

EFFECT OF SOCIAL MEDIA COMMUNICATIONS ON BRAND EQUITY AND DESIRE TO BUY: CASE STUDY OF TRAVEL UMROH NUR ISLAMIC JAKARTA

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ABSTRACT

This research analyzed the use of social media as a channel of communication between the company and consumers using Facebook, that can affect brand equity and consumer purchase intention. The unit of analysis is the NUR ISLAMIC located in Jakarta. Analysis was done by collecting data from questionnaire based on variables Firm-Created Communications, User-Generated Communication, Brand Equity, and Purchase Intention. The result of this research is that the variable Firm-Created Communication affecting Brand Equity variables, and variable User-Generated Communication affecting Brand Equity variables, variable Brand Equity affecting variable Purchase Intention as well. It was concluded, that all the variables have a connection and positive impact.

Keywords: User-created contents, firm-created contents, brand equity, purchase intention.

PRELIMINARY

The large amount of costs and waiting times to carry out the Hajj have caused the travel business to grow rapidly. Based on information from the Indonesian Ministry of Religion, the waiting time of 9 to 15 years for the departure of the pilgrimage trip according to the departure area causes many people to choose to be able to carry out the pilgrimage to the holy land. In a survey conducted by the Central Bureau of Statistics in collaboration with the Indonesian Internet Service Providers Association (APJII), it was revealed that the number of internet users in Indonesia in 2012 reached 63 million people or 24.23 percent of the country's total population. The evolution of the Internet and the web has made the web and the Internet function better. Web 2.0 allows blog creation and the use of social networks, so that user-created content is much higher than web 1.0. The functionality of web 2.0 has changed the way online shoppers conduct their transactions. Today, electronic commerce can be done via social media and allows us to reach more potential buyers.

NUR ISLAMIC travel agency obtained permission from the Ministry of Religion of the Republic of Indonesia, No. D/908 of 2011 and is a member of ASITA (Association of Indonesian Travel Companies) with member number NIA: 1445 / III / ASITA JAKARTA / 2011. Initially, NURUL ISLAMIC Travel Umrah did marketing by promoting as a sponsor for the INDOSIAR AKSI event (indosiar sahur academy) by collaborating with Abdel, a public figure, but the results that were expected were not achieved, this can be seen from the Umrah registrants who did not significantly improve either during promotion and after promotion at AKSI INDOSIAR (Indosiar Sahur Academy). The costs incurred during the promotion are very large but the results achieved are not as expected. In the sequel, NURUL ISLAMIC chose the promotion method via Facebook, and during his journey he managed to get as many as 1500 followers. This method was considered cheaper and easier to reach potential congregations. Marketing

activities through Facebook lead to two-way communication, social media platforms allow consumers to communicate with other consumers. This results in the company not being the main source of information (Li and Bernoff 2011). Marketing communications that were originally controlled and implemented by marketing managers are now gradually being shaped by consumers.

This is the main idea in this study. The company, in this case NUR ISLAMIC, must start thinking about how to properly promote, through social media communication on brand equity and consumer purchase intentions. This study is a modified replication of the research by Schinvinski and Dabrowski (2013).

RESEARCH PURPOSES

This study examines the effect of firm-created and user-created Facebook on brand equity and its effect on purchase intention, which includes:

1. Does the form of communication firm created communication with Facebook affect brand equity.
2. Does the form of user created communication with Facebook affect brand equity.
3. Does brand equity influence consumers' purchase intentions.

FRAMEWORK

Social media is a group of internet-based applications that build on the foundation of WEB 2.0 ideology and technology and which enable the creation and exchange of User generated Content (Kaplan and Haenlein, 2010). The advantage of social media is the ability to provide information in which the amount of information they allow to be transmitted in certain time intervals.

Companies that do not use social media as part of an on-line marketing strategy will lose opportunities to reach consumers, explore and use social media as a means of communication with consumers to bind loyal consumers, which includes shaping the consumer's perspective on a product, disseminating consumer information and learn from consumers (Brodie et.al., 2013).

Marketing

According to Elbert and Griffin, (2009) marketing is an activity of a series of institutions and processes of creating, connecting, presenting and offering more enhancements that provide value to consumers, clients, partners and the wider community. The definition of marketing according to (Kotler, 2000) is a social and managerial process in which individuals and groups get their needs and desires by creating, offering and exchanging products that are of value to one another.

Online Marketing

According to Mohammed, Fisher et.al, 2003, marketing through the internet (Internet Marketing) is the process of building and maintaining relationships with consumers through online activities to facilitate the exchange of ideas, products and services that can satisfy the goals of both parties.

Brand Equity

Brand equity is defined as the value of a brand, which itself has a function of high brand loyalty, perceived quality, brand awareness, strength of brand associations and includes assets and

organizational activities, including; trademarks, patents, advertisements and distribution channels (Kotler et.al., 2012).

Desire to Buy

Purchase intention is an attitude variable to measure the contribution of consumers to a brand in the future, where consumers with interest and the efforts and evaluations made will determine the choice of purchase intention. Morwitz et. al., (2007) defines purchase intention as a situation in which consumers are encouraged to buy products according to certain conditions. Intention and attitude are two different measures.

Marketing Influence

Marketing is a process in which companies create value for consumers and build strong relationships with the aim of capturing value from consumers in return (Kotler, 2008). In marketing, there is a strategy called the marketing mix which has an important role in influencing consumer interest in buying the goods or services offered and the success of marketing both product marketing and for marketing services in the market.

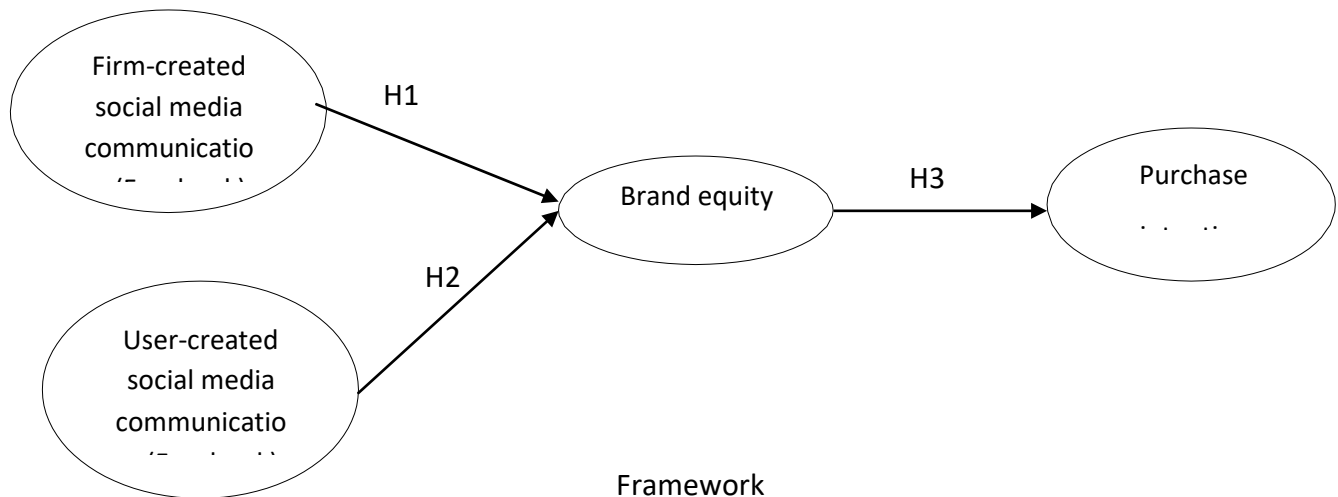
Online Marketing Effects

As a phenomenon that continues to develop, social media is a phenomenon that needs to be considered by marketing practitioners to exercise control in terms of brand management (Berthorn, 2007).

Firm created communication was created as a communication tool by companies to disseminate information about brands to the wider community so that it can lead to satisfaction with information from a particular brand. With the use of social media, the delivery of information about products and companies results in a two-way binding interaction between consumers and companies. User generated communication is communication that is written, made by users freely in accordance with their thoughts without being controlled by anyone regarding a brand and product that creates satisfaction with information about the brand or product.

Effect of Brand Equity

A high level of brand equity is known to lead to higher consumer preferences and purchase intentions of consumers (Cobb-Walgren et.al., 1995), high brand equity brings opportunities for resilience to competitor promotion pressures and the creation of competitive entry barriers (Farquhar , 1999). Bruhn et.al., (2012) examined the impact of communication using social media both by companies and by ordinary users compared to communication carried out by traditional media. The impact of communication from the two media is able to form brand equity. Previous research stated that high brand equity encourages the purchase of the same brand continuously (Yoo and Donthu 2001). Consumers with high levels of loyalty tend to buy more than consumers with medium level of loyalty or new customers (Yoo, Donthu and Lee 2000).



Hypothesis

Based on Schivinski and Dabrowski (2013), the study aims to see the influence of communication created by users and by companies on consumer-based brand equity and purchase intention metrics. Communication stimuli trigger positive effects on consumers as recipients. Therefore, brand communication is positively correlated with brand equity as long as the message leads to a satisfactory consumer reaction to the product compared to similar non-branded products (Yoo et.al., 2000). Therefore it is hypothesized that:

H-1. Firm-created social media communication (Facebook) has a positive and significant impact on brand equity.

Consumers consider online opinions to be as trustworthy as the brand's official website and newspaper articles (Li & Bernof, 2011). Some researchers also show that User generated content is an important means by which consumers get information about products or service quality (Chevalier & Mayzlin 2006; Riegner, 2007). User generated content is a strong reference for consumers when they make purchasing decisions. Thus, it is assumed that:

H-2. User-created social media communication (Facebook) has a positive and significant impact on brand equity.

Brand equity can affect consumer confidence in making purchase decisions (Simamora, 2002). Aaker (1997) states that brand equity creates value for both companies and consumers. Brand equity can be defined as the strength of a brand. According to Morgan (2000), from the company side, through a strong brand companies can manage their assets well, increase cash flow, expand market share, set premium prices, reduce promotional costs, increase sales, maintain stability and increase competitive advantage. Therefore it can be hypothesized that:

H-3. Brand equity has a positive and significant effect on purchase intention.

RESEARCH METHODOLOGY

Research design has a definition as a framework used in conducting a study. The research design provides a series of procedures required to obtain the information needed to structure and / or answer research problems (Malhotra, 2004). The research design used in this research is a one-time and one-place research which is used to determine the comparative relationship of several subjects to be studied with a sample of respondents through one data collection (Malhotra, 2004).

The study used a quantitative approach and non-random sampling where the sampling technique did not provide equal opportunities for every element or member of the population to be selected as samples (Coper and Schindler, 2011) the technique used was convenience sampling where sampling was carried out from NUR consumers ISLAMIC is the easiest to access and willing to be a respondent (Malhotra, 2004). Data collection used research instruments and quantitative analysis.

Research Model

In this study, researchers will use a research model that has been created by Schivinski and Dabrowski (2013). In their research, Schivinski and Dabrowski (2013) hypothesized that the form of communication on social media Facebook affects consumer-based brand equity and purchase intention.

Analysis of Structural Equation Model (SEM)

Analysis of the research model will be carried out using a two-step approach or “two-step approach” (Anderson & Gerbing, 1988; Wijanto, 2008), namely measurement model analysis and structural model analysis. SEM analysis will be carried out using LISREL 8.71 software.

a. Measurement Model Analysis

Perform measurement model analysis to confirm whether the observed variables contained in the model are reflections of latent variables. To confirm this, a CFA (Confirmatory Factor Analysis) was carried out which contained a fit test of the whole model, analysis of model validity and analysis of model reliability. Furthermore, to evaluate the validity of the observed variables (indicators) is done by looking at the standardized factor loading (SFL) of the observed variables. The following are the standards for good validity that will be used in this study. (Wijanto, 2008).

1. $t\text{-value} > 1.96$ or 2
2. Standardized factor loading (SFL) > 0.5

b. Structural Model Analysis

The second step is to perform a structural model analysis. In this analysis, a causal relationship between latent variables is described through a path diagram in accordance with the proposed model. The analysis was carried out by testing the significance of the relationship between the two latent variables of the study. A coefficient of the relationship path of the two latent research variables is said to be significant if the t -value of the coefficient is > 1.96 .

CLOSING

CONCLUSIONS AND RECOMMENDATIONS

Facebook NUR ISLAM is able to create communication with Facebook followers NUR ISLAM in the form of user-generated contents that trigger brand awareness where consumers are aware of the existence of a certain brand among various other Umrah travel services in the category of Umrah travel services, then consumers will be able to associate the brand function or image or also known as brand associations, so that a perceived quality will appear in the minds of consumers, the impression that Islamic NUR has certain quality shaping factors, either higher or lower than the brands other. It can be concluded that brand equity has a positive and significant effect on consumer purchase intentions. Based on this research, firm created content can help increase consumer awareness of brands. The marketing and media division of NUR ISLAM must be active and have a good pattern and schedule for posting promos and Umrah activities in order to attract more than 1500 followers and be able to present more interesting

contents. This study suggests that consumer perceptions can increase the desire to buy. Increasing consumer perception can be done by improving all aspects of the business. The NUR ISLAMIC media division can also use other social media such as: Instagram and tweeters as promotional media, so that the reach of the promotion will be even wider.

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