

Conference Paper

The Influence of Instagram on Purchasing Decisions through Brand Awareness (a Study at Hive & Honey Solo)

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Abstract

As the food and beverage industry is growing rapidly, entrepreneurs are using this opportunity to engage in this area of business. Data show that social media is a very useful tool to advertise products or services to attract more customers, and with more and more people using social media, businesses have made social media one of their main marketing strategies. This research aimed to explore the effect of Instagram social media marketing on decisions to purchase Hive & Honey Solo products through brand awareness as a mediating variable. The study had a total of 92 respondents who had purchased Hive & Honey Solo products more than once. Data were collected using a questionnaire with 13 indicators that used the Likert scale, and data were processed using PLS-SEM. Social media marketing significantly positively influenced decisions to purchase Hive & Honey Solo products through brand awareness.

Keywords: Social Media Marketing, Brand Awareness, Purchasing Decision

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1. Introduction

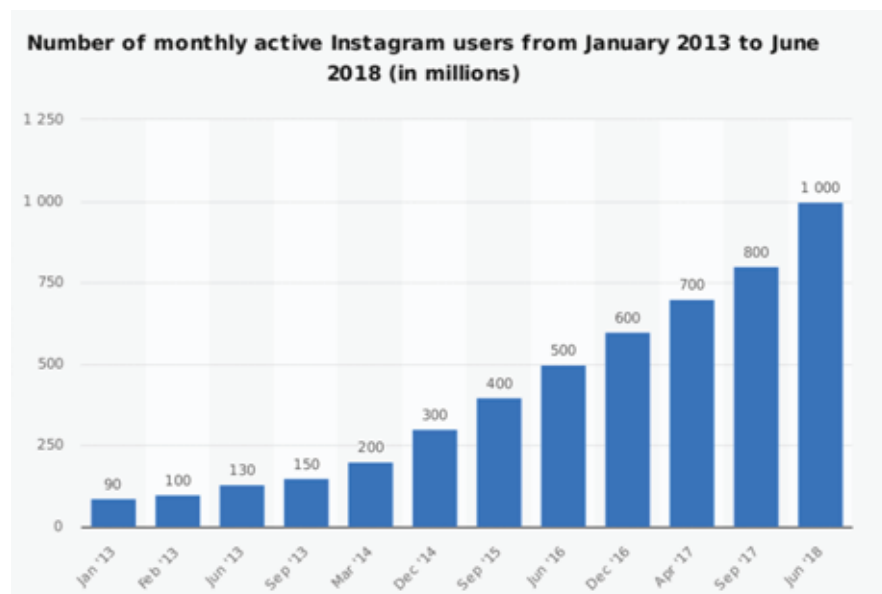
The food business in Indonesia has increased every year. This statement can be proven by the abundance of emerging food entrepreneurs, such as cafes, restaurants, and emerging SME (Small and Medium Enterprises) businesses. It cannot be denied that the Gross Domestic Product (GDP), especially non-oil and gas is influenced by the food and beverage industry. The food and beverage industry contributed 35.58% in the first quarter of 2019 to the GDP of the non-oil and gas industry. Whereas in 2019, the food and beverage industry are projected to grow by 9.86% compared to 2018 [1].

The growth in the food and beverage industry in Indonesia opens opportunities for entrepreneurs to enter the food and beverage industry. Seeing the opportunity in the food and beverage industry in Indonesia, the business Hive & Honey Solo was founded.

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Hive & Honey Solo is a business engaged in the food and beverage with a product in the form of honey. Hive & Honey Solo runs its business in Solo, Jogja and Surabaya. Being one of the honeycomb businesses that use Instagram social media to market their products, Instagram followers of Hive & Honey Solo has reached 915 followers.

Compared to conventional media, social media has a better speed of information flow [2]. Social media Instagram also has a rapid movement which can be seen in June 2018, Instagram social media has reached a total of 1 billion monthly active users (up from 800 million active users in September 2017). This can be seen in the data published by Statista.com [3] as follows:



According to research [4], an increase in Instagram social media users encourages the growth of online shops in Indonesia because Instagram is considered to be one of the most strategic media in marketing a product. In running its business, Hive & Honey Solo is not the only one who uses social media Instagram to market their products, but there are many similar competitors who have the same marketing strategy. Social media is generally used to attract visitors and convey information [5]. Chris Heuer proposed a model called 4Cs when carrying out marketing activities using social media [6]: context, communication, collaboration, and connection.

Social media marketing can affect brand awareness of a brand [7]. Brand awareness can be built through social media where users can participate, share, and create the desired content [8]. Brand awareness can help consumers in determining brand choices in the product category they are interested in [9]. Brand awareness is considered a prerequisite for consumer purchasing decisions, as it represents a major factor for including a brand in the set of considerations. Brand awareness can also affect the

assessment of the perceived risk of consumers and their trust in purchasing decisions [10].

Brand awareness refers to a customer's awareness of the existence of a brand that is embedded in his mind when the customer remembers a product group and the brand name he remembers the most in that product group [11]. Purchasing decisions arise as a result of a person's view and belief in an object or product [12]. The higher a person's views and beliefs on an object or product, the higher the level of their purchase decision. Based on this background, a study was conducted on the influence of context, communication, collaboration, and connection in Instagram social media on purchasing decisions for Hive & Honey Solo products through brand awareness as a mediating variable.

2. Literature Review and Hypothesis

2.1. Online & Social Media Marketing

Online and social media marketing is an online activity that aims to attract consumers, increase awareness and image, and get sales from products and services [13]. Social media is a media that makes it easy for the wearer to describe his or her personality or interact, collaborate, share, and communicate with other users and create social virtual groups [14]. Another definition of social media is a collection of applications that use the internet and are built on the ideology and technology of Web 2.0 and provide convenience in creating and exchanging user-generated content Error! Reference source not found.. Social media is an example of online word of mouth which is the most powerful and very effective marketing tool [13]. According to Chris Heuer [6], there are 4Cs in the use of social media: context, communication, collaboration, and connection. Heuer's theory shows that 4C is an indispensable part of social media so that it provides ease of use and realizes the purpose of using social media.

1. Context: "how we frame our stories" which explains how to make a story or message (like the form of the message itself) and the language used or the meaning of the message.
2. Communication: "the practice of sharing our stories as well as listening, responding, and growing" which explains how to share stories or messages which can provide a sense of comfort to the user as well as successful delivery of messages.

3. Collaboration: “working together to make things better and more efficient and effective”. This can be done by coordinating between companies and consumers through social media.
4. Connection: “the relationship we forge and maintain”. This can be done through communication (on an ongoing basis) between the company and its consumers through social media.

Research shows that there is a significant influence between social media marketing and brand awareness [7]. Furthermore, research also shows that there is a significant influence between social media marketing and purchasing decisions [17, 18]. Therefore, it can be hypothesized that social media marketing has a significant influence on both brand awareness and purchasing decisions.

2.2. Brand Awareness

Brand awareness is the ability of potential customers to recognize and remember certain brands in product groups, where if the level of brand awareness is high in the minds of the customers, then the customers will consider making purchases on these products [19]. Research shows that there is a significant influence of brand awareness toward purchasing decisions [20]. Brand awareness can be divided into 4 levels [19]: (1) unaware of brand (the customer is not aware of a brand); (2) brand recognition (customers can remember a brand with assistance); (3) brand recall (customers are able to remember a brand without any help); and (4) top of mind (the brand that customers remember first when thinking about a product group). The indicators of brand awareness [22] are as follows:

1. Recall: the depth of which customers can remember a brand in certain product or service group
2. Recognition: the depth of which customers can carry out brand recognition in certain product or service groups
3. Purchase: the depth of which customers will choose a brand as an option in buying a product or service
4. Consumption: the depth of which consumers can remember a brand when using a competitor’s product or service

2.3. Purchasing Decision

Purchasing decisions refers to the customer steps that begin before the buying activities by going through the stages of identifying problems, seeking information, evaluating alternatives, deciding to buy products, and taking action after making a purchase [13]. Purchasing decision is defines as an integration step by combining information about a product to evaluate two or more alternative behaviors and selecting alternatives [23]. Purchasing decision is also defined as a decision made to fulfill a consumer's wants and needs by evaluating more than one alternative that is affected by the initial reasons for making a purchase, which includes the product, situation and method of purchase [24]. Researches indicate that there is a significant influence of social media marketing towards purchasing decision through brand awareness [25].

Based on the literature review above, the following hypothesis are proposed:

H1: Social media marketing (X) has a significant effect on brand awareness (Z)

H2: Social media marketing (X) has a significant effect on purchasing decisions (Y)

H3: Brand awareness (Z) has a significant effect on purchasing decisions (Y)

H4: Social media marketing (X) has a significant effect on purchasing decisions (Y) through brand awareness (Z)

3. Research Design

To test the hypothesis, a quantitative method is applied in which questionnaires are distributed as a means of collecting data. The population in this study were all Hive & Honey Solo consumers who live in Solo and have purchased Hive & Honey Solo products more than once via Instagram, with a total of 92 people. The sampling technique used for this research is saturated sampling technique, in which all members of the population are used as sample. Finally, the data collected will be analyzed using PLS- SEM data analysis technique.

4. Results

4.1. Validity and Reliability Test

Two types of validity test were conducted: convergent validity and discriminant validity. Table 1 shows the result of convergent validity test, where each indicator on the research variables have a loading factor greater than 0,7 and AVE greater than 0,5. Table 2 shows

the result of discriminant validity test, where the cross loading value of each variable's indicators is higher than the other variables. Therefore, it can be concluded that all the variables used in this research are valid. Table 3 shows that the value of Cronbach's alpha and composite reliability of all variables shows a value greater than 0.7, therefore it can be concluded that all variables used in this study are reliable.

TABLE 1: Convergent Validity

Indicators	Loading Factor	AVE
X ₁	0,782	0,590
X ₂	0,734	
X ₃	0,818	
X ₄	0,733	
Z ₁	0,872	0,718
Z ₂	0,797	
Z ₃	0,822	
Z ₄	0,895	
Y ₁	0,784	0,646
Y ₂	0,752	
Y ₃	0,849	
Y ₄	0,757	
Y ₅	0,871	

TABLE 2: Discriminant Validity

Indicators	Social Media Marketing	Purchasing Decision	Brand Awareness
X ₁	0,782	0,579	0,479
X ₂	0,734	0,539	0,551
X ₃	0,818	0,588	0,495
X ₄	0,733	0,526	0,498
Y ₁	0,610	0,784	0,597
Y ₂	0,575	0,752	0,461
Y ₃	0,574	0,849	0,569
Y ₄	0,550	0,757	0,564
Y ₅	0,613	0,871	0,573
Z ₁	0,544	0,632	0,872
Z ₂	0,520	0,471	0,797
Z ₃	0,557	0,592	0,822
Z ₄	0,612	0,629	0,895

TABLE 3: Reliability Test

Variables	Cronbach's Alpha	Composite Reliability	Conclusion
Social Media Marketing	0,767	0,851	Reliable
Purchasing Decision	0,862	0,901	Reliable
Brand Awareness	0,869	0,910	Reliable

4.2. Path Coefficient

The path coefficient is used to determine the magnitude of the influence between variables that are used in this study. Table 4 shows that the largest path coefficient value is the influence of social media marketing on brand awareness with a value of 0.660, followed by the influence of social media marketing on purchasing decisions with a value of 0.483 and the influence of brand awareness on purchasing decisions with a value of 0.372. Table 4 shows that the overall influence between variables in this study has a positive path coefficient.

TABLE 4: Path Coefficient

Variables	Path Coefficient
Social Media Marketing (X) → Purchasing Decision (Y)	0,483
Social Media Marketing (X) → Brand Awareness (Z)	0,660
Brand Awareness (Z) → Purchasing Decision (Y)	0,372

4.3. Effect Size

The f2 test is used to measure the prediction of the model's strength. The criteria used in this study were if the effect size value was <0.02, it was small, <0.15 - 0.02 was moderate, and > 0.35 was large. Table 5 shows that the influence of social media marketing on purchasing decisions has a moderate effect size, social media marketing on brand awareness has a large effect size, and brand awareness on purchasing decisions has a moderate effect size.

TABLE 5: Effect Size

Variables	f ²	Effect Size
Social Media Marketing → Purchasing Decision	0,335	Moderate
Social Media Marketing → Brand Awareness	0,770	Large
Brand Awareness → Purchasing Decision	0,199	Moderate

4.4. Outer Loadings

Outer Loadings is used to determine the effect between variables using p-values. The criterion for the hypothesis being accepted on the outer loadings in this study is that the p-value must be less than 0.05. Table 6 shows that all indicators have a p-value less than 0.05 and a statistical t value greater than 1.96, therefore it can be concluded that all indicators can measure the variable in question.

TABLE 6: Outer Loadings

Indicators	Original Sample	Sample Mean	Standard Deviation	T Statistics	P-Values	Conclusion
X ₁	0,782	0,783	0,051	15,275	0,000	Accepted
X ₂	0,734	0,735	0,054	13,484	0,000	Accepted
X ₃	0,818	0,818	0,036	22,555	0,000	Accepted
X ₄	0,733	0,725	0,064	11,412	0,000	Accepted
Y ₁	0,784	0,782	0,044	17,895	0,000	Accepted
Y ₂	0,752	0,756	0,052	14,532	0,000	Accepted
Y ₃	0,849	0,847	0,035	24,260	0,000	Accepted
Y ₄	0,757	0,757	0,049	15,374	0,000	Accepted
Y ₅	0,871	0,871	0,022	39,251	0,000	Accepted
Z ₁	0,872	0,871	0,024	36,999	0,000	Accepted
Z ₂	0,797	0,795	0,050	16,014	0,000	Accepted
Z ₃	0,822	0,821	0,045	18,430	0,000	Accepted
Z ₄	0,895	0,894	0,022	40,239	0,000	Accepted

4.5. Bootstrapping

Bootstrapping is used to determine the influence between variables using t-statistics and p-values. The hypothesis criteria accepted in bootstrapping in this study are that the significance value of the t-value must exceed 1.96 with an error rate of 5% and the p-value must be less than 0.05. Table 7 shows that the first hypothesis until the fourth hypothesis can be accepted.

TABLE 7: Bootstrapping

Hypothesis	Original Sample	Sample Mean	Standard Deviation	T Statistics	P-Values	Conclusion
Social Media Marketing (X) → Brand Awareness (Z)	0,660	0,661	0,053	12,349	0,000	Accepted
Social Media Marketing (X) → Purchasing Decision (Y)	0,483	0,486	0,081	5,926	0,000	Accepted
Brand Awareness (Z) → Purchasing Decision (Y)	0,372	0,369	0,081	4,615	0,000	Accepted

4.6. Mediation Effect

The Sobel test is used to test whether the effect of the resulting mediating variables on the path analysis is significant or not. Table 8 shows that the t value generated from this study is 4.308 which is greater than 1.96, therefore it can be concluded that the brand awareness variable is able to mediate social media promotion toward purchasing decisions.

TABLE 8: Sobel Test

Description	Result
t	4,308

5. Discussion

5.1. The Influence of Social Media Marketing on Brand Awareness

The results of data analysis show that social media marketing has a significant effect on brand awareness. This means that social media marketing has a very high influence on brand awareness which is illustrated through the indicators of social media marketing in the sense that brand awareness is strongly influenced by context, communication, collaboration, and connection. Therefore, companies must pay attention to these indicators because they have a significant effect on brand awareness. The results of this study are supported by previous researches [7] where the researchers concluded that social media marketing has a positive and significant effect on brand awareness.

The significant results between the influence of social media marketing on brand awareness indicate that it is important for Hive & Honey Solo to improve social media marketing by implementing 4C (Context, Communication, Connection, and Collaboration) on Instagram to increase brand awareness. This can be done by updating the social media marketing system where someone can be hired with the task of handling Instagram account so that Hive & Honey Solo is able to implement 4C in social media. Through a more focused handling of Instagram, it is expected that brand awareness will also increase, and consumers will be more familiar with the Hive & Honey Solo products.

5.2. The Influence of Social Media Marketing on Purchasing Decision

The results of data analysis show that social media marketing has a significant effect on purchasing decisions. This means that social media marketing has a very high influence on purchasing decisions which is illustrated through the indicators of social media marketing in the sense that purchasing decisions are strongly influenced by context, communication, collaboration, and connection. Therefore, companies must pay attention to these indicators because they have a significant effect on purchasing decisions. The results of this study are supported by previous researches [17] where the researchers concluded that social media marketing has a positive and significant

influence on purchasing decisions. The significant results between the influence of social media marketing on purchasing decisions indicate that it is important for Hive & Honey Solo to improve social media marketing by implementing 4C (Context, Communication, Connection, and Collaboration) on Instagram to improve consumer purchasing decisions for Hive & Honey Solo products. This can be done by endorsing celebrities and influencers in Indonesia so that it can influence consumer purchasing decisions for Hive & Honey Solo products. Through the endorsement, it is believed that the level of consumer purchasing decisions for Hive & Honey Solo products will increase.

5.3. The Influence of Brand Awareness on Purchasing Decision

The results of data analysis show that brand awareness has a significant effect on purchasing decisions. This means that brand awareness has a very high influence on purchasing decisions which is illustrated by the brand awareness indicator, meaning that purchasing decisions are strongly influenced by recall, recognition, purchase, and consumption. Therefore, companies must pay attention to these indicators because they have a significant effect on purchasing decisions. The results of this study are supported by previous researches [20] where the researchers concluded that brand awareness has a positive and significant effect on purchasing decisions.

The significant results between the influence of brand awareness on purchasing decisions indicate that it is important for Hive & Honey Solo to increase the brand awareness of Hive & Honey Solo through recall, recognition, purchase and consumption on Instagram Hive & Honey Solo social media so that consumers can make purchasing decisions for Hive & Honey Solo products. This can be done by using digital marketing services to create interesting content marketing on Instagram. Through this content marketing, it is believed that Hive & Honey Solo brand awareness can be increased.

The Influence of Social Media Marketing on Purchasing Decision through Brand Awareness The results of data analysis show that social media marketing has a significant effect on purchasing decisions through brand awareness. This means that social media marketing has a very high influence on purchasing decisions through brand awareness which is described through indicators of social media marketing and brand awareness, meaning that purchasing decisions are strongly influenced by context, communication, collaboration, connection, recall, recognition, purchase and consumption. The results of this study are supported by previous researches [25] where the researchers concluded that social media marketing has a positive and significant effect on purchasing decisions through brand awareness.

The significant results between the influence of social media marketing on purchasing decisions through brand awareness indicate that it is important for Hive & Honey Solo to increase social media marketing and brand awareness of Hive & Honey Solo through recall, recognition, purchase and consumption on social media so that consumers can make purchasing decisions for Hive & Honey Solo products. This can be done hiring someone to handle social media for Instagram Hive & Honey Solo, collaborating with digital marketing parties, and endorsing celebrities and influencers in Indonesia so that they can influence consumer purchasing decisions for Hive & Honey Solo products.

6. Conclusion

This research found that all the proposed hypotheses were upheld. Furthermore, it was found that the social media marketing variable that has the most significant effect on purchasing decisions is context, therefore companies are advised to really optimize the context aspects of social media marketing, by paying attention to the way the message is presented, the message design, the timing of content delivery, and the content posted on social media. The study also found that the brand awareness variable that had the most significant effect on purchasing decisions was recall, therefore companies were advised to really optimize the recall aspect of social media marketing, by introducing the Hive & Honey Solo brand more intensively to consumers so the Hive & Honey Solo brand can be better remembered as an online shop who sells honeycomb products.

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