ANALYZING THE EFFECT OF INSTAGRAM -BASED BRAND COMMUNITIES ON BRAND LOYALTY

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ABSTRACT

The purpose of this study is to show how Instagram-based brand community can affect the elements of customer-centric model (the relation between customer to the brand, product, company and other customers) that use three hypothesis. The end of this reserach shows how all these elements can affect brand trust and brand loyalty.

This research used quantitative approach that involved 200 respondents by online. Respondents from this research were Instagram users who had followed the business account (can be said one who had joined Instagram-based brand community) and used or consumed the products from this business account. The hypothesis testing was conducted by simple and multiple regression analysis.

The end of this research showed that the Instagram-based brand community had a positive effect on the elements of the customer-centric model (the relationship between customers with brands, products, companies, and other customers) that positively influenced brand trust and ultimately also had a positive effect on brand loyalty.

Keywords: Instagram, brand community, brand loyalty

ABSTRAK

Tujuan dari penelitian ini adalah untuk memperlihatkan komunitas merek berbasis Instagram dapat mempengaruhi elemen-elemen dari model customer-centric (relasi antara pelanggan dengan merek, produk, perusahaan, dan pelanggan lainya) yang menggunakan tiga hipotesis. Akhir penelitian ini menunjukkan bahwa seluruh elemen tersebut dapat mempengaruhi kepercayaan merek dan loyalitas merek.

Penelitian ini menggunakan pendekatan kuantitatif dengan melibatkan 200 responden secara on line. Responden penelitian ini adalah pengguna instagram yang telah mengikuti akun bisnis (dapat dikatakan seseorang yang telah tergabung dalam komunitas merek berbasis instagram.) dan telah

menggunakan atau mengkonsumsi produk dari akun bisnis tersebut. Pengujian hipotesis dilakukan menggunakan analisis regresi sederhana dan berganda.

Akhir dari studi ini menunjukkan bahwa komunitas merek berbasis instagram berpengaruh positif terhadap elemen-elemen dari model customer-centric (hubungan antara pelanggan dengan merek, produk, perusahaan, dan pelanggan lainya) yang berpengaruh positif kepada kepercayaan merek dan pada akhirnya juga berpengaruh positif terhadap loyalitas merek.

Kata kunci: Instagram, Komunitas Merek, Loyalitas Merek

INTRODUCTION

In this modern era, internet and social media are the common things that almost all the society layers have. The data statistic presented the number of internet users in Indonesia in 2018 of 132.7 million users, while social media usage penetration reached 130.0 million users (Hootsuite & We Are Social, 2018). The rapid development of the internet in recent years has affected the business environment, especially in the field of marketing. Interacting with customer is one of the strategies to have contact and touch on the customer which is one of the ways to learn about their needs in meeting the customer expectation that organization can conduct (Fowler, Pitta, & Leventhal, 2014). Social media made a firm to have a relationship with individual consumers. It becomes a challenge for the firm that never use it but it also can be a big opportunity (Hennig-thurau, Hofacker, & Bloching, 2013).

Instagram is one of social media that has a big opportunity in the field of marketing. By this platform, it is very possible for the organizations to market their product in the targeted market with no cost or low price (Shetty, 2018).

Several studies on the influence of the social media-based brand community on customer loyalty to brands have been done before. (Erdem, 2017) in his research found that brand community has a positive relation with the brand loyalty. Building and maintaining brand loyalty is one of the main things that needs to be considered by the company, especially in the middle of tight competition among current competitors. One of the key determinant of an organization's success is from its customer loyalty (Ramesh, 2014). Hence, marketers can improve customer

relationships to gain trust and loyalty from customers by making the best use of the brand community on Instagram.

The purpose of this research is to show how the Instagram-based brand community effects elements of the customer-centric model (the relationship among customers and brands, products, companies and other customers) that can affect brand trust and at the end affect brand loyalty.

LITERATURE REVIEW

Instagram-Based Brand Community

The Brand Community is a community form that has a bond that is not based on a geographical bond, but rather based on a set of social relations structures in a particular brand fan (O'Guinn & Muniz, 2001). Regarding about brand community in social media, Khaur (2018) are clear about who is brand community member on Facebook. They claimed that brand community members are the people who click the brand's page on Facebook. Based on this argument and applying it to Instagram, consumers become a part of Instagram-based brand community members by hitting the blue "Follow" button to the brand's account.

Customer Centric Model

Laroche (2012) also concludes that the social media-based brand community has some entities such as brands, products, customers, companies, and social media itself as a container where this community is located. This research believes that social media can provide high-context interaction among elements of a brand community. During this interaction, community members

and marketers share valuable experiences while consuming a product, useful information, and other valuable resources that can strengthen the relationship between all elements and models of customer-centic brand communities (McAlexander & Schouten, 2002).

H1a: The Instagram-based brand community has positive effect on the relationship between the customer and the product.

H1b: The Instagram-based brand community has positive effect between customer and brand.

H1c: The Instagram-based brand community has positive effect between customer and company.

H1d: The Instagram-based brand community has positive effect on the relationship between customers and other customers.

Brand Trust

Delgado et al (2003) define brand trust as "expectations or expectations with confidence in the reliability and intention of a brand in situations involving risk for consumers." Trust is an expectation or expectation that the brand can be relied upon to behave generously and be responsive to one's needs (Park, 2016). Trust exists when one party has confidence in the reliability and integrity of its exchange partners (Morgan & Hunt, 1994). Trust also means the belief that someone will find what they want from others, not what they fear (Delgado-Ballester

& Munuera, 2005). Brand trust means consumers are generally willing to rely on the brand's ability to carry out its functions (Moorman, Zaltman, & Deshpande, 1992).

Relationship enhancement occurs due to the sharing and dissemination of information among brand elements, which reduces information. The relationship between customer and brand has a positive effect on brand trust asymmetry and uncertainty and improves predictions of the brand.

H2a: The relationship between customer and products has a positive effect on brand trust.

H2b: The relationship between customer and brands has positive effect on brand trust.

H2c: The relationship between customer and companies has positive effect on brand trust.

H2d: The relationship between customer and other customers has positive effect on brand trust.

Brand Loyalty

Brand loyalty is defined as a strong commitment to repurchase a desired product or re-subscribe to a service consistently in the future. Thereby, resulting in repeat purchase of the same brand or set of products with the same brand, or set of products with the brand in despite the situational effect (Oliver 1999 in Chaudhuri & Holbrook, 2001). Brand loyalty is influenced by social drives, ie the social environment around the customer can affect customer attitudes toward a brand, including social group and peer recomendation. One example of social groups is the virtual group and the brand community. Social groups such as the brand community directly influence one's attitudes and behavior. A group will be the main reference of a person in buying

a product. The influence of a strong reference group can easily change the behavior of its members or potential members (Gounaris & Stathakopolous, 2004).

Brand trust brings on a higher level of loyalty because trust creates a very valuable relationship (Dessart, Veloutsou, & Morgan-Thomas, 2015). Thus, the researcher puts forward the hypothesis:

H3: Brand Trust has positive effect on brand loyalty

Figure 1: Theoretical Framework
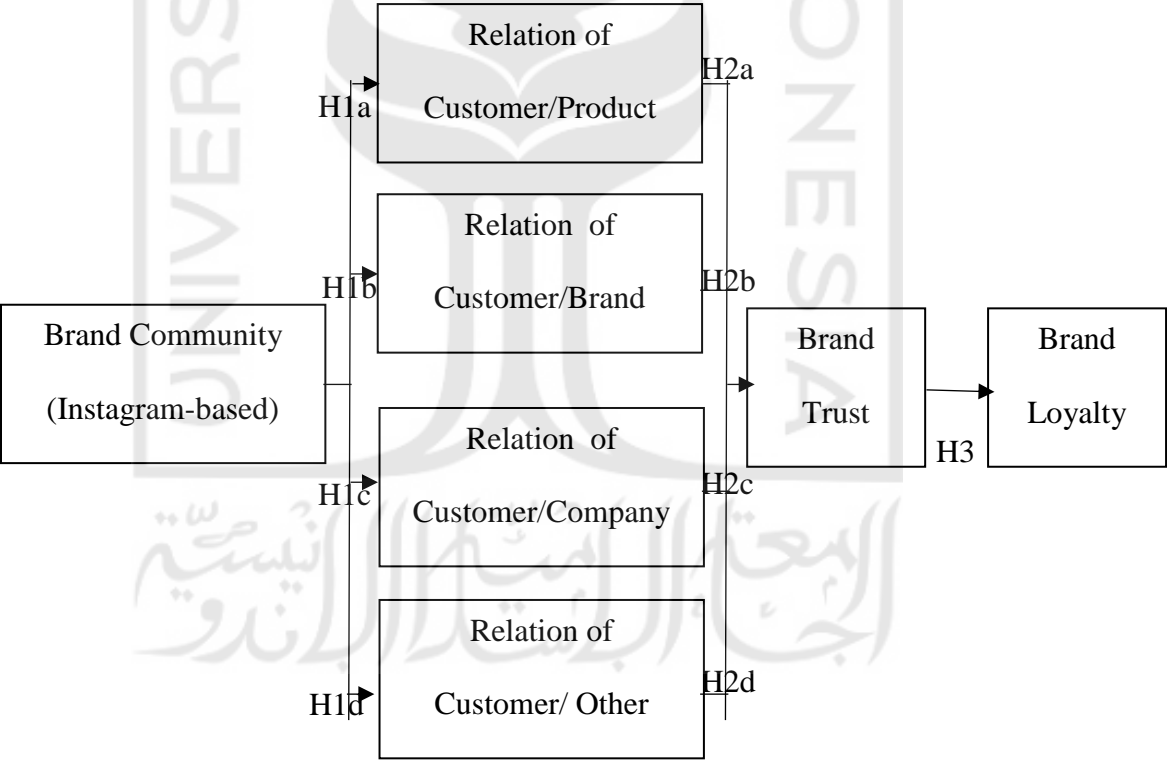
METHODOLOGY

Data Collection

Sampling design that was used in this research was nonprobability sampling which used the judgment sampling from purpose sampling design type. This design could decrease the generalization. It was because the information was directly obtained from the very specific person, needed fact, and could give the needed information (Sekaran, 2003). The populations in this research were all members who follow the official account of a brand. Unit sample in this research was the member of brand community on Instagram with the minimum age of 18, which used the product with one year minimum usage and had become the member community for at least six months. This research took around 200 members of brand community on Instagram as the respondent. This number was already appropriate with the rules of Wibisono (2000) that stated: a) Sample size for every research should in between 30 and 500. b) If sample will be separated into some parts, the minimum sample size is 30 for every needed part. c) For many factors research, the sample size should be taken several times (at least more than 9 times) from the existing factors. d) For ordinary research with rigorous research control, good research is possible if the sample is between 10 and 20.

This research was conducted within the scope of the Republic of Indonesia. It was because this questionnaire was shared through internet. Thus, it can cover all respondents that had internet connection in Indonesia. This questionnaire was shared to the member of brand community on Instagram. Researcher used the facility of google form in data sharing and gathering. The respondent selection in this research used the non-probability sampling method by doing sampling based on some considerations (judgment sampling) from the purposive sampling. The respondent

in this research was the member of brand community on Instagram who was at least 18 years old and had been a member of the community for at least 6 months.

Survey Instrument

Questionnaire in this research consisted of seven variables that were adapted from the previous research questionnaire from (Laroche et al., 2012) such as (1) Social media based brand community, 3 item of questions. (2) Customer relationship to the product, 4 item of questions. (3) Customer relationship to the brand, 3 item of questions. (4) Customer relationship to the company, 3 item of question. (5) Customer relationship to other customers, 3 item of questions. (6) Brand trust, 3 item of questions, and (7) Brand loyalty, 3 item of questions. All responds will be measured by Likert seven point's scale (Scale 1-Strongly disagree until scale 7-strongly agree).

Data Analysis

The data analysis method conducted in this research was quantitative. The method that use is the simple regression and multiple regression analysis. Regression is the process of systematically estimating what was most likely to happen in the future based on past and present information that is owned (Riduwan & Sunarto, 2010). Thus, these mistakes can be minimized. Simple regression can be analyzed because it is based on functional relationship or causal relationship between independent variable (X) and the dependent variable (Y). Multiple regression analysis is the development of simple regression analysis (Subiyakto, 1995). The purpose is to predict the value of the dependent variable (Y) if the independent variable is at least two or more (Riduwan & Sunarto, 2010).

In conducting multiple linear regression analysis, it must meet certain basic assumptions. The assumptions in question are Normality test and Multicollinearity test. The purpose of

normality test is to test whether in the regression model, the confounding or residual variables have a normal distribution. The statistic test will not be valid for the small number of sample if the assumption that a residual value follows a normal distribution which is violated (Ghozali, 2013). Multicollinearity test aims to test whether the regression model found a correlation among independent variables. A good regression model should not have a correlation among independent variables (Ghozali, 2013).

RESEARCH FINDINGS

Findings

The total sample was 200. The total respondents surveyed show that the majority of the respondents are in the group age of 18-25 years old. It can be concluded that out of 200 respondents, there are 197 respondents from the group age of 18-25 years or about 98.5 %. Whereas the rest are 3 people or about 1.5 %. Based on the educational level, the majority respondents are high school graduates. There are 120 respondents are high school graduates or about 60%. The undergraduate is in the second position with around 35% of the respondent or about 70 respondents. The rest are from diploma and post graduates that only 5% or around 10 respondents. The respondents are asked to inform on how long they have been joined as brand community or in other words followed the business account in Instagram. There are 95 respondents have been following the business account since in a half until one year ago or about 47 %. Whereas the are 30% of the respondents or 60 respondents have been followed the account since in the last

year until in the last two years. The rest is around 46 respondents or 23% from 200 respondents have been followed the business account since more than two years.

The hypothesis was tested using SPSS 17 software for Windows. The level of significance used in this research was 5%. Thus, if the significance test results is <0.05, it can be interpreted that the relationship between the dependent variable and the independent variable is significant.

Then about the reliability, all variables were reliable. It was proven by the value of Alfa Cronbach from all variables which was more than 0.6, hence all question items in this research can be categorized as reliable and can be used for the next analysis. The variable are Instagram based Brand Community: 0.844 (Reliable), Customer Relations to the Product: 0.893 (Reliable), Customer Relations to the Brand: 0.891 (Reliable), Customer Relations to the Company: 0.902 (Reliable), Customer Relations to the Other Customers: 0.903 (Reliable), Brand Trust: 0.928 (Reliable) and Brand Loyalty: 0.859 (Reliable).

Hypothesis test

The hypothesis testing is conducted by using the goodness of fit test. The purpose of Goodnes of fit testing is to measure the accuracy of the sample regression function in estimating the actual value. It can be measured from the coefficient of determination, the F and t statistical value. Statistical calculations are considered statistically significant if the statistical test value is in a critical area (the area where Ho is rejected) and is considered insignificant if the statistical test

value is in the area where Ho is accepted (Ghozali, 2013). The result of hypothesis test was conducted by using SPSS 17 sofftware that presented in the Table 1.

Table 1 Overall Hypothesis Testing Results

Hypothesis	Direction of Relationship	β (beta)	Sig.	Conclusion
H1a	Positive (+)	0.330	0.000	H1a is accepted
H1b	Positive (+)	0.369	0.000	H1b is accepted
H1c	Positive (+)	0.359	0.000	H1c is accepted
H1d	Positive (+)	0.529	0.000	H1d is accepted
H2a	Positive (+)	0.467	0.000	H2a is accepted
H2b	Positive (+)	0.146	0.018	H2b is accepted
H2c	Positive (+)	0.236	0.000	H2c is accepted
H2d	Positive (+)	0.12	0.023	H2d is accepted
H3	Positive (+)	0.753	0.000	H3 is accepted

Source: Primary Data Processed, 2019.

DISCUSSION

The results of first hypothesis test were in accordance with the previous research done by (Laroche et al., 2012) which stated that there is a positive relationship between the brand community based on Social Media towards the four elements of the customer-centric brand community model. It can be concluded that community members and marketers share valuable experiences while consuming or using the product, it can strengthen the relationship among all

elements. The higher the activity the closer the customer relationship with other products, brands, companies, and customers.

The results of hypothesis 2a test were in accordance with the previous research done by Laroche et al. (2012) which stated that there is a positive relationship between the relationships of customers to products towards the brand trust. It can be concluded that customers of brand from business account on Instagram felt satisfied and proud if the product had good quality according to what the producer promised. Then, this can be felt when product purchased had met or even exceeds customer expectations of the product. As a result, the higher the quality of the products produced, the more satisfied and proud customers that will lead to customer trust in the product of that brand.

The results of hypothesis 2b test were in accordance with the previous research done by Laroche et al. (2012) which stated that there is a positive relationship between the relationships of customers to brands towards the brand trust. It can be concluded that the increasing relationship that occurred among customers from the Instagram-based brand community would increase the relationship and contact between brands and customers. Customers can judge brand when they join and interact in the Instagram-based brand community. Then, an active brand community will indirectly increase the brand's reputation. As a result, The higher the reputation or brand image, the higher the customer's trust in the brand.

The results of hypothesis 2c test were in accordance with the previous research done by Laroche et al. (2012) which stated that there is a positive relationship between the relationships of customers to companies towards the brand trust. It can be concluded that it is not only followers or customers who actively participate, but also the company itself. Companies usually can open

discussions and ask customers what they think about their products and brands. If customers ask, companies must actively answer questions from their customers. Then, communication between two directions can occurred. Sharing and disseminating information about brands that occurred within a brand community could reduce customer uncertainty about the products. As a result, it would positively have an effect on customer trust in the brand.

The results of hypothesis 2d test were in accordance with the previous research done by Laroche et al. (2012) which stated that there is a positive relationship between the relationships of customers to other customers towards the brand trust. It can be concluded that customers join this brand community because they had an interest in the same brand. Customers exchanged information and experience while consuming or using brands from the business accounts they followed together. The two-way relationship that occurred continuously among community members will sometimes lead to sense of kinship among them. With sense of kindship, they will feel attached to the community. As a result, Stickiness with the community will have a positive effect on the brand trust.

The results of hypothesis 3 test were in accordance with the previous research done by Laroche et al. (2012) which stated that there is a positive relationship between the brand trust towards the brand loyalty. It can be concluded that the trust from customer to the brand generated through the relationship between customers and elements of the brand community. Then, it made customers repeated purchasing of products which was one of the indicators of brand loyalty.

CONCLUSION

Based on the results of the research, it can be concluded that Instagram-based brand community had positive effect on the relationships that occurred between customers and other products,

brands, companies and customers. The relationship between customers and other products, brands, companies and customers had positive effect on brand trust and Brand trust had positive effect on brand loyalty. The results of this research are expected to help business or companies to realize the importance of the effect of Instagram-based brand communities on brand loyalty. Thus, it is expected that companies or business can really manage their Instagram-based brand community well. It can be conducted by responding to questions or complaints from customers or vice versa and the company can also ask for opinions or feedback. Companies can also ask for opinions or feedback from their customers. As a result, it will lead to discussions between customers with companies and other customers. This community that runs in two directions will enhance customer relations with a customer-centric model of the brand community that positively affects brand trust that continues to lead to brand loyalty.
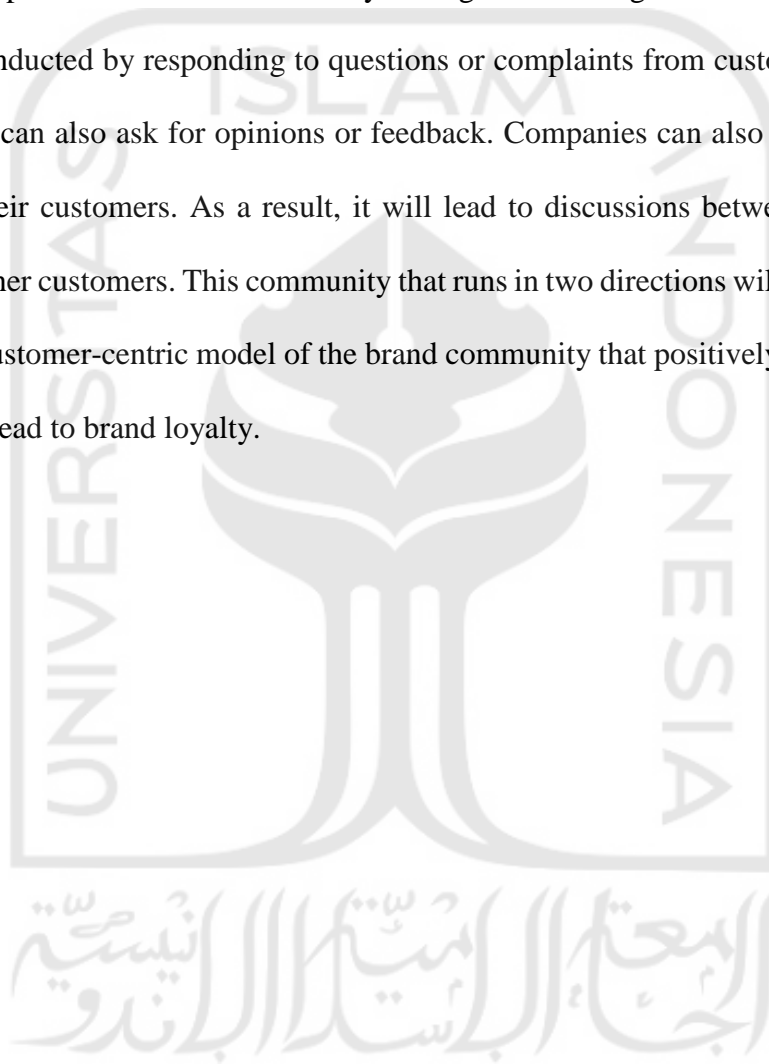
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