Social Media Marketing’s Influence on Customer Loyalty:  
A Case Study of Siloam Hospital

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Abstract: Rapid technological developments are affecting the intersection of life and the nation’s economy, disrupting the way humans interact and communicate. This change affects how economic activities are conducted, especially in marketing, where customer retention is the most crucial objective. This study thereby determines whether social media influences consumer loyalty by employing a quantitative approach with multiple regression. Data were collected by distributing questionnaires to 32 respondents who were inpatients at Siloam Hospital.

1 INTRODUCTION

The rapid development of technology has affected the intersection of life and national economy; it has also disrupted the way people communicate. The disruption of the way consumer information is distributed comes from the transition from print media to digital media. This transition has further modified the communication modes employed while socializing in the community. The Indonesian Association of Internet Service Providers reports that in 2017 the number of Internet users in Indonesia stood at 143.26 million users—an increase of 10 million users over 2016 (132.7 million users). It also indicated that the majority of Internet users have 72.41% more access to people in urban areas.

According to We Are Social, which produces reports on social media, there are now 130 million active social media users on various social media platforms in Indonesia. This change in how people consume new information affects how economic activities are performed, especially in the field of marketing, where creating customer loyalty to a brand is of primary importance. According to Park and Seo (2018), social media is defined as an online application program, platform, or media that ease interactions, joint work, or content sharing.

Social media has mostly been recognized as an effective mechanism, contributing to a company’s marketing goals and strategy, especially in customer engagement, customer relationship management, and communication (Fiolo, Lock, and Karg, 2015). Alongside the generalization of social media in the society, researchers have studied the use of social media in society by asking users why they use social media, how much time they spend using it, and how much social media do they use over a given period (Bolton et al., 2013). According to the 90-9-1 rule for the use of social media, 90% of social media users only display content, 9% use social media to add comments, and only 1% add new content. Further, social media users can be entered as active users.

Social media plays a vital role in a company’s marketing activities in terms of developing individual customer relationships, and it offers opportunities to reach customers (Kelly, Kerr, and Drennan, 2010). In the business environment, companies are expected to use social media in several aspects, particularly in interacting with customers, by facilitating information retrieval, interactivity, promotion, and manipulating customer’s purchasing behaviours (Zeng and Gerrissen, 2014).

Bennet S. reported that approximately 93% of companies had used innovative platforms and tools in their efforts to communicate with and serve their customers worldwide (http://www.adweek.com/digital/45-social-media-stats). With the increase of marketing with social
media in various sectors, a large amount of research has been conducted related to the activities of social media marketing (SMM); most of the research focuses exclusively on the effects of SMM on customer satisfaction or behavioural intent (Sano, 2015). Several studies have suggested that the degree of customer loyalty is often higher if they favoured the company image and reputation (Nguyen and Leblanc, 2001). Social media has attracted the attention of practitioners or researchers to have a better understanding regarding how such applications can be successfully implemented to improve both image and reputation (Billings, 2014; Hardin, 2014; Hutchins, 2014).

A need to learn more about the key requirements arises for a successful implementation of such technology. Further, the required amount of investment in such applications requires to be determined (Hutchins, 2014). In this respect, Hutchins has staunchly emphasized the importance of researching the role of social media in different contexts to expand existing knowledge of issues important in social media’s context (Hutchins, 2014).

Furthermore, the role of Facebook in improving customer loyalty was proven by Gamboa and Goncalves (2014). According to this research, Facebook fans of the Zara brand had a higher confidence level, were more satisfied, experienced a higher value, and accordingly expressed more loyalty to Zara than those who did not follow the brand on Facebook. In general, customer satisfaction is often defined and measured to reflect specific settings and levels determined by every aspect of the purchasing process (Czepiel and Rosenberg, 1977). Customer satisfaction was considered an essential element for achieving customer loyalty (Oliver, 1999; Zeithaml, Berry, and Parasaruman, 1996a). The research mentioned above background has led to this study, which researches the influence of SMM activities on customer loyalty.

2 LITERATURE REVIEW

2.1 SMM

According to Neti’s (2011) study, SMM consists of attempts to use social media to persuade consumers of a company to purchase its products or services. SMM is a type of marketing that uses online communities, social networking, and marketing blogs. Moreover, there are three advantages to SMM. First, SMM provides marketers with the ability to not only promote current products or services but also to address consumer complaints and suggestions. Second, SMM makes it easy for marketers to identify various peer groups or influencers among different groups. Third, the use of SMM can be said to have zero cost because most social networking sites are not paid. For these reasons, SMM can be used to improve customer loyalty (Neti, 2011).

The elements of social media are also discussed in several studies. Kim and Ko (2012) classify SMM features as entertainment, interaction, trend, personalization, and word-of-mouth advertising and apply these features to luxury brands. Sano (2014) employed research on applied interaction, trendiness, customization, and perceived risk as the four SMM components while researching on the tourism industry. Chang’s (2012) comparative study of the performance characteristics of each medium (e.g., portals, blogs, and SNS) lists customer participation, representation of information, unique differentiation, content compliance, use of information, and customer feedback as the characteristics of social media. Based on the previous studies, the SMM components are defined as entertainment, interaction, trends, personalization, and perceived risk for this study.

Entertainment can be defined as fun and play through social media (Agichtein, Donato Castillo, and Gionis, 2008). Some people use social media as their entertainment. Virtual communities exist to further this interest (Bagozzi and Dholakia, 2002; Manthiou, Chiang, and Liang (Rebecca) Tang, 2013). Virtual communities also include space for consumers to discuss and exchange ideas, and interactions through social media provide insight regarding the users who contribute to these platforms, which are usually associated with specific brands. These users meet in cyberspace and discuss specific products and/or brands (Muntinga, Moorman, and Smit, 2011). Moreover, virtual communities offer the latest news and information, making it a tool for users to search for the most practical products (Naaman, Becker, and Gravano, 2011). Consumers tend to trust information obtained through social media rather than through advertising involved in marketing or promotional activities. Therefore, there is confidence in the different types of social media that offer the latest product information (Mangold and Faulds, 2009). The trend is, therefore defined as providing the latest information about products or services (Godey et al., 2016).
The level of adaptation indicates what new changes satisfy customer’s needs (Schmenner, 1986). Customization in social media is derived on the basis of contact with individual users. This custom is a vast difference between social media and conventional advertising. It is possible to provide customers with individually optimized information generated by different sources. This practice is used as a strategy to reinforce customer satisfaction (Ding and Keh, 2016). Marketing through social media is also a tool for companies to communicate the uniqueness of their brands and for consumers to indicate their preferences and loyalty to specific brands (Martin and Todorov, 2010).

Previous research has identified the uncertainty associated with consumer behaviour as a perceived risk (Bauer, 1960). However, social media reduces the uncertainty of this perceived risk because it allows consumers to connect with companies and check for new information (Sano, 2014). The perceived risk is selected as an SMM component mainly due to social media’s ability to reduce anxiety or concerns felt by consumers.

2.2 Customer Satisfaction

Generally, customer satisfaction is often defined and measured by using specific settings, and the level of satisfaction is determined by examining every aspect of purchasing and consumption process (Czepiel and Rosenberg, 1977). In the context of intercity bus services, purchase decision and service provision are the two customer satisfaction elements that can be used to measure the extent to which passenger expectations have been met. Purchasing decision satisfaction refers to the evaluation of how well passengers are satisfied with their decision to choose a particular company. In contrast, customer satisfaction with the service is related to the evaluation of how well passengers are satisfied with the services provided by the company. Customer satisfaction is thereby considered as an essential element for maintaining customer loyalty (Oliver, 1999; Zeithaml, Berry, and Parasuraman, 1996a).

2.3 Customer Loyalty

Customer loyalty includes their buyback intentions (behavioural loyalty) and their positive experiences and willingness to retain old customers and attract new customers in the services sector. They can recommend a particular company’s services and products to others (attitudinal loyalty) (Zeithaml, Berry, and Parasuraman, 1996b). These desirable behaviours and attitudes represent two essential aspects of customer loyalty (Mandhachitara and Poolthong, 2011; Martínez and Rodríguez del Bosque, 2013). The research model is explained in the figure below (Fig.1):

![Figure 1: Research Model.](image)

3 METHOD

The statistical package SPSS 19 was employed to test and analyze the hypothesized relationships of the research model. A questionnaire survey with a total of 22 items was employed to collect data from customers of Siloam Hospital.

3.1 Sample Design

The questionnaire used in this study was developed based on a literature review; it examined the SMM of Premier Hospital concerning five marketing activities, namely, entertainment, interaction, trendiness, customization, and perceived risk. The survey also rated customer satisfaction for decision satisfaction and service satisfaction. Customer loyalty was rated for behavioral loyalty and attitudinal loyalty.
Table 1: Sample Design Table.

| Concept       | Variable | Item                                                                 |
|---------------|----------|----------------------------------------------------------------------|
| SMM Activity  | Entertainment | 1. This hospital’s social media platforms are fun.  
|               |           | 2. The content shared by the social media platforms of this hospital is enjoyable. |
|               | Interaction | 1. It is possible to share information on the social media platforms of this hospital.  
|               |           | 2. Discussion and exchange of opinions are possible on the social media platforms of this hospital.  
|               |           | 3. Expressing opinions is accessible on the social media of this hospital. |
|               | Trendiness | 1. The information that is shared on this hospital’s social media is current.  
|               |           | 2. The use of social media by this hospital is in fashion. |
|               | Customization | 1. I can find the information that I need on this hospital’s social media platforms.  
|               |           | 2. This hospital’s social media platforms provided the information I needed. |
|               | Perceived Risk | 1. This hospital’s social media has taken away my concern(s) about the hospital’s service.  
|               |           | 2. This hospital’s social media has alleviated my concern(s) about the use of the hospital. |
| Customer Satisfaction | Decision Satisfaction | 1. I have always had a satisfactory experience with this company.  
|               |           | 2. I think choosing this company is the right decision. |
|               | Service Satisfaction | 1. The services of this company always meet my needs.  
|               |           | 2. I love the services of this company.  
|               |           | 3. In general, I am satisfied with the services of this company. |
| Customer Loyalty | Behavioural Loyalty (Customer Repurchase Intention) | 1. I am a loyal customer of this company.  
|               |           | 2. I intend to remain a customer of this company  
|               |           | 3. This company was my first choice when I needed hospitalization. |
|               | Attitudinal Loyalty (Positive Tendency And Willingness To Recommend Companies) | 1. I will probably say positive things about this hospital.  
|               |           | 2. I will recommend this hospital to my relatives and friends.  
|               |           | 3. I will recommend this hospital if asked by others. |

4 RESULTS AND DISCUSSION

4.1 Respondent Characteristics

4.1.1 Gender

This study consisted of 32 respondents (18 women and 14 men).

4.1.2 Age

Of all, 12 respondents of the research were between 20 and 25 years old. Ten respondents were <20 years old; 7 respondents were 26–30 years old, two respondents were 31–35 years and one respondent was >35 years old. This research notably consisted of young respondents of this hospital.

4.1.3 Education

Based on the information provided by the respondents concerning their formal education, the majority of the respondents had a high school education; and the remainder of the respondents had advanced degrees. With seven respondents had completed their degree courses, five respondents had completed their diploma courses, and at least four respondents had completed their masters.
4.2 Social Media Components

4.2.1 Entertainment Dimension

The table exhibits that the average ratings the respondents gave to the entertainment component ranged from 4.25 to 4.28. Based on these ratings, the mean value was considered to be high; this displays that the respondents did not experience lack of entertainment while communicating with hospital social media platforms.

Table 2: The average ratings to entertainment dimension.

| No. | Indicator                                                                 | Mean  | Rating |
|-----|---------------------------------------------------------------------------|-------|--------|
| 1.  | I am delighted when interacting with the hospital’s social media platforms. | 4.25  | High   |
| 2.  | I enjoy all the content shared on this hospital’s social media platforms.   | 4.28  | High   |

4.2.2 Interaction Dimension

In the table, all the indicators have high ratings, with response No. 1 receiving the highest rating. With a mean value of 4.66, the respondents agreed that “This hospital’s social media platforms allow me to share information.” Because mean on this question is higher than on other indicators, this indicates that social media is the medium of communication that can increase information sharing among consumers.

Table 3: The average ratings to social media platforms.

| No. | Indicator                                                                 | Mean  | Rating |
|-----|---------------------------------------------------------------------------|-------|--------|
| 1.  | This hospital’s social media platforms allow me to share information.     | 4.66  | High   |
| 2.  | Access to this hospital’s social media platforms allows me to discuss and share information related to health. | 4.41  | High   |

4.2.3 Trendiness Dimension

The abovementioned table represents that the mean of all indicators is high in this category. The highest value is obtained for No. 1; with its mean value 4.66, the respondents said: “In my opinion, the information shared through this hospital’s social media is up to date.” Because the mean value of No. 1 is higher than other indicators, it suggests that the interaction in the high social media is the medium of communication that can increase sharing information to each other.

Table 4: The average ratings to trendiness dimension.

| No. | Indicator                                                                 | Mean  | Rating |
|-----|---------------------------------------------------------------------------|-------|--------|
| 1.  | In my opinion, the information shared through this hospital’s social media is up to date. | 4.66  | High   |
| 2.  | Access to the hospital’s social media is part of my lifestyle.            | 3.75  | High   |

4.2.4 Customization Dimension

The abovementioned table’s indicator means are ranked high, with No. 1’s rating being the highest. The respondents gave “I can find the information I need on this hospital’s social media.” mean value of 4.53. Because the mean value of this question is higher than other indicators, it suggests that customization of the hospital’s social media platforms, as the medium of communication, enables sharing of any health-related information.

Table 5: The average ratings to the customization dimension.

| No. | Indicator                                                                 | Mean  | Rating |
|-----|---------------------------------------------------------------------------|-------|--------|
| 1.  | I can find the information I need on this hospital’s social media.         | 4.53  | High   |
| 2.  | Social media platforms of this hospital provide information that I need.   | 4.44  | High   |
4.2.5 Perceived Risk Dimension

Table 6: The average ratings to perceived risk dimension.

| No. | Indicator                                                                 | Mean | Rating |
|-----|---------------------------------------------------------------------------|------|--------|
| 1.  | The information I need, I can find on social media this hospital          | 4.09 | Tallish|
| 2.  | Social media this hospital provides information I need                    | 4.22 | Tallish|

The table above shows that the average level of the respondents. The results indicated that the dimensions of entertainment ranged from 4.09 until 4.22. Based on the categories, its mean value shows are in the category, somewhat high this shows that the respondents did not reflect fell low-risk perception on while communicating with hospital social media.

4.2.6 Decision Satisfaction Dimension

Table 7: The average ratings to satisfaction dimension.

| No. | Indicator                                                                 | Mean | Rating |
|-----|---------------------------------------------------------------------------|------|--------|
| 1.  | I always have a satisfying experience at this hospital.                   | 4.41 | High   |
| 2.  | I chose this hospital because I think this is the right choice.           | 4.44 | High   |

This table displays that the mean values of all indicators are rated high, with indicator No. 2 having the highest mean. The respondents said, “I chose this hospital because I think this is a good choice.” They gave it a mean value of 4.44. The mean value of this question is higher than on other indicators. It can be concluded that respondents were satisfied with their decision of choosing this hospital.

4.2.7 Service Satisfaction Dimension

Table 8: The average ratings to service satisfaction dimension.

| No. | Indicator                                                                 | Mean | Rating |
|-----|---------------------------------------------------------------------------|------|--------|
| 1.  | Services at this hospital always meet my needs.                          | 4.31 | Tallish|
| 2.  | I love the services provided in this hospital.                           | 4.34 | High   |
| 3.  | On the whole, I am satisfied with the services provided by this hospital.| 4.44 | High   |

This table suggests that the mean values of two indicators within the table are rated high, and one indicator is tallish. No. 3 has the highest mean value, 4.44. The respondents said, “On the whole, I am satisfied with the services provided by this hospital.” Because the mean value for this question is higher than the other indicators, it suggests that the respondents’ are satisfied with the service of the hospital.

4.2.8 Behavioral Loyalty Dimension

Table 9: The average ratings to behavioral loyalty.

| No. | Indicator                                                                 | Mean | Rating |
|-----|---------------------------------------------------------------------------|------|--------|
| 1.  | I was a loyal customer to this hospital.                                  | 4.09 | Tallish|
| 2.  | I will always be a customer of this hospital.                            | 3.88 | Tallish|
| 3.  | This hospital is my first choice when I need a hospital.                 | 4.03 | Tallish|

This table shows that the average mean values of the indicators ranged from 3.88 to 4.09. These mean values are somewhat high; this shows that the respondents did not choose the hospital as their first choice just because of the hospital’s social media platforms.
4.2.9 Attitudinal Loyalty Dimension

Table 10: The average ratings to attitudinal loyalty.

| No. | Indicator                                                                 | Mean Rating |
|-----|---------------------------------------------------------------------------|-------------|
| 1.  | I will make positive comments about this hospital.                        | 4.66        |
| 2.  | I would recommend this hospital to my family members and relatives.       | 4.59        |
| 3.  | I would recommend the hospital to others.                                 | 4.66        |

This table suggests the mean values of all indicators of willingness to recommend the hospital are high while No. 1 and No. 3 share the highest value (4.66). No. 1 indicates that the respondents were willing to make positive comments about the hospital, and No. 3 indicates that they will recommend it to others. Because the mean value of this question is higher than on other indicators, it indicates that the respondents will provide positive feedback for the hospital’s social media platforms.

The table mentioned below tests the hypothesis of the influence of social media on customer loyalty.

Table 11: The test of hypothesis.

| Description | Coef. Regression | R² | T Score | Sig. | Hypothesis |
|-------------|------------------|----|---------|------|------------|
| SMM Influence on Customer Loyalty | 0.712 | 0.50 | 5.56 | .000 | ACCEPTED |

Significance score at 0.000 below 0.05 and score of t calculation > t table, 5.56>1.659. The study thereby concludes that SMM influences customer loyalty. R² score exhibits that SMM influences customer loyalty (50.8%); however, customer loyalty is also affected by the other’s factor such as a discount, reward, consumer behaviour, and product price (49.2%).

5 CONCLUSION

This study understands the influence of SMM on customer loyalty. On the basis of the analysis of this study, we can conclude the following social media does influence customer loyalty; this exhibits that the use of social media has aided in maintaining consumer. Further, R² score reveals that SMM influenced customer loyalty (50.8%), and other factors such as discount, reward, consumer behavior, and product price also influenced customer loyalty (49.2%).

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