The Effect of Social Media on Brand Image and Brand Loyalty in Generation Y

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Abstract

Indonesia has a population of more than 260 million, of which, by 2020, Generation Y is predicted to account for 70% of the total. With different birth years, Generation Y is the backbone of Indonesia’s product purchasing. Generation Y is interested in establishing strong relationships with specific brands on social media. They are also interested in working with companies to design a product. Most Generation Y utilizes more than one electronic device and they are also brand loyal. Therefore, this study seeks to examine the effect of social media (i.e., e-WOM, online community, and online advertising) on brand image and loyalty in Generation Y in Indonesia. The sampling method employed was purposive sampling. A total of 150 respondents in the age range of 23–30 years were involved as the sample. Using multiple regression model in data analysis, this study proved that e-WOM, not only have a positive and significant effect on the brand image, but also on brand loyalty. Furthermore, online community also positively and significantly affects brand image and brand loyalty. Likewise, online advertising has a positive and significant effect on brand image and brand loyalty. This study’s findings indicated that all the proposed hypotheses were well accepted.

Keywords: E-WOM, Online Community, Online Advertising, Brand Image, Brand Loyalty

JEL Classification Code: M3, M31, M37

1. Introduction

Indonesia has a population of more than 260 million people (Syahrul, 2018). With a large population, Indonesian society can be grouped based on several characteristics: culture, personality (Morin, 2016), and generation (Meadows, 2015). The grouping of people by generation can be seen from the year of birth of specific community groups (Meadows, 2015). With different birth years, it can be inferred that Generation Y is the next generation that will become the “backbone” of purchasing products in Indonesia because it is estimated that by 2020, the population of Generation Y in Indonesia will reach 70% of the total population. Generation Y itself has proficiency in technology (Schroer, 2008). Various marketing approaches have been taken by companies to capture the market in this generation. There are several different treatments for taking a portion of the market share in generation Y compared to other generations.

Generation Y is interested in establishing relationships with particular brands on social media. They are also interested in working with companies to design a product. Most of this generation utilizes more than one electronic device, and they are also brand loyal. Most of Generation Y expects brands to influence society. According to Tarkiainen, Ellonen, Ots, and Stocchi (2016), Loureiro (2015), and Šerić and Mollá-Descals (2015), loyalty to a brand can be interpreted as the customer’s intention to buy products from the same brand in the future.

Customer loyalty to a brand has a vital role in sales because finding new customers costs five to ten times more than the cost of retaining customers (Penefit, 2015). Besides, existing customers would spend 67% more money on the product being offered compared to new customers.
2. Literature Review

2.1. E-WOM

Electronic Word of Mouth, or commonly abbreviated as e-WOM, is word-of-mouth (WOM) sent via the Internet. E-WOM does not mean the sender can only send to a few people that he wants to share via email, short mail services (SMS), or via social network platforms (Brown, 2010), but the sender can also put information that can be seen by a broad audience, such as on the review platform (Ono & Kikumori, 2018). e-WOM has the potential to go viral if the content distributed is very funny or persuasive (Kremers, 2017).

2.2 Online Community

As mentioned by Zou and Park (2015), an online community is a group formed on the Internet with members who share the same interests. Social media has provided a more manageable platform to form an online community. Social media’s primary purpose is to form an environment where everyone with the same interests is actively involved and spreads content to each other (Ha, 2018; Lahargoue, 2017).

2.3. Online Advertising

Online advertising is a marketing strategy that uses the Internet to obtain website traffic and convey marketing messages to the right prospective customers (Ao & Nguyen, 2020; Business Dictionary, 2018; Feifer, 2018). The most significant advantage of online advertising is product promotion without geographical boundaries (Janssen & Janssen, 2018).

2.4. Brand Image

According to the American Marketing Association, in Kotler and Keller (2008: 258), a brand as a name, term, sign, symbol, design, or a combination thereof is intended to identify goods or services from one of the sellers or groups of sellers and differentiate from competitor goods or services. In line with Kotler and Armstrong (2008: 275), a brand is a name, term, sign, symbol, design, or a combination of these, which shows the product or service identity of a single seller or group of sellers and differentiates the product from competitors’ products. Ginting (2011) defines a brand as a name, term, sign, symbol, design, or a combination to mark the products or services of one seller or group of sellers and differentiate it from competitors (Dam, 2020).

2.5. Brand Loyalty

According to Tarkiainen, Ellonen, Ots, and Stocchi (2016), Loureiro (2015), and Šerić and Mollá-Descals (2015), loyalty to a brand can be interpreted as the customer’s intention to buy products or use services from the same brand later. Making all types of customers loyal to the brand must be the objective of the company because finding new customers actually costs five to ten times more than the cost of retaining customers (Oh & Park, 2020; Penefit, 2015).

3. Hypothesis Development

3.1. E-WOM and Brand Image

Based on previous research, e-WOM had a significant positive effect on brand image. Reinforced by the study conducted by Bataineh (2015), e-WOM had a significant positive impact on brand image. The study found that the independent variables: credibility, quality, and quantity of e-WOM significantly and positively influenced the dependent variable: brand image. Also, company image became a mediating variable between the independent and dependent variables. Similarly, research carried out by Saleem and Ellahi (2017) revealed that the factors motivating customers to do e-WOM encompassed closeness to friends, a sense of trust by others, the information influence, and expertise in the fashion world, which made one more interested in purchasing fashion products.

In a study conducted by Tseng and Hsu (2010), e-WOM was divided into several variables. Of the many variables, all referred to the significant positive e-WOM effect on brand image. Sa’ait, Kanyan, and Nazrin (2016) also had the same result. Therefore,

\[ H1: \text{E-WOM has a significant positive effect on brand image.} \]

3.2. E-WOM and Brand Loyalty

As reported by research conducted by Balakrishnan, Dahnil, and Yi (2014), e-WOM exhibited a significant positive effect on brand loyalty. As per a study carried out by Su and Lai (2017), e-WOM also significantly and positively influenced two variables: experiential marketing and brand image, both of which had a significant positive impact on brand loyalty. Indirectly, e-WOM had a significant positive influence on brands. Likewise, in the research carried out by Elseidi and El-Baz (2016), e-WOM revealed a significant positive effect on brand image, which served as an essential aspect of brand loyalty. In the research of Severi, Ling, and Nasermoadechi (2014), the variable brand association mediated e-WOM and brand loyalty. Thus,

\[ H2: \text{E-WOM has a significant positive effect on brand loyalty.} \]
3.3. Online Community and Brand Image

Based on previous research, online communities have shown a significant positive effect on brand image. In research conducted by Mahrous and Abedelta (2016), all online community elements also had a significant positive influence on brand image. Correspondingly, a study carried out by Kim, Koh, and Lee (2009) uncovered that functional values, emotional values, and social values contained in online communities had a significant positive impact on brand image. Lee (2009) himself conducted a study, which yielded results that interaction, comfort in using, reliable information, and appreciation in the community had a significant positive effect on loyalty to the community. Furthermore, loyalty to the community for a brand indicated a significant positive influence on brand loyalty, which in turn would have a significant positive effect on brand image. Hence,

\[ H3: \text{The online community has a significant positive effect on brand image.} \]

3.4. Online Community and Brand Loyalty

According to the study conducted by Balakrishan, Dahnil, and Yi (2014), online communities significantly and positively influenced brand loyalty. Likewise, research carried out by Jang, Ko, and Koh (2008) found that online community elements consisted of information quality, system quality, interaction, and appreciation for activities in online communities. Of the four elements, only two showed a significant positive effect on brand loyalty, namely, interaction and respect for online community activities. Wilimzig (2011) also carried out a study, which proved that online communities had a significant positive impact on brand loyalty and brand image. Similarly, research conducted by Laroche, Habibi, Richard, and Sankaranarayanan (2012) stated that all elements relating to online communities revealed a significant positive influence on brand loyalty. Therefore,

\[ H4: \text{Online community has a significant positive effect on brand loyalty.} \]

3.5. Online Advertising and Brand Image

As stated in previous research, online advertising had a significant positive effect on brand image. What was found in the research conducted by Nikhashemi, Paimm, and Fard (2013) was a significant positive influence given by the online advertising variable to the brand image variable.

In a literature review conducted by Padival and Kenneth (2017), it was found that, by providing targeted online advertisements, the brand image of the targeted market would increase. It signified that online advertising had a significant positive influence on brand image. Similar results were also discovered in research carried out by Zourikatalatesamad, Payambarpour, Alwashali, and Abdolkarimi (2015), where online advertising significantly and positively impacted brand image. Thus,

\[ H5: \text{Online advertising has a significant positive effect on brand image.} \]

3.6. Online Advertising and Brand Loyalty

Research conducted by Balakrishan, Dahnil, and Yi (2014) indicated that online advertising significantly and positively affected brand loyalty. The same results were also exposed in Khan and Islam’s (2017) research that digital marketing, including online advertising, had a significant positive influence on brand loyalty. In the same way, a study conducted by Erdogmus and Cicek (2012) found that campaigns on social media, comprising online advertising, were the independent variables that had the most significant positive effect on brand loyalty compared to content relevance and brand popularity among friends of consumers. Also, the research results of Bakator, Boric, and Paunovic (2017) showed that online advertising significantly and positively influenced brand loyalty. Hence,

\[ H6: \text{Online advertising has a significant positive effect on brand loyalty.} \]

4. Research Methods

This research is a quantitative study using survey data collection techniques. The type of data used primary data, and the data were collected by survey data collection methods through a questionnaire distributed online. In this study, the respondents’ criteria were Generation Y in the age range of 23–30 years, who had worked domiciled in Indonesia, had a social media account, and followed or liked Louis Vuitton’s account on any social media. The choice of millennials was because Generation Y is the next generation that will become the “backbone” of purchasing products in Indonesia, estimated that by 2020, to account for 70% of the total population. The sampling method employed was purposive sampling and obtained a sample of 150 respondents.

The questionnaire used for this study consisted of three parts. The first part contained a brief introduction and the researcher’s profile, which explained the research aims and objectives. The second part was about the respondents’ demographics, including gender, age, occupation, domicile, monthly expenses, and average nominal expenditure per transaction. The third part was about the variables of
e-WOM, online community, online advertising, brand image, and brand loyalty. The questionnaire also expressed gratitude for being a respondent in this study.

5. Results and Discussion

According to the demographic characteristics, the number of female respondents (66 percent) was more than that of male respondents (34 percent). The majority of respondents live in DKI Jakarta Province (38 percent) followed by DI Yogyakarta Province (28.7 percent). Instagram was the most widely used social media (38.7 percent), followed by YouTube (28.7 percent), and Facebook (14 percent). Respondents who had followed/liked Louis Vuitton’s social media accounts totaled 60.2 percent, while those who had not followed/liked Louis Vuitton’s social media accounts were 19.3 percent.

In this research, an extensive data validity test was conducted with 150 respondents and resulted in very good data validity. Based on Table 1, it can be seen that 20 items of the questions contained five variables: e-WOM (EW), an online community (KD), online advertising (PD), brand image (BI), and brand loyalty (BL), were grouped according to each variable. It could be concluded that this research data was considered to meet the criteria for construct validity, namely, the value was higher than 0.50 so that it could be processed further. The KMO MSA value obtained was 0.918, where this value was higher than the requirement of 0.5; thus, the variables in this research were considered valid. Besides, the significance value obtained was 0.000, so it could be inferred that the question items in this research could be further processed for factor analysis. The reliability test results shown in Table 2 reveal that of the five variables in this research, all variables had a value above 0.70, so it could be suggested that the variables in this research were reliable.

Descriptive statistics were carried out to determine an overview of the data used in the research regarding respondents’ answers to the questionnaire questions.

Based on the statistical results in Table 3, it can be seen that all variables in this research had a standard deviation

Table 1: Variables and Indicators

<table>
<thead>
<tr>
<th>Variables</th>
<th>Indicators</th>
<th>Source</th>
</tr>
</thead>
</table>
| E-WoM                 | EW1: I will tell my colleagues and friends that I bought Louis Vuitton products through social media, websites, blogs, chat, email, or other online media.  
EW2: I will tell my colleagues and friends about the good experiences with Louis Vuitton products through social media, websites, blogs, chat, email, or other online media.  
EW3: I will recommend Louis Vuitton if anyone asks me through social media, websites, blogs, chat, email, or other online media.  
| Online Community      | KO1: I find it perfectly fits with social media accounts or Louis Vuitton’s online community.  
KO2: I see myself as part of social media or the Louis Vuitton online community.  
KO3: I and my social media followers or other members of the Louis Vuitton online community share the same goal.  
KO4: My friendship with social media followers or members of the Louis Vuitton online community means a lot to me. | Roy (2009), Muniz & O’Guinn (2001), Pangemanan (2016)                                     |
| Online Advertising    | PO1: I will be paying attention to an online ad from Louis Vuitton.  
PO2: I love Louis Vuitton’s online ad.  
PO3: I will click on the ad from Louis Vuitton when it appears online.  
| Brand Image           | BI1: Louis Vuitton is a leading luxury company.  
BI2: Louis Vuitton has extensive experience.  
BI3: Louis Vuitton is a representative of the luxury industry.  
BI4: Louis Vuitton is a customer-oriented company. | Kim & Hyun (2011)                                                                          |
| Brand Loyalty         | BL1: I enjoy using Louis Vuitton products.  
BL2: I am going to buy the newest Louis Vuitton product.  
BL3: I consider Louis Vuitton as my first choice whenever I am going to buy.  
BL4: I will like to pay a higher price for Louis Vuitton products compared to other brands. | Tarkiainen, Ellonen, Ots, & Stocchi (2016), Oliver (1999), Pramono (2017)                  |
Table 2: Rotated Component Matrix

<table>
<thead>
<tr>
<th>Component</th>
<th>E-WoM</th>
<th>Online Community</th>
<th>Online Advertising</th>
<th>Brand Image</th>
<th>Brand Loyalty</th>
</tr>
</thead>
<tbody>
<tr>
<td>EW1</td>
<td>0.840</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EW2</td>
<td>0.799</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EW3</td>
<td>0.794</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EW4</td>
<td>0.802</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>KO1</td>
<td></td>
<td>0.715</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>KO2</td>
<td></td>
<td>0.784</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>KO3</td>
<td></td>
<td>0.741</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>KO4</td>
<td></td>
<td></td>
<td>0.783</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PO1</td>
<td></td>
<td></td>
<td>0.739</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PO2</td>
<td></td>
<td></td>
<td>0.780</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PO3</td>
<td></td>
<td></td>
<td>0.702</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PO4</td>
<td></td>
<td></td>
<td>0.775</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BI1</td>
<td></td>
<td></td>
<td></td>
<td>0.783</td>
<td></td>
</tr>
<tr>
<td>BI2</td>
<td></td>
<td></td>
<td></td>
<td>0.739</td>
<td></td>
</tr>
<tr>
<td>BI3</td>
<td></td>
<td></td>
<td></td>
<td>0.692</td>
<td></td>
</tr>
<tr>
<td>BI4</td>
<td></td>
<td></td>
<td></td>
<td>0.767</td>
<td></td>
</tr>
<tr>
<td>BL1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.621</td>
</tr>
<tr>
<td>BL2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.721</td>
</tr>
<tr>
<td>BL3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.674</td>
</tr>
<tr>
<td>BL4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.748</td>
</tr>
<tr>
<td>Cronbach α</td>
<td>0.886</td>
<td>0.834</td>
<td>0.845</td>
<td>0.802</td>
<td>0.831</td>
</tr>
</tbody>
</table>

Notes: KMO MSA = 0.918.
Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.

Table 3: Descriptive Statistics of Data

<table>
<thead>
<tr>
<th>Variables</th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>E-WoM</td>
<td>150</td>
<td>2</td>
<td>5</td>
<td>3.523</td>
<td>0.565</td>
</tr>
<tr>
<td>Online Community</td>
<td>150</td>
<td>2</td>
<td>5</td>
<td>3.58</td>
<td>0.582</td>
</tr>
<tr>
<td>Online Advertising</td>
<td>150</td>
<td>2</td>
<td>5</td>
<td>3.588</td>
<td>0.576</td>
</tr>
<tr>
<td>Brand Image</td>
<td>150</td>
<td>2</td>
<td>5</td>
<td>3.368</td>
<td>0.496</td>
</tr>
<tr>
<td>Brand Loyalty</td>
<td>150</td>
<td>2.25</td>
<td>5</td>
<td>3.657</td>
<td>0.514</td>
</tr>
</tbody>
</table>

value close to or above 0.5; hence, it could be concluded that the data obtained from respondents had varied data. It denoted that the respondents' answers varied in the appropriate category (less than the mean value).

The goodness of fit test results, including the influence of the use factors, sociability factors, and functionality factors on purchasing decision-making, can be seen in Table 4.

This multiple regression model 1 explained the effect of e-WoM (EW), an online community (KO), and online advertising (PO) (independent) on the variable brand image (BI) (dependent). In Table 4, it can be seen that the $R^2$ value was 0.236. It showed that the variables e-WoM, online community, and online advertising explained 23.6 percent of the brand image variable, while the other 76.4 percent were explained by other factors outside the model.
In Table 4, the analysis results of the e-WOM, online community, and online advertising had a positive and significant effect on brand image ($\beta_{e-WOM} = 0.222; t = 2.710; p < 0.05$; $\beta_{KT} = 0.214; t_{KT} = 2.506; p_{KT} < 0.05$; $\beta_{JI} = 0.195; t_{JI} = 2.201; p_{JI} < 0.05$). Table 4 displays that the $F$-count for the dependent variable brand image was 16.308, while the $F$-table value was 2.666. Based on these results, the value of $F$-count > $F$-table and a significance value of 0.000 were obtained. The significance value was less than 0.05; therefore, there was a significant influence of the independent variables on the dependent variables.

This multiple regression model described the impact of e-WOM (EW), an online community (KO), and online advertising (PO) (independent) on the variable brand loyalty (BL) (dependent). In Table 5, it can be seen that the adjusted $R^2$ value was 0.477. It indicated that the variables e-WOM, online community, and online advertising explained 47.7 percent of the brand loyalty variable, and the remaining 52.3 percent was explained by other factors outside the model.

According to Table 5, the analysis results of the e-WOM, online community, and online advertising positively and significantly influenced brand loyalty ($\beta_{e-WOM} = 0.284; t = 4.197; p < 0.05$; $\beta_{KT} = 0.265; t_{KT} = 3.746; p_{KT} < 0.05$; $\beta_{JI} = 0.325; t_{JI} = 4.476; p_{JI} < 0.05$). In Table 5, it is presented that the $F$-count for the dependent variable of brand loyalty was 46.296, while the $F$-table value was 2.666. Based on these results, it was obtained the value of $F$-count > $F$-table and a significance value of 0.000. The significance value showed less than 0.05, so there was a significant effect of the independent variable on the dependent variable.

Based on the regression analysis results carried out previously, e-WOM had a significant positive effect on brand image. Referring to Table 4, this first hypothesis was supported because the $\beta$ value was 0.222, and the significance value was 0.008. The significance value was smaller than 0.05, so that e-WOM significantly and positively affected brand image.

E-WOM is an effective method to increase one's brand image. According to Kremers (2017), it is likely due to several factors: first, people tend to look for advice online. Changing behavior makes potential buyers more likely to look at brands online first. The review platform plays an essential role, where potential buyers will see the brand image through reviews of each similar product. The better the reviews given, the better a person’s brand image will be for the related product. Second, human will trust other humans more. Prospective buyers will trust real human opinions more than advertisements, news, or product descriptions on company websites. These two things were what made e-WOM had a significant positive effect on brand image. E-WOM helped companies improved brand image through good reviews and consumer experience in evaluating the product. It could be denoted that the brand image of generation Y in Indonesia was influenced by e-WOM.

Besides, on the grounds of the regression analysis results, it showed that this second hypothesis was supported because it was based on a $\beta$ value of 0.284 and a significance value of 0.000. The significance value showed smaller than 0.05, so e-WOM had a significant positive impact on brand loyalty.

According to Kremers (2017), humans love to share. The human need to share is one of the humans’ psychological needs to connect with other people. A sense of helping others and being the same as most people on the Internet feel like a person’s psychological needs. It greatly benefits marketers if the products they sell get good online reviews and are eventually spread because of the human penchant for sharing. By seeing the content shared by the closest person, it makes someone want to continue to buy similar products, or in this context, with the same brand. It was the reason why e-WOM had a significant positive effect on brand loyalty. In the research done, the existing data is in line with the statements and research hypotheses, which signifies that e-WOM significantly and positively affect brand loyalty. It could be inferred that Y generation brand loyalty in Indonesia was influenced by e-WOM.

Moreover, the regression analysis results that had been done previously revealed that online communities had a

### Table 4: Multiple Regression Model Results of e-WOM, Online Community, and Online Advertising on Brand Image

<table>
<thead>
<tr>
<th>Variables</th>
<th>Regression Coefficient</th>
<th>t-test</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>e-WOM</td>
<td>0.195</td>
<td>2.710</td>
<td>0.008</td>
</tr>
<tr>
<td>Online Community</td>
<td>0.183</td>
<td>2.506</td>
<td>0.013</td>
</tr>
<tr>
<td>Online Advertising</td>
<td>0.167</td>
<td>2.201</td>
<td>0.029</td>
</tr>
<tr>
<td>$F$-count</td>
<td>16.308</td>
<td></td>
<td>0.000</td>
</tr>
<tr>
<td>$R^2$</td>
<td>0.236</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Table 5: Multiple Regression Model Results of e-WOM, Online Community, and Online Advertising on Brand Loyalty

<table>
<thead>
<tr>
<th>Variables</th>
<th>Regression Coefficient</th>
<th>t-test</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>e-WOM</td>
<td>0.259</td>
<td>4.197</td>
<td>0.000</td>
</tr>
<tr>
<td>Online Community</td>
<td>0.234</td>
<td>3.746</td>
<td>0.000</td>
</tr>
<tr>
<td>Online Advertising</td>
<td>0.290</td>
<td>4.476</td>
<td>0.000</td>
</tr>
<tr>
<td>$F$-count</td>
<td>46.296</td>
<td></td>
<td>0.000</td>
</tr>
<tr>
<td>$R^2$</td>
<td>0.477</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
significant positive influence on brand image. Referring to Table 4, the third hypothesis was supported because it was based on a \( \beta \) value of 0.214 and a significance value of 0.013. The significance value indicated that it was smaller than 0.05, so the online community had a significant positive impact on brand image.

Social media can describe the brand image well. The newest way that prioritizes posts about products and company image or branding will increase the brand image for consumers. Companies can promote their products through social media posts effectively, also with effective social media, to form a brand image that will influence the brand. With endorsement and repost as a promotional strategy, a company’s brand image will increase. It is because the online community has a high enough influence on brand image. It could be concluded that Generation Y in Indonesia was influenced by online communities to increase their brand image.

Furthermore, based on the regression analysis results that had been carried out before, the online community showed a significant positive effect on brand loyalty. Table 5 displays that the fourth hypothesis was supported because the \( \beta \) value was 0.265, and the significance value was 0.000. The significance value revealed less than 0.05. Thus, online communities had a significant positive influence on brand loyalty.

The Louis Vuitton online community in Indonesia has resulted in high engagement rates. It was evident from the research results that support the fourth hypothesis, which indicated that the online community had a significant positive effect on brand loyalty. Also seen from the determination coefficient test \( (R^2) \), brand loyalty had a value of 0.477, meaning that 47.7 percent of these variables were explained by other variables. It happened because the online community had a high influence on brand loyalty. Based on this research, it could be implied that Generation Y’s brand loyalty in Indonesia was affected by an online community’s existence.

Meanwhile, the regression analysis results that had been done previously exposed that online advertising significantly and positively influenced brand image. Table 4 shows that the fifth hypothesis was supported because the \( \beta \) value was 0.193, and the significance value was 0.029. The significance value displayed less than 0.05. Thus, online advertising had a significant positive effect on brand image.

Online advertising knows no geographic boundaries (Janssen & Janssen, 2018) and can take many forms. It is what brands use in promoting their products in the form of display ads, social media ads, SEM, and many more. Several factors can affect a person’s brand image associated with advertising. First, SEM will be very influential if someone wants to search for something and sees the brand’s web page in the very first line. Second, social media ads are also very instrumental in increasing someone’s purchase intention. With the existence of advertisements on social media, someone who wants to buy something related to the product offered will be more likely to choose that product (Janssen & Janssen, 2018). These are the reasons for the support of this hypothesis. It could be inferred that Indonesia’s Generation Y’s brand image was impacted by online advertising.

Finally, based on the regression analysis results that had been done before, it was shown that online advertising had a significant positive impact on brand loyalty. Referring to Table 4, it was presented that the sixth hypothesis was supported based on the \( \beta \) value of 0.325 and a significance value of 0.000. The significance value showed smaller than 0.05, so online advertising significantly and positively affected brand loyalty.

Online advertising is an effective marketing strategy for targeting an ad to the right segment (Feifer, 2018). In terms of a person’s loyalty to the brand, the most appropriate online advertising is remarketing/retargeting and email marketing. Remarketing/retargeting is the best way to advertise to customers who already know or even buy the company’s products (Janssen & Janssen, 2018). Ads that appear to customers who have bought products from the brand will increase these customers’ loyalty to the brand being offered. With email marketing, advertisements sent to several customers who have purchased a product will increase brand loyalty. Email marketing itself is one of the online advertisements at a cost that is not much, so it must be appropriately utilized. These things can be the reasons for the support of this hypothesis. Based on the results obtained by this study, the sixth hypothesis was supported by the data, meaning that online advertising had a significant positive effect on brand loyalty. It could be concluded that Indonesia’s Generation Y’s loyalty to brands was affected by online advertising.

6. Conclusions

Several conclusions could be drawn based on the influence of each independent variable on all dependent variables. The sample taken in this study was Generation Y with an age range of 23–30 years, that had worked domiciled in Indonesia, had a social media account, and followed or liked Louis Vuitton’s account on social media. The brand as the reference in this research was Louis Vuitton. The first conclusion is that e-WOM had a significant positive effect on the brand image variable. The second conclusion is that e-WOM significantly and positively affected the brand loyalty variable. The third conclusion is that the online community had a significant positive impact on the brand image variable. The fourth conclusion is that the online community significantly and positively influenced the brand loyalty variable. The fifth conclusion is that online
advertising had a significant positive effect on brand image. Finally, online advertising significantly and positively impacted the brand loyalty variable.

Based on the analysis results and conclusions in this study, it is expected that the marketing team from Louis Vuitton can consider strategies in developing the existing brand image and brand loyalty by making unique products that increase the selling value of Louis Vuitton. The company should maintain and improve product quality so that customers are satisfied and still want to share their Louis Vuitton products’ experiences. Louis Vuitton products are luxury brands that can be a fashion attraction, so creating viral content can amplify customers’ desire to share. It is necessary to increase the amount of content most liked by the community and increase that content to improve the existing engagement. Also, it is necessary to expand the Louis Vuitton online community in Indonesia.

To address this study’s limitations, here are several suggestions for further research. First, research should use more than one brand to optimize results. As in this study, the Louis Vuitton online community, which was still not optimal, caused its influence to be very weak. Next, research should also take samples based on a larger population across Indonesia and investigate the differences in influence in each region. Finally, future research should examine the different effects on different brand categories.

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