Social Media Marketing and Marketing Performance on New SME: A Moderating Consumer Innovativeness

A.B. Krisnanto  
STIE Jaya Negara, Malang, Indonesia

Surachman, Sunaryo & Rofiaty  
University of Brawijaya, Malang, Indonesia

ABSTRACT: Small Medium Enterprise (SME) is the backbone of a country’s economy. The support from the government emerges many SMEs that run various businesses. However, selling new products or brands from new business is not an easy task. The use of social media as part of marketing activities is an easy and inexpensive way to introduce a new product to consumers, especially to those consumers who can easily accept the new product. This study aims to explore moderating consumer innovativeness from social media marketing and marketing performance relationship on new SME. Survey technique was used for this research, and data were obtained from 96 respondents who have consumed new SME’s products. Data were processed and analyzed using WarpPLS. The results of this research showed that marketing performance on new SME was influenced by social media marketing. Consumer innovativeness moderated the influence of social media marketing toward marketing performance on new SME.

Keywords: Social Media Marketing, Marketing Performance, Consumer Innovativeness, New Business, SME.

1 INTRODUCTION

Small Medium Enterprise (SME) is the backbone of a country’s economy. Thus, the government is always trying to support the SMEs to increase performance and the number of new SMEs. For entrepreneurs, making new SMEs is not easy as various challenges must be faced. Creating, educating, and communicating new products and brands to get potential consumers, and market share is not an easy task.

From the consumer side, new products or brands will not necessarily be accepted by consumers. Therefore, the use of social media marketing for SMEs will help the product to be known to a broader audience (Derham et al. 2011). Consumers will find it easier to find new business, products, or brands with a social media marketing strategy (Ho & Wu, 2011).

However, not all consumers will be open to the emergence of new businesses, new products, or new brands. So, targeting consumers who have the attitude to receive, try, and spread information to others becomes critical. It is usually possessed by consumers who have innovative personalities (Hawkins & Mothersbaugh 2016). Schiffman & Wisenblit (2015) mentioned that consumer innovativeness is consumers who have the desire to try new products to increase the attitude of acceptance of new products for consumers. All of this is an effort of new SME to improve its performance, especially marketing performance as a new business entity.

Marketing performance is the value generated from meeting the desires and needs of consumers through the products produced. It can be evaluated from the process, results, and success of business activities produced, so that marketing performance is multidimensional (Gao 2010). If viewed from the success, marketing performance can be evaluated from the increase in sales, market share, customer satisfaction, repeat purchases, and increase awareness.

Social media marketing is a social network that exists by encouraging customers to share product information with their friends on social media (Leskovec et al. 2008). Social media helps companies to have a strong relationship and access their consumers. Social media marketing should have entertainment, interaction, trendy, customization, and perceived risk components (Seo & Park 2018).

Consumer innovativeness is consumers' willingness to accept new ideas and try new products.
(Hawkins & Mothersbaugh 2016). A consumer who has a high innovation has characteristics of not loyal to the brand, opinion leader, likes to try new products (product interest), and tends to be the first to buy and use a product (Schiffman & Wisenblit2015).

Marketing performance can be measured by sales performance (Homburg et al. 2007) and brand performance (Kotler & Keller 2016). Previous research results showed that social media marketing has a positive and significant effect on brand image and brand awareness (Seo & Park 2018). Other research showed that by mediating value equity and brand equity, social media has a positive effect on customer intention to purchase and customer loyalty (Kim & Ko 2012). However, negative comments can have a negative impact on a product or brand (Hennig-Thurau et al. 2013).

Ho & Wu's research (2011) provides an overview of the role of customer innovation in the perceived attributes of new products and intentions to adopt, where the results of this study mentioned that not all moderation has affected. Based on the explanation above, the hypothesis can be formulated as follows: H1: Social media marketing is thought to have a significant positive effect on marketing performance; H2: Consumer Innovativeness is thought to moderate social media marketing towards marketing performance.

2 RESEARCH METHODS

This research was designed to explain the relationship between the variables being studied. Data were collected from primary data through questionnaires. The questionnaire consisted of 14 question items divided into 4 questions of marketing performance (based on Gao 2010), 5 questions of social media marketing (based on Seo & Park 2018) and 5 questions of consumer innovativeness (based on Schiffman & Wisenblit 2015). This questionnaire used a five-item Likert scale from "strongly agree" to "strongly disagree".

Purposive sampling was used in determining the sample of this study, where the sample was selected based on specific criteria Cooper & Schindler (2014). Respondents from this questionnaire were 96 respondents. The criteria of this respondent were consumers of a new restaurant that utilizes social media as part of its marketing.

The validity and reliability test were carried out before testing the proposed hypotheses. The validity of the variable can be seen from the results of the Combined loadings and cross-loadings (Solimun et al. 2017), while the reliability was tested by comparing the Cronbach’s Alpha (α) value with a minimum value above 0.6 (Hair et al. 2010). This study used WarpPLS as a testing tool for hypothesis 1 and hypothesis 2. The assessment of the hypothesis test results was based on the P-value and path coefficient (Solimun et al. 2017).

3 RESULTS AND DISCUSSIONS

By The testing of this study began with the validity and reliability test. Validity and reliability values were obtained from WarpPLS. The validity test results are shown from the value of Combined loadings and cross-loadings and showed that all questionnaire items are valid (r ≥ 0.3 and p <0.001). The results of the reliability value are market performance = 0.732; social media marketing = 0.797, and consumer innovativeness = 0.857. All values of reliability are above 0.60, which indicates a reliable questionnaire instrument. In addition, the value of the R-squared coefficient and the adjusted R-squared coefficient value obtained 0.116 and 0.097. The fit model of this research presented in Table 1 shows that all indexes produce good results.

| Table 1. Indexes produce good results |
|--------------------------------------|
| Model fit | Result | Remarks |
| APc       | 0.248  | Good    |
| ARS       | 0.116  | Good    |
| AARS      | 0.097  | Good    |
| GoF       | 0.250  | Good    |
| RSCR      | 1.000  | Ideal   |

Source: results of data processing.

After testing the validity and reliability, then the hypothesis testing was then performed.

| Table 2. The result |
|---------------------|
| Hypothesis | Path Coeff. | P-Value | Remarks |
| H1        | 0.31       | <0.01   | Sign.   |
| H2        | -0.19      | 0.03    | Sign.   |

Source: results of data processing.

Based on the results of hypothesis testing conducted using WarpPLS, it was found that Hypothesis 1 is supported with a P-value <0.01, which means it has a significant positive relationship between social media marketing and marketing performance. Meanwhile, the hypothesis 2 test obtained a P-value of 0.03, which means that the hypothesis is supported and the moderating relationship of consumer innovativeness between social media marketing varia-
bles and marketing performance is significant but with a negative value. The results of hypothesis testing demonstrate that consumers see that social media marketing influences the marketing performance of new SMEs. Also, in this study, consumer innovativeness moderates the effect of social media marketing on marketing performance.

This study produces negative moderation and a significant influence on the relationship of social media marketing to marketing performance. This is consistent with the study of Steenkamp et al. (1999), which explained that the evaluation of innovativeness in consumers of a product depends on the innovativeness of the consumer. New SME research objects in the restaurant sector can also be assumed to cause consumers to assume that new products or businesses are in the average innovative category, thus losing the element of surprise (Shams et al. 2015). Innovative consumers expect new businesses or products produced can exceed their expectations (Henard & Dacin, 2010).

4 CONCLUSION

This study provides an overview of the effect of social media marketing on marketing performance and consumer innovativeness moderation on the relationship between the two. Cotte & Wood (2004), Robinson & Leonhardt (2018), and Xie (2008) stated that innovative consumers would try to get information on new products or businesses; thus, social media becomes more critical. The implications of the results of this research encourage new SMEs to continue to improve social media marketing activities by targeting consumers who have innovativeness.

By targeting consumer innovators, marketing performance is expected to increase. The limitation of this research is the lack of research objects; thus, it is hoped that future research, the types of new SME businesses and industries should be more diverse. Additional variables, such as consumer involvement or demographics, can be embedded in social media marketing and new SME marketing performance relationships. The comparison between weak consumer innovators and high consumer innovators can be used as further research.

REFERENCES

Cooper, D.R. & Schindler, P.S. 2014. Business research methods 12th ed. New York: McGraw-Hill.

Cotte, J. & Wood, S. L. 2004. Families and Innovative Consumer Behavior: A Triadic Analysis of Sibling and Parental Influence. Journal of Consumer Research 31(1): 78-86.

Derham, R. Cragg, P. & Morrish, S. 2011. Creating Value: An SME and Social Media. PACIS 53: 1-9.

Gao, Y. 2010. Measuring marketing performance: a review and a framework, The Marketing Review 10(1): 25-40.

Hair Jr, J.F. Black, W.C., Babin, B.J. & Anderson, R.E. 2010. Multivariate data analysis (7th ed.). New York: Prentice-Hall.

Hawser, D.I. & Mothersbaugh, D.L. 2016. Consumer Behavior: Building Marketing Strategy (13th edition). New York: McGraw-Hill.

Henard, D.H. & Dacin, P.A. 2010. Reputation for Product Innovation: Its Impact on Consumers. Journal of Product Innovation Management 27(3): 321–335.

Hennig-Thurau, T. Hofacker, C.F. & Bloching, B. 2013. Marketing the pinball way: understanding how social media change the generation of value for consumers and companies. Journal International Marketing 27(4): 237–241.

Ho, C.H. & Wu, W. 2011. Role of innovativeness of Consumer in Relationship between Perceived Attributes of New Product and Intention to Adopt. International Journal of Electronic Business Management 9(3): 258-266.

Homburg, C. Grozdanovic, M. & Klarmann, M. 2007. Responsiveness to Customers and Competitors: The Role of Affective and Cognitive Organizational Systems. Journal of Marketing 71(3): 18-38.

Khan, M. (2019). The Impact of Perceived Social Media Marketing Activities: An Empirical Study in Saudi Context. International Journal of Marketing Studies. Vol.11, No.1. pp.134-149

Kim, A.J. & Ko, E. 2012. Do social media marketing activities enhance customer equity? An empirical study of luxury fashion brand. Journal of Business research 65(10): 1480-1486.

Kotler, P. & Keller, K.L. 2016. Marketing Management 15th Global Edition. England: Pearson Education.

Leskovec, J. Adamic, L.A. & Huberman, B.A. 2008. The dynamics of viral marketing. ACM Transactions on the Web 1(1): 5.

Robinson, C. & Leonhardt, J.M. 2018. Consumer Innovativeness and Loyalty to Non-GMO Foods: The Role of Cognitive and Affective Beliefs. Journal of Food Products Marketing 24(1): 39-55.

Schiffman, L. G. & Wisenblit, J. 2015. Consumer Behavior. Harlow: Pearson Education.

Seo, E.I. & Park, J.W. 2018. A Study on The Effects of Social Media Marketing Activities on Brand Equity And Customer Response In The Airline Industry. Journal of Air Transport Management 66: 36–41.

Shams, R. Alpert, F. & Brown, M. 2015. Consumer perceived brand innovativeness. European Journal of Marketing 49(9/10): 1589-1615.

Solimun, A.R. Fernandes, A. & Nurjannah. 2017. Metode Statistika Multivariat Permodelan Persamaan Struktural (SEM) Pendekatan WarpPLS. Malang: UB Press.

Steenkamp, J.E. Hofstede, F.T. & Wedel, M. 1999. A Cross-National Investigation into the Individual and National Cultural Antecedents of Consumer Innovativeness. Journal of Marketing 63(2): 55-69.

Xie, Y.H. 2008. Consumer innovativeness and consumer acceptance of brand extensions. Journal of Product & Brand Management 17(4): 235-243.