The Impact of Social Media Marketing Medium Toward Purchase Intention and Brand Loyalty Among Generation Y

Bamini KPD Balakrishnan*, Mohd Irwan Dahnil, Wong Jiunn Yi

School of Business and Economics, Universiti Malaysia Sabah, 88400 Malaysia

Abstract

Social media has become the modus operandi of the 21st century. Building on the foundation of Web 2.0, social media applications have facilitated unprecedented growth in human interaction in modern times. This study attempts to study the impact of social media marketing medium toward brand loyalty and purchase intention in Generation Y. Surveys are conducted randomly and questionnaire distributed to undergraduate students of Malaysian universities. Two Hundred questionnaires were distributed with 75 percent response rate. Two propositions and three hypotheses were developed and tested using mean and regression analysis. The result indicated that the online marketing communications, specifically, E-WOM, online communities and online advertisement are effective in promoting brand loyalty and product purchase intention through company website and social media platforms. These finding indicate to marketing managers that social media marketing medium has become an important marketing tool to reach emerging younger generation consumers. It also indicates that cyber world play an important role in modern marketing, enabling marketers to reach customers faster and more efficiently. This research provides a guideline for global brand players in considering applying social media marketing activities to promote their product, and brand.

Keywords: Brand Loyalty; purchase intention; E-WOM; online advertisement; online communities

1. Introduction

Notably, social media usage is being increasingly embraced by Generation Y “Boomerang Kids” (Beresford Research, 2009; Kaplan & Haenlein, 2010) The world has changed dramatically since the dawn of the Internet, moving from one where a destination could create a web page and use it in the same fashion as one might an online brochure; to one where users generate their own content. The study of social media in the context of
destination entities is evolving as researchers seek to better understand what travellers expect and how they behave in the environment of Web 2.0. In effect, our platform for sharing has shifted from one where individuals meet primarily face-to-face to one where people meet online using technology.

Thus social media becomes a hub for market intelligence as marketers begin to understand consumer’s purchasing behaviour and gain insight as to why consumers feel the way that they do about certain brands (Rockendorf, 2011). These opportunities allow the marketer to create dialogue with the consumer, fine tune the marketing message and maintain the brand’s presence in online market places (Evans and McKee, 2010).

This article examines the role of online advertisement, online communities, and E-wom influencing consumer’s brand loyalty and intentions to purchase. The remainder of the paper is organized as follows. In section 2 there will be literature review, section 3 describes the theoretical framework highlighting research questions and hypotheses, section 4 explains the research methodologies used in the study followed by presentation of results and analysis. Finally, the paper is concluded with a discussion, limitation of the study and description of future work in Section 5.

2. Literature review

Word of Mouth is the powerful tool to influence people and also can influence their buying behavior. This can be proved according to (Richins & Root-Shaffer, 1998) stated that Word of Mouth has been shown to play major role for customers’ buying decisions. According to Hennig-Thurau et al. (2004, 39) define online Word of Mouth as being: “Any positive or negative statement made by potential, actual, or former customers about the product or company which is made available to a multitude of people and institutions via the internet”. While as consumers are increasingly using the Internet and social media tools such as Facebook, Twitter, Blog, Flickr, and so on. According to Cheung et al. (2008) more and more consumers use Web 2.0 tools such as online discussion forums, consumer review sites, weblogs, and social network sites to exchange product information. Online Word of Mouth can provide the opportunity to consumers to read other consumers’ consumption opinions and experiences as well as write contributions by themselves.

Forum are online communities formed around a specific interest (Pitta and Fowler, 2005; 266) and are usually divided into specific topic areas. For the product information, they can post their opinion whether they satisfied after they consume the product. Within each area, users can start forum threads about different topics, and these threads can continues for years, allowing newcomers to read the previous communication within the forum and learn from wider knowledge base (Pitta and Fowler, 2005; 265).

Online advertisement works very quickly given the fact that the day that one gets started is the same day that results manifest. There is basically neither waiting period nor long startup process. Once an entrepreneur is ready to get started, he/she can very easily launch a successful advertisement promotion on a number of channels.

Loyalty is a core dimension of brand equity. Aaker (1991, p. 39) defines brand loyalty as the attachment that a customer has to a brand. Grembler and Brown (1996) describe different levels of loyalty. Behavioural loyalty is linked to consumer behaviour in the marketplace that can be indicated by number of repeated purchases (Keller 1998) or commitment to rebuy the brand as a primary choice (Oliver 1997, 1999). Cognitive loyalty which means that a brand comes up first in a consumers’ mind, when the need to make a purchase decision arises, that is the consumers’ first choice.

While purchase intention referred to the subjective judgment by the consumers that is reflected after general evaluation to buy products or services (Hsu, 1987; Dodds et al., 1991; Blackwell et al., 2001 and Shao et al, 2004). There is several meaning from the statement, which is: (1) consumer willingness to consider buying, (2) buying intention in the future, (3) decision repurchase. Other than that, purchase intentions refer to the degree of perceptual conviction of a customer to purchase a particular product (or service).

2.1 The Relationship Between Brand Loyalty and Online Word of Mouth (E-WOM)

Shi Nia, stated “brand loyalty exerts a decreasing incremental effect on positive eWOM intention. In addition,
satisfaction has an increasing incremental effect on brand loyalty. The linear relationship proposed in the model is also supported by the results. Community commitment is confirmed to have a linear and positive effect on brand loyalty”.

2.2 Brand Loyalty and Online Advertising

Anita Agrawal and Siddharth, “advertising becomes an excessively important aspect for producing brand loyalties. The internet gives the chance to the e-marketer to increase sales by capitalizing on brand loyalist of other companies by advertising and creating relations on other loyalist eccentric websites (cited in Leland Harden, & Bob Heyman, 2009: 196). The volume of revenue expenditure for such internet advertisement is burgeoning every year.

2.3 Brand Loyalty and Online Communities

As online communities continue to grow in media market, Niels Kornum stated, “the analysis shows that online brand communities are able to build brand loyalty. The process of brand loyalty creation involves several variables amongst which are brand attachment and community commitment. Community members’ commitment to the community results in additional attachment to the brand around which the community is centered and ultimately leads to repurchase intention and positive word of mouth. Another variable, identification with the community, is found to be a precursor of community commitment and further has an indirect effect on brand attachment through psychological sense of brand community”.

2.4 Purchase Intention and E-WOM

E-WOM has a significant effect on purchase intentions regardless of the type of virtual communities. Explained Tseng, Kuo, and Chen in their study, which also stated that, “E-WOM was found to play a very important role on purchase intentions. Furthermore, this study found that positive E-WOM is positively related to purchase intentions and has a greater effect on purchase intentions than ads. The findings suggest that firms should encourage members to share their knowledge or experience rather than just posting ads, especially in non-transaction virtual communities. In addition, low-involvement ads have negative effects in virtual communities, so firms should design high-involvement ads, such as virtual props, blogs, and rich media, to attract the attention of potential customers”.

2.5 Purchase Intention and Online Advertising

Mohammed and Alkubise in their study among the Jordanian university students that stated, “With the increased adoption ad fission of the Internet, World Wide Web is becoming gradually a standard advertisement platform. The Web is offering business advertisement world with more rich media tools, interactive services, and global reach. In an effort to explore the factors that affect online advertisement effectiveness, this paper investigate the factors that influence online advertisement and hence the purchasing intention among Jordanian university students. These findings can help business understand what matters more for a young country of consumer in a developing country context. Thus, business can develop more effective online advertisement campaigns”.

2.6 Purchase Intention and Online Communities

“Online social networking refers to the socialization activities that occur in the online environment when Internet users group together to form online relationship,” said Haron’s and Razzaque’s in their study. The emergence of these virtual communities provides platforms for online consumers to share and exchange ideas,
views and product/service related information. This opens huge opportunities for retailers especially those operating their businesses online. This paper suggests that online consumers can develop online trust from their interactions in the virtual communities. Online retailers should take up the opportunity to understand their online customers better by investing and engaging in virtual communities on their website. Immediate customers’ feedback and recommendation can be monitored more closely and the role of online participation should be seen as crucial in helping online marketers to effectively design their marketing strategies to capture larger market share”.

3. Research framework and methodology

In this section we describe the research framework. Figure 1 indicates the relationship in between E-WOM, Online Advertisement, and Online Communities toward Purchase Intention and Brand Loyalty.

4. Hypothesis

H1: Social Media Marketing Mediums have positive significant impact on purchase intention of generation Y.

H1a. Electronic word of mouth has positive impact on purchase intention.

H1b. Online Communities has positive impact on purchase intention.

H1c. Online Advertisement has positive impact on purchase intention.

H2: Social Media Marketing Mediums have positive significant impact on brand loyalty of generation Y.

H2a. Electronic word of mouth has positive impact on brand loyalty.

H2b. Online Communities has positive impact on brand loyalty.

H2c. Online Advertisement has positive impact on brand loyalty.

Samples of undergraduate students representing the population of generation Y in Malaysia are collected. The questionnaire was administered to a convenience sample of 200 students at Universiti Malaysia Sabah. The questionnaires were distributed to undergraduate students in university dormitories. They were asked to complete the survey in questionnaire. The subjects were given as much time as needed to complete the questionnaire. The
respondents asked to rank their reaction of brand loyalty and purchase intention towards the effects of E-WOM, online advertisement, and online communities, by responding to a 5-point scales as well as categorical questions. The scale ranges from (1= Strongly Disagree 2= Disagree 3= Neutral 4= Agree 5=Strongly Agree).

There are three parts in the questionnaires; Section (1) questions the Internet availability and medium to connect to the Internet. Section (2) Impact of social media marketing medium, which are electronic word of mouth, online communities, and online advertisement on Purchase Intention. Section (3) Impact of social media marketing medium, which are electronic word of mouth, online communities, and online advertisement on Brand Loyalty.

5. Result and findings

Table 1 explains how does respondents access to the Internet. The results showed that most respondents use personal computer to access to the Internet with 66%. (n=99)

Table 1. How does respondent access to the Internet?

| Access to Internet          | Percentage |
|----------------------------|------------|
| Personal Computer          | 66% (n=99) |
| Computer at work           | 1.3% (n=2) |
| Internet Café              | 3.3% (n=5) |
| Mobile Hand Phone          | 10.7% (n=16) |
| More than 2                | 18.7% (n=28) |

Table 2 shows how many hours respondents spent on the internet. The result showed that most of the respondents spent 1-4 hours on the Internet per week with 36.7%. (n=55)

Table 2. Hours spent per week on the Internet.

| Hours Spend on the Internet | Percentage |
|-----------------------------|------------|
| 1-4 Hours                   | 36.7% (n=55) |
| 5-10 Hours                  | 23.3% (n=35) |
| 10-20 Hours                 | 18% (n=27) |
| 20-40 Hours                 | 12% (n=18) |
| More than 40 Hours          | 12% (n=18) |
| Not at all                  | 2% (n=3) |

Table 3 shows top reasons why respondents use the Internet. The result showed that there are more than two reasons for respondents to use the Internet with 80%. (n=120) Table 4 shows the reason respondents did not participate any online brand communities. The result showed that the most respondents participated in online brand communities, thus directing to next question, with 91%. (n=136)

Table 3. Top reasons respondents use the Internet.

| Reasons using the Internet      | Percentage |
|--------------------------------|------------|
| Social network                 | 10% (n=15) |
| Research and General Information| 7.3 (n=11) |
| Internet banking               | 0.7% (n=1) |
| Entertainment                  | 2% (n=3) |
More than 2
80% (n=120)

| Reasons did not participate any online brand communities |
|----------------------------------------------------------|
| I don't feel comfortable to post my opinion and thoughts  | 2% (n=3) |
| I’m not interested                                        | 5% (n=8) |
| Prefer physical face-to-face discussion                   | 0.7% (n=1) |
| Other reason                                              | 1.3% (n=2) |
| Missing (Directed to next question)                       | 91% (n=136) |

Table 5 explains the reliability analysis using the indication of Cronbach’s Alpha for the five variables of study. The first variable is purchase intentions and the reliability was 0.864 on Cronbach’s Alpha assessment. Second variable is brand loyalty and the reliability test was 0.876, which indicate that the questions are accepted. For the third variable, the reliability test for online communities was 0.854. Fourth variable was Electronic Word of Mouth (E-WOM) and the reliability test was 0.820. Finally, fifth variable which is online advertisement and the reliability test was 0.856. These variables show that the reliability analysis exceeding 0.6 and these variables are valid and reliable for further statistical analysis.

Table 6 explains the five variables based on a point scale with total mean score for each variable. The result show the impact of Social Media Marketing on Purchase Intentions is 3.2422. This finding shows that respondents have positive attitudes but almost being neutral that social media marketing can create the purchase intentions. The mean for brand loyalty is 3.3472. For the online communities, total mean score is 3.238. Online word of mouth total mean score is 3.379 and online advertising total mean score is 3.2658. All of these variables has almost the same number of total mean score indicating the respondent are being neutral.

Table 7. The Regression model on purchase intentions and brand loyalty with Online Communities, E-WOM, and Online Advertising

| Model 1. The impact model relationship of online communities, E-WOM and online advertising with Purchase Intention |
|----------------------------------------------------------------------------------------------------------------|
| Variable                          | B     | T      | Sig   | Hypothesis     |
|-----------------------------------|-------|--------|-------|----------------|
| Constant                          | -.017 | -1.53  |       |                |
| Online Communities                | .419  | 10.170*| 0.000 | NOT REJECTED   |
| E-WOM                             | .283  | 7.630* | 0.000 | NOT REJECTED   |
| Online Advertising                | .289  | 7.057* | 0.000 | NOT REJECTED   |
The regression models are presented in Table 7. * indicate significance at 0.01 respectively for results in Model 1 and Model 2. Model 1 shows the impact model relationship of online communities, E-WOM, and online advertising with Purchase intentions and model 2 show the impact of these three independent variables with Brand loyalty. Purchase intentions and brand loyalty is the dependent variable and this regression model is to show the relationship these dependent variables to independent variables. These two model shows the positive t – value. For Model 1, all of three independent variables have relationship with purchase intentions but the most influence is online communities with 10.170 and the significance is 0.01. Table two also show the same result which independent variables has influence to brand loyalty but the most influence is E-WOM with significance 0.01. In short, purchase intentions and brand loyalty have positively related to online communities, E-WOM, and online advertisement in social media marketing. In other words, all of the hypothesis is not rejected.

Model 2. The impact model relationship of online communities, E-WOM and online advertising with Brand Loyalty

| Variable             | B   | T    | Sig   | Hypothesis       |
|----------------------|-----|------|-------|------------------|
| Constant             | 0.19| .165 |       |                  |
| Online Communities   | .248| 5.979*| 0.000 | NOT REJECTED     |
| E-WOM                | .383| 10.234*| 0.000 | NOT REJECTED     |
| Online Advertising   | .377| 9.139*| 0.000 | NOT REJECTED     |
| R                    | .928|      |       |                  |
| R2                   | .860|      |       |                  |
| SIG F CHANGE         | 0.000|     |       |                  |

6. Conclusion, limitation and future improvement of the research

Based on the results we have obtained, we can conclude that all the objectives of the study are achieved. The online marketing communications, specifically, E-WOM, Online Communities and Online Advertisement are effective in promoting brand and product through company website and social media platforms. Meanwhile, the respondent which is the UMS students are interested in engaging and giving their feedback on product through social media marketing medium to increase purchase intentions. The different of income level could be much more precise as it is one of the factors of buying powers among consumers, future research could target working generation Y as target audience.

This study is subjected to few limitations. Firstly, due to time constraints, the data collected focused mainly among students in Universiti Malaysia Sabah. This directly leads to the second limitation, limited respondents that represent Generation Y as a whole. The sample of population considered as narrow since the research was carried out inside the university only. This research is based on the experience of the respondents and answering a close-ended questionnaire rather than a stimulus based experimentation, which gives more room for research reliability.

Furthermore, the study that we carried out is generalized. Future research can be done by emerged a particular or few organizations to identify their impacts of social media marketing through Generation Y as a result.

References

Aaker, D (1991), Managing Brand Equity: Capitalizing on the Value of a Brand Name, Free Press, New York, NY.
Aaker, D (1993), * "Are brand equity investments really worthwhile?", in Aaker D.A. and Biel, A. (Eds), Brand Equity and Advertising; Advertising's Role in Building Strong Brands, Erlbaum, Hillsdale, NJ, pp. 333-41.
Aaker, D (1996), Building Strong Brands, Free Press, New York, NY, p. 150.
Abubakar, M. A. (2012). Impact of IT on business: eWOM and the Three W’s (Who, Why, and What). Eastern Mediterranean University. Dissertations and Theses.

Gordon, G. L., di Benedetto A. C., Calantone R. J. (1994) Brand equity as an evolutionary process. The Journal of Brand Management 2(1): pp. 47-56.

Baltas, G. Determinants of Internet advertising effectiveness: an empirical study. International Journal of Market Research, 45, 4, 2003, 505–513.

Beresford Research. (2009). Use of online social networks: Results of U.S. user survey. Retrieved from: http://beresfordresearch.com/beresfordtest/pdfdocuments/Use%20of%20Online%20Social%20Networks%20White%20Paper%20(Beresford%20Research).pdf Accessed the 13th of March, 2011, at 10:00.

Brian J.W. (2011). Online Communities: Influence on Members Brand Loyalty and Purchase Intent. Southern Illinois University Carbondale. Research Paper.

Chandon, J. L., Chtourou, M. S., and Fortin, D. R. Effects of configuration and exposure levels on responses to web advertisements. Journal of Advertising Research, 43, 2, 2003, 217–229.

Cheung, C.M.K, Chan, M.K.O., & Rabjohn, N. (2008). The impact of electronic word-of-mouth, Internet research, 18(3), p. 229.

Cheung, C.M.K., Chan, G.W.W., & Limayem, M (2005). A Critical Review of Consumer Behavior and Electronic Commerce. Journal of Electronic Commerce in Organizations, 3(4), p. 1-19.

Cheung, M., Luo, C., Sia, C, and Chen, H., 2009, “Credibility of electronic word-of-mouth: Informational and Normative determinants of online consumer recommendations,” International Journal of Electronic Commerce, Vol. 13, No.4, pp. 9-38.

Collis, J. and Hussey, R., 2003. Business Research: A practical guide for undergraduate and postgraduate students. 2nd ed. New York: Palgrave Macmillan.

Collis, J. and Hussey, R., 2009. Business Research: A practical guide for undergraduate and postgraduate students. 3rd ed. New York: Palgrave Macmillan.

Davis, F. D. Perceived usefulness, perceived ease of use, and user acceptance of information technology. MIS Quarterly, 13, 3, 1989, 318–339.

Dreze, X., and Hussherr, F. X. Internet advertising: is anybody watching? Journal of Interactive Marketing, 17, 4, 2003, 8–23.

Evans, D. and McKee, J., 2010. Social Media Marketing: The Next Generation of Business Engagement. Indiana: John Wiley and Sons.

Evans, J.R., 2007. Statistics, data analysis and decision modelling.3rd ed. New Jersey: Pearson Prentice Hall.

Evans, L., 2010. Social Media Marketing: Strategies for Engaging in Facebook, Twitter & Other Social Media. Que.

Facebook. (2013). Press room: Statistics. http://newsroom.fb.com/Key-Facts Accessed the 28th of March 2013, at 14:45.

Goldsmith, R.E., Lafferty, B.A, &Newell, S.J (2000). "The impact of corporate credibility on consumer reaction to advertisement and brands (Electronic Version)". 29(3), 43-55.

Gremler, D. and Brown S.W. (1996) The loyalty ripple effect: appreciating the full value of customers, International Journal of Service Industry Management 10(3): 271-93

Grondin, B. (2003). A framework of E-loyalty levers. Concordia University (Canada). ProQuest Dissertations and Theses, , 80 p. Retrieved from http://search.proquest.com/docview/305294966?accountid=11440

Hoyer, W.D and Brown S.P. (1990) Effects of brand awareness on choice for a common, repeatpurchase product. Journal of Consumer Research. 17(September): 141-8.

Hsu, Shih C. (1987). English of Management. Tunghua Publishing Co., LTD. Retrieved from http://www.amsreview.org/articles/mcquitty10-2000.pdf.

Kamakura, A. W. and Russell G. J. (1993) Measuring brand value with scanner data. International Journal of Research in Marketing 10(March): 9-22.

Kaplan, A.M. & Haenlein, M. (2010). Users of the world, unite! The challenges and opportunities of Social Media. Business Horizons, Vol. 53, No.1, pp.59-68.

Keller, K.L. (1998) Strategic Brand Management: Building, Measuring and Managing Brand Equity. Upper Saddle River NJ: Prentice Hall Leedy, P.D. and Ormrod, J.E., 2005. Practical Research: Planning and Design. 9th ed. New Jersey: Pearson Prentice Hall.

Leuthesser, Lance. (1988) Defining, measuring and managing brand equity: A conference summary. Report #88-104, Cambridge, MA: Marketing Science Institute.

Lohtia, R., Donthu, N., and Yaveroglu, I. Evaluating the efficiency of Internet banner advertisements. Journal of Business Research, 60, 2007, 365–370.

Lohtia, R., Donthu, N., and Hershberger, E. K. The impact of content and design elements on banner advertising click-through rates. Journal of Advertising Research, 43, 4, 2003, 410–418.

Neuberger, C., Tonnemacher, J., Biebl, M. & Duck, A. (1998).Online: the future of newspapers? Retrieved August 10, 2010, fromhttp://jmc.indiana.edu/vol4/issue1/neuberger.html#ABSTRACT

Niedermier, K.E. and Pierson, C. (2010) ‘The Impact of Type-In Interactivity and Content Consistency of Internet Ads on Brand and Message Recall’, International Journal of Integrated Marketing Communications, 2(2), pp. 61-68.

Rodgers, S. Thorson, E. (2000), “The interactive advertising model: How users perceive and process online ads “, Journal of Interactive Advertising, Vol.1, No.1, pp. 42-61.
Rogers, D. (2010). What are the benefits of online advertising? Retrieved August 10, 2010, from http://ezinearticles.com/?What-Are-the-Benefits-of-Online-Advertising?&type=sv&id=2717597

Robinson, H., Wysocka, A., and Hand, C. Internet advertising effectiveness: the effect of design on click-through rates for banner ads. International Journal of Advertising, 26, 4, 2007, 527–541.

Rogers, D. (2010). What are the benefits of online advertising? Retrieved August 10, 2010, from http://ezinearticles.com/?What-Are-the-Benefits-of-Online-Advertising?&type=sv&id=2717597

Rockendorf, D., 2011. Continental 2011 Social Media Strategy. [Interview] (Personal Communication, 14 June 2011).

Senecal, S and Nantel, H (2004) “the influence of online product recommendations on consumers’ online choices”. Journal of retailing, 80, pp. 159-169.

Sussman, S. W. and Siegel, W. S., 2003, “Informational influence in organizations: An Integrated approach to knowledge adoption inform. System research, Vol 14, No. 1, pp. 47-65.

Swait, J., Erdem T., Louviere J. & Dubelaar C. (1993) The equalization price: A measure of consumer-perceived brand equity. International Journal of Research in Marketing, 10: 23-45.

Thakor, M.V. and Lavack, A.M. (2003) Effect of perceived brand origin associations on consumer perceptions of quality. Journal of Product & Brand Management 12(6): 394-407.

Till, B.D & Bustler, M. (2009). The match-up hypothesis: "Physical attractiveness, expertise, and the role of fit on brand attitude, purchase intent and brand beliefs (electronic version)”. Journal of advertising, 29(3), 1-20.

Tsang, P. M., and Tse, S. A hedonic model for effective web marketing: an empirical examination. Industrial Management and Data Systems, 105, 8, 2005, 1039–1052.

VanScoyoc, K. (2000). An examination of a multidimensional model of customer satisfaction with Internet purchasing. Old Dominion University. ProQuest Dissertations and Theses.

Vázquez R., Rio A.B., Iglesias V. (2002) Consumer-based Brand Equity: Development and Validation of a Measurement Instrument. Journal of Marketing Management 18(1-2): 27-48.

Warrington, P. C. (2002). Customer Evaluations of E-shopping: The Effects of Quality-value Perceptions and E-shopping Satisfaction on E-shopping Loyalty. The University of Arizona. ProQuest Dissertations and Theses.

Wathen, C.N. and Burkell, J., 2002, “believe it or not: Factors influencing credibility on the web,” Journal of the American Society for Information Science and Technology, Vol 53, No. 2, pp 134-144.

Zithamil, V., & Bitner, M.J. (2003). Services marketing: "integrating customer focus across the firm (3rd ed)”. McGraw Hill.

Zhang, P., and Kim, Y. Web advertising: what do we know about its acceptance and impacts? A meta-analysis of the literature. In Proceedings of Pacific Asia Conference on Information Systems, Suzhou, China, July 2008, 821–832.