

Social Media Marketing and Brand Loyalty among Generation Y



Azhar Ahmad, Nur Aqilah Mohd Abid, Nur Fatini Zainol Abidin, Lokhman Hakim Osman

Abstract: Social media marketing is important for marketers to build and maintain brand loyalty among customers. Marketers create their own brand community through online brand interactions on social networking that are complicated and unpredictable to enhance brand loyalty. This study aims to determine the influence of social media marketing on brand loyalty among Generation Y consumers. Data were collected through structured questionnaires with a sample of 102 respondents among customers aged between 20 to 40 years old. The data were analysed using SPSS software where statistical analysis such as central tendency and regression methods were done. The results of this study confirmed that online marketing communications such as E-WOM is significant on brand loyalty together with online communities. Online advertisement is significant but has negative relationship with brand loyalty. This research provides insights for marketers to reach emerging younger generations faster and more efficiently in promoting their product and brand. Hence, promotion activities towards Gen Y consumers could be achieved using social media platforms.

Keywords: Social media marketing, brand loyalty, E-WOM, online community, online advertisement

I. INTRODUCTION

In contrast to traditional marketing, social media requires special attention and different strategies for achieving loyalty. More consumers will engage with brands on social media if social media platforms and contents are popular. With the increased number of social websites available for consumers to access, marketers need to target their consumers and focus in the most effective platform to communicate their products. IT development has allowed consumers to view and research the product without needing to shop in stores which can save them more time and money. As mentioned by Robinson (2007) social media is a tool for communication where users participate, collaborate and share knowledge on the Web.

With social media, firms can easily promote their brands and create online community for consumers to communicate the brand. Generation Y consumers use IT appliances in their daily life particularly for communication.

Brand loyalty has been an important topic of study of marketing research (Chaudhuri and Halbrook, 2001). According to Keller (2008), consumers' identification toward a brand depend on their levels of identification with the brand.

Hence, loyalty is achieved at the ultimate level of identification and customer has a strong relationship with the product. Brand loyalty contributes to increase sales and helps firms grow or at least maintain themselves in the marketplace (Aaker, 1991).

Hart and Blackshaw (2006) noted that virtual communities are the important elements in social networking sites where members get acquainted and trust each other. Majority of social media users are younger consumers especially those from 18 to 35 years old. Therefore, marketers need to understand about Generation Y and their unique characteristics. Also, marketers need to realise that Generation Y provides great contribution to the business sector. The influence of these young consumers on our society and economy is huge through their work habits, purchase decisions and lifestyles. Hence, Generation Y is a market segment that we could not ignore since these young consumers have the ability to purchase items virtually and they are able to keep in touch or follow the trend.

In conclusion, this article discusses the influence of E-WOM, online advertisement and online community on consumer's brand loyalty. The study objectively assesses the factors to improve brand loyalty among Generation Y. Hence, this study intends to investigate the relationships among brand loyalty with online word of mouth (E-WOM), online advertising and online community.

II. LITERATURE REVIEW

A. Social Media

Social media are getting popular since people are able to gather online sharing information and opinions. Social media marketing has become an effective communication platform since it operates online and around the clock. This allows marketers to have better interactions with their consumers to build brand loyalty. With the aid of social networking sites, companies can promote their products and services and provide immediate support to their brand enthusiasts (Zarella, 2010). Couple with social networking and online community, social media has contributed to increase brand loyalty among the consumers (McKee, 2010).

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* Correspondence Author

Azhar Ahmad, is an Associate Professor at Faculty of Economics & Management, National University of Malaysia (UKM).

Nur Aqilah Mohd Abid completed her Bachelor in Business Administration (BBA) with Honors from Universiti Kebangsaan Malaysia (UKM),

Nur Fatini Zainol Abidin completed her Bachelor in Business Administration (BBA) with Honors from Universiti Kebangsaan Malaysia (UKM),

Lokhman Hakim is a Senior lecturer at Faculty of Economics & Management, National University of Malaysia (UKM).

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The new media is more concerned with relationship marketing, moving from “trying to sell” to firms “making connections” with their consumers (Gordhamer, 2009). Social media marketing is also more sincere in its interaction with the customers since it shows what the brand is all about rather than trying to control the image. Nowadays, consumers are well informed, so firms should be reachable and available at all times in every major social media channel such as Facebook and Twitter. In addition, social media sites have become a service channel, where customers can engage on real-time basis with the commercial sites. As such, consumers prefer to see updated content on the social media.

In today’s fast moving business environment, it is crucial to have a good strategy in social media marketing in order to stay competitive. Hence, social media consultants are engaged to design effective websites and communication strategies regarding their product offerings in order to attract their consumers (Coon, 2010). Furnishing a content that is relevant and current is crucial in managing a successful brand on the social media. Another major reasons for customers to be associated with specific brands or products on social media are the popularity of the social media platform and the comprehensive contents among friends. Therefore, this paper investigates the effects of social media on brand loyalty. The implications from the study would enable firms to design more effective social media marketing activities for their brands. Currently, the explosion of numerous social media platforms in the market make it difficult for consumers to access in all of them. So, marketers need to assess their target audience correctly and then decide to participate only in the appropriate platforms.

B. Brand Loyalty

Consumer loyalty occurs by the number of repeat purchases or the commitment to rebuy the brand as a primary choice. Aaker (1991) said that brand loyalty is the attachment a customer has on some specific brands. Customer loyalty is the main factor for business success and a loyal customer provides higher profits with low costs. Studies on increasing customer loyalty has been the main topic for marketing research in recent years.

Promotion through online advertisements are used to capture interests toward a particular product or brand. For instance, Shum (2004) study on advertisements among young Chinese generation had found that advertising activities all over the world has led to the importance of perceiving advertisement effectiveness in the international markets. Hence, Internet provides the chance for marketers to increase sales by capitalizing on online advertising and creating relationships with other loyalist social websites.

C. Electronic Word of Mouth (E-WOM)

One way of seeking information is through feedbacks from friends or family members, i.e. word of mouth. Nowadays, before purchasing consumers will search information posted in the social media by previous customers in order to make better decision. Internet has provided appropriate social platforms for electronic word-of-mouth communication such as blogs, discussion forums, review websites and other social media websites. Hence, E-WOM is considered an important social media marketing instrument (Zhang, Craciun, & Shin, 2010).

Social media websites have contributed to a new insight to E-WOM. Consumers can exchange opinions and experiences about products or services with their friends on social media.

It creates positive relationships among members and has the potential to make E- WOM information more trustworthy and reliable (Chu & Choi, 2011). However, it is not easy to influence all E-WOM information on consumers' brand loyalty. Consumers are exposed to comments and they are able to screen the information before using the product.

D. Online Communities

Online community can be described as a collection of private individuals clustered online with similar others to anchor themselves, support each other, and exchange information (Bressler and Grantham, 2000). As online communities continue to grow, online brand communities are able to build brand loyalty. Brand attachment and community commitment are two important variables in building brand loyalty. First, commitment to the online community will result in attachment to the brand in which the community is centered on. This will lead to positive feedbacks or word of mouth that leads to repeat purchase. Consequently, consumers can engage in discussion with one another and organize themselves into collective groups. This provides great value to a brand, as members help each other in their decision making (Muniz & O’Guinn, 2001).

Realising the importance of online community, firms also create their own online communities. Firms use these social sites to give detailed information about their products and services. It also highlights special programs such as promotion and events to encourage discussion among the online members.

E. Online Advertisement

Online advertising has positive influence on the product or brand. Internet as an advertising medium is versatile which makes it different from the conventional advertising medium. As noted by Anusha (2016) Internet is a highly flexible medium that allows customers to make the necessary changes during the course of the promotional campaign.

Customers need information which provides them suitable reasons to make decision. They often need to know the unique benefits and characteristics of the respective products or services. The features of online advertising do generate positive influence on purchase intentions. For instance, the pictures available online generates the highest possibility of consumers’ purchase intentions. So, companies can utilise their online advertising efforts to generate purchase intentions among customers.

F. Research Framework and Hypotheses

Younger consumers spend most of their time using social media including purchasing products online. Figure 1 depicts the proposed relationships between E-WOM, online advertisement, and online community toward brand loyalty among the Generation Y consumers.

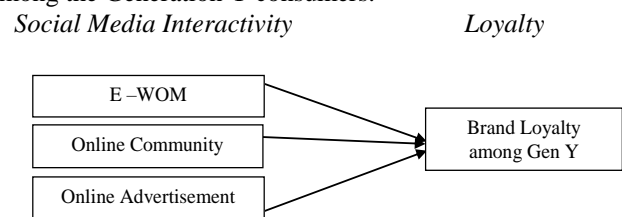


Figure 1: Relationships between Social Media Interactivity and Loyalty

From the literature review, the study proposed that social media has positive effects on brand loyalty especially among Generation Y consumers. The three (3) hypotheses of the study are;

H1: Electronic word of mouth (E-WOM) has positive influence on brand loyalty among Gen Y.

H2: Online community has positive influence on brand loyalty among Gen Y

H3: Online advertisement has negative influence on brand loyalty among Gen Y.

III. METHODOLOGY

Data of the study was collected through a structured questionnaire with a sample of 102 respondents of Generation Y in the Kelang Valley. The collected data was analyzed using quantitative method using software Statistical Package for Social Science (SPSS). The data were then analyzed using descriptive statistics in line with the objectives of the study which aims to make a description of each concept. The respondents were asked to complete the survey in the questionnaire through the Google Form.

The total sample of this study is considered to be sufficient as it has exceeded the minimum sample size of 30 individuals as stated by Cresswell (1998) and Sekaran (2000) to enable the hypotheses of this study to be tested. The questionnaire consists of three sections. Section A is intended to obtain the personal details of the respondents. Among the items in this section are gender, age, occupation, internet use, social media use and purpose of using social media. Section B considers the respondents' recent views of a brand in social media. All of the items were measured by a 5-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). The final section focuses on customers' consideration on sharing information about the brand of a particular product or service in the social media.

IV. RESULTS

A. Respondent Profiles

Table I shows the information the respondents. Majority of the respondents were women (57%) and about 43.3% of the respondents aged between 26 to 30 years. Nearly 60% of the respondents were employed in the private sector. Most of the respondents were proficient in the Internet because 63.6% of respondents had used the Internet for over 11 years and majority of them (83.3%) used social media all the time.

Table I: Demography of Respondents (N = 102)

Items	Frequency	Items	Frequency
<i>Gender</i>		<i>Age (years)</i>	
- Female	58 (56.8%)	- 20 - 25	22 (21.5%)
- Male	44 (43.2%)	- 26 - 30	44 (43.2%)
		- 31 - 40	36 (35.3%)
<i>Internet Use (years)</i>		<i>Social media use</i>	
- 1 - 5	6 (5.9%)	- Few time a mth	1 (0.9%)
- 6 - 10	31 (30.4%)	- 1-2 per wk	6 (5.9%)
- 11 - 15	32 (31.3%)	- 4-5 per wk	10 (9.8%)
- 16 +	33 (32.3%)	- All the time	85 (83.3%)

Occupation			
- Public Sector	22 (21.6%)		
- Private	61 (59.8%)		
- Self-employ	9 (8.8%)		
- Students	10 (9.8%)		

Test Validity and Reliability of Measuring Tool

Table II shows the reliability and validity of the instrument. The questionnaire consists of 15 elements from four variables such as four (4) items on E-WOM, three (3) items each for online communities and online advertisement and five (5) items for brand loyalty. Factor analysis with direct oblimin rotation was performed for the variables involving all 15 elements. Kaiser-Mayer-Olkin Test (KMO) showed the adequacy of measurements performed for each variable with acceptable results with each element from each variable exceeds factor loading of 0.40 (Hair et al., 1998), and one variable has beyond acceptable standard of 0.70 for reliability analysis which is brand loyalty (Nunally & Bernstein, 1994). The statistical results further proved the instrument had passed through various reliability and validity tests.

Table II: Results of Instrument

Dimension	Factor Loading	KMO	Bartlett's Test of Sphericity	Eigenvalue	Variance Exp (%)	Cronbach Alpha
E-WOM	0.586-0.779	0.681	139.312 P-value=0.00	1.951	48.778	0.641
Online Community	0.574-0.808	0.579	81.937 P-value=0.00	1.627	54.231	0.560
Online Advertisement	0.710-0.794	0.627	82.976 P-value =0.00	1.678	55.918	0.590
Brand Loyalty	0.629-0.775	0.721	319.751 P-value=0.00	2.512	50.233	0.757

B. Construct Analysis

Table III illustrates the relationship between Pearson's correlation and descriptive statistical results. Variables have a mean value of between 4.000 and 4.116, indicating E-WOM level, online communities, online advertisement, and brand loyalty among Gen Y different from level 1 to highest level 4. Correlation involving independent variables (E-WOM, online community, online advertisement) and dependent variables (brand loyalty) have a coefficient value smaller than 0.90 indicating that the data obtained did not have a collinear problem (Hair et al., 1998). The statistical results show additional confirmation of construction that goes beyond the various reliability validity tests.

Table III- Descriptive Statistics and Pearson Correlation

Variable	Mean	Std Dev.	Pearson Correlation (r)			
			E-WOM	Online Comm	Online Adv	Brand Loyalty
E-WOM	4.116	0.5782	1			
Online Comm	4.028	0.5548	0.636**	1		
Online Adv	4.110	0.5926	0.556**	0.560**	1	
Brand Loyalty	4.000	0.5951	0.656**	0.640**	0.352**	1



C. Hypothesis Testing

In the analysis, 52.6% variation value in brand loyalty is observed when the analysis takes into the E-WOM factor by giving substantial confirmation to the general model. Specifically, the results of the test hypothesis show three key findings. First, the E-WOM factor has a positive and significant correlation with brand loyalty ($\beta = 0.479$; $p < 0.001$), hence H1 is supported. Second, online community factor is positive and has significant correlation with brand loyalty ($\beta = 0.456$; $p < 0.001$). Hence, H2 is supported. Third, online advertisement factor has a negative relationship with brand loyalty ($\beta = -0.145$; $p < 0.001$). These results show that the E-WOM factor and online communities have more important influence on brand loyalty.

V. CONCLUSIONS

In conclusion, the research was able to achieve the objectives of the study. First, E-WOM and online communities are effective in promoting the firms brand and product through social media platforms. Second, E-WOM and online communities show that they are the most significant drivers of brand loyalty followed by relevancy of viral communication from friends, family and others on different social media platforms. Meanwhile, online advertisement has negative relationship with brand loyalty. This means with other platforms available in the social media, Generations Y consumers prefer less promotional campaign from advertisement online.

The study shows that the Generation Y respondents are interested in engaging and giving their feedback about products through social media marketing towards gaining loyalty for their brands. The results noted that the main purpose of the respondents using social media is to buy products or services online and they also spend most of their time using Internet. In addition, the results of the study conclude that consumers from the private sector spend lesser time than public sector buying products from the social media.

Finally, the research has certain limitations. First, the study was only conducted for generation Y respondents whose age ranges from 20 years to 40 years old. The study only focused on young adults so, customers from other age groups are not represented in the study. Also, due to time constraints, researchers had limited time distributing the questionnaire for the study. Hence, the analysis was only done on 102 respondents. Future study should include more respondents since larger sample provides more accurate values and gives a smaller margin of errors.

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AUTHORS PROFILE



Azhar Ahmad is an Associate Professor at Faculty of Economics & Management, National University of Malaysia (UKM). He earned his MBA and PhD in Corporate Communication from University Putra Malaysia (UPM). He specializes in consumer behavior, marketing and corporate communication. He lectures marketing subjects to students at the undergraduate and post graduate levels. He has published scholarly papers in internationally refereed journals and proceedings.



Nur Aqilah Mohd Abid completed her Bachelor in Business Administration (BBA) with Honors from Universiti Kebangsaan Malaysia (UKM), Bangi for the batch year 2019. During studies, she had organized several events for youth such as UKM Care Run Program and Car Boot Sale Program among the communities. As for now, she is working as a Finance Executive at FGV Trading Sdn Bhd. She will continue her study in MBA soon.



Nur Fatini Zainol Abidin completed her Bachelor in Business Administration (BBA) with Honors from Universiti Kebangsaan Malaysia (UKM), Bangi in 2019. She also had organized a few events for youth such as UKM Care Run Program among the communities. As for now she is working as a Customer Service Executive at LBS Bina Group Berhad. She is entrusted to be involved in community programs to promote the company.



Lokhman Hakim is a Senior lecturer at Faculty of Economics & Management, National University of Malaysia (UKM). He earned his PhD in Logistics from Royal Melbourne Institute of Technology (RMIT), Australia. He specializes in strategic management and supply chain management. He lectures management and supply chain subjects to the undergraduate and post graduate students.