## THE EFFECTS OF SOCIAL MEDIA MARKETING ACTIVITIES ON BRAND EQUITY and CUSTOMER ENGAGEMENT IN THE AIRPORT INDUSTRY

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## Abstract

*This study analyzes the eﬀects of social media marketing activities (SMMA) on brand equity and customer engagement in the airport industry. Two hundred respondents who had interacted with PT Angkasa Pura II’s social media at Soekarno Hatta Airport were asked to complete a survey. The collected data were analyzed using Structural Equation Modeling. The study results show that SMMA has a positive effect on brand equity because SMMA positively affect the airport brands’ value. It is suggested that airport operators encourage customers to use social media more actively by developing more attractive and aggressive SMMA. That brand equity significantly affects customer engagement shows that SMMA positively affects brand equity, resulting in loyal customers.*

### **Keywords:** social media, marketing, brand equity, customer engagement.

## INTRODUCTION

**The internet, especially social media, has changed how customers and marketers communicate. In today’s competitive world, branding is a vital competitiveness factor that differentiates similar goods and services produced by different firms to make them appear preferable for consumers. In recent years, the advancements in the internet have made new systems available to businesses. Social media, such as online communities, are good examples (Lu Y., L. Zhao, & B. Wang, 2010).**

**In the era of digital information, data can be accessed, recorded, trajected, and analyzed easily. Big data is not a mere trend popularized by exclusive circles; it is a paradigm change marker in understanding social processes. Data generated on social media is a small part of the “snowball avalanche” in the big data era. For academics, big data has provided a challenge for researchers due to a change in the analysis unit from humans to algorithms.**

**Brands represent authenticity, value, and commitment to services, especially in the airport industry. They are introduced to consumers for businesses, including reducing the risks related to goods and services and establishing social bonds and customer engagement without expressing their identity. In this regard, businesses that already became brands have achieved a special position in consumers’ minds and build a business identity alongside brand equity.**

**One of the common communication channels that companies have recently applied in their marketing activities is social media. Social media can be defined as online application programs, platforms, or mass media tools that facilitate interactions, collaborations, or content sharing between users in general (Kim and Ko, 2012). In this case, PT Angkasa Pura II uses Facebook, Twitter, Youtube, and Instagram as their social media tools. Social media affects consumer behavior, including customer engagement and a broad spectrum of activities that range from informing, sharing ideas and gestures to acquire awareness and understanding, and visualizing post-purchase behavior without purchasing (Tatar and Erdogmus, 2016).**

**Social media, especially social networking sites, provide a virtual space for people to communicate through the internet, becoming an important consumer socialization agent in improving customer engagement.**

**The objectives of this research are; (1) To examine the effect of social media marketing activities on brand equity and customers’ engagement, (2) To analyze the effect of social media marketing activities on customers’ engagement in the airport industry. The research hypotheses will be explained along with the population, sampling, data collection, and data analysis techniques in the methods section. The findings and results obtained from the data analysis will be presented in the results section.**

## Literature review

**Social Media Marketing Activities**

Social media can be deﬁned as online application programs, platforms, or media that enable interactions, joint works, or content sharing (Richter and Koch, 2007). According to Naylor, Lamberton, and West (2012), social media is the right platform to find information for developing preferences about products/brands.

Social media plays a role when a company’s marketing activities establish an individual relationship with customers and provide companies with opportunities to access them. According to Kelly et al. (2010), social media provide marketers with remarkable opportunities to reach consumers in their social communities and build more personal relationships with them.

Sano (2015), in her insurance services study, included interaction, trendiness, customization, and perceived risk as the four SMMA components. Kim and Ko (2012) classiﬁed SMMA characteristics into entertainment, interaction, trendiness, customization, and word-of-mouth (WOM) for luxury brands. Seo and Park (2017) classiﬁed SMMA characteristics into entertainment, interaction, trendiness, customization, and perceived risk.

**Entertainment**

Entertainment is the result of the fun and plays emerging from the social media experience (Agichtein et al., 2008). According to Park et al. (2009), entertainment drives participation in social networks to some degree. Courtois, Mechant, De Marez, and Verleye (2009) stated that escapism, which is a reason for seeking entertainment, drives content loading on social media. Entertainment in social media is a significant component that induces positive emotions, increases participating behavior, and generates continuous use (Kang, 2005).

**Interaction**

Social interaction is an important motivator for creating user-generated content. Social media can offer consumers assistance, space for discussions, and the exchange of ideas (Gallaugher & Ransbotham. 2010; Kaplan and Haenlein. 2010; Daugherty, Eastin, and Bright. 2008). Zhu and Chen (2015) divided social media into two groups; profile-based (focusing on individual members) and content-based (focusing on the contents, discussions, and comments on the posted content). Gallaugher and Ransbotham (2010) found that social media-based customer dialog is now more active than ever. Manthiou et al. (2013) also stated that brands need to post unique content, reflect their members’ profile, be active and open in discussions, and help practical matters to promote interaction. Creating this relationship can increase credibility and affinity.

**Trendiness**

Social media provide the latest news and hot discussion topics (Naaman, Becker, & Gravano. 2011). According to Mangold & Faulds (2009) and Vollmer & Precourt (2008), consumers turn to various social media types more frequently to obtain information. They perceive them as a more trustworthy source of information than corporate-sponsored communication through traditional promotional activities. Muntinga et al. (2011) stated that trendy information on social media covers four sub-motivations: surveillance, knowledge, pre-purchase information, and inspiration.

**Customization**

By personalizing their site, brands can customize and express individuality to build stronger brand affinity and loyalty (Martin & Todorov, 2010). According to Martin & Todorov (2010), there are two types of social media posts, depending on the messages’ level of customization. Those are customized messages (which target a specific person or a small audience, e.g., Facebook posts) and broadcasts (messages that target anyone showing interest, e.g., Twitter tweets).

**Perceived Risk**

Bauer (1960) deﬁned perceived risk as a consequence of uncertainties related to consumer behaviors. Meanwhile, Seo and Park (2017) stated that perceived risk is selected as an SMMA component because of its ability to alleviate consumers’ anxiety or concern. According to Sano (2014), social media decreases these uncertainties by allowing consumers to establish interaction with companies and check for new information.

**Brand Equity**

Keller (1993) explained brand equity by dividing this concept into brand awareness and brand image, proposing customer-based brand equity. According to Aaker (2009), brand equity is the net consequences of assets and debts related to a brand name and/or symbol. Brand preference contributes to a brand’s product value. Furthermore, Keller (2003) stated that brand equity is carved in a consumer’s memory as a unique value diﬀerentiated from other brands by combining various brand properties. Therefore, brand equity is a sociocultural phenomenon beyond a mere product name; it is a symbolic meaning that the brand seeks.

Keller (1993) stated that brand image is a common perception of a brand that lies in consumer memory and a combination of many brand reminders. While traditional media have a stronger impact on brand awareness, social media communication strongly influences brand image (Bruhn et al., 2012).

The presence of brand awareness indicates that the consumer is aware of the brand name, which increases the possibility of that brand being contained in a list of potential candidates, and ultimately, the probability of that brand being selected (Keller, 1993). Brand awareness refers to a consumer’s ability to identify a brand under different conditions or to memorize it (Rossiter and Percy, 1987).

**Customer Engagement**

Most scholars agree that stronger brand equity contributes to increased brand preference, willingness to pay a premium price, and customer loyalty (Aaker, 1991; Keller, 1993, 2003; Keller & Lehmann, 2006). Kim and Ko (2012) revealed that, in social media settings, the brand equity that social media marketing activities create is positively related to future purchase behavior/responses. Seo and Park (2017) divided them into behavioral response and emotional response. With that, we found (through the mediation of brand equity) the effects of airline SMMAs on Electronic Word-of-Mouth (e-WOM) as a behavioral response and commitment as an emotional response.

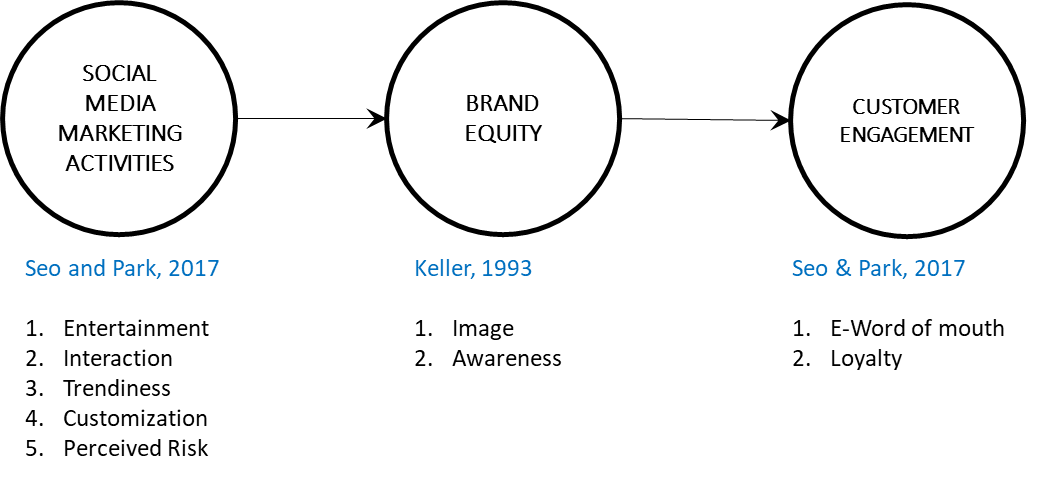
Social media associates eWOM with online consumer-to-consumer interactions about brands (Muntinga et al., 2011). According to Kim & Ko (2012), social media are the ideal tools for eWOM because consumers generate and spread brand-related information to their friends, peers, and other acquaintances without constraints. Chu and Kim (2011) stated that researchers could examine the use of eWOM on social media from three perspectives: opinion seeking, opinion giving, and opinion passing. E-WOM is an exchange of service assessment among online users and a diﬀerent concept from the conventional WOM in many ways (Barreto, 2014; Katz and Lazarsfeld, 1955; King et al., 2014; Yoon, 2012)

Commitment is an internal psychological state perceived as being related to other people or objects, and it is a continuous desire to maintain a relationship (Lee and Sung, 2000; Moorman et al., 1992). This statement is supported by Laroche, Habibi, and Richard (2013), who stated that stronger relationships enhance loyalty. Morgan and Hunt (1994) argued that committed customers form a special attachment to brands, products, or companies and develop a community, which aﬀects other customers. According to Gundlach et al. (1995) and Ulrich (1989), committed customers are more important for companies because they share value and resources with companies, contribute to company proﬁts, and want to be company members to maintain interdependent relationships with them.

## RESEARCH METHODS

Using the Structural Equation Modeling, this empirical, analytical study investigates the eﬀects of Social Media Marketing Activities (SMMA) on customer engagement, mediated by brand equity. For sample design, the questionnaire items used in this study are developed based on the literature review, adapted and revised according to a pilot survey.

The research proposes a research model shown in Figure 1 to examine the relationships between this research’s constructs, which are social media, social media marketing activities, brand equity, and customers’ engagement.



**Figure 1. Research Framework**

The connection of consumers through social media, such as reviews, comments, or recommendations, most likely happens when discussing products or services. The interactions on these platforms generate social support, while the social support generated through social media influences trust (Wiesberg, 2011). Customers’ social interaction on PT Angkasa Pura II’s social media accounts can affect its reputation and branding. Also, more positive comments, feedback, and higher ratings lead to a higher level of trust in a vendor.

Social media marketing activities, such as video promotions, testimonies, or profiles, improve customers’ trust.

The social media marketing efforts carried out by luxury brands demonstrated that these efforts significantly affected brand awareness, brand image, and influenced brand equity. Based on all things considered, a hypothesis is drawn:

**H1.** Social media marketing activities have a positive effect on brand equity.

Social media marketing allows companies to interact with consumers easily and quickly. From the company’s perspective, their mere participation on social media generates positive effects to the same extent as traditional advertisements.

The rise of brand awareness and brand image will affect brand equity and impact customer engagement. The following hypothesis is drawn from the literature:

**H2.** Brand Equity has a positive effect on customer engagement.

The questionnaire items used in this study are developed based on the literature review. The questionnaire surveyed airport SMMAs with five components (entertainment, interaction, trendiness, customization, and perceived risk) covered in 11 statements, brand equity with two components (brand awareness and brand image) covered in six statements, and customer response with two components (e-Word-of-Mouth and commitment) covered in six statements. Table 1 shows the items.

**Table 1. Questionnaire Items**

| **No** | **Variable** | **Dimension** | **Statement** |
| --- | --- | --- | --- |
| 1 | Social Media Marketing Activity | Entertainment | The social media of this airport is enjoyable. |
|  |  |  | The content shared by the social media of this airport is enjoyable. |
|  |  | Interaction | Information sharing is possible on the social media of this airport. |
|  |  |  | The discussion and exchange of opinions are possible on the social media of this airport. |
|  |  |  | It is easy to express opinions on the social media of this airport. |
|  |  | Trendiness | The information shared on the social media of this airport is up to date. |
|  |  |  | The use of social media by this airport is fashionable. |
|  |  | Customization | The information that I need can be found on the social media of this airport. |
|  |  |  | The social media of this airport provide the information that I need. |
|  |  | Perceived Risk | The social media of this airport alleviate my concern(s) regarding the airport’s service. |
|  |  |  | The social media of this airport alleviate my concern(s) about using the airport. |
|  |  |  |  |
| 2 | Brand Equity | Brand Awareness | I am always aware of this airport’s brand. |
|  |  |  | I am aware of the characteristics of this airport. |
|  |  |  | I can always remember the logo of this airport. |
|  |  | Brand Image | This airport is a leader in the industry. |
|  |  |  | I have an impressive memory regarding this airport |
|  |  |  | This airport is customer-oriented. |
|  |  |  |  |
| 3 | Customer Response | eWOM | I will post positive opinions about this airport on social media. |
|  |  |  | I will recommend this airport using social media. |
|  |  |  | I will recommend this airport to my social media friends. |
|  |  | Commitment | I am proud of being a customer of this airport. |
|  |  |  | I hope this airport will do well for a long time. |
|  |  |  | I like this airport very much. |

The survey used in this study was conducted from 1 May to 18 June 2019 on Indonesians who had experience accessing PT Angkasa Pura II’s social media. The respondent data were obtained from the result of distributing the online questionnaires. A total of 200 questionnaires were distributed. Table 2 shows the demographic characteristics of the respondents.

**Table 2. Sample Characteristics**

| **No** | **Classification** | | | **Frequency** | **Composition (%)** |
| --- | --- | --- | --- | --- | --- |
| 1 | Gender | male | 98 | | 49,00 % | |
|  |  | female | 102 | | 51,00 % | |
|  |  |  |  | |  | |
| 2 | Age | < 20 years old | 22 | | 11,00 % | |
|  |  | 20 - 30 years old | 73 | | 36,50 % | |
|  |  | 31 - 40 years old | 86 | | 43,00 % | |
|  |  | 41 - 50 years old | 19 | | 9,50 % | |
|  |  |  |  | |  | |
| 3 | Purpose of using the airport | Business | 24 | | 12,00 % | |
|  |  | Tour and vacation | 111 | | 55,50 % | |
|  |  | Education or meeting | 42 | | 21,00 % | |
|  |  | Visiting friends or relatives | 21 | | 10,50 % | |
|  |  | Other | 2 | | 1,00 % | |
|  |  |  |  | |  | |
| 4 | Frequency of using the airport | < 2 | 40 | | 20,00 % | |
|  |  | 2 - 4 | 83 | | 41,50 % | |
|  |  | 5 - 7 | 51 | | 25,50 % | |
|  |  | > 7 | 26 | | 13,00 % | |

## RESULTS

The data collected via the survey on PT Angkasa Pura II’s social media users is analyzed using the SPSS 22.0 program. The structural equation model was analyzed to test the study hypotheses. The effect of SMMA on brand equity is found to be positive and significant by 44,6% (t-coefficient > t-statistic; sig-coefficient < 5%); hence, supporting H1. The effect of brand equity on customer engagement is positive and significant by 2,4% (t-coefficient > t-statistic; sig-coefficient < 5%); hence, supporting H2.

Social media is indeed an important tool for PT Angkasa Pura II to reach its customers. Social media has the main characteristics of producing and consuming desired content without time or location constraints, making it very flexible for customers to obtain information whenever and wherever they want. PT Angkasa Pura II’s seriousness in carrying out Social Media Marketing Activities (SMMA) will shape the value of the company’s brand equity in the customers’ minds. Good brand equity will create high customer engagement. Customers with a high level of customer engagement will do E-WoM with good and useful information related to the company without even being asked. Even if negative information regarding PT Angkasa Pura II surface, it can be straightened out through social media. In terms of loyalty, customers with a high engagement level will prefer to use the airport managed by PT Angkasa Pura II as much as possible when traveling by plane.

## CONCLUSION & RECOMMENDATION

This study investigates the eﬀects of Social Media Marketing Activities (SMMA) on brand equity and customer engagement in the airport industry. The results of this study are summarized as follow:

1. SMMAs has a positive effect on brand equity because it positively affects airport brands’ value. It is suggested that airport operators encourage customers to use social media more actively by developing more attractive and aggressive SMMA.
2. Brand equity significantly affects customer engagement. It shows that SMMA has a positive effect on brand equity, resulting in loyal customers*.* It happens because SMMAs are tools to generate positive effects on brand equity, contributing to customer engagement. It is suggested that the airport encourages customers to use social media more actively by developing more interesting and aggressive SMMAs.

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