



THE EFFECT OF OWNED AND EARNED SOCIAL MEDIA ACTIVITIES TOWARDS PURCHASE INTENTION ON FACEBOOK

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ABSTRACT

With The growth of internet connection and the rise of social media more and more Indonesian people are connected to each other, especially trough Facebook in which nowadays has become one of the mainstream channel for companies to inform their product and to share their brand value to the consumer. This Research oversees aspects such as technology acceptance which affected by the ease of use and joyfulness of the users. Owned social media aspect - the channel that are owned and controlled by companies and brands - which the acceptance of the information shared on the channel are affected by usefulness, reputation, trust, and altruism. And lastly the earned social media aspects which are affected by information acceptance and social connection. The research conducted by sending questioners to Facebook users who uses Stella air freshener products.



The research shown that technology acceptance aspects are not significantly affected the perception of a product fanpage, earned and owned social media aspects along with the factors that affecting it in contrary has significantly affected the perception of the users in Facebook toward the fanpage, which affecting their purchase intention to the product of the fanpage.

Keywords: Earned social media, Owned Social Media, Social Media, Purchase Intention

1. INTRODUCTION

With the increase of Indonesian society buying power, companies and brand are benefiting with the increase in the disposable income of the Indonesian consumers. In which are seen in the increase of the middle class population in Indonesia according to the World Bank report in 2010, the middle class in Indonesia are growing from 38% in 2003 to 56,6% in 2010.

Where in the period of that 7 years the middle class has grown for 61.73%, with seven million people has rise their living standards from the bottom class into the middle class. This also shown in the sales trend from secondary products such as Stella air fresheners. Where in the last 4 years the sales trends has grown for 112%. With an average of 20,90% growth every year.

In 2012 itself the sales achieved 398 billion Indonesian rupiah and kept growing for the next year for 36% to 541 billion Indonesian rupiah on the fiscal year of 2012 and grown as big as 21,60% in 2013 to 657 billion rupiah and reach its peak on 2014 where the sales achieved 844 billion rupiah with the growth of 28,30%. But in 2015 the sales trend has slow down with the growth of -11% from the previous year into 754 billion rupiah.

These are suspected because of the slowing of the Indonesian macro economics growth where the consumers started to stop their expenses for secondary goods and use their disposable incomes for primary goods and savings.

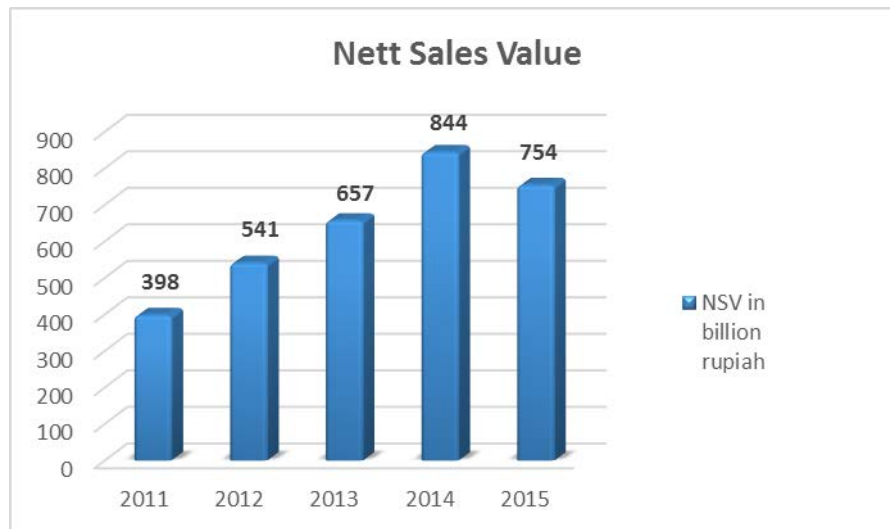


Figure 1 : Nett sales value

On the A&P expenses itself, or the Advertising and Promotion the expenses for Stella has grown significantly in each year. On 2011 stela has spent not less than 49 billion rupiah and increased for 21 billion in the next fiscal year to 70 billion rupiah in 2012. And kept increasing in 2014 where the advertising and promotion spent for the brand itself is 91 billion Indonesian rupiah, with the increased of 7 billion rupiah from the previous fiscal year in 2013 where the spent of that year is only 84 billion Indonesian rupiah.



Figure 2 : Advertising and Promotion

In the fiscal year of 2015 itself the spent of the brand is still quiet big with the spent of 86 billion Indonesian rupiah, in the contrary the sales are not following the trend with the minus growth of -11% these has become an indication that a new effective way of advertising need to be found to maximizing the spend of the brand.

The introduction of social media in the marketing mix are one of the way that brands have explored, where today almost of all of the products in the market already have their own official account, who has become one of their channel in communicate their products and lead the consumers to the path of purchase.

2. THEORETICAL REVIEW

2.1. Relation Between Technology Acceptance and The Perception of Product Fanpage

Facebook is type of social media, where people with a similr interest share their idea and comments on a virtual enviroment (WEBBER, 2009). Facebook advertising has simplified the consumers to share their experience, interest, and information usefull towards a brand (FAZAL; et al., 2014).

According to attitude theory, the attitude towards enviroment are based on a believe and norms that are build trough individual perception (FAZAL et al, 2014). In that basis the technology acceptance factor are important as one of the factor that affecting the perception of an individual toward a product fanpage. It is because the enviroment in this context are acceptance of the ease of use of the technology and the joyfulness or how an indivdual enjoy their experience on the facebook enviroment will build an acceptance to the technology itself that will make it easier for a fanpage to build a perception within an individual.

2.2. Relationship Between Owned Social Media and Perception towards Product Fanpage

The role of owned social media is the home of a brand content that are acurate and to keep a long term relationship and engagement between brand and their consumer. These type of communication could reach everyone that feels that they have a strong relationship with the brand. Where they have a basic knowledge of the brand itself, where marketing duty is to increase the knowledge and the relationship.

Facebook is usefull in collecting information, feedbacks, and demographicform the targetted consumer. In business enviroment itself, facebook advertising has become an effective source in reaching tergetted consumers.

Facebook gives the chance to build a relationship between a brand and the consumers in a big network.

Activities in Facebook in these case a fanpage of a product where the activities are called owned social media activities are done to build likeness, attractiveness, and to influence the purchase behaviour in a positive way. The attitude towards an advertising, is the theory that are commonly used to understand the buying behaviour . An effective advertising will affect the attitude towards a brand an in the end of the day will resulting in purchase intention (GOLDSMITH; LAFFERTY, 2002). Ideally, the purchase behaviour of a consumer is the purchase intention of a product (ADELAAR et al. 2003).

On the model by Davis usefulness are used as a main factor indicating the attitude toward facebook as a mean for online shopping. Based on that this research will be overseeing the usefulness aspect of the information that are given by the fanpage in facebook to be the factors that affecting the perception towards it. In the other hand Celik and Yilmaz. (2011) explained how the consumers acceptance towards e-shopping are affected by trust, information quality, service quality, and joyfulness. The service quality are considered irrelevant for this particular product and the information quality are measured by usefulness. On that basis this research will be focusing on the trust aspect of the users towards the product fanpage on facebook.

2.3. Relationship between Earned Social media and Perception Toward Product Fanpage

Based on the traditional theory, the consumer behaviour are different from the cosumer attitude. Attitude is explaining how the character behaviour (SMITH; WILLIAM,1983), where behaviour is the results from emotional responds and affected by 3 main factors which is joyfulness, interest, and expertise.

This concept can be explain where joyfulness is the state where an individual fells great and happy. Interest, is an attitude of one indidual towards others. Expertise is the feeling where someone have a knowledge about a subject and free to act in a situation (FAZAL et al. 2014).

In the extend, aspects that resulted in someone to do any activity such as liking, sharing and any earned social media activities is when someone feels happy and accepted the information given to them, feel interested and expertise on thar particular information. Based on that, this research will be studying on how that activities affecting the perception towards the product fanpage.

The extend of consumer appreciation toward brand social network to other users are e-wom and buzz creation also known as the brand social network word of mouth. Consumers can be affected to do such thing with a special personal offers, competitive offers and other promotion activities. The proccess of member recruitment between brand and consumer can be affected by the ease of use and speed of the joining proccess of the relationship (AKTER; D'AMBRA; PRADEEP,2011).

When someone joined the social network on a brand fanpage by the reccomendation of others, is where social connection that brings them in the attitude on choosing the brand on the brand social network (PARK; KIM, 2011).

Brown, Broderick and Lee (2007) proved that the relationship between consumers and brand page have better validity in defining the relationship between consumers on an online communities. If a consumer admit that the online social connection he has is important to be active socially, the consumer will be affected by the social connection or in this matter is how a need for someaone to be active socially will be affecting their behaviour in spreading the information that given by the brand. Individual attitude towards media and their media consumption behaviour will bring them to the creation and interpretation of an online message where it affected by the online social connection (LEDBETTER et al., 2011).

2.4. Relationship Between Perception Towards Fanpage and Purchase Intention

Purchase intention is when a consumers decided to buy a particular brand Porter (1974) said that the purchase intenton of a consumer to buy a brand not only decided by the similiar attitude with the brand, but also the attitude towards other brand in a deciding procces. Bachler (2004) explained how one type of loyal consumers, whom the purchase intention is not sensitive to price gives positive

reccomendation towards the companies or even invested their money to the brand to shows their extreme trust.

Brand image happens when the consumers expanded their idea, feelings and expectation to the brand when they learn, remember and used to that brand (KELLER,1993). When a consumer considering to buy a product, their purchase intention will be based on the perception of the value a brand have. When a cosumers have a higher opinion from the quality of a brand, theu are more likely to have a better perception towards a value of a brand (DODDS; MONROE; GREWAL,1990).

And when a consumer gets a bigger benefit from the price they pay when buying a product, they will more likely to buy the product (DICKSON; SAWYER, 1990). Keller (2001) said that brand with a positive image will have the consumer loyalty and higher consumer trust that will streghten the purchase intention from the consumer.

2.5. Research Model

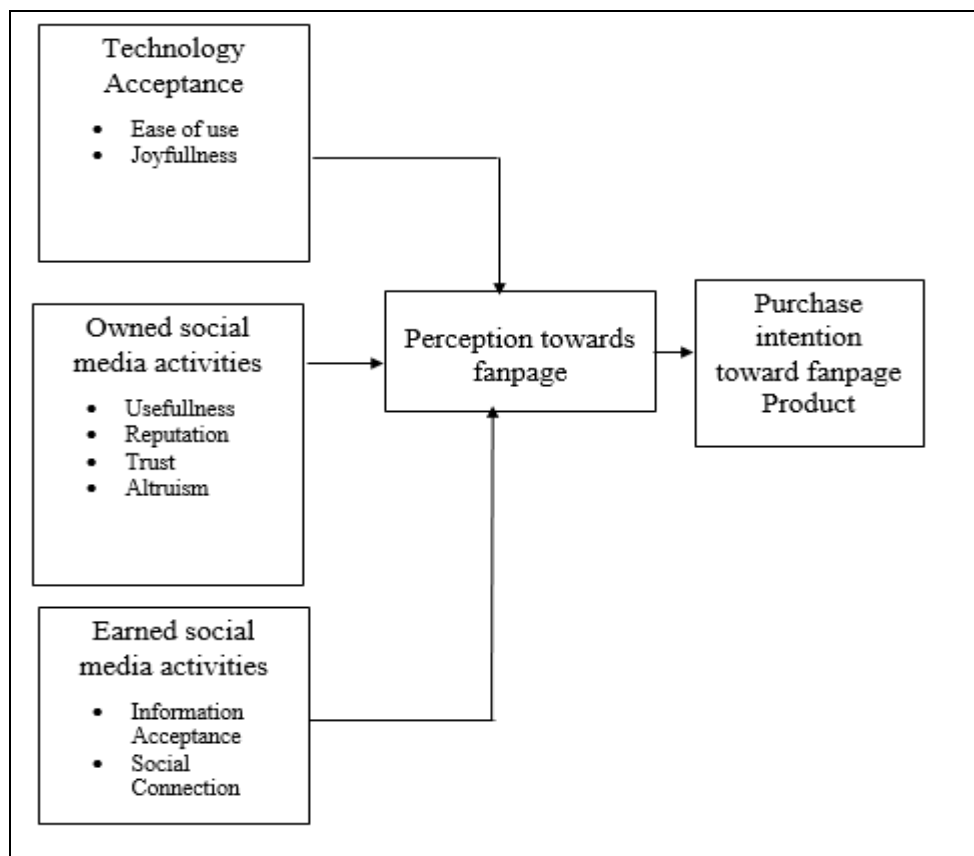


Figure 3. Research Model

As seen in figure 3. The research model will analyze how the technology acceptance aspects affect the choice of social media used by the consumers. The ease of use and joyfulness of the platform will be the main factor to see the level of acceptance of Facebook by the consumers.

The information acceptance of the social media contents shared by a fanpage will be measured through owned social media activities factor such as usefulness, reputation, trust, and altruism or the sense of somebody to give without expecting returns. The willingness to engage, comment and share with the content of fanpage will be measured through earned social media activities, such as information acceptance and social connection. All of these variables will reflect the perception towards the fanpage that will affect the purchase intention toward the fanpage product.

3. METHODOLOGY

This study uses descriptive research in a conclusive research design to be able to describe the market phenomenon, measuring buying frequencies, identifying the relation and prediction (MAHOLTRA 2009). The method used in this study is survey, this method are used because the study is done in a population and data that are studied is the sample taken from that population to define relative findings, distributions and relation between sociologic or even psychologic variables. Instrument of the study itself is questionnaires distributed online to the respondent that are suitable as the representatives of the population.

Unit analysis is individuals, which is the users of Facebook social media. So this study located in facebook.com. The study itself uses a time horizon cross sectional or study that in the mean of data collection are done in a period of time, or in this particular study is June to July 2016.

3.1. Source of Data

The study uses two type of data that is primary and secondary data. The primary data is an information that are acquired through direct research, the data are gathered by distributing online questionnaires to Facebook users. In the other hand secondary data is the data gathered from various sources, is it through the internet to gather the journals that supports the theory and the literature used, and using the



data from external or third party source such as Nielsen reports and TNS which are a trusted source for a marketing research to support this study.

3.2. Sampling Technique

The sampling technique used are a non-probability sampling where researcher took a group in a population as a part of the research with a particular reason (CURCHILL, 2005). Group that are chosen in this study are Facebook users. And the sampling type is judgmental sampling. Maholtra (2009) said that judgmental sampling is a type of convenience sampling where population are chosen with a particular consideration. On that basis the criteria that are used in this study are Facebook users who is active in the last one month. In this study the distribution of the questionnaires uses Facebook message features and WhatsApp messenger.

Based on the theory from Hair et al. (2006) and Suhr (2006) where the best ration for a SEM sample are 20:1 or 10:1 for a realistic target and the minimum ratio of the respondents is 5 :1. According to Ferdinand (2000) the size of SEM models are between 100 to 200, or by multiplying the parameter model by 5 to 10. In the other hand those guidelines are not binding because of the limitation on the actual practice. Other theory explained that the size of representative sample on PLS-SEM analysis are 100 samples if there is any limitation on the field in the matter of data collection.

4. RESULTS ANALYSIS

4.1. Reliability

Reliability are measured based on the composite reliability and cronbach's alpha. when composite reliability and cronbach's alpha are bigger than 0.7 which indicates a good reliability level (LATAN, 2015; GHOZALI, 2008).

Table 1: Reliability

Latent Variable	Composite Reliability	Cronbach's Alpha	remarks
Earned social media	0.904	0.876	Good
Owned Social media	0.950	0.941	Good
Technologi acceptance Perception	0.938	0.917	Good
Toward Fanpage	0.914	0.874	Good
Purchase Intention	0.808	0.564	Good

Based on composite reliability figures, it is shown that all of the variables from the questionnaires are consistent and reliable.

4.2. Structural model measurement

R-Square figures are used to measure the relevancy of the model on the dependent latent variables. If the R-square figures are closer to 1, it can be said that the models are relevant. Cohen (1988) which is cited by Akter et Al.,(2011) the R-square between 0.26, 0.13, and 0.02 for dependent latent variables in the structural model indicates that the model are “good”, “moderate”, and “weak”.

Table 2: R-Square

Latent Variables	R-Square	Remarks
Perception Toward Fanpage	0.641	Good
Purchase Intention	0.364	Good

4.3. Discriminant validity

Discriminant validity principal is that indicator on the latent variables that are different can be more correlated than the correlation between indicators in one latent variables (LATAN, 2015). Discriminant validity measurement can be seen based on the root square of AVE that are compared with the correlation between latent variables in the model. If the AVE square roots figures (\sqrt{AVE}) on the latent variables are bigger than correlation between the latent discriminant, means that the indicators having a good discriminant validity (LATAN, 2015).

Table 3: (\sqrt{AVE}) > Latent Discriminant Correlation

	ESM	OSM	TA	Perception	Purchase
ESM	0.769				
OSM	0.786	0.81			
TA	0.582	0.765	0.935		
Perception	0.788	0.761	0.643	0.826	
Purchase	0.601	0.585	0.405	0.641	0.825

The Bolt figures are (\sqrt{AVE}) that should have bigger numbers than the figures under it (correlation between latent variables). On the ESM (Earned Social Media) variables (\sqrt{AVE}) is lower that the correlation between ESM and OSM (Owned Social Media) and lower than the correlation between ESM and Perception. But these difference are not significantly bigger, only as big as 0.01 and 0.001 in which can be concluded that ESM variables have a good discriminant validity. So does with the OSM, TA (Technology Acceptance), Perception, and Purchase Intention that already

have bigger (\sqrt{AVE}) than the latent variables correlation. Which means that these variables have a good validity discriminant.

4.4. Structural model

A latent eksogen variable will significantly effecting a latent endogen variable based on a t-statistic test on a 5% or 0.05 significance level, is when the t-statistics is bigger than 1.96.

Table 4. T-statistics

Correlation	t-statistik	Original Sample	Remarks
TA > Perception	0.866	0.094	Insignificant
OSM > Perception	2.440	0.324	Significant
ESM > Perception	4.140	0.452	Significant
Perception > Purchase	8.421	0.604	Significant

5. FINAL CONSIDERATIONS

Based on the study there are some recommendation that can be given to the Stella brand management to increase the quality of relationship with their consumers, with the will to increase the perception towards their owned media, keep the engagement with their consumers and leveraging the purchase intention toward the brand as a media that resulting in a positive brand image.

1. Based on the study, the effect of technology acceptance are insignificant toward the perception toward product fanpage. With this results management could focus in contents that are revolving in usefulness and social connection that could affected the perception toward the fanpage.
2. Based on the study , the effect of owned social media variable that positively affecting the perception toward the fanpage, the management should keep feeding contents that are considered relevant and useful to increase the motivation of the users to visit the fanpage. According to Chiu, Hsu and Wang (2006) brand could start a campaign on the website to initiate and excitement of the users and to push the active engagement that in the end of the day will effected earned social media activities. Giving special offers to the fans also could be done by the brand to increase the numbers of fans and the visitor of the fanpage. Brand should also make the fanpage as a customer service touchpoint to initiate a two way communication between brand and the consumers.

3. Based on the results of the effect of earned social media activities to the perception toward the product fanpage, management could make the fanpage as a home form information exchange for the users. This could be done by posted contents that makes the users to comments on the post, such as mini quizzes or just by asking the comments of the users or even start a contest that makes the users willing to share. These things will generate a social connection between users that in the end of the day will create users generated contents and viral buzz to increase the perception towards the product fanpage.
4. Based on the results, perception toward product fanpage is positively and significantly affecting purchase intention, the management should try to keep doing marketing activities to increase the effect on owned social media activities and earned social media activities. These thing could be achieved by doing a 360 degree marketing activities that makes all the communication channel are connected and one campaign blueprint. To keep the perception toward the fanpage positive by giving the same information on every channel to keep the reputation of the brand fanpage and to earn the trust from the consumers.

After seeing the result of the studies, it can be said that the information shared trough social media are affecting the perception towards the brand. Brand can use this to build their brand image trough the social media by selecting the right channel using Segmenting Targeting and Position (STP) method. The content of the social media should be relevant and useful to increase the motivation of the users to visit the fanpage and the engagement with the consumers will be triggered by engaging them in the fanpage trough comments and information exchange finally to increase potential purchase intention from the users towards the product in the fanpage.

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