framework

of customer engagement to brand loyalty on Caring Colors Martha Tilaar. The final purpose is to analyze the influence of social media marketing and customer engagement simultaneously to brand loyalty on Caring Colors Martha Tilaar.

## METHODS

In this study, the type of research is descriptive and associative. The time range (time horizon) to retrieve the data in this study using a cross sectional method, which means the data is collected at a specific period of time. Operational variables in this study are the independent variable, which is social media marketing as X, the intervening variable, which is customer engagement as Y, and the dependent variable, which is brand loyalty as Z.

The data used by researchers is qualitative data. The source of the data obtained is the primary data and secondary data. Data collection techniques are conducted by interviewing directly Caring Colours brand manager and PT Martina Bertosocial media officer, and by distributing questionnaires to the respondents in the form of questions corresponding research topics and distributed to Caring Colours fans in Facebook Page. The scale of measurement using Likert scale. The literature review by collecting secondary data and theories.

The sampling technique used is probability sampling. Sampling method used was simple random sampling, where the researcher in selecting the sample to provide equal opportunities to all members of the population to be designated as members of the sample. Based on the results of the formula by Slovin (Kriyantono, 2012), the number of samples taken in this research is 100 respondents, because the sample size is adequate for the path analysis.

After the data collection, the analysis begins with testing the validity and reliability, followed by a test of normality; then the data is processed using descriptive analysis techniques and associative, simple correlation analysis and path analysis. Data processing was performed using the computer program SPSS version 21.0.

Correlation test is used to determine whether the relationship between variables is strong or not. According to Riduwan and Kuncoro (2008), if the analysis showed a fairly close relationship, then it will proceed to the regression analysis as a forecasting tool that is very useful for planning as shown in Table 1.

Table 1 Interpretation of Correlation Coefficient of r Value

Coefficient Interval	Characteristics of Relationship
0.80 – 1.000	Very Strong
0.60 – 0.799	Strong
0.40 – 0.599	Quite Strong
0.20 – 0.399	Weak
0.00 – 0.199	Very Weak

Source: Riduwan and Kuncoro (2008)

According to Riduwan and Kuncoro (2008), path analysis is a technique to analyze direct effect, indirect effect (an effect that occurs between the independent variable on the dependent variable through intermediaries), and the total effect of exogenous variables (independent variables) against endogenous variables (dependent variables) as seen in Table 2.

Table 2 Categories of Variable Influence in Path Analysis

Path Coefficient	Influence
0.05 – 0.09	Weak
0.10 – 0.29	Medium
> 0.30	Strong

Source: Riduwan and Sunarto (2007)

All the results of the questionnaire that was distributed to respondents will be processed using SPSS to analyze the relationship and influence of social media marketing variables on customer engagement and its impact on brand loyalty. The result then will be used to evaluate social media marketing to build customer engagement and strengthen brand loyalty.

## RESULTS AND DISCUSSIONS

The following tables are the profile of respondents. Table 4 is the profile of respondents based on gender, Table 5 is the profile of respondents based on age, Table 6 is the profile of respondents based on education, Table 7 is the profile of respondents based on occupation and finally, Table 8 is the profile of respondents based on income per month.

Table 3 Profile of Respondents by Gender

Gender	Total	Percentage
Female	100	100%
Male	0	0%

Table 4 Profile of Respondents by Age

Age	Total	Percentage
< 21 Years	13	13%
21 – 31 Years	63	63%
31 – 40 Years	23	23%
> 40Years	1	1%

Table 5 Profile of Respondents by Education

Education	Total	Percentage
Senior High	55	55%
University	45	45%

Table 6 Profile of Respondents by Occupation

Occupation	Total	Percentage
Students	10	10%
University Students	18	18%
Employee	45	45%

Entrepreneur	22	22%
Others	5	5%

Table 7 Profile of Respondents by Income per Month

Income	Total	Percentage
<Rp 1.000.000	36	36%
Rp 1.000.000 – Rp 3.000.000	47	47%
Rp 3.000.000 – Rp 5.000.000	17	17%
>Rp 5.000.000	0	0%

Validity and reliability in this study use a confidence level of 95%, where  $df = n-2$ . The value of  $n$  in this study is 100, so the value of  $df$  is 98. By doing so,  $t_{table}$  value = 1.6606. Furthermore, by using the formula of  $r_{table}$ , the value of  $r_{table} = 0.1654$ .

Base Decision Making for Validity Test: (1) If  $r_{count} \geq 0.1654$ , then the question item is valid. (2) If  $r_{count} < 0.1654$ , then the question item is not valid. Base Decision Making for Reliability Test: (1) If Cronbach Alpha  $\geq 0.1654$ , then the data is reliable. (2) If Chronbach Alpha  $< 0.1654$ , then the data is unreliable.

Tabel 8 Validity Test of Social Media Marketing Variable

Question Item	$r_{count}$	Sign	$r_{table}$	Description
1	0,366	>	0,1654	Valid
2	0,252	>	0,1654	Valid
3	0,252	>	0,1654	Valid
4	0,377	>	0,1654	Valid
5	0,339	>	0,1654	Valid
6	0,353	>	0,1654	Valid
7	0,529	>	0,1654	Valid
8	0,540	>	0,1654	Valid
9	0,187	>	0,1654	Valid
10	0,221	>	0,1654	Valid

Cronbach Alpha is 0.679  $> 0.1654$ , then all statements in the variable Social Media Marketing are reliable.

Table 9 Validity Test of Customer Engagement Variable

Question Item	$r_{count}$	Sign	$r_{table}$	Description
11	0,329	>	0,1654	Valid
12	0,345	>	0,1654	Valid
13	0,461	>	0,1654	Valid
14	0,429	>	0,1654	Valid
15	0,279	>	0,1654	Valid
16	0,532	>	0,1654	Valid

Cronbach Alpha is 0.664  $> 0.1654$ , then all statements in the variable Customer Engagement are reliable.

Table 10 Validity Test of Brand Loyalty Variable

Question Item	$r_{count}$	Sign	$r_{table}$	Description
17	0,178	>	0,1654	Valid
18	0,454	>	0,1654	Valid
19	0,333	>	0,1654	Valid
20	0,558	>	0,1654	Valid
21	0,460	>	0,1654	Valid
22	0,383	>	0,1654	Valid

Cronbach Alpha is 0.663  $> 0.1654$ , then all statements in the variable Brand Loyalty are reliable. Normality test is done to determine whether the data were normally distributed or not. Data has a normal distribution if the Sig. Kolmogorov-Smirnov is greater than 0.05. Data is not normal if the Sig. Kolmogorov-Smirnov is less than 0.05.

Table 11 Normality Test Result

Variable	Sig. Kolmogorov-Smirnov	Description
Social Media Marketing (X)	0,200	Normal Distribution
Customer Engagement (Y)	0,200	Normal Distribution
Brand loyalty (Z)	0,200	Normal Distribution

Basic Decision Making: If Sig  $> 0,05$ , not significant. If Sig  $< 0,05$ , significant.

Table 12 Characteristics of Bivariate Relationship of X, Y, and Z

Relationship Between	Sig	Correlation	Characteristics of Relationship
X with Y	0,000	0,587	Quite Strong, Direct, and Significant
Y with Z	0,000	0,597	Quite Strong, Direct, and Significant
X with Z	0,000	0,464	Quite Strong, Direct, and Significant

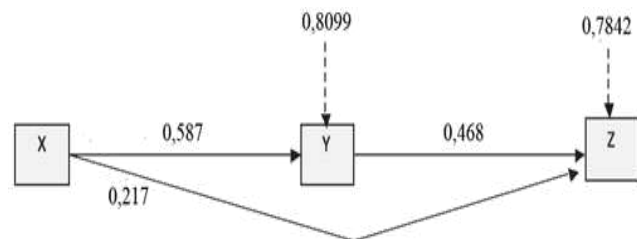


Figure 2 Empirical Causal Relationship of Variable X and Variable Y toward Variable Z

Sub-Structure 1: (1) Variable Social Media Marketing (X) contributes significantly to the variable Customer Engagement (Y) on Caring Colors Martha Tilaar. (2) Customer Engagement (Y) on Caring Colors Martha Tilaar is influenced by Social Media Marketing (X) as much as 34.4% and the remaining 65.6% is influenced by other variables outside of this study.

Sub-Structure 2: (1) Variable Social Media Marketing (X) and variable Customer Engagement (Y) had a significant contribution to variable Brand Loyalty (Z) simultaneously on Caring Colors Martha Tilaar. (2) Brand Loyalty (Z) is influenced by Social Media Marketing (X) and Customer Engagement (Y) simultaneously by 38.5%, and the remaining 61.5% is influenced by other variables outside of this study.

There are several implications based on the research result. First, Social Media Marketing has a positive contribution to the Customer Engagement

on Caring Colors Martha Tilaar Facebook Page with strong influence. Social Media Marketing also has a quite strong relationship with Customer Engagement. This means more effective and efficient Social Media Marketing imposed by the Caring Colors Martha Tilaar, level of Customer Engagement on Caring Colours Facebook Page will also be higher.

Second, Social Media Marketing has a positive contribution to Brand Loyalty on Caring Colors Martha Tilaar to the nature of the influence of 'medium'. Social Media Marketing also has a quite strong relationship with Brand Loyalty. But based on results of the Sub-Structure, it is seen that the influence of variables (X) to a variable (Z) is indirectly through (Y) is smaller than the variable (X) to a variable (Z) directly without going through the variable (Y) this may due to a low emotional ties that exist on Caring Colours Facebook Page, so marketing activities using social media doesn't have effective impact.

Finally, Customer Engagement has a positive contribution to Brand Loyalty on Facebook Page of Caring Colors Martha Tilaar with the nature of the influence of 'strong'. Customer Engagement also has a quite strong relationship with Brand Loyalty. This means more effective and efficient Customer Engagement that exist on the Facebook Page of Caring Colours, the Brand Loyalty on Caring Colors Martha Tilaar will also be higher.

## CONCLUSIONS

There are several conclusions that can be obtained: (1) Variable Social Media Marketing has a strong and significant influence on Customer Engagement. (2) Social Media Marketing has a moderate and significant influence on Brand Loyalty. (3) Customer Engagement has a strong and significant influence on Brand Loyalty. (4) There is a significant effect of the variable Social Media Marketing to Brand Loyalty through Customer Engagement.

Some suggestions which can be produced from this research: Caring Colours Martha Tilaar should focus on the activities that can improve the interactions on Facebook Page of Caring Colours, either the interaction between the fans and the brand or between the fans themselves by always replying to questions or comments on Facebook Page of Caring Colours. Caring Colours should also be able to reply to any questions or comments quickly, so fans do not feel ignored by Caring Colours. Another thing Caring Colours can do to boost the existing interaction on their Facebook Page is to create content that involves interaction with fans. Caring Colours should use other media to be able to build relationships with

their customers so that they become loyal. Because from the overall results of the sub-structure, it can be seen that building relationships through marketing activities by using social media will only lower the loyalty of the customers brand that became fans of Caring Colours on Facebook. Thus, if Caring Colours continue to use Facebook to build relationships with their customers, then the result will not be effective at all. Analyze and develop other factors that may affect the level of customer engagement and brand loyalty on Caring Colors Martha Tilaar. This is because social media marketing affects customer engagement only as much as 34.4%, so there are still 65.6% of other factors that affect customer engagement. Other than social media marketing and customer engagement which affects brand loyalty by 38.5% to 61.5%, there are still other factors that influence brand loyalty. Still the presence of other factors affecting brand loyalty means that other studies may be analyzing the matter further again.

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