Effects of Social Media on Purchase Intention and
Brand Equity of Marketplace Sites in Indonesia

Dr. Lady¹, Andrean Kie²

¹,² Department of Business Management, Universitas Internasional Batam, Indonesia

Abstract: Marketplace is a popular term used in Indonesia online shopping experience, which a third party site who consists of many sellers (companies or individuals) selling their products to their customers. The purpose of this study was to analyze the effect of social media on the purchase intention of men's fashion item on the Marketplace sites. This sample in this study was the customers of men's fashion items in five largest marketplace sites in Indonesia, they are Tokopedia, Shopee, Lazada, Bukalapak and OLX. The results showed that all hypotheses were significantly positive, except for brand knowledge and perceived persuasiveness on marketplace brand equity; perceived in formativeness on purchase intention; and perceived usefulness as moderator between perceived persuasiveness and marketplace brand equity which are showed insignificant results. These results verify that companies must realize the enormity of the social media impact on the value of the company's equity, which is a big thrust to trigger purchase intention.

Keywords: Purchase Intention, Social Media, Indonesia Marketplace, Brand Equity, and Brand Knowledge

I. INTRODUCTION

The growth of the Internet in Indonesia is increasing rapidly. The increasing of the internet speed and the decreasing cost of internet data also contribute to the usage of the internet in Indonesia (Citradi, 2019). Indonesia had 171.17 million internet users in 2018, from the total of population 264.15 million. This fact made Indonesia as the top 6 largest Internet users after China, USA, India, Brazil and Japan (Asosiasi Penyelenggara Jasa Internet Indonesia, 2018).

Social media is a part of Indonesian life and has even changed the way people interact with others. One of those is interaction in business communication patterns using Facebook. Facebook is considered a lucrative application for the Marketplace.

Marketplace is a popular term used in Indonesia online shopping experience, which a third-party site who consists of many sellers (companies or individuals) selling their products to their customers. The site is ensuring that the seller has the products and would send it safely to the buyer, after they keep the payment from the buyer.

The marketing mechanism between conventional tools (such as newspapers and television advertisements) and modern tools (such as social media) are very different. One difference is that modern tools are characterized by providing informative information and being more pro-active in providing solutions to problems faced by customers compared to conventional tools. Beside that, social media platforms makes customers could write product reviews that could be seen by everyone widely (Pusparisa, 2019).

From the results of the APJII survey, Facebook ranks 1st as the most popular social media used by Indonesian at 50.7% and followed by Instagram 17.8% and Youtube 15.1%. Indonesia is stated to be one of the four largest Facebook users in the world including China, Philippines, Vietnam and Thailand. Research also shows that Indonesia is the fourth largest country with the largest number of Instagram users after Russia, Turkey, Japan and the United Kingdom (Lufityanti, 2019).

Another results of 2018 APJII survey showed the most visited marketplace sites in Indonesia was Shopee (11.2%), Bukalapak (8.4%), Tokopedia (4.3%), Lazada (6.7%) and OLX (2.3%). Marketplaces use social media by creating an account to share information and interact with customers virtually. They build a brand page to provide in-depth information about their products and promotions.

Perceived information given by social media accounts such as promotional discounts, new products or events, are the reason why customers follow marketplace’s social media account. According to a survey 58% of customers follow marketplace social media accounts to get information about promotions, another 47% to find out the latest products from the marketplace and the rest only want to see interesting content that is shared by the marketplace regularly (Pusparisa, 2019).
II. LITERATURE REVIEW

Purchase intention suggests the possibility that consumers are going to purchase certain products or services in the future (Wu, Yeh & Hsiao, 2011). Purchase intention is also used to identify the final goal of advertising (Kim & Han, 2014). Perceived informativeness is the overall perception of consumers on the quality related characteristics of online review information, while perceived persuasiveness represents a general perception of the power of persuasion embedded in online reviews (Zhang, Zhao, Cheung & Lee, 2014). Variable used as moderating variable are perceived usefulness which perceived value shown on customer rating of an application based on the perceived benefits and costs (Hsu & Lin, 2015).

Research conducted by Tien, Amaya Rivas and Liao (2019) in Taiwan explained the influence of perceived informativeness, perceived persuasiveness, source expertise, source trustworthiness against purchase intention with variables eWOM Usefulness, eWOM Credibility and eWOM Adoption as mediation. Research conducted by Teng, Khong, Goh, & Chong (2014) in China. With the purpose of explaining the influence of argument quality, source credibility, source attractiveness, source perception and source style against intention to use with mediating variables of information acceptance and into eWOM messages.

Zhang et al., (2014) reported the research findings that consumer information has had a positive impact on customer perception of brand equity, and that there are two factors that affect: (1) Information provided according to customer's requirements; (2) User capacity to assess and understand the knowledge. Kim, Kim and Park (2010) stated that perceived information is an important role that could facilitate product engagement, trust in websites, and customer intention.

Yaoyuneyong (2018) proposes that useful information on consumers affects the confidence when shopping for clothing and purchase intention on a product. Wang (2017) also found that although many companies in the tourism industry publish a lot of information through social media platforms, the marketing effect actually relies heavily on the utility of information perceived by customers. Because social media customers process information for different purposes, the influence between informativeness perception and brand equity could be better understood by considering the boundary effect of the usability of the perceived information. Brand knowledge is a perception of a brand as reflected by the brand associations existed in the customer's memory. The brand association is an informal conclusion relating to memory of the meaning of the brand (Ansary & Hashim, 2018). Marketplace brand equity has been described as adding a brand by naming a product, it is considered directly related to the marketing concept and is multi-dimensional (Foroudi, Jin, Gupta, Foroudi, & Kitchen, 2018).

III. RESULTS AND DISCUSSION

The object used in this study is 220 customers who has shopped for men's fashion on the marketplace. The questionnaire is a statement of respondents on "Perceived Informativeness, Perceived Persuasiveness, Marketplace Brand Equity, Perceived Usefulness and Purchase Intention" consisting of 5 variables with a total of 19 questionnaire statements. The questionnaires were based on Nah, Eschenbrenner, and DeWester (2011); Zhang, Zhao, Cheung, and Lee (2014); Algesheimer, Dholakia, and Herrmann (2005); also Yin, Bond, and Zhang (2014).

![Figure 2 Research Model](image)

**A. Hypothesis 1**

Based on the results that have been obtained from this research, the influence of brand knowledge on marketplace brand equity on men's fashion category got t-statistic value of 1.694 with significance of 0.091 (as shown in Table 1). One of the case was the Tokopedia Marketplace logo in the 2009 shaped like wagon and then turned to the current logo, a bird's mascot, it does not change the customer's perspective on Tokopedia at all. In other words, the absence of a perceived similarity does not necessarily negatively impact the brand equity (Müller et al., 2013).

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>t</th>
<th>P-Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1: Brand Knowledge → Marketplace B Equity</td>
<td>1.694</td>
<td>0.091</td>
</tr>
<tr>
<td>H2: P Informativeness → Marketplace B Equity</td>
<td>2.215</td>
<td>0.027</td>
</tr>
<tr>
<td>H3: P Persuasiveness → Marketplace B Equity</td>
<td>1.292</td>
<td>0.197</td>
</tr>
<tr>
<td>H4: Marketplace B Equity → Purchase Intention</td>
<td>2.950</td>
<td>0.003</td>
</tr>
<tr>
<td>H5: P Persuasiveness → Purchase Intention</td>
<td>2.574</td>
<td>0.010</td>
</tr>
<tr>
<td>H6: P Informativeness → Purchase Intention</td>
<td>1.876</td>
<td>0.061</td>
</tr>
<tr>
<td>H7: P Usefulness *PI → Marketplace B Equity</td>
<td>1.978</td>
<td>0.048</td>
</tr>
<tr>
<td>H8: P Usefulness *PP → Marketplace B Equity</td>
<td>1.701</td>
<td>0.090</td>
</tr>
</tbody>
</table>

**B. Hypothesis 2**

The results of the t-Statistic value is 2.215 with a significance rate of 0.027. Based on the value it could be deduced that perceived informativeness's influence on the brand equity marketplace on the interest of buying men's
fashion on marketplace has a significant influence. This suggests that if marketplace social media could provide relevant, timely, and comprehensive information about their brand or service, the customer-perceived online brand equity would increase as the brand recognition and brand associations (Zhou, Song, Li, Tan & Zhou, 2017) are increasing.

C. Hypothesis 3

The influence of perceived persuasiveness on the brand equity marketplace on the purchase intention of men’s fashion on marketplace could be seen in table 1. The result of the t-statistic value is 1.292 with significance of 0.197. This shows negative or positive comments are altogether and relative to each other. Relative nature meant satisfied or dissatisfaction of customers to products purchased; good or poor handling customer complaints; response to complaints; and handling product repairment. When a customer got satisfied through the process, the review would be positive, and vice versa if the customer got dissatisfied, the result of the review given through social media would be negative, but this had no significant effect on brand equity containing brand awareness, brand associations, brand loyalty and perceived quality. Therefore, brand communication made by corporate management is more effective than customer reviews made by customers through social media (Astuti, 2017).

D. Hypothesis 4

The result of the T-statistic value is 2.950 with significance of 0.003. Based on such a value it could be concluded the influence of brand equity marketplace on purchase intention on men’s fashion has an insignificant influence. This means that the trust and loyalty perceived by customers through social media could lead to the transfer of confidence and loyalty to the company itself and affect customer purchase intention (Zhou et al., 2017).

E. Hypothesis 5

The result of the t-statistic value is 2.574 with significance of 0.010. Perceived persuasiveness influence on purchase intention of of buying men’s fashion on the marketplace has a significant influence. This means that a highly motivated person is more likely to give a review of a brand. That review could show a greater impact on the subsequent consumer decision making (Zhang et al., 2014). A survey by Channeladvisor (2011) found that 90% of online shoppers read reviews, and 83% of them believed that online reviews influenced their buying decisions.

F. Hypothesis 6

The result of the T-statistic value is 1.876 with significance of 0.061. Perceived informativeness influence on purchase intention of men’s fashion on marketplace has an insignificant influence. Confident buyers would ignore the information provided by a media as an informer to assist with their decision-making. Some well-known fashion sites have been using VDR (virtual dressing room) technology. By using VDR, customers could see how they would look like wearing the fashion products virtually without have to really trying the actual product. But, if the customers have had a high confidence about a fashion item, then they would not use the VDR.

G. Hypothesis 7

The result of the T-statistic value is 1.978 with significance of 0.048. This means that with the increased usefulness of the perceived information, users would have greater motivation to understand information and tend to be more active in elaborating the information, so that the brand equity marketplace would be strengthened once the customer feels the information is useful (Zhou et al., 2017).

H. Hypothesis 8

The result of the T-Statistic value is 1.701 with significance of 0.090. This means that user’s social media review does not affect the customer's perception of reliability, credibility, and trust in the brand due to negative or positive comments adjacent to each other and relative to this comment (Bruhn, Schoenmueller & Schäfer, 2012).

Result of R Square test is 0.374 showed all independent variables in this study could explain the marketplace brand equity by 37.4% whereas the rest 62.6% could be described by other factors or variables not analyzed in this study. The purchase intention variables showed 0.392, which indicates its affected by all of the independent variables in this study by 39.2%, while the rest 60.8% could be described by other factors or variables.

IV. CONCLUSION, LIMITATION AND RECOMMENDATION

The results suggest that companies should begin to be aware of the magnitude of social media influence against the value of brand equity which is a big push to trigger intention in purchasing. Authors have some limitations, such as this study only got limited number of samples used which is only 220 respondents to represent 264.16 million people in Indonesia. The authors advise further research to increase the number of respondents, or could be in the different category or population. Further studies could use independent variables such as perceived risk, trust, brand image or other variables.

REFERENCES


