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The Influence of Social Media and Equity on the Loyalty of Generation Z Shopee Users in Tangerang City

RESEARCH PAPER

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Abstract. Generation Z is a generation that is proficient and knowledgeable about the internet and is accustomed to information and digital applications. This research aims to determine the influence of social media and equity on the loyalty of Generation Z Shopee users in Tangerang City. This study employs an explanatory quantitative method and utilizes an empirical research model, collecting data through an online questionnaire with 124 respondents. Based on the results of the analysis and discussion described earlier, it can be concluded that equity has a significant effect on the loyalty of shopee users, with a path coefficient value of 0.901. So it can be interpreted that the loyalty of shopee users is very concerned about equity. This study also gives the result that social media has no significant effect on the loyalty of Shopee users, with a path coefficient value of -0.162. The results of this study can contribute to enhancing the quality of Shopee and its marketing through social media to make it more effective in attracting and retaining users' loyalty.

Keywords: Economy, Generation Z, Tangerang.

A. INTRODUCTION

Generation Z is a generation proficient and knowledgeable about the internet, accustomed to information, and digital applications [1]. Gen Z clearly excels in and understands the internet better than other age groups [2]. The internet has significantly transformed both global and local societies into a global community. It's a world that's profoundly affected by rapid and substantial technological and informational developments, as noted by [3]. Social media is a framework formed by individuals or organizations, bound by one or more specific relationships, such as values, ideas, vision, partnerships, and descendants. Puspitarini & Nuraeni [4], [5] define social media as a group of internet-based applications that employ ideology and 2.0 technology, allowing users to create or exchange information within these applications.

Social media differs from traditional communication media in that it is "always on" and accessible everywhere, as users can access it anytime and anywhere, primarily through mobile/smartphones [6]. According to Rusdiono Rusdiono, (2019), social media users are increasingly being employed in marketing, public communication, and departments directly related to consumers or stakeholders. In business, social media serves as a channel supporting fast and profitable communication in marketing goods compared to direct selling in the market [8]. Social media marketing empowers individuals and businesses to promote their websites, products, or online services through social channels, enabling communication with a much larger community that might not be available through traditional advertising [9].

Perceived value also significantly influences customer loyalty. Generation Z tends to seek added value in every purchase they make [10]. Shopee needs to provide a pleasant shopping experience, competitive prices, and quality products to enhance perceived value and strengthen customer loyalty. The importance of customer value management has led to the emergence of the concept known as customer equity [11]. Customer equity measures the value of customers not only based on their current profitability but also their long-term contributions over time [12]. According to Hartini [13], customer equity is a deeply held commitment to rebuy or repatronize a preferred product or service in the future, despite situational influences and marketing efforts that could potentially cause switching behavior.

In this research, the relationship between social media marketing, brand awareness, brand trust, perceived value, and customer loyalty among Generation Z will be examined [14]. By understanding these factors, Shopee can develop more effective marketing strategies to enhance customer loyalty and optimize their presence on the e-commerce platform. This study aims to explore the relationship between social media marketing, brand awareness, brand trust, perceived value, and customer loyalty among Generation Z [15]. The theoretical benefit is to contribute to the advancement of management knowledge related to E-commerce in Indonesia. Practically, it assists stakeholders in the E-commerce sector in developing more effective marketing strategies to enhance customer loyalty and optimize their presence on the E-commerce platform [16]. This research aims to determine the influence of social media and equity on the loyalty of Generation Z Shopee users in Tangerang City [17].

B. METHOD

The method employed in this research utilizes a quantitative approach because user loyalty can be measured by collecting data [18]. The three primary objectives of descriptive quantitative research are to depict, explain, and validate findings [19]. Description emerges following exploration and serves to quantify findings for alignment with explanations and subsequently testing or validating those findings [20]. Variables need to be elaborated in detail so that readers gain insights into the correlations among all variables and the final results. The study will be conducted on Gen Z Shopee users in Tangerang City. The sample will consist of individuals born in the late 1990s and early 2000s, and the total sample size for this research will be 180 respondents.

The technique for calculating the research sample size will use the (Solvin) formula. The calculation is as follows [21]:

$$n = \frac{N}{1 + Ne^2}$$

Explanation:

n: sample size or respondents

N: population size

e: population error rate

In this research, the population size (N) is 180 individuals, assuming a population error rate (e) of 5%. Therefore, the sample size (n) is calculated as follows:

n = 180 / (1 + 180 * (0.05)^2)

n = 124.1 rounded to 124 respondents.

Table 1 Variables Included in the Questionnaire

Variable	Statements	Ref.
Social Media Usage	Using social media platforms like IG, Twitter, FB, and TikTok is enjoyable.	[22]
	Using social media platforms like IG, Twitter, FB, and TikTok makes it easier to stay updated on the latest news and popular product advertisements.	[23]
Brand Awareness	I know what the symbol or logo of Shopee looks like.	[24]
	I can easily recognize the features on Shopee compared to other platforms.	
	The features on Shopee are easy to recognize and use.	
Brand Trust	I would recommend Shopee to my friends and family.	[25]
	I consider myself loyal to the Shopee platform.	
	I use Shopee more frequently compared to other shopping platforms.	
Perceived Value	The services provided by Shopee are of high quality.	[26]
	Compared to other online shopping platforms, Shopee is of higher quality.	[25]

C. RESULT AND DISCUSSION

Descriptive Analysis

1. Analysis of Respondents' Responses on Shopee User Loyalty Index

In this research, Shopee user loyalty variable was measured using 4 questions. The results of the responses and the analysis of the index scores for the decision variable can be seen in Table 1. Based on Table 1, the highest value is found in item L4 with an index score of 84.19%. In item L4, respondents frequently use the Shopee platform compared to others, indicating that respondents prefer and prioritize Shopee when shopping online compared to other platforms. Meanwhile, the lowest value is found in item L2 with an index score of 74.84%. In item L2, it includes statements regarding the loyalty of using Shopee compared to other platforms, meaning that when respondents use other platforms, they are less comfortable and prefer using Shopee with its user-friendly features. Overall, the average index score of responses for the Shopee user loyalty variable is 78.43%.

Table 2 Respondent Responses on Shopee User Loyalty Variable

Loyality	Respondent Answer										Index
	STS (1)		TS (2)		N (3)		S (4)		SS (5)		
	F	(%)	F	(%)	F	(%)	F	(%)	F	(%)	
L1	3	2.42	4	3.23	35	28.23	39	31.45	43	34.68	78.55
L2	7	5.65	9	7.26	28	22.58	45	36.29	35	28.23	74.84
L3	2	1.61	9	7.26	36	29.03	41	33.06	36	29.03	76.13
L4	1	0.81	6	4.84	22	17.74	32	25.81	63	50.81	84.19
Average Total Index											78.43

2. Analysis of Respondents' Index of Responses to the Social Media Variable

The social media variable in this research was measured using 2 questions. The results of responses and the analysis of index scores for the social media variable can be observed in Table 2.

Table 3 Respondents' Responses to the Social Media Variable

Social Media	Respondent Answer										Index
	STS (1)		TS (2)		N (3)		S (4)		SS (5)		
	F	(%)	F	(%)	F	(%)	F	(%)	F	(%)	
M1	3	2.4	1	0.8	13	10.4	38	30.6	69	55.6	87.26
M2	0	0	0	0	0	0	0	0	124	100	100.00
Average Total Index											93.63

Based on the table 3, the two highest values are found in item M2 with an index score of 100.00%. In item M2, there is a statement regarding the use of social media platforms like Instagram, Twitter, Facebook, and TikTok, which make it easier to stay updated on the latest news and trending product advertisements. This suggests that, in general experience, the influence of social media on Shopee remains relatively stable and does not undergo significant fluctuations.

On the other hand, the lowest value is found in item M1 with an index score of 87.26%. Item M1 contains a statement about how using social media is very enjoyable. This indicates that social media plays an important role for individuals who are fond of new and exciting things. Overall, the average index score of responses for the social media variable is 93.63%.

3. Analysis of respondents' answers regarding the equity variable

In this research, the equity variable is measured using 4 questionnaire items. The results of the answers and the analysis of the answer score indices for the equity variable can be seen in Table 3.

Table 4 Respondent Responses to the Equity Variable

Equity	Respondent Answer										Index
	STS (1)		TS (2)		N (3)		S (4)		SS (5)		
	F	(%)	F	(%)	F	(%)	F	(%)	F	(%)	

N1	2	1.61	1	0.81	5	4.03	34	27.42	82	66.13	91.13
N2	2	1.61	8	6.45	21	16.94	43	34.68	50	40.32	81.13
N3	3	2.42	7	5.65	10	8.06	50	40.32	54	43.55	83.39
N4	2	1.61	4	3.23	33	26.61	54	43.55	31	25.00	77.42
Average Total Index											83.27

Based on Table 4, the highest value is found in item N1 with an index score of 91.13%. Item N1 contains a statement regarding Shopee having a well-recognized logo, especially among Gen Z. This indicates that Shopee has successfully established brand awareness among its users, particularly among Gen Z. On the other hand, the lowest value is found in item N4 with an index score of 77.42%. Item N4 contains a statement about the quality of services available on Shopee. This suggests that Shopee has a perceived value as perceived by its users. Overall, the average index score of responses for the equity variable is 83.27%.

Measurement Model Evaluation

The measurement model evaluation is conducted initially to verify the indicators and latent variables before conducting hypothesis testing to predict relationships between latent variables in the structural model. Indicator reliability indicates how much of the indicator variance can be explained by the latent variable. In Figure 1, you can see the results of the loading values (λ) obtained.

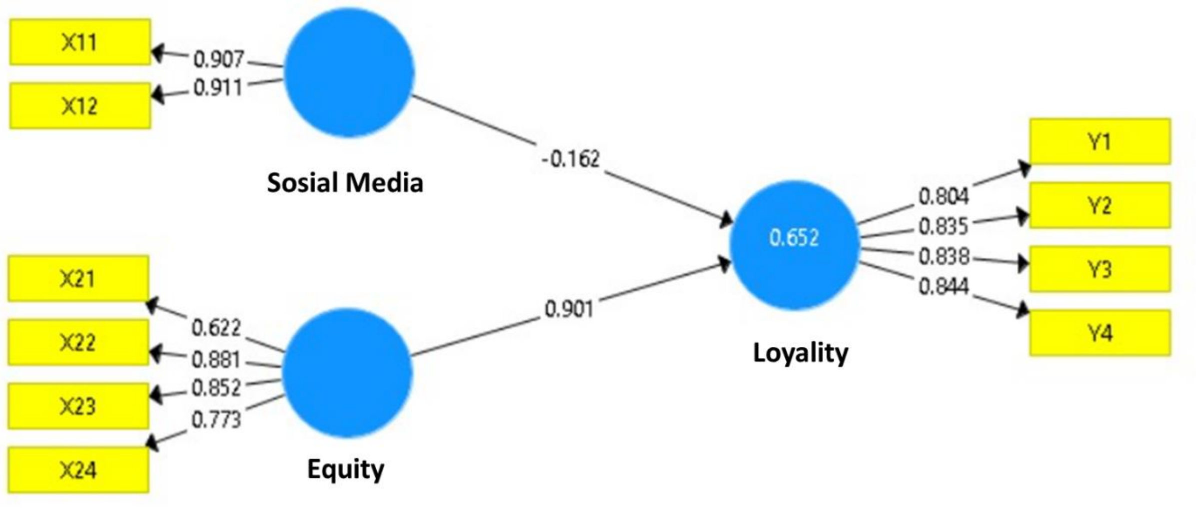

Figure 1 Loading PLS Algorithm 1

Results of Convergent Validity Test

Table 5 Results of Outer Loading Factor Values

Indicators	Equity	Loyality	Social Media
X11			0.907
X12			0.911
X21	0.622		
X22	0.881		
X23	0.852		
X24	0.773		
Y1		0.804	
Y2		0.835	
Y3		0.838	
Y4		0.844	

Convergent validity testing is conducted to examine the correlation between measurement indicators and variables. In this context, the correlation is considered good when the loading factor is above 0.5. The output from SmartPLS 3.0 provides loading factor values for each instrument within the indicators of the equity, social media, and loyalty variables. Based on Table 5, it is evident that all loading factor values for each instrument within their respective indicators are above 0.5. The lowest loading factor is observed in item X21 at 0.622, while the highest loading factor is seen in item X12 at 0.911. Therefore, it can be concluded that, overall, the indicators used have passed the test for convergent validity and can be considered valid. This means that the data provided by Shopee users in response to these indicators are suitable and can be reliably measured.

Discriminant Validity Test

Table 6 Results of Average Variance Extracted (AVE) Values, Cronbach's Alpha, and Composite Reliability Values

Variabel	AVE	Cronbach's Alpha	Composite Reability
Sosial Media	0.827	0.790	0.905
Equity	0.621	0.795	0.866
Loyality	0.690	0.850	0.850

Table 5 shows that the AVE value is above 0.50 for all the variables being studied. The lowest AVE value obtained was 0.621 on the Equity variable, and the highest AVE value was 0.827 on the social media variable. Then, the loyalty variable obtained an AVE value of 0.690. The AVE results further strengthen the statement on the previous loading factor, namely that all the questions on each variable are valid. So, the instrument used can measure what will be measured, namely social media, equity, and loyalty.

Reliability Test Results

After obtaining the validity of each question instrument for each variable, the next step is the reliability test. In this reliability test, you can see the output of SmartPLS 3.0 on Cronbach's Alpha and Composite reliability values for each construct variable in Table 5. Based on Table 6, the output of Cronbach's Alpha on each social media variable, equity and loyalty, have results above 0.7. In Table 6, it can be seen that the highest Cronbach's Alpha value is in the Loyalty variable, namely, with a value of 0.850, and the lowest Cronbach's Alpha value is in the social media variable, with a value of 0.790. At the same time, the Cronbach's Alpha value of the equity variable is 0.795. This shows that all the variables in this study are reliable for their respective constructs: social media, equity, and loyalty.

In addition, it can also be seen in the composite reliability of each variable. Table 6 shows that the composite reliability of each variable, namely Social Media, Equity, and Loyalty, has a value of more than 0.7, indicating that all model variables are estimated to meet the criteria. The highest composite reliability value is found in the social media variable, equal to 0.905, and the lowest is found in the Loyalty variable, equal to 0.850. Then, the equity variable has a composite reliability value of 0.866, and the loyalty variable has a value of 0.850. This shows that all variables are reliable and very reliable for each construct. Based on the reliability results on the Cronbach's Alpha value, the overall composite reliability is very high. The measuring instruments' consistency is perfect and can be used for the same case anywhere.

Hypothesis Test Results (Resampling Boothstapping)`

The results of data processing for the t statistical test (t-test) are shown in table 7.

Table 7 Resampling Bootstrapping, and R. Square

Variable	Original Sample O	T Statistic	P value	R. Square
Equity -> Loyality	0.901	13.915	0.000	**0.652**
Sosial Media -> Loyality	-0.162	1.907	0.057	

It is known that the t table used in this study is 1.657, which is obtained from the formula df = N – k or df = 124 – 3 = 121, with a degree of confidence or a truth level of 95% or an alpha of 0.05. Based on Table 8, it can be seen that the test results on the equity variable on loyalty have a positive relationship. This is indicated by the original sample value or correlation value of 0.901. If seen from the processing results of the statistical t-test, it shows that the count is 13,915 > t table is 1.657. This shows that equity significantly affects loyalty. The test results on social media variables on loyalty have a negative relationship. This is indicated by the original sample value or correlation value of -0.162. If seen from the processing results of the statistical t-test, it shows count 1.907 <t table 1.657. This shows that social media has no significant effect on purchasing decisions. Based on table 6, it can be seen that the magnitude of the R Square value of purchasing decisions is 0.652, thus this shows the contribution of social media and equity variables to User Loyalty, namely 0.652 or 65.2%.

Effect of Equity on the loyalty of shopee users

The results of hypothesis testing show that the equity variable on loyalty has a solid and positive relationship; this is indicated by the original sample value or correlation value of 0.901. From the processing results, the statistical t-test shows that the t-value is 13.915; it can be interpreted that the equity variable influences purchasing decisions with a significant value of 0.000, indicating that the equity variable significantly affects user loyalty. This shows that the loyalty of Shopee users makes equity a determining factor for user loyalty when they want to shop online at the Shopee e-commerce site. The average respondent in this study gave a response that agreed to side with Shopee as a sign of user loyalty on the Shopee e-commerce site with indicators of equity, namely the Shopee logo, and features.

The Influence of Social Media on The Loyalty of Shopee Users

Based on this research, it shows that the results of hypothesis testing show that social media variables on user loyalty have a negative relationship. This is indicated by the original sample value or correlation value of -0.162. The results of the processing of the statistical t-test show that the calculated t-value is 1,907, so it can be interpreted that social media variables have no influence on purchasing decisions with a significant value of 0.057, which indicates that social media variables have no effect and are not significant on loyalty. This shows that Shopee users do not use social media as a determining factor when they want to shop online at the Shopee e-commerce site.

Furthermore, several considerations that can be considered in carrying out social media marketing so that it has a significant impact are: First, companies can hold different social media marketing programs to increase interest in community participation, such as challenges or give away. Second, companies can organize different social media marketing programs to further increase participant engagement through increasing conversation and community dimensions. As for building brand equity, there are several efforts that can be made. First, use social media other than Instagram to carry out social media marketing so as to increase online traffic in various places. Second, the public can use social media marketing to be able to create a presence in cyberspace so as to increase brand awareness because the brand awareness index value obtained in this study occupies the second highest position. Fourth, Social media marketing can be used to strengthen communities around brands that are formed offline [27].

D. CONCLUSION

Based on the results of the analysis and discussion described earlier, it can be concluded that equity has a significant effect on the loyalty of shopee users, with a path coefficient value of 0.901. So it can be interpreted that the loyalty of shopee users is very concerned about equity. This study also gives the result that social media has no significant effect on the loyalty of Shopee users, with a path coefficient value of -0.162. So it can be interpreted that this shows a negative relationship between social media variables on the loyalty of shopee users.

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Author declaration

Author contributions and responsibilities

The authors made major contributions to the conception and design of the study. The authors took responsibility for data analysis, interpretation and discussion of results. The authors read and approved the final manuscript.

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