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The Intervening Role of Brand Experience Customer Based Brand Equity (CBBE) in the Retail Industry

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Abstract

The primary goal of this study is to experimentally examine the mediating role of Brand Experience in the impact of social media marketing activities on customer-based brand equity (CBBE). We employed a quantitative methodology and designed a survey questionnaire to measure customer-based brand equity (CBBE). The survey was administered to 226 Tokopedia consumers. Our investigation focuses on how social media marketing significantly affects customer-based brand equity. We used structural equation modeling (SEM) in AMOS version 24 for the analysis. Our findings demonstrate social media marketing significantly affects customer-based brand equity and brand experience. Social media marketing and customer-based brand equity are favorably mediated by brand experience. This study's significance lies in demonstrating how the development of brand experience mediates social media marketing activities and customer-based brand equity (CBBE) in e-retail industry is the focal point of this study.

Keywords social media marketing activities, brand experience, customer based brand equity (CBBE).

1. Introduction

Technology is developing faster than it has ever throughout the history of modern, global civilization. Personal lives have profited more from technological advancements as it has changed to keep up with the times. Here are a few examples of how the development of internet technology has impacted several facets of life, particularly in the business world (Abbate, 2017; Koay, Ong, Khoo, & Yeoh, 2021). For example, the Internet is defined by Wikipedia as a global network of networked computers that uses the internet protocol suite. The internet allows people to connect, communicate, and share information between locations. However, electronic commerce, or e-commerce, is the application of using the internet and electronic media to do business for goods and services (Qiang Yan, 2016).

In the last ten years, the development of internet technology has also led to a significant shift in consumer lifestyle. With regard to e-commerce, it has rapidly expanded, and one of the most popular ways to buy things is now through online shopping (Qiang Yan, 2016). In addition, e-commerce marketing efforts frequently employ social media (Yadav & Rahman, 2017). Asian nations have also adopted social media at significant rates, with e-commerce using them for the past ten years (Sang-Yong Tom Lee, 2015). Their countries are not an exception to this global trend. Therefore, research on social media marketing activities (SMMA) as perceived in the context of e-commerce is needed.

Seminar Nasional FMI 2024 Manado

Prosiding



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Vol. 2
5-7 November 2024

Although social media marketing has gained widespread acceptability in business, particularly in e-commerce, there is currently no scale in the literature to assess how SMMA is evaluated in e-commerce. A unique scale that measures the perceived SMMA in the e-commerce sector, with a focus on e-retailing, needs to be developed because e-commerce differs from other industrial contexts in terms of consumer and industry characteristics. Additionally, researchers have suggested creating a more accurate scale to measure perceived SMMA across various businesses (Baozhou Lu, 2014). Because there isn't a scale that measures perceived SMMA in the context of e-commerce, businesses have to use generic metrics, which might not be a good way to gauge perceived SMMA in the sector. The effectiveness of social technologies and social media components, despite their widespread incorporation into e-commerce sites such as Amazon, Flipkart, and others, has not been thoroughly assessed or validated in the existing research (Baozhou Lu, 2014). Therefore, it is crucial to understand how social media marketing management is seen in the e-commerce business, as this will provide fresh perspectives and insights. Research in this area will also contribute to the body of knowledge already available in the e-commerce and social media literature (Yadav, 2017).

In the modern business world, delivering a great customer experience appears to be one of the main elements that leads to a company's success. Customers thereby carry over their experiences into additional brand-related ideas, emotions, pictures, perceptions, and attitudes, which are subsequently converted into positive brand performances including price premiums, price elasticity, market share, and growth success (Richa Joshi, 2020). Prior research indicates a positive correlation between brand experiences and brand equity, choice, attitude, and equity (Jinsoo Hwang, 2021) (Linda Saulite, 2022) (Eslami, 2020). More scholarly research is required to fully comprehend the significance of brand experiences in the process of creating brand value, particularly in the context of social media marketing, even though brand experiences have already attracted a lot of attention from marketing practitioners. Another crucial aspect of the consumer thinking and, hence, the source of brand value is brand action, such as creating an online brand community. Accordingly, marketing initiatives carried out on social media platforms have the power to change consumers' perceptions of a brand. In fact, prior research indicates that good evaluations of social media marketing positively affect value equity, relationship equity, and brand equity—all three customer equity drivers (Zheng et al., 2019). However, the relationship between SMMA and brand experiences has received very little academic attention (Tugrul, 2014). For this reason, the effects of SMMA on brand experience in the e-retail industry are first examined in this paper.

Social media marketing has become a popular way to draw in customers and get a competitive advantage by providing prompt service in today's intensely competitive global business climate. Due to the large user base of social media platforms—roughly 2 billion active users—many industries promote the usage of social media applications for marketing in an effort to attract customers (Koay, Ong, Khoo, & Yeoh, 2021). The success of a business greatly depends on the efficient exchange of information and collaboration among stakeholders, and social media platforms offer these channels. Social media platforms have been proven to be highly effective at quickly disseminating information to a large number of current consumers and attracting new

Seminar Nasional FMI 2024 Manado

Prosiding



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Vol. 2
5-7 November 2024

ones in order to build brand awareness and a positive brand image, which in turn increases sales and market share (Yadav & Rahman, 2017).

In order to maintain a competitive edge in a highly globalized marketplace, businesses prioritize implementing the newest social media platforms available. These platforms help businesses raise awareness and attract new clients by meeting their needs (Muhammad Mohsin, 2021). Based on existing literature, companies are implementing practical and advantageous strategies to boost sales and demonstrate commitment to customer satisfaction to win and keep customers. According to reports, attracting new consumers is more expensive than keeping the ones you already have; thus businesses should work to win back the loyalty of their current clientele. Retaining devoted consumers is important for profitability since, depending on the business, a 5% improvement in retention can raise profit by 85% (Abdullaeva, 2020).

Long-term supplier loyalty is a key component of relational marketing, as it demonstrates commitment. Essentially, commitment describes how emotionally invested consumers are in a company, brand, or product to the point where they continue to use the product or service or remain a member of the organization (Yogesh K. Dwivedi a, 2021). Two types of commitment have been discovered by researchers: rational commitment (calculating advantages and costs) and emotional commitment. Customers' desire to keep their relationship with the supplier is referred to as their emotional commitment. Emotional commitment, or some form of emotional attachment to a certain organization or brand, stems from the individual's emotional state of mind. When parties are unable to readily replace one another and obtain the allocated resources, this is referred to as rational (computational) commitment. This kind of commitment is the evaluation of benefits and drawbacks (Mariana Petrova, 2020).

As mentioned earlier, brand experience has not been studied in any of the prior e-retail business research studies; instead, service enhancement has been the focus of most studies. This study's main goal is to investigate how long-term brand experience affects the e-retail sector. In the e-retail industry, brand experience research is considered a groundbreaking invention that provides theoretical value for SMMA and CBBE.

2. Literature Review

The most important component of the global e-retail industry is thought to be brand experience. Then, brand experience may be described as the process of measuring a product or service's ability to continue operating for the duration of its lifecycle with the least number of adverse effects on the business (Barari, Ross, & Surachartkumtonkun, 2020). Demonstrating how benefits to the economy, environment, and society impact the expansion of future commercial activities is the primary objective of brand experience (Jaiwal & Singh, 2020). Consequently, SMMA has sparked the emergence of brand experience in the contemporary economic context. Improved brand experience effects societal benefits and economic principles, which emphasizes the need of supply and demand balance in the e-retail sector (McColl-Kennedy, Gustafsson, Jaakkola, & Klaus, 2015).

In the face of global industrial transformation, every company needs to put its brand experience

Seminar Nasional FMI 2024 Manado

Prosiding



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Vol. 2
5-7 November 2024

first in order to satisfy its customers. CBBE is provided by e-commerce in the e-retail industry through brand experience. Consequently, e-retailers obtain a competitive advantage in the social, economic, and environmental domains by using CBBE (De Keyser, Lemon, & Klaus, 2015). It suggests that in order to increase CBBE, e-commerce should be able to use brand experience as a marketing tactic. When making a purchase, a buyer typically evaluates the efficacy of the brand experience. This demonstrates how change in the retail industry is driven by the consumer (Godovykh & Tasci, 2020).

Customers would simply go for other options that offer better goods and services if an online retailer was unable to meet their expectations. Customers seem to be constantly looking for better solutions that meet their needs. It should therefore be possible for the online retailer to determine the needs of the customers based on their driving forces (Ertemel, Civelek, Pektaş, & Çemberci, 2021). Thus, satisfying customer demands, upholding the quality of products, and offering after-sale support are all ways that an online retailer can build a solid reputation (Febriani & Ardani, 2021).

Overall, there are few barriers to entry in the Indonesian e-retail market. An intense price war resulted from the intrusions of small and medium-sized businesses and various industries. The market faces commercial challenges as a result of an expanding pricing disparity. Numerous topics have been studied in relation to the e-retailer business, including quality management (Izogo, 2018), risk (Gupta, Pansari, & Kumar, 2018), facilities (Kim, Yim, & Sugumaran, 2015), client prospecting (Lee & Wong, 2016), transaction safety (Mahira & Saputri, 2020), management information systems (Nguyen, Pham, Tran, & Pham, 2020), and time performance (Raina, Chahal, Klaus, & Dutta, 2019).

As previously mentioned, the majority of research on the e-retail sector has focused on customer profiles; brand experience has not been the subject of any previous studies. The primary goal of this study is to determine how businesses that provide goods and services online are impacted by their customers' long-term brand experience. It has been noted that the study of brand experience in e-retail is a groundbreaking invention that gives SMMA and CBBE theoretical significance.

SMMA and Brand Experience. Social media has changed the way that brand material is created, shared, and consumed (Gil Appel, 2019). It has also given consumers more control over how marketers shape the perception of a brand online (Nijssen & Ordanini, 2020). Social media is essential for reaching consumers and building personal connections with them when utilized wisely for marketing initiatives (Gil Appel, 2019) (Yogesh K. Dwivedi a, 2021). Furthermore, SMMA is characterized as a two-way dialogue that aims to establish empathy with younger users and even reinforces the well-known feelings connected to premium fashion brands to an older demographic (Bazi, Filieri, & Gorton, 2020). Through the sharing of knowledge and ideas, SMMA gives marketers the chance to reduce bias and misunderstanding around the brand and increase its value (Yadav & Rahman, 2017). Another benefit of social media is that it makes it simple to identify customers who are interacting with brands more personally and paying closer attention to them (Gil Appel, 2019).

Seminar Nasional FMI 2024 Manado

Prosiding



e-ISSN: 3026-4499
Vol. 2
5-7 November 2024

Companies can especially benefit from real-time information and a deeper understanding of their customers thanks to the data marketers receive from consumer-to-brand and consumer-to-consumer interfaces (Felix, Rauschanabel, & Hinsch, 2016)[66]. Interactivity, personalization, word-of-mouth, informativeness, and trendiness are considered SMMA in an e-commerce setting, according to another study (Yadav & Rahman, 2017). SMMA are also investigated in airline study as components of engagement, entertainment, trendiness, perceived risk, and customization (Seo & Park, 2018) (Torres, Vasquez-Parraga, & Zamora, 2008). Because the SMMA has received proper recognition in the literature and is appropriate for the current study setting, the current study looks at it from Kim and Ko's perspective (Kim & Ko, 2012).

The fields of management, philosophy, and cognitive research gave rise to the concept of brand experience (Brakus, Schmitt, & Zarantonello, 2009). The term "experience economy" (Pine & Gilmore, 1998) and "experience marketing" (Schmitt, 1999) have been used to interpret it; now, it is considered to refer to "subjective consumer responses that are evoked by specific brand-related experiential attributes" (Brakus, Schmitt, & Zarantonello, 2009). The formation of customers' brand-related views through sensory, behavioral, intellectual, and affective events is mostly attributed to brand experience (Khan, Hollebeek, Islam, Fatma, & Rahman, 2020). Research validates the multifaceted character of brand experience by identifying its behavioral, sensory, emotional, and cognitive elements throughout the customer's decision-making process (Lemon & Verhoef, 2016).

The study looks at how consumers interpret the brand experience that is integrated into SMMA from this point of view. The truth is that, although social media-based brand experiences have the potential to enhance customer-brand relationships and establish a dynamic brand presence, little is now known about how consumers view them (Carlson, Rahman, Taylor, & Voola, 2019). Because research on the connection between SMMA and CBBE in the e-retailer sector has not been done. Thus, the researchers suggested:

Hypothesis 1: There is a positive correlation between SMMA and brand experience in the e-retailer industry

SMMA and CBBE. The virtual environment, which is built on blogs, websites, and digital commerce platforms, has been the subject of much literature and is crucial to business operations and brand development for companies (Khan, Hollebeek, Islam, Fatma, & Rahman, 2020). Social media exchanges between brands and customers feature a variety of original material formats, such as images, videos, and text. According to study studies, social media helps with brand development and also manages long-term relationships by promoting the brand to consumers. Prior research has emphasized the fashion industry's efforts to establish a brand by skillfully leveraging social media to impact the CBBE in order to enhance brand identity, value creation, and image (Chu, Kamal, & Kim, 2019). Research has shown that a pleasant brand experience can have a favorable impact on CBBE. Subsequently, studies have looked at how perceived SMMA initiatives impact the brand experience (Mohsin, Iqbal, Mokhtar, & Sial, 2017). In order to anticipate the CBBE, research studies have looked at the mediating function of brand experience between perception of SMMA utilization. The prior

Seminar Nasional FMI 2024 Manado

Prosiding



e-ISSN: 3026-4499
Vol. 2
5-7 November 2024

research has made numerous contributions, and academics have demonstrated the direct influence of perceived SMMA activities on CBBE. The mediating role of brand experience in explaining the consumer brand was also explored and described by earlier study (Koay, Ong, Khoo, & Yeoh, 2021). As shown in earlier research, the efficacy of SMMA affects social media users and has a knock-on effect on CBBE. Consequently, there are no studies that address how SMMA affects CBBE in the e-retail sector. This study put out the following hypothesis:

Hypothesis 2: There is a positive correlation between SMMA and CBBE in the e-retailer industry.

Hypothesis 3: There is a positive correlation between brand experience and CBBE in the e-retailer industry.

Hypothesis 4: There is a positive correlation between SMMA and CBBE mediated by brand experience in the e-retailer industry.

3. Research Method

The goal of the current study was to employ a quantitative approach. Because the researcher was eager to use data analysis to find answers to research questions, the quantitative method was selected for this study. As a result, the researchers evaluated the research's hypothesis testing using the Structural Equation Modelling (SEM) technique. The main arguments in favor of using SEM are its capability to characterize which independent variable influences dependent variables or which variables are related to one another, as well as its ability to quantify the correlation between latent variables (Sekaran & Bougie, 2016). It works for the current study, which examined how latent variables like SMMA, brand experience, and CBBE relate to one another. This investigation uses non-probability sampling. Since Tokopedia is Indonesia's biggest online retailer, information was obtained from its users. A response rate of 75.3 percent was achieved by returning 226 out of the 300 questionnaires that were given to consumers of building material merchants. Likert items with seven possible responses, from strongly disagree (1) to strongly agree (7), were used to evaluate the research constructs. For this work, Saeed and Shafique's SMMA measuring indicator was utilized (Saeed & Shafique, 2020). Thus, CBBE indicators are based on Chatterjee's research (Chatterjee, 2018), whereas brand experience indicators are taken from Eslami (Eslami, 2020). CBBE uses ten indications, SMMA uses fifteen, and brand experience uses twelve.

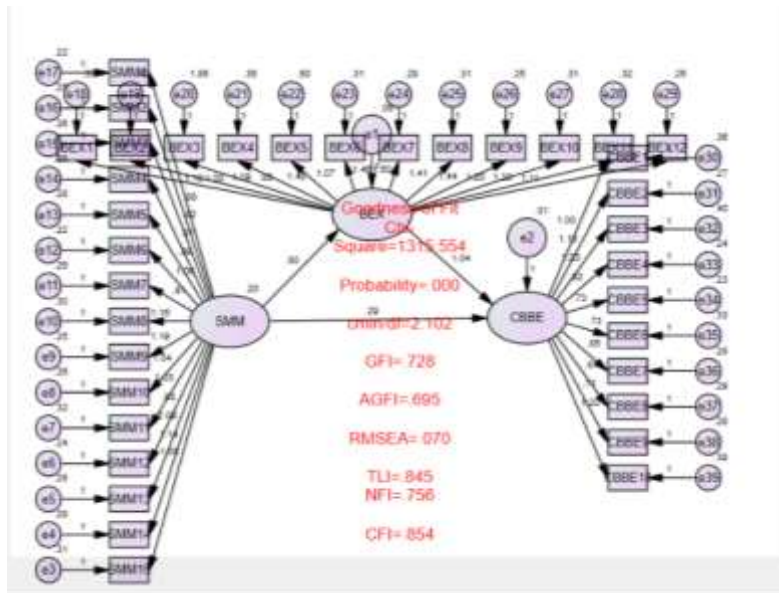
Seminar Nasional FMI 2024 Manado

Prosiding



e-ISSN: 3026-4499
Vol. 2
5-7 November 2024

Figure 1. Structural Equation Model



4. Finding and Discussion

This data was acquired from the proprietor of a Jakarta, Indonesia, building goods store. 226 answers to the 300 surveys that Tokopedia's clients were given were obtained. This survey included 88 respondents (38.94%) and 138 male respondents (61.06%). The lack of sufficient publicly available data led to the usage of an online questionnaire.

Table 1 shows that because every variable's indicator value is more than 0.50, it can be used to make discriminating decisions. In other words, the loading value met the requirements of the measuring model used in this investigation. Thus, the dependability of internal consistency is typically evaluated using composite reliability and Cronbach's alpha. The questionnaire employed in this study has a composite reliability and a Cronbach's alpha more than 0.70, according to the overall reliability test findings shown in Table 2.

The explained variance of the latent variable is compared to its overall variance using R^2 , on the other hand (Hair Jr, Black, Babin, & Anderson, 2018). A higher R^2 value suggests that the latent dependent variable can be better explained by the independent latent variable. Three threshold values are available for the R^2 assessment: weak (0.19), moderate (0.33), and considerable (0.67). Brand experience has the lowest value (0.582) and SMMA has the greatest value (0.714) in Table 3. supporting previous research in the hospitality industry that finds a positive relationship between brand experience and CBRE (Martin, Herrero, & de los Salmones, 2019).

The study's first hypothesis states that the SMMA factor significantly and favorably affects brand experience. The SMMA factor, with an estimated value of 0.592 and a CR on the effect of 4.326, which was more than 1.96, had a positive and significant effect on brand experience.

Seminar Nasional FMI 2024 Manado

Prosiding



e-ISSN: 3026-4499
Vol. 2
5-7 November 2024

Prior studies conducted in the hospitality sector have found a favorable correlation between brand experience and SMMA.

The results of this investigation validate hypothesis 2, which states that the SMMA component has a beneficial impact on CBBE. An estimated value of 0.745 was obtained based on the hypothesis testing results in Table 4, and the confidence interval (CR) for the impact of 6.909 was larger than 1.96. It was shown that CBBE was significantly impacted by SMMA. Madanaguli et al. state that the CBBE increases with the SMMA factor in the tourism industry (Madanaguli, Srivastava, Ferraris, & Dhir, 2022). As a result, SMMA significantly and favorably affects CBBE in the building material sector (Dananjoyo & Udin, The Effect of Sustainable Brand Equity on Customer Satisfaction and Customer Loyalty Using Customer Trust as Mediation Variable, 2023).

According to this study's third hypothesis, CBBE is positively impacted by the brand experience element. The estimated value of 0.683 and the CR on the effect of 2.957, which was more than 1.96, according to the findings of the hypothesis testing in Table 4, show that the brand experience factor had a positive and significant effect on the CBBE. These results are consistent with the findings of a prior study conducted in the hotel sector (Koch, Gerdt, & Schewe, 2020).

Seminar Nasional FMI 2024 Manado

Prosiding



e-ISSN: 3026-4499
Vol. 2
5-7 November 2024

Table 1. Validity Test

Constructs	Item Loading
Social Media Marketing Activities (SMMA)	
SMMA1	
SMMA2	0.739
SMMA3	0.624
SMMA4	0.588
SMMA5	0.628
SMMA6	0.602
SMMA7	0.711
SMMA8	0.629
SMMA9	0.692
SMMA10	0.736
SMMA11	0.682
SMMA12	0.637
SMMA13	0.653
SMMA14	0.706
SMMA15	0.702
Brand Experience (BEX)	0.6340
BEX 1	
BEX 2	0.599
BEX 3	0.588
BEX 4	0.259
BEX 5	0.732
BEX 6	0.514
BEX 7	0.750
BEX 8	0.772
BEX 9	0.735
BEX 10	0.782
BEX 11	0.680
BEX 12	0.715
Customer Based Brand Equit(CBBE)	0.691
CBBE 1	
CBBE 2	0.694
CBBE 3	0.787
CBBE 4	0.744
CBBE 5	0.693
CBBE 6	0.657
CBBE 7	0.593
CBBE 8	0.677
CBBE 9	0.685
CBBE 10	0.612
	0.743

Seminar Nasional FMI 2024 Manado

Prosiding



e-ISSN: 3026-4499
Vol. 2
5-7 November 2024

Table 2. Reliability test

Variable	Composite Reliability	Cronbach's Alpha
SMMA	0.906	0.764
Brand Experience	0.819	0.815
CBBE	0.848	0.865

Furthermore, the study's fourth hypothesis demonstrates that, in the healthcare sector, brand experience mediates the positive and significant influence of the SMMA factor on CBBE (Mursid & Jui Wu, 2021). As a result, additional research demonstrates that, in the banking sector, brand experience mediates the positive and substantial impact of the SMMA factor on CBBE (Iglesias, Markovic, Bagherzadeh, & Singh, 2018). Finally, our study supports earlier research in the sports sector that discovered that brand experience strongly and favorably modulates the association between SMMA and consumer CBBE (Tung & Suthinoparatanakul, 2019).

Table 3. R² test

Main Variable	R ²
SMMA	0.714
Brand Experience	0.582
CBBE	0.648

Table 4. Direct Hypothesis Testing

Hypothesis	Estimate	CR	Results
H1: SMMA → Brand Experience	0.830	7.430	Supported
H2: SMMA → CBBE	0.745	6.909	Supported
H3: Brand Experience → CBBE	0.683	2.957	Supported

The fourth hypothesis confirmed that brand experience is a favorable and significantly mediating factor in the connection between SMMA and CBBE. Table 5, which shows the findings of the mediation value from Sobel test AMOS 24 computations, indicates that A represents the SMMA variable's regression coefficient value on brand experience of 0,582, and it represents the brand experience variable's regression coefficient value on CBBE of 0.635. Based on the Sobel test computation, the mediation value of the CS variable is 5.056, and the probability value of the test of the relationship between the three variables is 0.004. If a value greater than 1.96 at a significance threshold of 0.05 is obtained using the Sobel test, the variable is considered mediating. The findings are in line with past retail research that indicates brand

Seminar Nasional FMI 2024 Manado

Prosiding



e-ISSN: 3026-4499
Vol. 2
5-7 November 2024

experience acts as a mediating factor in the relationship between SMMA and CBBE (Richa Joshi, 2020) (Dananjoyo, Cahaya, & Riyadh, 2020).

The analysis of the study's data showed that SMMA was the e-retailer variable that had the biggest impact on CBBE. It implies that most clients will be able to enhance CBBE if they are aware of certain SMMA. These results are consistent with earlier research by Nam et al., which indicated that brand equity is an important part of brand equity and influences brand happiness in the context of the retail industry (Nam, Ekinci, & Whyatt, 2011). When consumers are aware of a brand, their degree of trust is influenced by their brand awareness. If customers are aware of and comfortable with a particular product or service, they will be content with it.

This study found that the SMMA of e-commerce brands has a 41.2% influence on brand experience. This indicates that the results of this investigation support those of the earlier study, which discovered a substantial impact of SMMA on CBBE (Feiz & Moradi, 2019). A SMMA builds a compelling brand experience and ultimately satisfies the customer when it meets or exceeds their expectations.

Consequently, one SMMA metric that is thought to enhance brand experience is cooperation. The building industry's prior research is supported by these findings (Goh, Chong, Jack, & Mohd Faris, 2020). Furthermore, according to other researchers' theories, content sharing in the lighting sector influenced CBBE (Budi, Hidayat, & Mani, 2021). According to a recent survey, content sharing was prioritized by both local and global civilizations. In the context of the retail sector, the findings of this analysis support a previous study that found customers of retailers were noticeably happier when SMMA was high.

Excellent engagement, including ease of use, quick response times, and comprehensive information, was seen to be one of the main determinants of brand experience (Alam & Anis, 2016). Additionally, a company's ability to provide high levels of collaboration, content sharing, and interactivity gave rise to brand experience (Vukasović, 2016). These results confirm the study's conclusion that there was a substantial relationship between brand experience and e-retailers' SMMA.

Additionally, the majority of consumers prefer to select a certain brand that delivers an optimal brand experience and adds value for them. According to earlier studies, a higher brand experience level had a significant impact on CBBE (Breuer, et al., 2021). Additionally, optimal brand experience has been found to be a strong predictor of high CBBE in the e-retail sector by recent research. The researchers can therefore draw the conclusion that the current study's findings, which demonstrate a favorable relationship between CBBE and the ideal brand experience for the client at the e-retailer, are in line with those of the earlier investigation.

When a brand performs to or beyond expectations, it achieves CBBE. Certain research indicates that enhanced brand experience leads to a rise in CBBE. The high degree of brand experience was subsequently found to have an impact on the high level of CBBE. CBBE is thus another result of brand experience. This indicates that there was a correlation between high CBBE and high brand experience levels. The results of the current study, which demonstrated that superior

Seminar Nasional FMI 2024 Manado

Prosiding



e-ISSN: 3026-4499
Vol. 2
5-7 November 2024

brand experience produced the highest level of CBBE in the e-retailer sector, are likewise consistent with those findings.

The majority of studies suggest that CBBE is an SMMA dependent variable. Furthermore, a strong association has been demonstrated between brand experience and SMMA. Recently, it was found that SMMA positively impacts CBBE in the e-retailer sector and is mediated by brand experience. Because e-retailers' customers have a high level of brand experience, the study's findings of higher SMMA can be explained. Finally, the results of the current study support previous research by calculating CBBE through brand experience.

5. Conclusion

This study set out to evaluate SMMA and CBBE utilizing the cognitive, behavioral, and affective brand experience aspects. There are three main contributions made by this article. First, the research verified that brand experience is directly triggered by social media marketing activities (SMMA) antecedents. This study found that, in the context of the e-retailer industry, SMMA antecedents were significant in affecting brand experience.

The study also shows that SMMA antecedents have an indirect impact on CBBE. SMMA in the CBBE measurement was not investigated or experimentally verified in the previous work. Our comprehension of brand formation in the context of SMMA is expanded by these findings. Third, the present investigation verifies that the rise of CBBE in the e-retailer sector was directly caused by brand trust. According to this paper, CBBE is influenced by brand experience functions. Subsequently, the results of this research motivate businesses to create a useful strategy for creating brand experience, thus starting CBBE right away.

This study has limitations even if it makes a substantial contribution to the brand experience in the e-retailer industries. First and foremost, the study was carried out in Indonesia, a developing nation, and it is important to take into account the possibility that the findings from this study may differ from those from industrialized nations. Secondly, employing other approaches like mixed-method design, future research should test this conceptual framework. The research findings ought to offer more accurate perceptions because they integrate quantitative and qualitative methodologies. Lastly, the article's value to academia and industry will increase if business performance metrics like market share, return on investment, and profit loss ratio are added to the conceptual framework

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Seminar Nasional FMI 2024 Manado

Prosiding



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Vol. 2
5-7 November 2024

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