

Analysis of the Effect of Social Media Marketing on MSME Performance at Citra Cosmetic Makassar

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ABSTRACT

The aims of the research on the Effect of Social Media Marketing on Micro Enterprises in Indonesia are: 1) To find out the positive influence of Customer Engagement on the performance of MSME Citra Cosmetic Makassar, 2) To find out the positive influence of Customer Satisfaction on MSME performance through Customer Loyalty. Citra Cosmetic Makassar, 3) To find out the positive influence of Customer Brand Reputation on the performance of MSME Citra Cosmetic Makassar, 4) To find out the positive influence of Customer Loyalty on the performance of MSME Citra Cosmetic Makassar. The data collection was based on people who live in Makassar and ever made a purchase on Citra Cosmetic Makassar. By doing this research, it has a purpose and can also contribute to the owners of Citra Cosmetic Makassar in order to increase their own QMS. The results of the discussion used a program from PLS to analyze data and also surveys. The sampling technique of this research is to use non-probability sampling with purposive sampling method, the data collection method used itself is to use a survey of 385 samples and also use the outer model and inner model tests. The results of this study themselves prove that three of the four hypotheses are accepted.

Keywords: Customer Loyalty, Brand Reputation, Customer Satisfaction, Customer Engagement, SME's performance.

INTRODUCTION

During the last two decades, the development of internet technology has occurred so rapidly and even now internet technology is still innovating. Internet technology is said to greatly affect various aspects of human life at the organizational, community, individual levels, interactions between them, operations, and also the environment (Yi & Thomas, 2007). Internet technology also has an important role in various economic fields because internet technology helps modernize and digitize various economic fields such as marketing (Qirici et al., 2011), entrepreneurship (Malik et al., 2020), and also affects overall business performance (Kim, Li, & Brymer, 2016). Various social media platforms are also widely used for business needs with

various purposes, such as to build relationships with the public, financing, recruiting employees, conducting market analysis and research, getting criticism and suggestions from the public, and others (Aggarwal et al., 2012). On social media, there are many other activities that can occur, moreover social media contains a lot of word of mouth, blogs, social networking, sending emails with consumers, and others (Shi et al., 2019). When companies use social media to help run business dealings related to marketing is called Social Media Marketing (SMM). For companies currently conducting QMS is a crucial and important thing for the company's sustainability, improving company performance, as well as being able to compete in this increasingly concentrated market. Especially during the Covid-19 pandemic which has lasted for almost a year

all over the world has changed the behavior and way of life of people to become increasingly digital, including in Indonesia.

According to the Central Statistics Agency (BPS) in the third quarter of 2020, Indonesia recorded a negative gross domestic growth (GDP) of 3.49% YoY. Indonesia stated that it was experiencing a recession in 2020 because it had recorded three times of negative economic growth. BPS also noted an increase in the number of unemployed in the third quarter of 2020, which increased by 2.67 million people compared to the previous year. So in total there are 9.77 million unemployed people in Indonesia. In addition, BPS also stated that 14.28% or the equivalent of 29.12 million Indonesians whose work was affected by the Covid-19 Pandemic of the entire population of Indonesia who were included in the working age population. Micro, Small and Medium Enterprises (MSMEs) in Indonesia. In Indonesia, MSMEs play a crucial role in the country's economy. The MSME sector is the largest contributor to GDP and helps in absorbing employment opportunities for the Indonesian population. Based on data from the Ministry of Cooperatives for Small and Medium Enterprises (MSMEs), Indonesia has a number of MSMEs reaching 64.19 million, with the composition of Micro and Small Enterprises (UMK) accounting for 99.92% of the total MSMEs. Based on data from the Indonesian MSME Association, the contribution of MSMEs to GDP decreased by a significant amount, namely a decline of 23% on an annual basis, from 60.3% to 37.3% in 2020 (Business Economy, 2021).

SMM is considered to have an effective impact on the continuity of the MSME business (Ware, 2018). By conducting QMS, MSMEs can also increase product commercialization, increase sales, increase operating profits, and compete with competitors. Therefore, many MSMEs currently have or are gradually digitizing, utilizing internet technology and using social media to conduct QMS which has proven to be more effective than other marketing tools and media (Musa et al., 2020). Customer engagement is an important concept for organizational success in the form of intangible assets related to corporate culture referring to the ability to manage

reciprocal relationships between sellers and buyers to share and exchange information (Purba & Tan 2018; Youssef et al., 2018). With its interactive nature and ability to build communication between companies and individuals, it involves the potential of social media customers to produce better products and services (Vivek et.al., 2012). Meanwhile, customer satisfaction is an important focus for creating an effective marketing program (Rahim et al, 2012). Based on previous research by Kotler & Keller (2017) argues that customer satisfaction is a critical scale of feelings of pleasure or disappointment felt by customers as a result of brand evaluation in comparing product performance with consumer expectations, while customer loyalty is a consumer's strong commitment to repurchase or subscribe to products. or service. Customer Brand Reputation (CBA) refers to the relative thought that arises about a brand when a customer imagines a particular product, the name that comes first to a consumer's mind. Based on the Theory of Reasoned Action (TRA) explains that brand attitude affects purchase intention (Till and Busler, 2000) with a good brand attitude will increase consumer repurchase and create consumer loyalty. On the other hand, negative attitudes have a negative impact on consumer repurchase of the products/services provided (Kartika and Kusuma, 2016).

Citra Cosmetic Makassar is one of the MSMEs engaged in cosmetic retail and supermarkets that have been affected by the Covid-19 pandemic. Citra Cosmetic Makassar, which has expanded by opening three branches (Jalan Sultan Hassanuddin No. 179, Jalan Arief Rate No. 1, and Jalan Boulevard Blok A2 No. 5). Makassar City itself has experienced the impact of the pandemic and a significant decrease in turnover at Citra Cosmetic Makassar. This study wanted to determine the effect of social media marketing (SMM) through three variables of the effectiveness of social media as a marketing tool, namely customer engagement, customer satisfaction with customer loyalty mediation, and customer brand reputation on the performance of UMKM Citra Cosmetic Makassar. So based on the description above, this research will examine

"Analysis Of The Effect Of Customer Engagement, Customer Satisfaction And Customer Brand Reputation Mediated By Customer Loyalty On Msme Performance In Makassar Cosmetic Image".

1. Customer Engagement

Customer engagement can be defined as a psychological state, which occurs based on the consumer's interactive experience with the company as a service provider or product that is the focus (Cabiddu et al., 2014). Customer Engagement is also explained as the cognitions, emotions, and behaviors possessed by consumers related to interactions between consumers and companies through activities related to the company, which is expected to be through customer engagement so that consumers and companies can form a relationship (Dessart et al., 2015).

2. Customer Brand Attitude

Brand reputation can be defined as the accumulation of opinions, perceptions, and attitudes that are owned by consumers towards the company (Hatch & Schultz, 2001). Because the reputation of the company is usually determined by individuals associated with the company itself who also includes consumers, the company's reputation is closely related to the subjective evaluation of consumers about the company.

3. Customer Loyalty

Previous researchers also defined loyalty as a buyer's behavioral intention to maintain a relationship with a service provider (Sindwani & Goel, 2015). Availability of customers to use the company's products and services repeatedly over a long period of time and recommending the company's products and services to the surrounding environment. Thus, brand loyalty is often associated with the availability of customers repeatedly buying goods or services accompanied by a psychological bond and clinging to the goodness of the company to supply goods and services. (Ismail & Yunan, 2015)

4. SME's Performance

SME Performance is a very important aspect in the world of business management. Of course, most MSME businesses want to improve their company's performance in

every possible way. Especially at this time, the business environment is constantly changing and the changes are getting faster, therefore MSME businesses must be able to have a constant or increasing performance in order to be able to survive in the competition and be able to adapt in this constantly changing business environment.

5. Hipotesis Penelitian

There are four hypotheses from this research, namely::

H1: Customer Engagement has a positive effect on the performance of Citra Cosmetic Makassar SMEs.

H2: Customer Satisfaction has a positive effect on the performance of SMEs Citra Cosmetic Makassar mediated by the Customer Loyalty variable.

H3: Customer Brand Attitude has a positive effect on the performance of Citra Cosmetic Makassar SMEs.

H4 : Customer Loyalty has a positive effect on the performance of Citra Cosmetic Makassar SMEs

METHOD

The population in this study amounted to 385 respondents who live in Makassar. The sampling technique used in this study was purposive sampling with criteria such as those above 17 years of age, having made a purchase to Citra Cosmetic Makassar SMEs. The type of research used is explanatory research which has the aim of analyzing hypotheses.

RESULT and DICUSSION

The results show that the path coefficient value has a value of -0.016 and a T-statistic value which is smaller than the T-table value of 1.116, it can be concluded that customer engagement has no effect on the performance of Citra Cosmetic Makassar SMEs because the results show a negative relationship and do not significant where customer engagement does not have a direct relationship with the performance of Citra Cosmetic Makassar. This is probably due to the assumption that there is a difference from the

delivery channel, which the company used to build customer engagement through offline to online media and QMS. Another thing is the difference in operational costs required when establishing engagement through online QMS, when companies make efforts to establish engagement through online QMS and use technology to maintain and process customer databases, create websites that support online purchases, or promotions. advertising, and marketing activities carried out on social media by companies incur new costs for companies.

The second hypothesis shows that the path coefficient value is 0.078 and the T-statistic value is greater than the T-table value with a value of 3.918. So it can be concluded that customer satisfaction has a positive effect because the path coefficient value is not close to -1.

Next, the results of H3 show that the path coefficient value is 0.201, with this it can be seen that the path coefficient value has a value close to 1, so it can be said that the influence of customer brand attitude has a positive influence on the performance of UMKM Citra Cosmetic Makassar. Research on H4 states the path coefficient value is 0.299, and the T-statistic value is greater than the T-table value with a value of 5.875, with this value indicating that the hypothesis is accepted because it has a positive relationship based on the path coefficient value and also the T-statistical value. which is larger makes H4 accepted because it has a unidirectional relationship between indicator variables and latent variables.

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CONCLUSION

This study examines the effect of customer engagement, customer satisfaction, customer loyalty, and also brand reputation on Citra Cosmetic Makassar SMEs. With the pandemic during 2020, Citra Cosmetic MSMEs turned into an online company where currently there are many phenomena that occur, making conclusions drawn from companies so that they have to use engagement more deeply than before, and also where they pay more attention to the existence of customers. satisfaction from their company and also they rely more on customer loyalty and brand reputation from their company. So it can be concluded as follows:

1. Customer Engagement has a negative effect on the performance of Citra Cosmetic Makassar SMEs.
2. Customer Satisfaction has a positive effect on the performance of UMKM Citra Cosmetic Makassar mediated by the Customer Loyalty variable.
3. Customer Brand Attitude has a positive effect on the performance of UMKM Citra Cosmetic Makassar.
4. Customer Loyalty has a positive effect on the performance of Citra Cosmetic Makassar SMEs.

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