

**THE EFFECTS OF SOCIAL MEDIA ADVERTISING ON ENHANCING
PURCHASE INTENTION:
AN EMPIRICAL STUDY OF FACEBOOK ADVERTISING**

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ABSTRACT

This article focuses on Facebook Advertising and examine the effectiveness of the advertisements in enhancing customer's purchasing intention in 2015. Five Construct of this article are Social Media Advertising, Brand Equity, Brand Image, Word of Mouth, and Purchase Intention. The investigation of this study can enable social media advertising to forecast the future purchasing intention of customer.

The statistical population included all undergraduate students will be the social media's users in University of Indonesia. A conceptual model was developed and was tested using structural equation modeling and SPSS17.

Keywords : *Facebook, Social Media Advertising, Brand Equity, Brand Image, Word of Mouth, Purchase Intention*

ABSTRAK

Artikel ini berfokus pada Facebook Advertising dan menguji efektivitas iklan dalam meningkatkan niat pembelian pelanggan pada tahun 2015. Lima rerangka dari artikel ini adalah Social Media Advertising, Brand Equity, Brand Image, Word of Mouth, dan Purchase Intention. Penelitian ini dapat memprediksi iklan media sosial terhadap niat pembelian pelanggan di masa mendatang.

Populasi dalam penelitian ini meliputi semua mahasiswa yang akan menjadi pengguna media sosial di Universitas Indonesia. Sebuah model konseptual dikembangkan dan diuji menggunakan model persamaan struktural dan SPSS17.

Kata Kunci : *Facebook, Social Media Advertising, Brand Equity, Brand Image, Word of Mouth, Purchase Intention*

Social media has become the power of marketing communication tools and quickly changed the traditional marketing approach. Marketing communication using social media such Facebook has already been evaluated as a long-term trend and defined as a series of technological innovation Berthon et al, 2012. Companies and customers are connected with each other Rowley (2004) by social media and it has created communication between users in virtual relationship and get leverage effect with “likes,” “share,” and “comments,” (Andriole, 2010) when they receive the advertisement from other users.

With the increased use of users in social media, this article focuses on Facebook Advertising and examine the effectiveness of the advertisements in enhancing customer’s purchasing intention in 2015. Five Construct of this article are Social Media Advertising, Brand Equity, Brand Image, Word of Mouth, and Purchase Intention. The investigation of this study can enable social media advertising to forecast the future purchasing intention of customer. Consumers have benefit by the brand to the product. (Farquhar, 1989).

LITERATURE REVIEW

Facebook advertising offers users using interactive communication and allowing them to share, like or comment their opinion of the advertisement Lee and Kim (2011). The success or failure Facebook Advertising should be measured according to public perception and consumers’ evaluation of interest (Smock, Ellison, Lampe & Wohn, 2011).

Dehghaniet. al. in their study among Cypriot University students argue that Brand Image may have real and virtual associations in consumer’s mind and the consumers try to access all the product or service association through brand image

via social media. (Story & Loroz, 2005). Advertisement in Facebook enhance brand awareness by rise Web 2.0 (Chu, 2011) because they can using the interactive communication. Brand Equity enhancing perceived value of the brand with a strong brand and good reputable brand image Aaker (1996).

Purchase intention and online advertising defined the customers who intend to purchase a product or service. Zeithaml (1988) and Schiffman and Kanuk (2009, chap 8,9), explore that the customer will buy a product or service after seeing the advertisement or receive recommendation by other users through “share”, “like”, and “comment” on social media such as Facebook. Knight and Kristina, (2007) said “advertisers developed electronic WOM through Facebook, it means EWOM can enhance the brand image of the product and service. While purchase intention is reflected general evaluation to buy service or product Balakrishnan et. al, (2014) it means consumer willingness to consider to buying, they have buying intention, and they have decision repurchase. Hence, the following hypotheses are proposed :

H1. Social Media Advertising have positive affect the firm’s brand image.

H2. Social Media Advertising have positive affect firms’s brand equity.

H3. Firm’s brand image on Facebook advertising will significantly affect the firm’s brand equity

H4. Firm’s brand image on Facebook advertising will significantly affect purchase intention by consumers

H5. Firm’s brand equity on Facebook advertising will significantly affect purchase intention by consumers.

H6. Social media advertising have positive significant impact on Electronic word of mouth

H7. Electronic word of mouth has positive impact on purchase intention

RESEARCH METHODOLOGY

Measurement development

All research variables/constructs were measured using multiple items, with a seven-point Likert-type scale (ranging from 1 = strongly disagree to 7 = strongly agree). Measurements of these research variables were primarily adapted from Dehghani and Tumer (2015). Social Media (SocMed) variable was measured by 2 items (SMA1 and SMA2), Brand Image (BrandImg) was measured by 3 items (BI1 – BI3), Brand Equity (BrandEqu) was measured by 3 items (BE1 – BE3), e-Word of Mouth (EWom) was measured by 6 items (EW1 – EW6), and Purchase Intension (PurchInt) was measured by 3 items (PI1 – PI3).

Data collection

The instrument for collecting data was a questionnaire. This questionnaire was developed based on the measurements above and 17 statements represented 5 research variables were in this questionnaire. A pretest of this questionnaire was executed and refinement to it was done prior distribution to the respondents. A survey was conducted to get data for this research by distributing questionnaires to the students from Business and Economic Faculty of University of Indonesia. This survey resulted 126 completed and valid questionnaires, which could be used as data sample for this research.

DATA ANALYSIS AND RESULTS

The research model was empirically tested using Structural Equation Model (SEM), supported by LISREL 9.2 software with robust maximum likelihood estimation

(Wijanto 2015). Data analysis proceeded using Andersons and Gerbing's two stages approach. The measurement model was estimated using Confirmatory Factor Analysis (CFA) to test validity and reliability of the measurement model, and the structural model was analyzed to prove or disprove research hypotheses.

Analysis of measurement model

Three assessments were executed during analysis of measurement model: assesment of overall model fit, validity dan reliability of research variables or constructs.

The overall model fit was assessed using five goodness of fit index (GOFI): p-Value, RMSEA, GFI, NNFI, and CFI. As shown in Table 1, despite of GFI was slightly below acceptable levels, all the remaining indices exceeded their commonly accepted levels. This demonstrated that the measurement model exhibits a good fit with the data collected. The measurement model was then assessed for validity and reliability. Table 1 also presents the standardized factor loadings (SFL) of the measurement variables. With the exception of variables BE2 and PI3 which had SFL <0,50 and excluded from the model, the remaining research variables had SFLs exceeded the recommended level of 0,5. In spite of latent variable Social Media had Composite reliability (CR) slightly below threshold of 0,7, the CRs of remaining latent variables/constructs exceeded the threshold of 0,7. The average variance extracted (VEs) of all latent variables/constructs were above the threshold of 0,5. These concluded that all the research variables/constructs had good validity and reliability

Table 1. Overall model fit, Validity, and Reliability of Measurement Model

	Standardized Factor Loading (SFL)	Composite Reliability (CR)	Average Variance Extracted (VE)
Social Media		0,68	0,51
SMA1	0,72		
SMA2	0,72		
Brand Image		0,76	0,51
BI1	0,73		
BI2	0,73		
BI3	0,66		
Brand Equity		0,76	0,54
BE1	0,53		
BE2	< 0,50 (excluded)		
BE3	1,00		
eWord of Mouth		0,86	0,51
EW1	0,60		
EW2	0,67		
EW3	0,78		
EW4	0,79		
EW5	0,69		
EW6	0,74		
Purchase Intention		0,76	0,62
PI1	0,82		
PI2	0,75		
PI3	<0,50 (excluded)		
GOFI: p-Value = 0,116 ($\geq 0,05^*$); RMSEA = 0,072 ($\leq 0,08^*$); GFI = 0,85 ($\geq 0,90^*$); NNFI = 0,91 ($\geq 0,90^*$); CFI = 0,93 ($\geq 0,90^*$) *Criteria of good fit or Accepted level			

Analysis of structural model

A similar set of goodness of fit indices was used to examine the structural model. With GFI = 0,85 which was slightly below acceptable level of 0,90, but all the remaining indices exceeded their commonly accepted levels, i.e. p-Value = 0,156 > 0,05; RMSEA = 0,070 < 0,08; NNFI = 0,92 > 0,90; and CFI = 0,94 > 0,90. With these evidences then a conclusion that overall model had a good fit with research data and the analysis could proceed to examine the path

coefficients of the model. The results of hypotheses testing are presented in Fig. 1, with significant paths depicted by bold lines and insignificant paths by dash lines. The hypothesized paths that linking Social Media Advertising to Brand Equity, and also eWord of Mouth to Purchase Intention, were not significant or insignificant ($p > 0,05$ or $t\text{-value} < 1,96$), thereby H2 and H7 were not supported. All the remaining hypothesized paths were significant ($p \leq 0,05$ or $t\text{-value} \geq 1,96$). The paths from Social Media

Advertising to Brand Image was positive and significant, thereby supporting H1. The path from Brand Image to Brand Equity, and path from Brand Image to Purchase Intention were positive and significant, demonstrating support for H3 and H4. The paths from Brand Equity to

Purchase Intention was positive and significant, thereby supporting H5. The results also showed a positive and significant path between Social Media Advertising and eWord of Mouth. Consequently, H6 was supported.

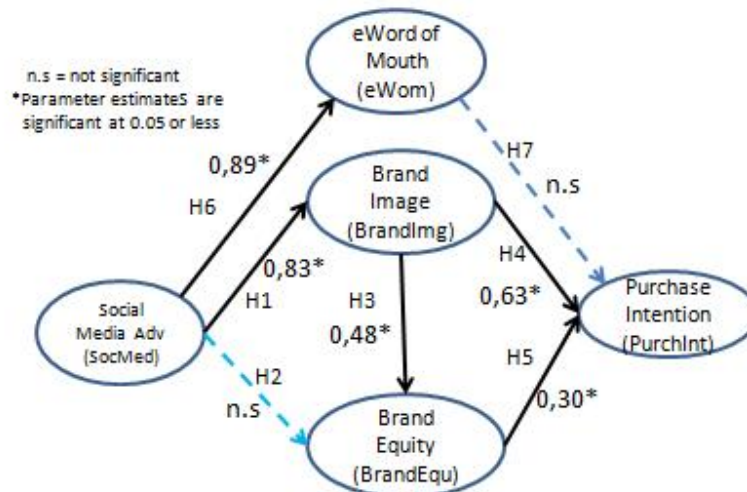


Figure 1. Path Diagram of Model and Estimation Results (Standardized Solution)

CONCLUSIONS

Result of the current study are useful for managers. We can conclude that social media advertising can influence customer’s decision to purchase the product or service. It show the phenomenon of advertising has changed from traditional marketing to digital marketing using web 2.0 that allow the Facebook’s users using interactive communication and allowing them to share, like or comment their opinion of the advertisement Lee and Kim (2011). Moreover many of users who clicked “likes”, “share” and “comment” have willingness to buy brands.

This paper show the different result from the previous research MiladDehgani (2014) that Social Media Advertising does not have a positive effect to firms’s brand equity and also electronic word of mouth

does not have a positive impact on purchase intention, this study shows that the students in University of Indonesia have minimum income level as it one of the factors of lowest buying power. They likes to share the advertisement just for themselves.

This study is subjected to few limitations. Firstly, due to time constraints, the data collected focused mainly among students in University of Indonesia. This directly leads to the second limitation, limited respondents that represent Facebook users in Indonesia and this study we only focused on the limit number of factors which involved in purchase intention.

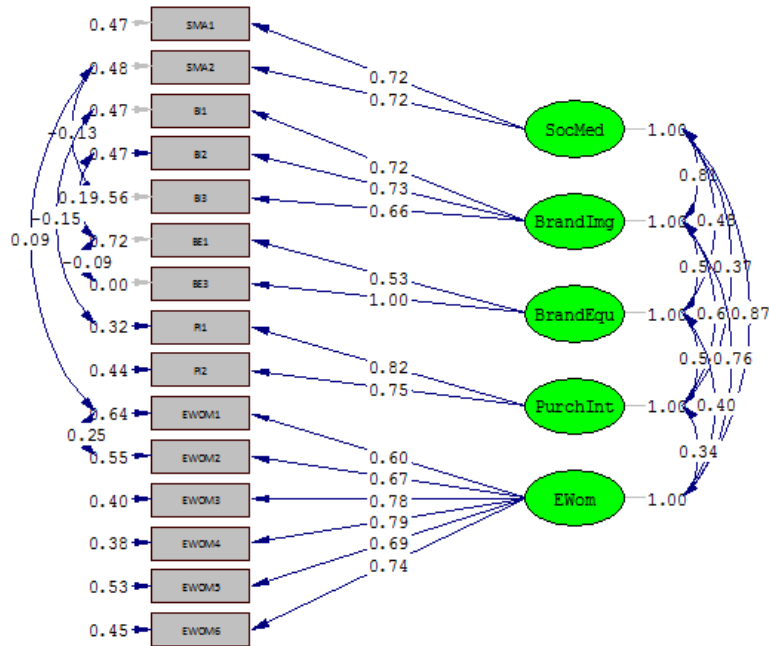
Furthermore, future research can be done such as application of digital advertising, attitude toward digital advertising and need more than 250

respondents that represent Facebook's users.

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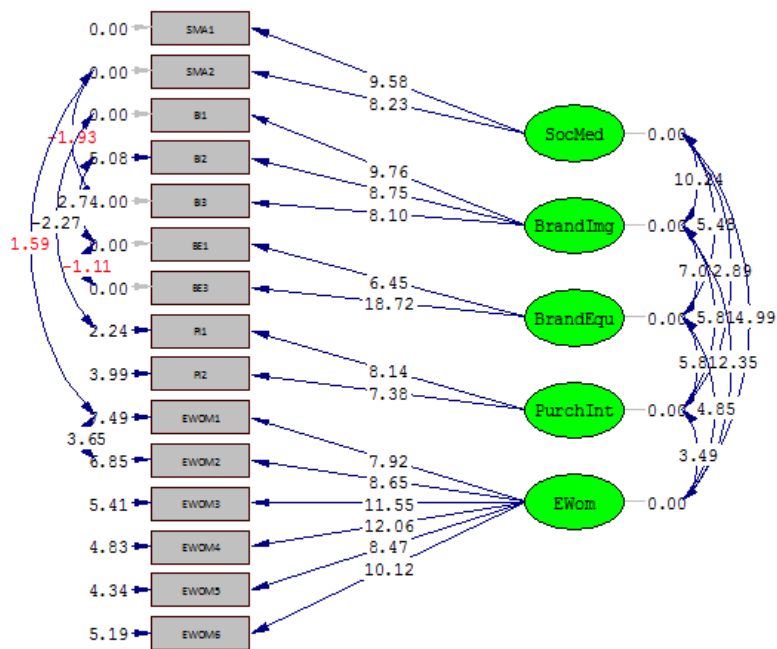
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Measurement Model



Chi-Square=95.36, df=80, P-value=0.11587, RMSEA=0.072

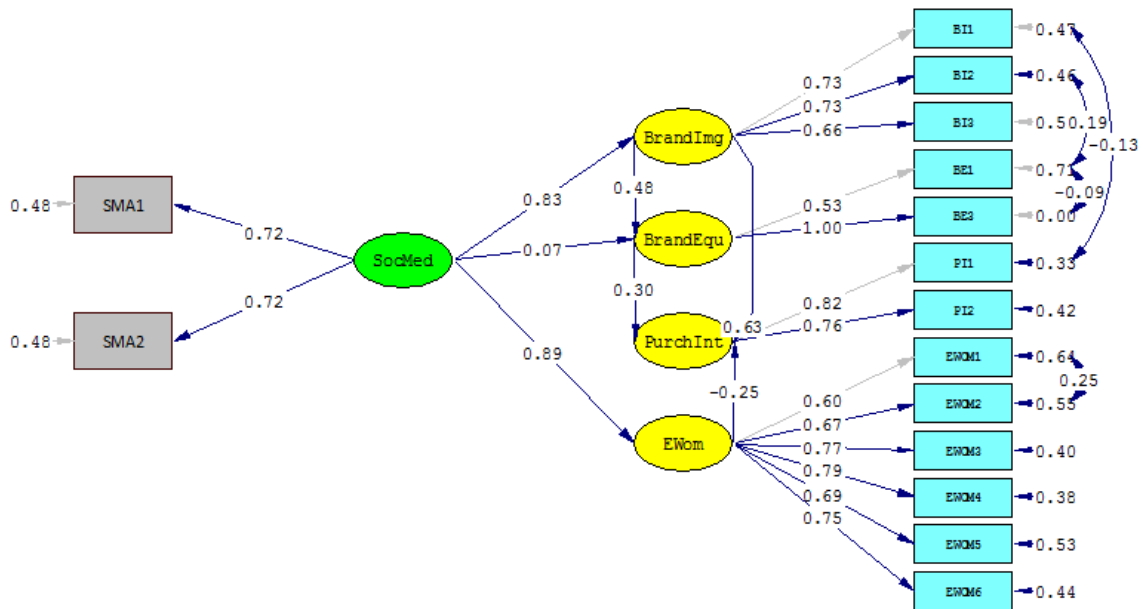
Standardized Solution



Chi-Square=95.36, df=80, P-value=0.11587, RMSEA=0.072

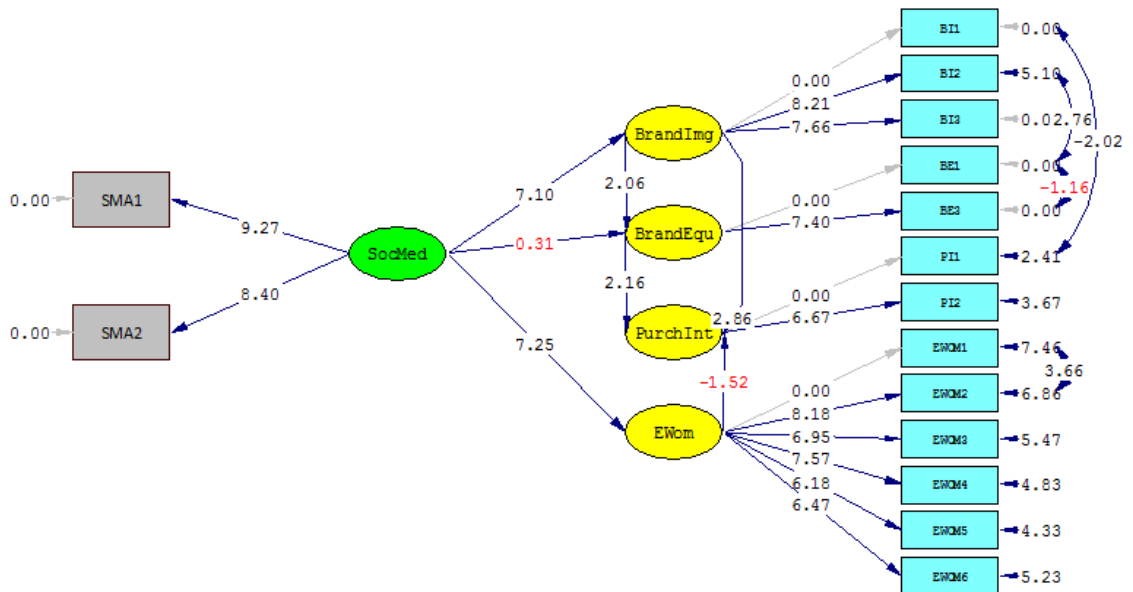
t-Value

STRUCTURAL MODEL



Chi-Square=96.00, df=83, P-value=0.15589, RMSEA=0.070

Standardized Solution



Chi-Square=96.00, df=83, P-value=0.15589, RMSEA=0.070

t-Value