



Social Media Marketing Activities Role in Creating Loyalty of Islamic Banks in Indonesia

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Abstract: The increasing number of social media users in Indonesia highlights the growing importance of social media in fostering loyalty. Despite this, there is a lack of models available for analyzing the complex relationship between Social Media Marketing Activities (SMMAs) and loyalty and the various mediating variables that impact this relationship. However, the Customer Relationship Quality (CRQ) model has emerged as a promising approach, providing a framework to analyze the impact of SMMAs on loyalty, as well as key mediating variables like trust, satisfaction, and commitment. Despite the strengths of this model, it has not yet explored the direct relationship between SMMAs and loyalty. In response, this study expands on this framework by adding this direct relationship to the model. To collect data, an online survey was used to gather responses from 138 followers of the Facebook and Instagram accounts of the five largest Islamic banks in Indonesia. The resulting data was analyzed using the powerful Structural Equation Modeling (SEM) approach, with the SmartPLS software used to examine the complex relationships between variables.

Keywords: *Social Media Marketing, Trust, Satisfaction, Commitment, Loyalty, and Islamic Banking.*

JEL Classification: *D91 and G21.*

Introduction


Social Media marketing activities (SMMAs) had become one of the main tools for businesses to build relationships with their customers and build loyalty (Ibrahim & Aljarah, 2021). Loyalty becomes increasingly important as it increases a bank's profit as loyal customers bring more business to the bank, buys more product and services, and becomes a cheaper source of future customers as maintaining old customers cost less than trying to get new ones (N & S, 2018). Realizing the importance of social media marketing activities, banks are putting a lot of effort to build their social media marketing activities by creating marketing activities on social network sites (SNS) such as Facebook, Twitter, and Instagram.

There are several reasons why Facebook and Instagram becomes bank's main SNS tools. First, Indonesia has 140 million Facebook users (Katadata, 2021) and 93 million Instagram users (Rizaty, 2021), a huge number of users is a high potential for banks to tap into. Second, promotion on Instagram and Facebook is cheap and can reach large numbers of audiences at the same time (Wang & McCarthy, 2021). Realizing the potential and the cheap cost of promotion in SNS, currently, Instagram and Facebook are used by Indonesia's largest five Islamic banks to do their social media activities. Big banks such as Bank Syariah Indonesia (BSI), Bank Muamalat, Panin Dubai Syariah Bank, Bank BCA Syariah, Bank Mega Syariah and have built their fan page in both SNS (Except Bank BCA Syariah which only utilizes Instagram page). To date, those banks have many followers in their accounts and actively post their program, and information and give entertainment to their customers in an effort to build relationships, foster engagements, and in turn, loyalty (Rahmawati et al., 2020). The number of followers of each bank is presented in Table 1 Number of Facebook and Instagram followers of Indonesia's 5 Biggest Islamic Banks.

As with any other fan page, the bank's Facebook and Instagram page and the social media marketing activities on the fan page are expected to maintain loyalty by creating a trust (Benlian & Hess, 2011). Trust commitment and satisfaction are together forming Customer relationship quality (CRQ) that mediates the relationship between social media marketing activities and loyalty (Ibrahim & Aljarah,

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 <https://doi.org/10.14421/grieb.2022.102-03>



2021). These relationships, however, still lack validation as it is proposed and validated in the telecom industry in Egypt that warns cultural differences as a hindrance of generalization and requires validation in other sectors and other countries. Given that the telecom industry and banks are similar in terms of the nature of their customers to be more value-conscious in choosing service providers (Salem & Salem, 2021), then this model is going to be used to investigate the path of how social media marketing activities turn into loyalty through customer relationship quality that consists of trust, satisfaction, and commitment. Therefore, the purpose of the research is as follows:

1. To Investigate the relationship between trust and loyalty
2. To Investigate the relationship between satisfaction and loyalty
3. To Investigate the relationship between commitment and loyalty
4. To investigate the relationship between social media marketing activities and trust
5. To investigate the relationship between social media marketing activities and satisfaction
6. To investigate the relationship between social media marketing activities and commitment
7. To investigate the mediating effect of trust on the relationship between social media marketing and loyalty
8. To investigate the mediating effect of satisfaction on the relationship between social media marketing and loyalty
9. To investigate the mediating effect of commitment on the relationship between social media marketing and loyalty

Table 1. Number of Facebook and Instagram Followers of Indonesia's 5 Biggest Islamic Banks

	BSI	Bank Muamalat	Panin Dubai Syariah Bank	Bank BCA Syariah	Bank Mega Syariah	Total
FB follower number	164.836	28.120	4.400	-	30.000	227.356
Number of accounts liking the page	152.897	26.781	4.400	-	30.000	214.078
IG follower number	261.000	74.000	2.748	3.733	22.200	363.681
Number of posts	822	8.855	1.058	171	931	11.837

Source: Bank's Facebook and Instagram Page.

Literature Review

Customer Relationship Quality - CRQ Model

This research investigates the mediating effect of trust, satisfaction, and commitment in the relationship between SMMAs and loyalty using the Customer Relationships Quality (CRQ) model proposed by Ebrahim (2020). This model stems from Stimulus-Organism-Response (SOR) model proposed by Mehrabian and Russell (1974). The model treats social media marketing activities as a stimulus, and the consumers as organisms with internal reactions in the form of CRQ such as trust, satisfaction, and commitment, and proposes loyalty as the response to the stimuli, which in this case, social media marketing activities. The model is depicted in Figure 1 CRQ Model.

In research on the impact of dimensions of SMMAs on loyalty, it is found that loyalty was directly influenced by SMMAs dimensions such as updated, entertainment, advantageous, popular, and relevant are all influencing loyalty (Erdoğan & Çiçek, 2012). Therefore, in this research, a new direct relationship between SMMAs to loyalty is added, and therefore the model proposed is depicted in Figure 2.

Hypothesis Development

Loyalty and Its Antecedents

Loyalty is a described as customer's inclination to keep choosing a brand, a product, or service, spread the good news about it, not wanting to choose any other brand or product that gives quite similar benefits to the brand they are loyal to (even at the same price) and have no intention to switch (Mudondo & Govender, 2021). The definition itself entices the meaning of a relationship with commitment, trust,

and loyalty as the core of the relationship (Akrouf & Nagy, 2018). Therefore it is not surprising that these three variables are then proposed as the strong predictor of loyalty in the CRQ model (Ibrahim & Aljarah, 2021). Besides that, SMMAs are also found to be a strong predictor of loyalty, Therefore, it is proposed:

H₁: There is a positive relationship between trust and loyalty

H₂: There is a positive relationship between satisfaction and loyalty

H₃: There is a positive relationship between commitment and loyalty

H₄: There is a positive relationship between SMMAs and loyalty

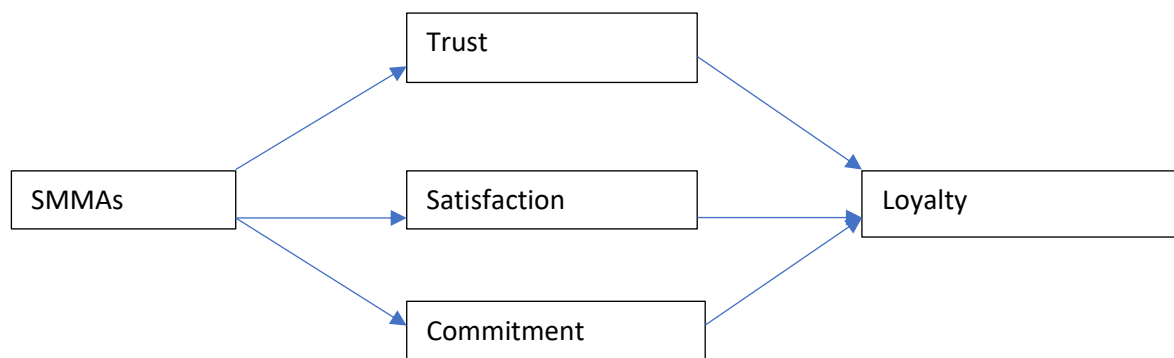


Figure 1. CRQ Model

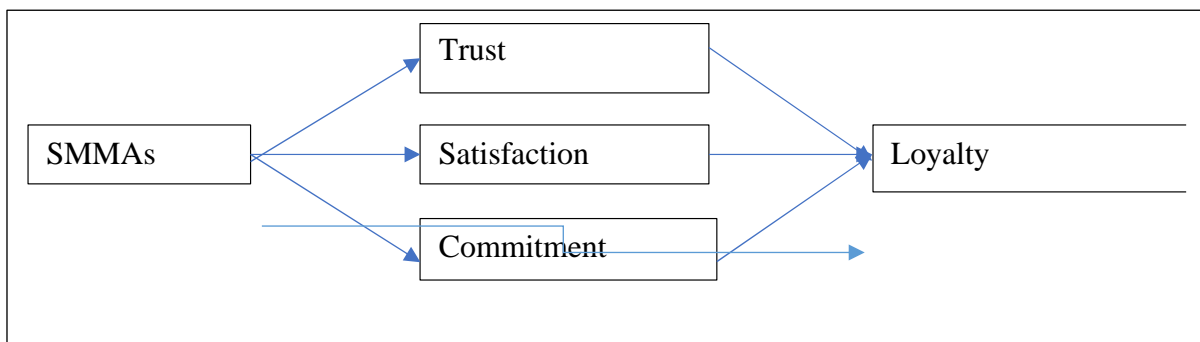


Figure 2. Proposed Model

Social Media Marketing Activities and Trust

Social media marketing activities are companies' efforts to create value by offering interaction, information sharing, personalization, word of mouth (WOM) creation, and trendiness to their users (Yadav & Rahman, 2018). Previous literature on social media marketing shows that social media marketing activities foster the trust of its user (Anggraeni & Djuwita, 2019; Ebrahim, 2020). In fact, the research by Anggraeni & Djuwita (2019) was done in the Indonesian banking setting, so the inclusion of the trust variable in the investigation is promising. Considering this relationship, hence:

H₅: There is a positive relationship between social media marketing activities and trust

Social Media Marketing Activities and Satisfaction

Previous studies on the relationship between social media marketing activities and satisfaction show that social media marketing activities influence satisfaction and got its validation in the cinema industry

(Yee et al., 2021), banking (Mudondo & Govender, 2021), and telecom industry (Ibrahim & Aljarah, 2021). Therefore, it is proposed:

H₆: There is a positive relationship between social media marketing activities and satisfaction

Social Media Marketing Activities and Commitment

Hedonic and economic benefit was initially proposed to define social media marketing activities and it was found that there is a positive relationship between these two constructs (Akrouf & Nagy, 2018). This relationship becomes the basis for the CRQ model and then got its validation in the telecommunication industry (Ibrahim & Aljarah, 2021), however, this relationship is still rarely investigated in other sectors such as banking, hence:

H₇: There is a positive relationship between social media marketing activities and commitment

Mediating Effect of CRQ Variables in the Relationship between Social Media Marketing Activities and Loyalty

Commitment, trust, and satisfaction are shown to be important predictors of e-WOM which indicate loyalty (Akrouf & Nagy, 2018). However, trust itself is not enough to push e-WOM to happen as it is found that social media marketing activities can cause loyalty but the relationship gets stronger with the existence of trust as a mediator (Ebrahim, 2020). Likewise, for commitment (Rather, 2019) and satisfaction (Rather, 2019; Valvi & West, 2013). Moreover, the mediating effect of trust, satisfaction, and commitment had been validated in the telecommunication sector, however, these mediating effects still need further validation in different country settings and different sectors such as banking, hence:

H₈: There is the mediating effect of trust on the relationship between social media marketing and loyalty

H₉: There is the mediating effect of satisfaction on the relationship between social media marketing and loyalty

H₁₀: There is the mediating effect of commitment on the relationship between social media marketing and loyalty

Method

This chapter discusses the respondent of the research and data collection technique, research instrument, data analysis, and the research flow.

Research Sample and Data Collection Technique

To ensure that the respondents are random and are people who have been exposed to social media pages and accounts of Islamic banks, customers were recruited directly from the page of Islamic Banks' social media accounts on Facebook and Instagram by sending them private messages to respond to the questionnaire. Since the minimum number of respondents is 5 times the number of items of the construct with most arrow appointing to (Ghozali & Latan, 2015), therefore, the minimum number of respondents is 5*number of items of loyalty, or 5 times 5 equal to 25. After 3 months of recruiting respondents and employing 3 field researchers to distribute the link of the questionnaire using Google form to 138 respondents.

Research Instrument

To ensure the items presented to the respondents have good validity and reliability, then the questionnaires were built using items from previous research and were adapted to the bank's setting. The items are presented in Table 2 Measurement and Indicators.

Data Analysis

After data were acquired, the analysis was started by examining the loading factors of the items of each construct. This step was taken to make sure that the validity and reliability were achieved. After the reliability and validity were achieved, the analysis using the bootstrapping method was employed with 5000 subsamples that were chosen by the SmartPLS program using the 138 initial data acquired. The bootstrapping results in the path and coefficients that shows the significance of the relationship among constructs.

Table 2. Measurement and Indicators

Variable	Item	Source
CMMA	Using this bank's social media is fun.	Kim and Ko (2012)
	Contents shown in the bank's social media seem interesting. This Bank's social media enables information sharing with others.	
	Conversation or opinion exchange with others is possible through this bank's social media.	
	It is easy to deliver my opinion through this bank's social media.	
	Contents shown in the bank's social media are the newest information.	
	Using this bank's social media is very trendy.	
	This bank's social media offers customized information searches.	
	This bank's social media provides customized services.	
	I would like to pass along information on brands, products, or services from this bank's social media to my friends.	
	I would like to upload content from this bank's social media on my blog or microblog.	
Commitment	I am proud to belong to this brand fan page.	Akroun and Nagy (2018)
	I feel a sense of belonging to this brand fan page.	
	I care about the long-term success of this brand fan page.	
Satisfaction	I am satisfied with the m-banking;	Akroun and Nagy (2018)
	I am pleased with the m-banking;	
	I am delighted with the m-banking.	
	Complaints are welcomed and individual attention is given to every customer complaint.	Chandrashekar et al. (2007), Donnelly (2009), Gustafsson et al. (2005), and Mithas et al. (2005)
	The bank maintains a personal relationship with the customer.	
	Periodic feedback review is sought after raising complaints.	
	I am satisfied with the overall interaction with the staff.	
	Trust	I trust the product quality of this brand
Buying this brand's products is a safe bet.		
This brand is sincere with consumers.		
This brand is honest with consumers		
Loyalty	I have the intention to recommend the bank to others.	Akroun and Nagy (2018), Chandrashekar et al. (2007), Donnelly (2009), Kocoglu and Kirmaci (2012), and Yim et al. (2004)
	I have no intention to switch over to another bank.	
	I like to use the services provided by the bank.	
	I will prefer new services if offered by the bank.	
	I prefer this bank over other banks	

Results and Discussion

The first step of testing a model is assessing the validity of constructs and reliability of the instrument, and this process was called outer model measurement. The results of the reliability of items are shown in Figure 3 The Measurement and Structural Model with the loading of the items above 0.7. Another way to show reliability is by observing the composite reliability with a cut point of at least 0.7 and AVE of at least 0.5. From Table 3 Reliability, it is found that the items were reliable. For assessing the validity of the constructs, especially discriminant validity, Table 4 Discriminant Validity was used: by observing the AVE root square values which were indicated at the first row of each column which have to be above the values below it. By observing the value in Table 4, it was found that the discriminant validity is achieved.

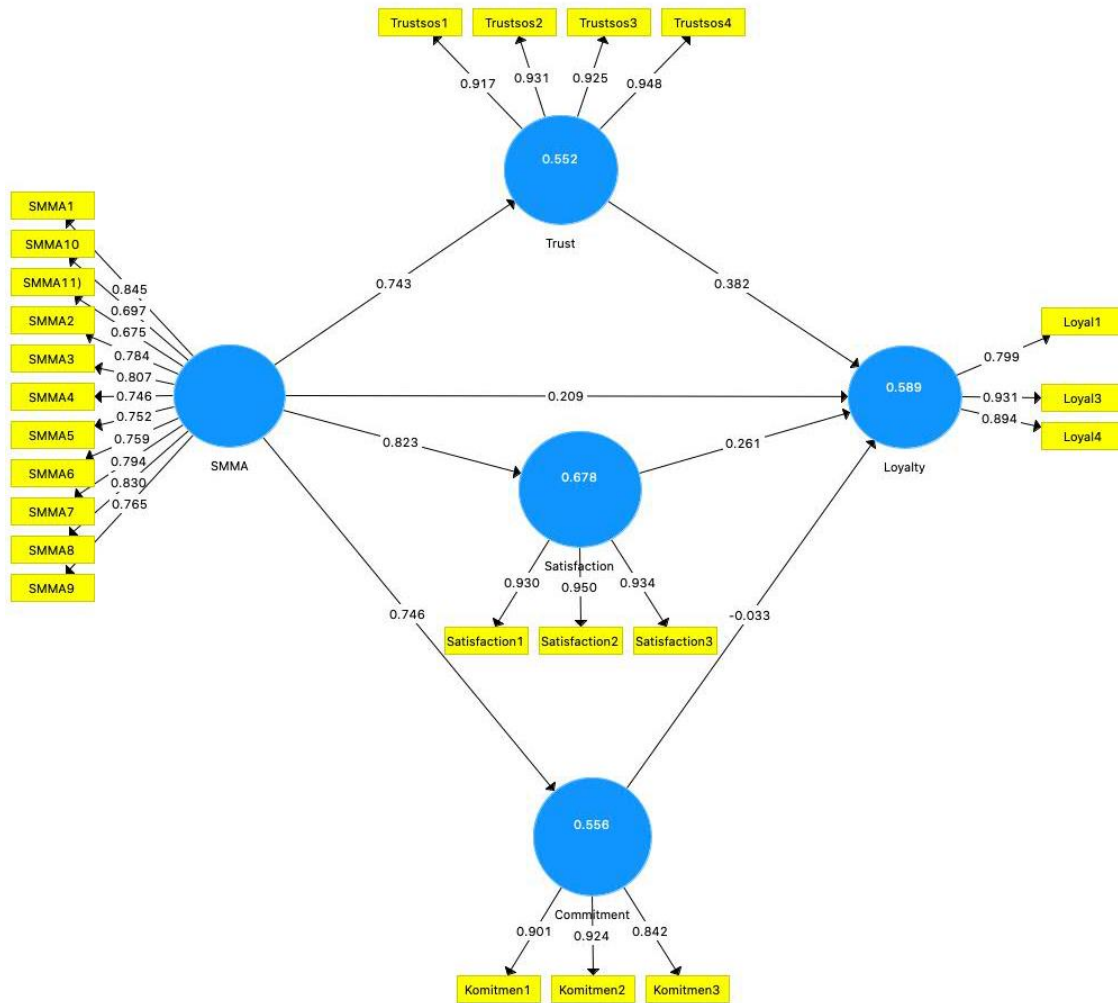


Figure 3. The Measurement and Structural Model

Table 3. Reliability

	Composite Reliability	Average Variance Extracted (AVE)
Commitment	0.919	0.792
Loyalty	0.908	0.768
SMMA	0.941	0.593
Satisfaction	0.957	0.880
Trust	0.963	0.866

Table 4. Discriminant Validity

	Commitment	Loyalty	SMMA	Satisfaction	Trust
Commitment	0.890				
Loyalty	0.564	0.876			
SMMA	0.746	0.684	0.770		
Satisfaction	0.741	0.716	0.823	0.938	
Trust	0.647	0.726	0.743	0.803	0.930

After Reliability and validity were achieved, the next step was to evaluate the structural model: assessing the path coefficients using the t-stat value which should be above 1.96 and is shown in [Table 5 Hypothesis Path Coefficients](#), then assessing the R-squared value which is shown in [Table 7 R-squared](#).

After direct relationships were examined, the next step was assessing the mediator, and the result is shown in [Table 6 Mediator Analysis](#). The result shows that satisfaction mediates the relationships between SMMA and loyalty and that trust mediates SMMA and loyalty. Only commitment was found not a mediator between SMMA and loyalty.

Table 5. Hypothesis Path Coefficients

	t-Statistics (O/STDEV)	P Values	Hypothesis	Decision
Trust -> Loyalty	3.497	0.000	H1	Accepted
Satisfaction -> Loyalty	1.982	0.048	H2	Accepted
Commitment -> Loyalty	0.315	0.753	H3	Rejected
SMMA -> Loyalty	2.154	0.031	H4	Accepted
SMMA -> Trust	12.336	0.000	H5	Accepted
SMMA -> Satisfaction	25.544	0.000	H6	Accepted
SMMA -> Commitment	17.735	0.000	H7	Accepted

Table 6. Mediator Analysis

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	t-Statistics (O/STDEV)	P Values	Result
SMMA -> Commitment -> Loyalty	-0.024	-0.022	0.078	0.312	0.755	Rejected
SMMA -> Satisfaction -> Loyalty	0.215	0.214	0.108	1.983	0.047	Accepted
SMMA -> Trust -> Loyalty	0.284	0.286	0.090	3.163	0.002	Accepted

Analyzing [Table 5](#), it is concluded that t-statistics for 5 hypotheses are above 1.96 which means loyalty is directly influenced by SMMA, satisfaction, and trust; satisfaction, trust, and commitment are influenced by SMMA. Except for H₃ – a commitment to loyalty relationship, it is found that the t-statistics for that is below 1.96, thus loyalty is not influenced by commitment.

Table 7. R-Squared

	R-Squared	Adjusted R-Squared
Commitment	0.556	0.553
Loyalty	0.589	0.576
Satisfaction	0.678	0.675
Trust	0.552	0.549

[Table 7](#) shows the R-squared of the model, or the model's ability to explain the variance of a dependent variable by its independent variables. The R-squared of loyalty was 0.576%, which means that loyalty is 57.6% explained by satisfaction, trust, and SMMA. Whereas commitment was explained

55.3% by SMMAs, satisfaction was 67.5% explained by SMMAs, and trust was explained 54.9% by SMMAs.

Conclusion and Recommendation

Loyalty is influenced directly by SMMAs, trust, and satisfaction. Besides as direct predictors trust and satisfaction also serve as mediators between SMMAs and loyalty. Meaning, loyalty can be built directly and indirectly by SMMAs. With well-managed social media marketing activities that are entertaining, informative, entice e-WOM, always updated, and enable customization to customer's trust, satisfaction, and loyalty toward the Islamic bank is built.

This research focuses on the path analysis of the impact of SMMAs on customers, and the finding shows the path of the impact of SMMAs on loyalty as a whole, not detailing what kind of SMMAs influences trust, satisfaction, commitment, and loyalty. Future research focusing on the impact of each dimension of SMMAs such as entertainment, informative, entices e-WOM, always updated and enables customization that directly impacts trust, commitment, satisfaction, and loyalty would be very much explained which dimension that has impact and not and thus can be focused on designing SMMAs.

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