

**Online brand community strategy in achieving e-loyalty in the Indonesian e-commerce industry****Agus Kurniawan<sup>a\*</sup>, Lili Adi Wibowo<sup>a</sup>, Agus Rahayu<sup>a</sup>, C. I. Yulianti<sup>a</sup>, Tika Annisa<sup>a</sup>, and Ari Riswanto<sup>a,b</sup>**<sup>a</sup>*Universitas Pendidikan Indonesia*<sup>b</sup>*Sekolah Tinggi Keguruan dan Ilmu Pendidikan PGRI Sukabumi, Indonesia***CHRONICLE****ABSTRACT***Article history:*

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This research aims to analyze the effect of Online Brand Community (OBC) on E-loyalty in the Indonesian e-commerce industry. This research was conducted by quantitative approach with the dependent variable of this research being e-loyalty (Y), and online brand community (X) as independent variable. The object includes all followers of Tokopedia, Bukalapak and OLX official Instagram accounts. The research uses a simple random sampling method and probability sampling techniques to 200 account users. Data analysis technique is implemented by using Structural Equation Modeling (SEM) with IBM SPSS AMOS version 22.0. The findings indicate the significant effect of online brand community on e-loyalty. The results theoretically imply the need for community engagement in online marketing as one of the online brand community's dimensions which can give the contribution of e-loyalty building.

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**1. Background**

Loyalty is described as a positive attitude towards future purchases, also reflected in consumer commitment to a brand, as well as showing customer loyalty to certain objects, such as brands, products, services, or stores (Wahyuni & Fitriani, 2015; Tjahyadi, 2006; Wibowo et al., 2020; Malhotra, 2015). Several researchers have noted that e-loyalty can be enhanced by the participation and commitment of the community or consumers online and in the online brand community, e-loyalty is expected not only to be influenced by voluntary customer participation in the community, but also by autonomous management of websites. In online brand communities that are initiated by consumers, there are information and experiences that are presented and can be trusted, customers tend to build a strong commitment to society, thereby building continuous e-loyalty or relevant branded products (Jang et al., 2008). The transaction process or core business of the object of this research, namely Tokopedia, Bukalapak and OLX, can be done using an integrated mobile application or official website to serve its customers. In addition to buying and selling websites, in order to build good relationships and communication with customers, the three companies open community pages (fan pages) on social media, such as Facebook, Instagram and Twitter. Some of the activities on the Instagram account contain graphic content that aims to communicate either one-way or two-way with consumers. Tokopedia, Bukalapak and OLX show several activities carried out by companies related to the dimensions of online brand community according to Hope et al. (2009), with the items of social networking, impression management, brand use, and community engagement.

\* Corresponding author.

E-mail address: [aguskrn@upi.edu](mailto:aguskrn@upi.edu) (A. Kurniawan)

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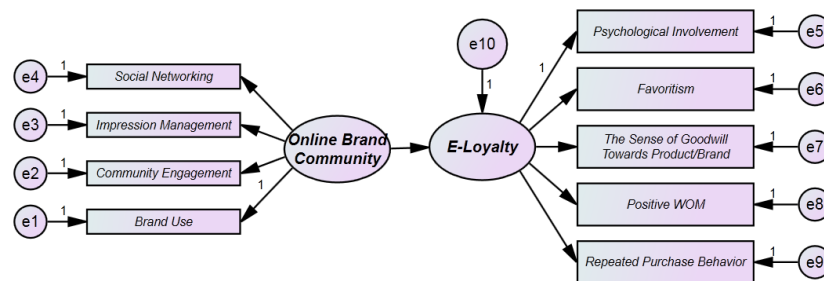
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**2. Literature review**

Building and managing loyalty is one of the central themes that marketers have been researching for a long time (Erdoğan & Cicek, 2012). The concept of customer loyalty was developed since the beginning of 1940 and has been widely researched by experts such as; Jacoby and Chestnut (1978); Oliver (1999) and has continued to develop until now (Afsar et al., 2013; Rai & Srivastava, 2012). The concept of brand loyalty has developed around the last 60 years, its evolution has long been introduced by several scientists (Ha et al., 2011; Yeboah-ASiamah et al., 2016). The concept then was carried out theory development and research by several experts and continues to this day (Tucker, 1964; Jacoby & Kyner, 1973; Bloemer & Kasper, 1995; Oliver, 1999). Research on e-loyalty has been carried out in several industries, but mostly on the internet-based marketing industry, such as e-commerce, the e-retail industry, and others (Kim et al., 2009; Semeijn et al., 2005; Srinivasan et al., 2002; Khan & Rahman, 2016). Currently, with the rapid development of technology and the internet, it has provided great support for changes in business activities, starting from how to advertise, how to buy and sell, to how to interact between people, known as e-commerce or online business (Synthiar, 2012). E-commerce is a type of electronic business mechanism that focuses on individual-based business transactions using the internet as a medium for exchanging goods or services between two institutions (B-to-B) and between institutions and direct consumers (B-to-C) (Pujastuti et al., 2014). Several studies have found that e-loyalty can be influenced by e-trust, e-satisfaction, e-services quality, customer characteristics, e-tail brand experience, and virtual/online community (Kim et al., 2009; Afsar et al., 2013; Wijaya & Istriani, 2015; Anderson & Srinivasan, 2003; Hendika et al., 2011; Semeijn et al., 2005; Hendika et al., 2011; Floh & Treiblmaier, 2006; Khan & Rahman, 2016; Gommans et al., 2001; Srinivasan et al., 2002). There is some literature stating that community or online community is part of the factors that can encourage the growth of e-loyalty (Gommans et al., 2001). Srinivasana et al. (2002) with the interview method identified eight factors of e-business that have an impact on e-loyalty, with the dimensions of customization, contact interactivity, cultivation, care, community, choice, convenience, and character. Thus, the online brand of community is part of the antecedents of the concept of e-loyalty. Online brand community is one part of the marketing communication or relationship marketing process as an effort to achieve brand equity and customer/brand loyalty during product competition. Relationship marketing involves establishing, developing, and maintaining a network of relationships between suppliers, service personnel, customers, and other stakeholders, covering issues with partnerships, alliances, mutual influence, and internal marketing (Morgan & Hunt, 1994). Empirical studies on online brand communities usually adopt a company-based perspective, with a major focus on company activities, ceremonies, traditions, systems, quality of communication, sponsorship, awards, and bonuses (Jang et al., 2008; Hsieh & Wei, 2017; Laroche et al., 2012).

**3. Methods**

The approach used in this research is the marketing management approach, especially regarding the effect of the online brand community on e-loyalty to Indonesian e-commerce customers. As for the research object as the dependent variable (endogenous), namely e-loyalty (Y) including psychological involvement (Y<sup>1</sup>), favoritism (Y<sup>2</sup>), the sense of goodwill towards a product/service or brand (Y<sup>3</sup>), positive WOM (Y<sup>4</sup>) and repeated purchase behavior (Y<sup>5</sup>) (Chaudhuri & Holbrook, 2001; Chang et al., 2009; Pham et al., 2013). Furthermore, the research object as an independent variable (exogenous), namely online brand community (X) with social networking sub-variables (X<sup>1</sup>), impression management (X<sup>2</sup>), community engagement (X<sup>3</sup>), and brand use (X<sup>4</sup>) (Hope et al., 2009). The data used consisted of primary and secondary data from several literatures. The survey method was used to collect respondents' responses. The unit of analysis used as the respondent in this study is the customer of the Indonesian e-commerce startup website. In terms of sample size, the sample size satisfied in SEM must be large (asymptotic). In theory, SEM generally has a sample of 200 to 400 for models that have indicators between 10 and 15, in order to anticipate sampling errors. The number of samples in this study was 200, so this study uses Maximum Likelihood (ML) estimation because the ML estimation model can withstand non-formal data (Sarjono & Julianita, 2015). This type of research is quantitative. The populations in this study were the followers of the official Indonesian E-commerce Instagram account. This study also uses a simple random sampling method using probability sampling techniques for 200 account users. The analysis technique used is the analysis of Structural Equation Modeling (SEM) with IBM SPSS AMOS version 22.0 for Windows. The model specification stage is concerned with the formation of an initial structural equation model, before estimating. This initial model is formulated based on a theory or previous research. The model used in this study was taken based on the theory from research by Jang et al. (2008) and from research by Michel Laroche et al. (2012) which obtained findings of a relationship between online brand community and brand loyalty (e-loyalty). (See Fig. 1).



**Fig. 1. Research Framework**

## 4. Results

The SEM analysis technique has several assumptions that must be met, consisting of sample size, data normality, data outliers, and multicollinearity. SEM has several basic assumptions that must be met before testing the effect of the research model, to find out whether model testing can be continued or not. The basic assumptions include sample size, data normality, data outliers and multicollinearity. In this study, all the basic assumptions of SEM are fulfilled, so that the data can be further processed for SEM analysis. The distribution of data must be analyzed through a normality test to see whether the assumption of normality is fulfilled so that the data can be further processed for modeling (Hair et al., 2014). Table 1 shows that all indicators and constructs that form each other in this research model can be said to be valid, because they show the results of the loading factor with a value  $> 0.5$ . The loading factor with the highest results is the dimension of favoritism in forming e-loyalty with a value of 0.921. The lowest result is shown by the online brand community in forming e-loyalty with a value of 0.735. Based on the measurement model estimation test, which shows the results of all dimensions and valid constructs ( $> 0.5$ ), the test can be carried out to the next stage, namely testing the structural model through the fit test.

**Table 1**  
Measurement Model Estimation

Relationship		Estimate
E_loyalty	← OBC	0.735
BU	← OBC	0.769
CE	← OBC	0.848
IM	← OBC	0.838
SN	← OBC	0.830
PI	← E_loyalty	0.865
FV	← E_loyalty	0.921
SGP	← E_loyalty	0.897
PWOM	← E_loyalty	0.895
RPB	← E_loyalty	0.859

Moreover, by testing the validity and reliability of the online brand community exogenous construct measurement model, it is known that all standardized loading factor values (SRW) for each indicator are more than 0.5 so it can be said that indicators of social networking, impression management, community engagement, and brand use have validity which is good at measuring the online brand community (OBC). To measure the reliability of the model, two measures are used, namely Construct Reliability (CR) and the average value of Variance Extract (AVE) with the standard of AVE value is  $\geq 0.50$ , and the CR is  $\geq 0.70$  while the reliability of 0.60 - 0.70 is still acceptable provided that the validity of the indicators in the model is good (Table 2).

**Table 2**  
Validity and reliability of constructs

Relationship	Estimate		S.E.	C.R.	P	Construct Reliability ( $\geq 0.70$ )	AVE ( $\geq 0.50$ )
	RW	SRW					
Exogenous variables							
BU ← OBC	1.000	0.752				0.892	0.674
CE ← OBC	1.119	0.854	0.093	12.025	***		
IM ← OBC	0.966	0.856	0.081	11.907	***		
SN ← OBC	1.949	0.817	0.167	11.667	***		
endogenous variables							
PI ← e_loyalty	1.000	0.866				0.949	0.788
FV ← e_loyalty	2.042	0.918	0.108	18.910	***		
SGP ← e_loyalty	1.632	0.900	0.091	18.006	***		
PWOM ← e_loyalty	1.527	0.895	0.086	17.734	***		
RPB ← e_loyalty	0.861	0.857	0.053	16.258	***		

Table 3 shows the estimation results of the online brand community model to e-loyalty. It shows the results of the significance test on the estimated path coefficients in the model after trimming, all of which are significant at an error rate of 5% or the  $p$ -value has a value of  $< 0.05$ .

**Table 3**  
Estimation results of the OBC on e-loyalty

Model	Estimate*		S.E	C.R	P	R <sup>2</sup>
	RW	SRW				
E_loyalty ← OBC	0.202	0.735	0.021	9.649	***	0.540

Goodness of Fit Test as shown in Table 7 provides information that all measures of Goodness of Fit are in accordance with the recommendations and are greater than the cut off value, so it can be said that the overall model is fit. Good results are shown by the three criteria values for the fit model, namely the RMSEA value  $0.063 \leq 0.08$  (fit), the AGFI value  $0.8919 \geq 0.90$  (fit), and the TLI value  $0.982 \geq 0.90$  (fit).

**Table 4**  
Goodness of fit test results

Goodness-of-Fit Measures	Cut-off value	Result	Model Evaluation
Statistic Chi-square ( $X^2$ ) (df= 26)	$\chi^2$ stat. < $\chi^2$ table (77.41858)	46.212	Fit
GFI	$\geq 0.90$	0.953	Fit
RMSEA	< 0.08	0.063	Fit
TLI	$\geq 0.90$	0.982	Fit
AGFI	$\geq 0.90$	0.919	Fit
CFI	$\geq 0.90$	0.987	Fit
PGFI	PGFI < GFI	0.551	Fit
PNFI	-	0.701	Fit

Moreover, hypothesis testing is performed using a t-value with a significance level of 0.05 (5%) and degrees of freedom of n (sample). The results showed that the C.R value of the online brand community to e-loyalty is 9.649, meaning that there is a positive influence on the online brand community on e-loyalty, with p-value of  $0.00 \leq 0.05$ . Thus, the hypothesis is accepted (Table 3). These results are supported by previous research which suggests there is a positive influence between online brand communities on brand loyalty or e-loyalty (Jang et al., 2008). The results also showed several matrices or estimation tables that show the relationship between the factors that make up a latent variable and its relationship with factors on other latent variables (Table 5).

**Table 5**  
Implied Correlation of all variables

Correlation	Loading Factor
SN ( $X_1$ ) $\rightarrow$ RPB ( $Y_1$ )	0.524
SN ( $X_1$ ) $\rightarrow$ PWOM ( $Y_2$ )	0.546
SN ( $X_1$ ) $\rightarrow$ SGP ( $Y_3$ )	0.547
SN ( $X_1$ ) $\rightarrow$ FV ( $Y_4$ )	0.562
SN ( $X_1$ ) $\rightarrow$ PI ( $Y_5$ )	0.527
IM ( $X_2$ ) $\rightarrow$ RPB ( $Y_1$ )	0.529
IM ( $X_2$ ) $\rightarrow$ PWOM ( $Y_2$ )	0.551
IM ( $X_2$ ) $\rightarrow$ SGP ( $Y_3$ )	0.552
IM ( $X_2$ ) $\rightarrow$ FV ( $Y_4$ )	0.567
IM ( $X_2$ ) $\rightarrow$ PI ( $Y_5$ )	0.532
CE ( $X_3$ ) $\rightarrow$ RPB ( $Y_1$ )	0.535
CE ( $X_3$ ) $\rightarrow$ PWOM ( $Y_2$ )	0.557
CE ( $X_3$ ) $\rightarrow$ SGP ( $Y_3$ )	0.558
CE ( $X_3$ ) $\rightarrow$ FV ( $Y_4$ )	0.574
CE ( $X_3$ ) $\rightarrow$ PI ( $Y_5$ )	0.539
BU ( $X_4$ ) $\rightarrow$ RPB ( $Y_1$ )	0.485
BU ( $X_4$ ) $\rightarrow$ PWOM ( $Y_2$ )	0.506
BU ( $X_4$ ) $\rightarrow$ SGP ( $Y_3$ )	0.507
BU ( $X_4$ ) $\rightarrow$ FV ( $Y_4$ )	0.520
BU ( $X_4$ ) $\rightarrow$ PI ( $Y_5$ )	0.488

Table 8 shows the magnitude of the influence of the online brand community on e-loyalty which has a positive value is 0.202 seen from the unstandardized total effect output, or 0.735 when viewed from the standardized total effect output. It showed a positive and significant influence between the online brand communities on e-loyalty of 0.202 or 0.735 one-unit value. The value of the influence or loading factor of the online brand community dimension that forms e-loyalty is the dimension of community engagement which correlates with the dimension of favoritism in e-loyalty of 0.574.

## 5. Conclusion

The findings showed the effect of online brand community and e-loyalty of Indonesian E-commerce. The online brand community has a positive and significant influence on e-loyalty to followers of the official Indonesian e-commerce Instagram account. This means that the online brand community can explain e-loyalty positively and significantly. This means that the better the online brand community management provided by the company, the better the e-loyalty that will be obtained from customers. The contribution given from the online brand community variable that is the biggest in forming e-loyalty is the dimension of community engagement which correlates with the dimension of favoritism in e-loyalty. Meanwhile, the dimension of online brand community that forms the smallest form of e-loyalty is the dimension of brand use which correlates with the dimension of repeated purchase behavior in e-loyalty. The author recommends companies that are in the Indonesian E-commerce Industry to continue to improve their performance in managing online brand communities. Good online brand

community management can keep customers from switching to other brands, so that it can foster customer e-loyalty for a company.

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