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The Effect of Social Media Marketing and Consumer Engagement as Mediating Variable towards Consumer Purchase Intentions at Renda Indonesia: Case Study of Social Media Instagram @Renda Indonesia

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Abstract:

The emergence and development of the internet brought a new way of communication to society. One of them is social media. Instagram is one of the most popular social media for the people of Indonesia. Around 86.6% of internet users use Instagram. Renda Indonesia is a business that promotes its product on Instagram. However, Renda Indonesia is outperformed by its competitors on Instagram. Comparatively speaking, this business is growing much slower than its competitors in terms of traffic and followers. As a result, the author is interested in identifying the issue the business faced and finding a solution so that it can catch up to and compete with its competitors. The purpose of this study was to examine the effect of Social Media Marketing and Engagement on the Consumer Purchase Intention of Renda Indonesia, as well as to measure the opinion of potential customers of Renda Indonesia on the variables of Social Media, Consumer Engagement, and Purchase Intention of Indonesian Consumers. This study uses an online questionnaire distribution method using Google Forms to 400 respondents who know and follow the Instagram Renda Indonesia social media. Researchers used Structural Equation Modeling (SEM), using SmartPLS software, to test the research model. The technique used is non-probability sampling, where the researcher uses purposive sampling. The results of the descriptive analysis show that Social Media Marketing, Consumer Engagement, and Purchase Intentions are in a good category. The results of the hypothesis show that there is a relationship between Social Media Marketing and Consumer Engagement towards Purchase Intention. This research is expected to provide benefits and insights to other researchers and companies regarding Social Media and Consumer Engagement with Purchase Intentions. The author advises Renda Indonesia to communicate with Instagram consumers by replying to consumer comments and using Instagram Stories that can display everyday moments in business. This will make consumers feel valued, engaged, and special.

Keywords: Social media marketing, consumer engagement, consumer purchase intention, structural equation modelling

1. Introduction

Technological development has experienced rapid growth in line with the era of globalization, which demands the speed of information flow. The need for information has become one of modern society's most fundamental principles (Roza, 2020). One of the developments in information technology is internet network technology. The emergence of the internet brings new ways of communication to society. One of them is social media, which changes the paradigm of communicating in today's society. Based on research data conducted by We Are Social (2022), in February 2022, Indonesia had a population of 277.7 million, and 204.7 million people use the internet. Out of 204.7 million internet users in Indonesia in February 2022, 191.4 million are actively using social media via cellular phones. So, it can be interpreted that more than half of Indonesia's population actively uses social media. Based on research data also conducted by We Are Social (2022), in collaboration with Hootsuite, it is stated that Instagram is one of the most popular social media in Indonesian, where about 84.4% of internet users are using Instagram. Since Instagram is such a successful social media site in Indonesia, some business owners believe it is a good place to promote and sell their goods (Anam, 2021). One of the most sold products is in the fashion sector. This is because fashion trends in Indonesia are very dynamic and always develop rapidly, thanks to the many creative and innovative young generations (Kemenparekraf, 2022). According to the BPS-Bekraf 2016-2017 Creative GDP Report quoted from OPUS Ekraf 2020, it shows that in 2017 the fashion sub-sector grew by 3.87% and the total amount contributed to the national GDP reached IDR177.885 trillion. According to the Indonesian Ministry of National Planning (2019), Indonesia was ranked second in the Top 10 GIE Indicators in Muslim

fashion and third in the world for overall Muslim clothing expenditure (at roughly 7.4% of worldwide expenditure) in 2018. One of the Muslim fashion e-commerces that promotes its products through Instagram is Renda Indonesia. As of October 15th, 2021, Renda Indonesia has 15.1K followers on its Instagram account. According to Renda Indonesia owner, Renda Indonesia Instagram has some competitors who are also offering women's Muslim apparel. Those competitors were established in the same year when they had similar numbers of followers. There are Jenna & Kaia, Legan, and NRH x Nabilia. These competitors were actually equal in terms of followers, engagement rate, and upload.

Nevertheless, their progress in gaining followers or traffic is much faster than in Renda Indonesia. Hence, it makes the author want to figure out the problem that the business had to make this business able to catch up and be able to compete with its old competitors. Since the owner feels that social media marketing has some effects on consumer purchasing intention and is one of the most effective marketing tools for influencing consumer purchase intentions, this research will investigate the effectiveness of Renda's social media marketing. Therefore, it is important to carry out research on the topic of 'THE EFFECT OF SOCIAL MEDIA MARKETING AND CONSUMER ENGAGEMENT AS MEDIATING VARIABLE TOWARDS CONSUMER PURCHASE INTENTIONS: STUDY CASE ON RENDA INDONESIA'.

2. Literature and Research Framework

2.1. Marketing

According to Kotler and Keller (2012), marketing is the process of identifying and meeting human and social needs. One of the most basic definitions of marketing is 'filling profitable needs,' or how to convert a need into a profitgenerating business opportunity. The marketing notion asserts that recognizing the requirements and wishes of the target market and offering desired satisfaction more effectively and efficiently than competitors is the key to accomplishing organizational goals.

2.2. Social Media Marketing

According to Genuelius (2011), 'Social media marketing is any form of direct or indirect marketing that is used to build awareness, recognition, recall, and action for a brand, business, product, person, or other entity and is carried out using the tools of the social Web, such as blogging, micro blogging, social networking, social bookmarking, and content sharing'. According to Kotler and Keller (2016), social media marketing is online activities and programs designed to engage customers or prospects and directly or indirectly raise awareness, improve image, or elicit sales of products and services.

2.3. Consumer Engagement

According to Thakur (2018), Consumer engagement is a mental state that results in frequent interactions with the main item (e.g., a brand or a medium). Consumer engagement is a long-term connection that is motivated by both emotional and utilitarian factors. Consumer engagement is an essential concept in online and social business contexts, and it can provide useful information about consumers' proclivity to leave online reviews. In addition, consumers may see the act as giving them more power in their connections with companies and online businesses.

2.4. Consumer Behavior

According to Kotler and Keller (2012), Consumer behavior is the study of how people, communities, and organizations choose, acquire, use, and put goods, services, ideas, or experiences to satisfy their desires and needs. On the other hand, according to Schiffman & Kanuk (2008), consumer behavior refers to how people decide to spend their limited resources (time, money, and effort) on consumer goods.

2.5. Consumer Purchase Intention

According to Kotler and Keller (2012), purchase intention is closely related to consumer behavior. This happens when consumers get stimulation or stimulation from external factors that will appear intentional and intentional purchases on the characteristics of each individual in determining things.

2.6. Research Framework



Figure 1: Research Framework Source: Rudyanto 2018

2.7. Research Hypotheses

- H1: Social media marketing affects consumers' purchase intentions.
- H2: Social media marketing affects consumer engagement
- H3: Consumer engagement affects consumers' purchase intentions.
- H4: Consumer engagement mediates the relationship between social media marketing and consumer purchase intention.

3. Research Methodology

3.1. Type of Research

In this study, the researcher used cross-sectional and quantitative research methodology. This study also used descriptive and causal research methods. Moreover, the primary data is used by using an online questionnaire distribution method using Google Forms to 400 respondents who know and follow the social media Instagram Renda Indonesia. Researchers used Structural Equation Modeling (SEM), using SmartPLS software, to test the research model. The technique used is non-probability sampling, where the researcher uses purposive sampling.

3.2. Data Analysis Technique

Analyses used in this research are:

3.2.1. Descriptive Analysis

According to Sugiyono (2013), descriptive statistics are statistics used to examine data by summarizing or explaining the data that has been acquired without making generalizations or public-facing judgments. The research analysis conducted on the whole population (rather than a sample) will clearly use descriptive statistics.

3.2.2. SEM (Structural Equation Model)

According to Sudaryono (2017), there are two reasons why SEM is used:

- First, it can estimate correlations between variables that have numerous relationships. The structural model establishes this link (the relationship between the dependent and independent constructs)
- Second, SEM can describe the pattern of correlations that exist between latent (unobserved) components and manifest variables (manifest variables or indicator variables)

3.2.3. PLS (Partial Least Square)

Partial Least Square (PLS) aims to predict the effect of variable X on variable Y and explain the theoretical relationship between the two variables (Abdillah & Hartono, 2014). PLS is a predictive model that can handle a wide range of data types, including scale, nominal, ordinal, interval, and ratio (Indrawati, 2015).

3.2.4. Outer Model

The measurement models are elements of a path model that contain the indicators and their relationships with the constructs and are also known as outer models (Hair et al., 2021). Further, this outer model or measurement model is employed to identify the validity and reliability.

3.2.5. Inner Model

The inner model is a structural model for estimating latent variable causation. The inner model test aims to assess the relationships between latent constructs, as hypothesized in the study by Magdalena and Jaolis (2018). On the other hand, according to Hair et al. (2014), the inner model, or structural model, displays the relationships between the constructs being evaluated.

4. Result and Discussion

4.1. Respondent Characteristics

Based on a survey given to 400 of Renda Indonesia's Instagram followers, the data of the respondents are categorized by age, occupation, and the typical amount of time spent on social media. The estimated age of 17 to 26 years, or 62.7 percent of all consumers of objects, fills the largest age range. Of these, 61 percent are students who regularly use Instagram.

4.2. Measurement Model Test Result (Outer Model)

According to Ghozali and Latan (2015), testing the measurement model shows how the manifest or observed variables represent the latent variables to be measured. The measurement model is a model that connects the latent variable (indirect) with the manifest variable (direct). Based on the Smart PLS method, the path diagram for the measurement model is obtained below:



Figure 2: Measurements of Outer Model Source: Data Processed by Author, 2022

4.2.1. Convergent Validity (Validity Testing)

The results of testing the reliability of each variable using the SmartPLS application are shown in the table below as follows:

Latent Variable	Item	Critical Value	Factor Loading	Conclusion
	SMM1		0,839	Valid
	SMM2		0,847	Valid
Social Madia Markating	SMM3		0,858	Valid
Social Media Marketing	SMM4		0,857	Valid
	SMM5		0,854	Valid
	SMM6		0,839	Valid
	SMM7		0,844	Valid
	SMM8		0,855	Valid
	CE1	>0.7	0,870	Valid
	CE2	>0.7	0,884	Valid
Consumer Engagement	CE3		0,872	Valid
	CE4		0,858	Valid
	CE5		0,883	Valid
	CE6		0,874	Valid
	CPI1		0,830	Valid
	CPI2		0,853	Valid
Purchase Intention	CPI3		0,848	Valid
	CPI4		0,846	Valid
	CPI5		0,850	Valid
	CPI6		0,856	Valid
	CPI7		0,866	Valid

Table 1: Factor Loading Result Source: Data Processed by Author, 2022

Table 1 shows that all the results obtained indicate that the Factor Loading value is greater than the critical value, namely 0.7. So, it can be concluded that all items in this research variable are valid.

Variable	AVE	Critical Value	Conclusion			
Social Media Marketing	0.721	>0.5	Valid			
Consumer Engagement	0.763		Valid			
Purchase Intention	0.722		Valid			
Table 2: Convergent Validity Result						

Source: Data Processed by Author, 2022

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The average Variance Extracted test is seen on the value, indicating whether the collection of items measuring a variable is unified or not, which means it has convergent validity (Hair et al., 2021). Table 2 shows that the three variables have an AVE value that is greater than the critical value of 0.5. Thus, it can be concluded that the convergent validity conditions for all variables have been met.

4.2.2. Internal Consistency Reliability

The following are the results of the reliability measurement using Cronbach's Alpha, where an item is considered valid if it gets a result > 0.7, and Composite Reliability, where a result > 0.7 is deemed valid.

Variable	Cronbach's Alpha	Critical Value	Composite Reliability	Critical Value	Evaluation Model
Consumer Engagement	0.938		0.951		VALID
Purchase Intention	0.936	>0.7	0.948	>0.7	VALID
Social Media Marketing	0.945		0.954		VALID

 Table 3: Cronbach's Alpha and Composite Reliability Testing
 Source: Data Processed by Author, 2022

Cronbach's Alpha is another measure of internal consistency reliability, which predicts the same threshold as composite reliability, i.e., all indicators are the same in a population (Hair et al., 2021). Based on the results in table 3, Cronbach's Alpha value for each variable is more than 0.7 each. So it can be concluded that the items in the variable are valid.

In the Composite Reliability measurement, if the value obtained is high, it indicates a high level of reliability, in other words measuring the real value of the reliability of a construct. The results in table 3 show that the overall composite reliability is > 0.70, which can be said to be valid and ranges from satisfactory to good (Hair et al., 2021). So it can be said that the items in each variable in this measurement are valid.

4.3. Discriminant Validity

Discriminant validity is comparing the value of the square root of average variance extracted (AVE) of each construct with the correlation between other constructs in the model. If the square root of the average variance extracted (AVE) of the construct is greater than the correlation with all other constructs, it is said to have good discriminant validity. The discriminant validity measurement model is tested by looking at the cross-loading value. It is better that the AVE measurement value must be greater than 0.50 (Ghozali & Latan, 2015). Discriminant validity can be measured by looking at the results of several criteria, such as Fornell Lecker and Cross Loading.

	Social Media Marketing	Consumer Engagement	Purchase Intention		
Social Media Marketing	0,849				
Consumer Engagement	0,806	0,874			
Purchase Intention	0,930	0,774	0,850		

Table 4: Fornell Lecker Result

Source: Data Processed by Author, 2022

In table 4, The Fornell Lecker test has criteria where the square of the AVE in each construct must be higher than the highest construct with other constructs (Hair et al., 2021). Due to the square of higher than the correlation between other constructs, it satisfies acceptable discrimination.

	Social Media Marketing	Consumer Engagement	Purchase Intention
SMM1	0.839	0.688	0.787
SMM2	0.847	0.703	0.789
SMM3	0.858	0.705	0.800
SMM4	0.857	0.694	0.805
SMM5	0.854	0.685	0.783
SMM6	0.839	0.648	0.788
SMM7	0.844	0.677	0.777
SMM8	0.855	0.671	0.789
CE1	0.683	0.870	0.648
CE2	0.714	0.884	0.686
CE3	0.680	0.872	0.648
CE4	0.705	0.858	0.679
CE5	0.696	0.883	0.675
CE6	0.742	0.874	0.719

	Social Media Marketing	Consumer Engagement	Purchase Intention
CPI1	0.786	0.633	0.830
CPI2	0.789	0.680	0.853
CPI3	0.784	0.644	0.848
CPI4	0.804	0.644	0.846
CPI5	0.792	0.692	0.850
CPI6	0.776	0.634	0.856
CPI7	0.802	0.677	0.866

Table 5: Cross Loading Factor Result Source: Data Processed by Author, 2022

An indicator can be valid if the value of Cross Loading with latent variables is greater than the correlation with other latent variables (Hair et al., 2021). Based on table 5, it can be concluded that all constructs in the estimated model have met the discriminant validity criteria. The condition is that each item must have the highest correlation value or the highest cross-loading between the latent variables. Therefore, it can be concluded that the variables in this study can be declared to meet the discriminant validity criteria.

4.4. Structural Model Test Results (Inner Model Criteria)

The inner model, also known as the structural model, is tested to see how one latent variable interacts with other latent variables (Indrawati, 2015). This structural model also shows path links between constructs (Hair et al., 2021). This testing is conducted by examining whether the path coefficients have a significant effect or not for each t value obtained from the bootstrapping process. The outcomes of the measurement model utilizing the SmartPLS application are shown in figure 3 as follows.



Figure 3: Measurements of Inner Models Source: Data Processed by Author, 2022

4.4.1. R Square

Another structural model test is to see how the independent latent variable influences the R-Square values for each dependent latent variable (Indrawati, 2015). The value of R2 is used to measure the level of variation of changes in the independent variable to the dependent variable. The higher is the R2 value, the better is the prediction model of the proposed research model.

Variable	R Square		
Consumer Engagement	0.649		
Purchase Intention	0.867		
Table 6: R-Square Value			

Source: Data Processed by Author, 2022

Based on table 6, it can be seen that the R-Square value for the Consumer Attachment variable is 0.649, and for the Consumer Purchase Intention variable, it is 0.867. The R-Square value for the Consumer Engagement variable is 64.9%, which means that the Social Media Marketing variable can explain the Consumer Engagement variable. The remaining 35.1% is influenced by other variables not discussed in this study. The R-Square value for the Consumer Purchase Intention variable is 86.7%, meaning that the Consumer Purchase Intention variable can be explained by Social Media

Network Marketing and Consumer Engagement, and the remaining 13.7% is influenced by other variables not explained in this study.

4.4.2. Hypothesis Testing & Results

Path Diagram	Original Sample (O)	t-value	t-table	P-Values	Conclusion
SMM -> CE	0.806	35.999	1.96	0	Accepted
SMM -> PI	0.873	29.907	1.96	0	Accepted
CE -> PI	0.071	2.041	1.96	0.021	Accepted
SMM -> PI	0.057	2.018	1.96	0.022	Accepted
(Indirectly through Consumer purchase intention)					

Table 7: Path Coefficient and T-Count Source: Data Processed by Author, 2022

4.4.2.1. The Effect of Social Media Marketing on Consumer Purchase Intentions

The Social Media Marketing variable has a t-value greater than the t-table value (29.907 > 1.96) and a significance value less than the level of precision (0.000 < 0.05), hence H0 is rejected. It is obvious that social media marketing has an effect on purchase intention.

According to the results of the structural measurement (R-Square) of 0.867, the independent variable (Social Media Marketing) has an 86.7% percent influence on the dependent variable (purchase intention), while the remaining 13.3% is influenced by other variables not examined in this study. The path coefficients in this relationship are 0.509, meaning that social media marketing has an influence on purchase intention.

4.4.2.2. The Effect of Social Media Marketing on Consumer Engagement

The Social Media Marketing variable has a t-value greater than the t-table value (35.999 > 1.96) and a significance value less than the precision (0.000 < 0.05), hence H0 is rejected. The effect of social media marketing on consumer engagement is obvious.

According to the results of the structural measurement (R-Square) of 0.649, the independent variable (Social Media Marketing) has a 64.9 % influence on the intervening variable (consumer engagement), while the remaining 34.1% is influenced by other variables not examined in this research. The Path Coefficients in this relationship are 0.806, meaning that social media marketing has an influence on consumer engagement.

4.4.2.3. The Effect of Consumer Engagement on Consumer Purchase Intentions

The Consumer Engagement variable has a t-value greater than the t-table value (2.041 > 1.96) and a significance value less than the level of precision (0.021 < 0.05), hence H0 is rejected. Consumer Engagement clearly has a substantial impact on Purchase Intentions.

In this relationship, the path coefficient is 0.071, which indicates an influence between consumer engagement and purchase intentions. This explains why consumer engagement has an effect on purchase intentions, implying that the higher Consumer Engagement's interest in a product, the higher Purchase Intentions are.

4.4.2.4. Consumer Engagement Intervenes in the Relationship between Social Media Marketing and Consumer Purchase Intention

H0 is rejected because the variable of consumer engagement, which does not affect purchase intention directly or indirectly, has a t-value greater than the t-table value (2.018 > 1.96) and a significance value less than the level of precision (0.022 < 0.05). As a result, this study concludes that Social Media Marketing has an effect on The Purchase Intention through Consumer Engagement.

The Path Coefficients in this relationship are 0.057, meaning that Social Media Marketing positively influences purchase intentions with consumer engagement as an intervening variable. This explains why, with consumer engagement as an intervening variable, Social Media Marketing has a considerable and positive effect on Purchase Intentions. This means that the higher the Purchase Intentions, the better the Social Media Marketing and Consumer Engagement.

5. Conclusion

There are a number of conclusions that can be drawn to answer the research question that has been posed based on the findings of the studies and discussions conducted regarding the impact of social media marketing on consumer purchase intention.

First, Social Media Marketing effect towards Consumer Purchase Intention. Referring to the results of the Hypothesis Testing in the Path Coefficients Table, the Social Media Marketing variable (X) has an effect on Consumer Purchase Intention (Y).

Second, Consumer Engagement effect towards Consumer Purchase Intention. Referring to the Hypothesis Test results in the Path Coefficients Table, the Consumer Engagement variable (Z) affects Consumer Purchase Intention (Y).

Third, Social Media Marketing and Consumer Engagement effect towards Consumer Purchase Intention. Referring to the results of the Hypothesis Testing in the Path Coefficients Table, the Independent Variable (X), which consists of

Social Media Marketing (X) and Consumer Engagement (Z), simultaneously has an effect on the dependent variable, namely Consumer Purchase Intention (Y).

Last, Consumer engagement intervenes in the relationship between social media marketing and consumer purchase intentions. Referring to the Path Coefficients Table's Hypothesis Test results, the Social Media Marketing (X) and Consumer Engagement (Z) have an effect on the Independent Variable, Consumer Purchase Intentions (Y).

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