The Impact of Social Media Marketing, E-WOM, And Brand Loyalty on The Millennial Purchase Intention

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Abstract- This study highlights the millennial purchase intention. This Gen Y uses many technologies in both information and communication. The objectives of this study were to determine: (1) the effect of social media marketing on the purchase intention, (2) the effect of e-WOM on the purchase intention, (3) the effect of brand loyalty on the purchase intention. The study populations were all customers belonging to the millennial generation in Indonesia. From 250 respondents, 249 questionnaires were successfully analyzed. Data were analyzed using SEM method with the PLS approach. The research finding show (1) there is a significant effect of social media marketing on the purchase intention of the millennial generation; (2) there is a significant effect of e-WOM on the purchase intention of the millennial generation and (3) there is a significant effect of brand loyalty on the purchase intention of the millennial generation.

Indexed Terms- Social media marketing, electronic word of mouth, Brand loyalty, Millennial generation

I. INTRODUCTION

For the first time in the history of the world of communication and information that the internet is considered to create a single social and cultural structure for everyone. The internet is changing the way people communicate and evolving about how humans share information with each other, the way humans do business, and also the transformation of technology.

People have made positive or negative comments about a product after ingesting and using it. When people plan to buy a product, they want to take the advantage of the experiences of others who have used the same product before. Oral marketing is the exchange of information about products.

In recent years, people mainly communicate through social networks, through which they have shared their experiences with products. These stocks are called e-WOM or viral marketing.

Consumers can interact with social media tools such as communities, online forums, ratings, reviews and opinions. These interactions provide a variety of opportunities for both consumers and businesses. Companies can bring idea leaders (bloggers, podcasters, etc.) online and inform them about their products, services and their new market proposition. These messages can be effectively delivered to the target market through online comment leaders. Consumer perception of products, services, business experiences and how to develop products is market intelligence of high quality and at low cost.

In addition, companies can encourage content-based social networking and content-based community building. On these sites, customers can contact their colleagues and exchange information about the product and the company. Therefore, it is inevitable to examine consumer responses to marketing communications with new technologies (Ugolkov et al., 2020).

A phenomenon that is happening is that globalization and technological development have given the millennial generation. This generation uses many technologies in both information and communication. Email, SMS, instant messaging and social media technologies such as Facebook, Twitter and Instagram are often used as means of communication. (Cordero et al., 2020).

Social media is well received and popular among the millennial cohort (Kaplan and Haenlein, 2010). Millennial generation is a term that is currently being discussed a lot. Millennial (also known as Millennial
Generation or Gen Y) are the demographic group (cohort) after Generation X.

Social researchers often classify the generation born between 1980-2000 as the millennial generation. So it can be said that the millennial generation is today’s young generation who are currently aged between 15-34 years. Millennials are a new generation of powerful and sophisticated consumers who are difficult to influence, persuade, and retain as customers (Koufie & Kesa, 2020; Mergler, 2019; Tejedor, Bugs, & Luque, 2019). This cohort group is very active on social media sites and is always hungry for information (Cordero et al., 2020; Harmel & Yeh, 2019; Masi, 2018; Pérez, Oñate, & Camussetti, 2018). According to the researchers, one of the characteristics of Gen Y that stands out is that millennials feel obliged to have social media. The communication that exists between millennials is very smooth (Mergler, 2019). However, that does not mean that communication always occurs face to face, but quite the opposite.

Thus, social media becomes the center of market intelligence as marketers begin to understand consumer buying behavior and understand why consumers feel how they feel about certain brands. This opportunity enables marketers to engage in dialogue with consumers, refine marketing messages, and maintain a brand presence in the online marketplace (Evans & McKee, 2010).

Millennial do all their communication through text messaging or also chat in cyberspace, by creating accounts containing their profiles, such as Twitter, Facebook, Instagram and Line (Castela & Costa, 2019). Social media accounts can also be used as a place for self-actualization and expression, because what is written about him/her is what everyone will read. So, almost all Millennials are certain to have social media accounts as a place to communicate and express.

Social media marketing offers businesses an interactive platform to interact with consumers in building brands, and loyalty that goes beyond what traditional methods of the past could offer. Consumers use social media as a source to find product information such as brand, manufacturer background, and retailer when deciding to buy it (Ler, 2014). Marketers actively drive profitable marketing campaigns to attract online communities. In response to the competitive social media market, brands are eager to win the hearts of millennials through electronic word of mouth (e-WOM).

Electronic word-of-mouth with certain consumer opinion and review platforms, such as bulletin boards, forums, blogs, social networking sites and online communities can have a strong impact on members and their decision-making. The impact can be in the form of positive or negative statements about a product, made by consumer-to-consumer (C2C).

Purchase decisions are strongly influenced by electronic word of mouth and sentences on social media sites. The persuasive effect of words delivered by e-WOM is seen as an opportunity for businesses to influence consumers by using various methods to influence their purchasing decisions. Consumers look for information about the prices of other companies' products when they search for that information on the internet. It is also the experience and expectation that Gen Y customers want.

In an increasingly connected world where information or news, retail shopping, banking and entertainment services are available 24 hours 7 days on various mobile devices, the emergence of the fear of missing out (FOMO) is a natural phenomenon. According to a 2017 Nielsen Survey, 53% of global consumers say they feel uneasy when they are away from their mobile device. Meanwhile, 56% of consumers say they cannot imagine life without a mobile device, and 70% of global consumers say that mobile devices make their lives better.

Regarding Consumer Media View conducted in 11 cities in Indonesia, television penetration still leads with 96 percent, followed by Outdoor Media (53%), Internet (44%), Radio (37%), Newspapers (7 %), Tabloids and Magazines (3%). The existence of the internet as a medium with a fairly high penetration rate is an indication that Indonesian people are increasingly fond of accessing various contents through digital media.

The increasing internet penetration and the large variety of digital media choices have an impact on the
rise of industry players producing various types of online advertisements. Consumers are also presented with a wide selection of products that are now easier to see or even buy without having to see the original product. Nielsen’s study states that the consumption of digital media and conventional media is now complementary in everyday life. In the Millennial Generation (aged 20-34 years), 96 percent of them watch television and 58 percent access the internet.

Brand loyalty is very important for businesses to retain customers and also to find new customers. But this does not apply to Millennial when they are spoiled for choice. Profitable promotions and low prices can drive a shift in brand loyalty. This requires a long-term business effort to win back the hearts of their customers.

It is always better to give brand loyalty to one brand than to all others. Increasing brand loyalty from customers is an important goal for businesses. According to Kotler et al. (2016), it is more expensive to acquire a new customer than to retain existing one. In addition, a loyal customer tends to positively tell others about their favorite product, service or brand (Grewal & Levy, 2014:345). While brand loyalty can directly influence buying behavior, it can indirectly influence buying behavior through word of mouth.

When consumers have more choices, their expectations are higher, especially how they engage with the business and accept their purchases. Therefore, very attractive prices are not only a factor but strong customer service and delivery options as well. In this case, consumers actively share their experiences with retailers on social media sites and will ultimately influence loyal customers to think twice before checking out. Thus, not only is social media marketing important, but good electronic word of mouth is also important for building brand loyalty for businesses.

II. LITERATURES REVIEW

- Social media marketing
According to Evans and Kee (2010:24), social media is defined as “Web 2.0 applications that enable the creation, editing, and presentation of user-generated content”. Web 2.0 can be viewed as a technical framework for sharing media with others and creating consumer-generated content. Social media marketing can be defined as “a new field and a new business practice related to the marketing of goods, services, information and ideas through online social media” used to interact with customers, key consumer influences, engagement and finding brand ambassadors. Social media has several benefits for adolescents. Moreover, these benefits have been felt by some adolescents when they use social media (Davis et al., 2019; Deimazar et al., 2019). Because this engagement can take place anywhere and is not tied to a physical meeting, social media offers users an increasing number of online engagement opportunities. In addition, new digital technologies offer advantages such as convenience, entertainment, wealth of information, time and money savings that are appreciated by consumers.

Hainla (2017) published that social media continues to trend and develop. Taking Facebook as an example, in 2015, Facebook had succeeded in influencing 52% of consumers on buying behavior both online and offline compared to only 36% in 2014. In fact, there are 50 million small businesses worldwide actively using social media channels such as Facebook to connect with their customers. A staggering over 4.4 million videos were uploaded to Facebook live in February 2016, and managed to generate over 199 billion views from social media users worldwide.

On different platforms, Twitter has 328 million active users, and is very active among its members in tweeting. The power of Twitter has proven that more than 78% of people who bring their complaints about a brand through Twitter, and are expected to be responded to within an hour.

Instagram, images, and social media video posting platforms are popular among businesses to engage with their followers. According to Parker (2016), more than 80% of users are from outside the United States. Thus, Instagram is not just a social media platform for sharing videos or images, but can be a marketing channel for businesses to engage with their followers.

- Electronic Word of Mouth
Gfrerer and Pokrywka (2012) convey that WOM is a widely accepted idea in the discipline of consumer
behavior that shapes consumer attitudes and behavior towards brands, products, or services. Communication between consumers is considered independent and non-commercial driven on the exchange of personal information for a product or service.

The rapid development of e-commerce has an impact on more and more consumers choosing to shop online. However, for some users, activities such as browsing, searching, and buying products on e-commerce websites are considered time consuming and frustrating for consumers.

As with the traditional WOM, e-WOM has shown to have more impact compared to firm-generated sources of information on the internet. It is also more effective than traditional advertising media, which appears to be losing its effectiveness. Many e-commerce companies are trying to support the decision-making process of their potential consumers by introducing personalized web-based recommendation systems. Consumers are far more likely to trust word of mouth recommendations electronically. This means that friends and family members than from automated recommendation systems on e-commerce websites are more credible (López & Sicilia, 2014).

Electronic word of mouth has the characteristics of a virtual community — anonymity, accessibility, and diffusion effects. These characteristics provide a better opportunity and environment for consumers to interact socially. The advent of the Internet has broadened consumer options for gathering impartial product information from other consumers and provided the opportunity for consumers to offer advice regarding their own consumption by engaging in e-WOM.

Given the distinct characteristics of Internet communications (directed to multiple individuals, available to other consumers for an indefinite period of time, and anonymous nature), e-WOM deserves serious attention from researchers and marketing managers. The impact of e-WOM on consumer behavior has been extensively investigated to provide guidance to business managers in their decision making and marketing strategy development.

The internet continues to evolve with e-WOM as communication becomes faster, easier with technology. Consumers can search for information generated by marketers as well as information generated by consumers for the products they want to buy. It is recognized that e-WOM has an advantage over traditional WOM as both consumers and marketers can post visual elements such as images, and videos which give other consumers the opportunity to better understand the information, and in turn help them to make better decisions (Ismagilova et al., 2019).

- **Brand Loyalty**
  According to Keller (2013), a brand can be rational and tangible, or more symbolic, emotional, and intangible. He further explains that being tangible, can be associated with product performance; while intangible is more related to what the brand represents. For companies, a brand has a unique association and meaning that distinguishes itself from other products. Brand quality and satisfaction will translate into brand loyalty which makes it more difficult for other companies to enter the market (Keller, 2013).

Brand loyalty can be conceptualized as the final dimension of consumer brand resonance that symbolizes with the brand (Devi & Menezes 2016). They comment that brand loyalty brings in sales, market share, profitability, helps businesses to group or maintain themselves in the market are outcomes where brands gain exclusive, positive, and prominent meaning, in the minds of a large number of consumers.

- **Purchase Intention**
  Intention to purchase has been verified in many diverse research situations by researchers. For example, Lim et al (2016) examined purchase intention as a mediating role in online shopping behavior; while Danieli (2016) examines the social media marketing system that aims to increase purchase intention. In addition, Chang, et al (2016) looked at brands and purchase intentions; while Praharjo et al. (2016) investigated the impact of electronic word of mouth on repurchase intentions mediated by brand loyalty and perceived risk.

Purchase intention is expressed as a consumer's desire to promise certain activities related to future consumption or possible future purchases (Kim & Ko, 2010). Balakrishnan et al (2014) further explain that
purchase intention carries several meanings, namely willingness to consider buying, intention to buy in the future, and decision to repurchase.

Purchase intention refers to the level of customer perceptual confidence to buy a product. Kim and Ko (2012) state that purchase intention depends on several factors such as cues that trigger consumers to consider a product or brand to be included in their consideration. Consumers go through the process of recognizing the product they want to buy, then will further research and analyze the product before committing to buy it (Lim et al., 2016).

- **Hypothesis**
Social media marketing is the powerful tool to influence people and can influence their buying behavior. According to Hennig-Thurau et al. (2014), they mention that social media marketing has been shown to play an important role in customers' purchasing decisions. While consumers are using the internet and social media more and more like Facebook, Twitter, Instagram, Line and so on. According to Lim et al. (2016), more and more consumers are using Web 2.0 tools such as online discussion forums, consumer review sites, weblogs, and social networking sites to exchange product information. Social media marketing can give consumers the opportunity to read other consumers' consumer views and experiences and write their own contributions.

**H1: social media marketing has a positive impact on the purchase intention of the millennial generation**

e-WOM serves as a newer form of communication to disseminate product reviews and testimonials to many consumers in less time than WOM. E-WOM is reliable, credible, and trustworthy because consumers have no commercial interest in the product or brand (Erkan & Evan, 2016; Gfuerer & Pokrywka, 2012; Huete-Alcocer, 2017; Balakrishnan et al., 2014). E-WOM has a significant impact on purchasing intent, regardless of the type of virtual community.

Tseng et al. (2014) explained in their study which also said “e-WOM has been shown to play a very important role in buying intent”. In addition, this study found that e-WOM is positively associated with buying intent and has a greater impact. The results show that companies should encourage members to share their knowledge or experience rather than just post ads, that especially in virtual communities without transactions. In addition, low engagement ads have a negative effect on virtual communities, so businesses should create high engagement ads like virtual props, blogs and rich media to attract potential customers. "

**H2: e-WOM has a positive impact on the purchase intention of the millennial generation**

Purchase intention refers to the level of customer perceptual confidence to buy a product. Kim & Ko (2012) state that purchase intention depends on several factors such as cues that trigger consumers to consider a product or brand to be included in their consideration. Consumers go through the process of recognizing the product they want to buy, then will further research and analyze the product before committing to buy it (Lim et al., 2016).

**H3: brand loyalty has a positive impact on the purchase intention of the millennial generation**

### III. RESEARCH OBJECTIVES

1) To know the effect of social media marketing on purchase intention of the millennial generation;
2) To know the effect of e-WOM on purchase intention of the millennial generation;
3) To know the effect of brand loyalty on purchase intention of the millennial generation.

### IV. RESEARCH METHODOLOGY

This research will be descriptive and this research will be based on primary data and secondary data. Primary data will collect through questionnaires from online respondents based on criteria including internet users and secondary data will collect through research papers and journals.

1. Population – All the active users of social media and have purchased products through e-commerce representing the millennial generation in Indonesia.
2. Sampling size – Sample size is 250 active social media users.
3. Sampling Technique – Non probability technique; purposive sampling.
4. Scale ranges -The scale ranges from (1= strongly disagree 2= disagree 3= neutral 4= agree 5= strongly agree).

V. DATA ANALYSIS

The data analyzed in this study was based on a research instrument (questionnaire) which was distributed online to 250 respondents. 249 respondents had filled out and returned their questionnaires, so that the response rate in data collection was 99.6%.

Data is divided into two parts, one is demographic profile and second are their responses to social media marketing, e-WOM and brand loyalty on purchase intention by answering on both 5-point scales and categorical questions.

• Demographic Profile

<table>
<thead>
<tr>
<th>Attributes</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>43.37</td>
</tr>
<tr>
<td>Female</td>
<td>56.63</td>
</tr>
<tr>
<td>Age (years old)</td>
<td></td>
</tr>
<tr>
<td>Less than 20</td>
<td>12.85</td>
</tr>
<tr>
<td>20 – 29</td>
<td>45.34</td>
</tr>
<tr>
<td>30 – 39</td>
<td>20.52</td>
</tr>
<tr>
<td>40 – 49</td>
<td>13.65</td>
</tr>
<tr>
<td>Over than 50</td>
<td>7.64</td>
</tr>
<tr>
<td>Occupation</td>
<td></td>
</tr>
<tr>
<td>Students</td>
<td>32.50</td>
</tr>
<tr>
<td>Private employee</td>
<td>19.50</td>
</tr>
<tr>
<td>Self employed</td>
<td>23.00</td>
</tr>
<tr>
<td>Government employee</td>
<td>21.50</td>
</tr>
<tr>
<td>Others</td>
<td>3.50</td>
</tr>
<tr>
<td>Average monthly salary (in 000 IDR)</td>
<td></td>
</tr>
<tr>
<td>Below 1,500</td>
<td>17.65</td>
</tr>
<tr>
<td>1,500 – 2,499</td>
<td>33.21</td>
</tr>
<tr>
<td>2,500 – 3,499</td>
<td>32.43</td>
</tr>
<tr>
<td>3,500 – 4,499</td>
<td>12.78</td>
</tr>
<tr>
<td>Above 5,000</td>
<td>3.93</td>
</tr>
</tbody>
</table>

• Composite reliability

Cronbach’s Alpha

<table>
<thead>
<tr>
<th>Social Media Marketing</th>
<th>0.899</th>
</tr>
</thead>
<tbody>
<tr>
<td>e-WOM</td>
<td>0.926</td>
</tr>
<tr>
<td>Brand Loyalty</td>
<td>0.911</td>
</tr>
<tr>
<td>Purchase Intention of Millennial</td>
<td>0.917</td>
</tr>
</tbody>
</table>

It can be seen that the composite reliability values of all constructs in the model are all greater than 0.70, so the measurement model with reflexive indicators has a very high level of validation. Thus, it can be said that the research instrument for all variables is reliable because it has met composite reliability.

• R-square Dependent Variable

<table>
<thead>
<tr>
<th>Variable</th>
<th>R-square</th>
<th>R-square Adjustment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase Intention of Millennial Generation</td>
<td>0.348</td>
<td>0.327</td>
</tr>
</tbody>
</table>

In this research model, the R-square value generated in the overall model equation is 67.5%. This means that the structural model has a fairly high predictive relevance, and the model is good and feasible to be used in hypothesis testing.

<table>
<thead>
<tr>
<th>Variable influence</th>
<th>Coefficient</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Media Marketing → Millennial Purchase Intention (a)</td>
<td>0.188</td>
<td>0.002 (sig.)</td>
</tr>
<tr>
<td>e-WOM → Millennial Purchase Intention (b)</td>
<td>0.313</td>
<td>0.003 (sig.)</td>
</tr>
<tr>
<td>Brand Loyalty → Millennial Purchase Intention (c)</td>
<td>0.292</td>
<td>0.008 (sig.)</td>
</tr>
</tbody>
</table>

The values of (a) (b) and (c) are significant. The estimation results of the inner model for the direct
influence of social media marketing on the purchase intention of the millennial generation show a t-statistic value of 1.661 and a p-value of 0.000 with an error rate of ≈5%. This shows that the direct influence of social media marketing on the purchase intention of the millennial generation is significant.

VI. FINDINGS

Research conducted to find out how millennial generation consumers react to social media marketing, electronic word of mouth, and brand loyalty on purchase intentions has shown valuable insights from the mindset of online consumers in Indonesia. Focus groups are targeted at Indonesian consumers and surveys are conducted over the internet via various social media platforms since Indonesia ranks fifth globally with the most active on social media (Kemp, 2017).

From the collected data, the overall demographics and validated with information published by various parties. In the age structure, between 20 to 39 years is the highest frequency of the respondent's age group. This group is the most active users using the internet for more than 11 years.

In fact, those between the ages of 20 to 39 are the most active users on social media platforms, and correlates with the information shared by Hamid et al. (2019) where 63% of social media addicts are under 35 years of age. Based on that, 170 respondents are active all the time on social media. While a handful of respondents use social media occasionally. In other words, most of the respondents continue to update themselves through social media platforms and it can be easily done with a smartphone device anytime, anywhere.

Among the respondents, in general, they are brand aware of what they like in buying the product or service they like. 121 respondents stated they have several brands of choice when it comes to buying. This shows that Indonesian millennial generations are very brand conscious and they actively check multiple sources for online product or service information, other customer experiences, and so on before making a purchase.

It also implies that consumers who are satisfied with the brand will continue to buy the brand despite spending more time and money. This is confirmed by 73% of respondents' willingness to spend more time and money on trusted brands. Furthermore, brand loyalty is another aspect that consumers look for that the brand will not disappoint them with the quality of the product or service.

This research was conducted only on millennial generation (Gen Y) and did not include consumers with different demographic structures. Different results can be obtained by selecting another example such as other generations, education, and community groups in future studies. This research analyzes the effects of social media marketing, e-WOM and brand loyalty on purchase intention. In future studies, the research model can be extended and the effects of social media marketing on brand image, brand equity or buying behavior attitudes of any generations can also be analyzed.

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