BRAND RESONANCING CAPABILITY: THE MEDIATING ROLE BETWEEN SOCIAL MEDIA MARKETING AND SMEs MARKETING PERFORMANCE

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ABSTRACT

Marketing Performance is one of the weaknesses of SMEs in many previous studies. This study aims to bridge the research gap between Social Media Marketing and improve marketing performance. This study offers the concept of Brand Resonance Capability to bridge the gap in increasing marketing performance and social media marketing.

Three hypotheses were developed and tested in 121 SME samples in the region of South Sulawesi, Indonesia. Structural Equation Modelling analysis is using to test these hypotheses. The study results confirm the model with the following variables: Social Media Marketing, Brand Resonance Capability, and Marketing Performance have a significant effect on each other, which indicates that the Brand Resonance Capability variable has a strategic role in enriching marketing performance.

Keywords: Social Media Marketing, Brand Resonancing Capability, Geo-cultural product attractiveness, Marketing Performance, SMEs.

INTRODUCTION

Small and Medium Enterprises (SMEs) have an essential part in a country's economic and industrial growth (Hossain & Kauranen, 2016) especially in the Indonesian economy. Small and medium enterprises (SMEs) in the Indonesian national economy have a meaningful and strategic role. In addition to playing a role in economic growth and employment, SMEs also play a role in distributing development results.

Although quantitatively, small businesses are the dominant actors in Indonesia's economic activities and contribute significantly, this sector is marginal. SMEs are hindered by various obstacles, including lack of innovation, marketing strategies, quality of human resources, and new technology, thus becoming a substantial cause that inhibits small business growth. (Gupta & Malhotra, 2013; Vincent Didiek Wiet et al., 2020; Vossen, 1998).

Previous research on marketing strategy has focused more on large companies than SMEs (Adamu et al., 2020). Marketing strategy is a fundamental tool designed to achieve company goals, namely the development of sustainable competitive advantage and how to serve market wants and needs, which will affect performance (Alqahtani & Uslay, 2020). According to Varadarajan (2010) A marketing strategy consists of a unified set of decisions that lets the organization make strategic choices in targeted markets and segments.
Social media are considered platforms for people to build networks and exchange knowledge or perceptions from a marketing strategy perspective (Kaplan & Haenlein, 2010). Researchers have long identified the significance of social power in shaping customer decisions in social media research. Recent studies have shown that individuals' relationship behaviors and the frequency of social connection can indicate social interactions' intensity (Aral & Walker, 2014; Katona et al., 2011). Studies have found that social media can significantly influence brand loyalty, sustainability, and business effectiveness (Ibrahim & Aljarah, 2018; Veseli-Kurtishi, 2018). In other studies conducted by Hooper et al. (2010), Frösen et al. (2013); Zahay and Griffin (2010) produce a conclusion that there is a positive and significant influence between marketing strategy and marketing performance. That is what ultimately attracts SMEs to make social media their promotional media.

On the other side, adverse outcomes result from digital and social media marketing that organizations need to consider. In his study, Aswani et al. (2018) highlight that digital marketing can negatively affect, suppose marketing is not developed and managed correctly. In that case, it fails to provide benefits, destructs value, increases transaction costs, coordination costs, loss of non-contractible value, and negative impact on long-term benefits, leading to low marketing performance (Pono et al., 2019). Different results of various studies on the effect of social media marketing on marketing performance offer a research gap on social media marketing's inability to enrich marketing performance. To fill this research gap and develop our conceptual model, we provide the concept of Brand Resonancing Capability as a strategic bridge for Social Media Marketing to improve marketing performance.

Hence, from the background, phenomena, and research gap, the study's problems are: (1) Do Social Media Marketing and Brand Resonancing Capability affect SMEs' marketing performance? And (2) Do Brand Resonancing Capability bridge the effect of Social Media Marketing on SMEs Marketing Performance?

This study objectives to identify: (1) The influence of Social Media Marketing and Brand Resonancing Capability on SMEs marketing performance, (2) The effect of Brand Resonancing Capability as mediating variable in relation of Social Media Marketing and SMEs Marketing Performance. The benefits of this research are to develop a conceptual knowledge to the strategy to improve the SMEs marketing performance through a new concept, which is Brand Resonacing Capability

LITERATURE REVIEW

Brand Resonance Capability

The R-A theory (Hunt, 2012) recognizes the brand resonance as a kind of company resource portfolio that internally embedded in the company, holds the potential for impacting externally to the consumers, and a company is continuously striving to provoke disequilibrium in the marketplace through several innovative moves in terms of consumer attraction and consumer retention. To be creative in coping with market dynamics, a company is developing and enhancing its brand capability.

Brand Resonancing Capability concept is a synthesis from Brand Resonance concept (Keller, 2008) in Raut et al. (2020), which originated from Brand Image and Marketing Capability theory (Tuominen et al., 1999).
Brand resonance is the very nature of the relationship between the brand and the customer. It is the final stage and the psychological relationship between the customer and the brand itself. The brand resonance relationship is reflected in the intensity, loyalty, and depth that customers associate with the brand. To achieve the optimal level of brand resonance, marketers must create a foundation for brand resonance.

Therefore, SMEs should resonate the ability to produce product and brand value in the consumer's mind. Study on resonating capability and value resonance is rooted in many fields such as physics, technology, computer science (Kantabutra & Avery Gayle, 2010; Watanabe et al., 2012), social science (Kopp, 2010), and marketing and consumer science (Ande Raja, et al., 2017; Shang et al., 2017; Suarez & Belk, 2017).

Marketing capabilities are expertise in marketing, creating a process that accumulates knowledge related to the values and norms built through organizational methods. Based on functional criteria, marketing capabilities can be divide into six main categories; marketing research, pricing, product development, marketing channels, sales, and promotion management (Vorhies & Harker, 2000). Marketing capability is how resources are integrated, utilized, and channeled explicitly to add value to input resources (Day, 1994; Grant, 1991:1996).

The findings of a study by Weerawardena (2003) emphasized that marketing capabilities enable companies to gain a sustainable competitive advantage and equip companies to design an appropriate competitive strategy. Several previous empirical studies have discussed the role of marketing capabilities in achieving business success (Morgan et al., 2009; Song et al., 2005).

To be able to make customers feel that they have the appropriate frequency and resonance between themselves and the brand, the company needs to have the ability to harmonize between the brand and the image that is in the customer's view. These capabilities in this study are referred to as Brand Resonancing Capability.

Social Media Marketing

Social media marketing uses online communities, social networks, blog marketing, and more (Mangold & Faulds, 2009). Social media marketing is the latest addition to marketing, where it is used to establish communication on unified marketing plans. Social media marketing consists of experimenting with using social media to get consumers to buy products or services beneficial to consumers. It common for firms, including e-commerce firms, to set up a presence in various social media platforms to help introduce their products and services and encourage their customers to share their comments (Hajli, 2015). These activities may be regarded as social media marketing activities.

As social media becomes widely adopted by people globally, marketers have turned to social media to reach their customers and drive customer engagement (Hudson, Huang, Roth, & Madden, 2016). Research has substantiated the benefits of having a social media marketing strategy in place. For instance, a study by Bagozzi and Dholakia (2006) suggests that social media has a positive relationship with brand relationship quality. Social media marketing was also found to positively impact businesses, such as better customer relationships, increased sales, inquiries, and more positive feedback (Chatterjee & Kumar Kar, 2020). Ismail Ahmed (2017) also found that Social media marketing affects brand loyalty significantly.
Furthermore, social media marketing makes customers more likely to visit stores, do positive word-of-mouth, and be more emotionally attached to the brand (Godey et al., 2016). Yadav and Rahman (2017) suggest five dimensions that comprise the perceived social media marketing activities: perceived interactivity, perceived personalization, perceived informativeness, perceived trendiness, and perceived word of mouth. Meanwhile, Kim and Ko (2012) suggest social media marketing dimensions: entertainment, interaction, tendency, customization, and word-of-mouth. For this study, social media marketing dimensions are: interactivity, trendiness, and word of mouth.

**Marketing Performance**

Marketing performance is a construct of factor commonly used to measure a business strategy (Munir et al., 2019). The importance of measuring marketing performance is that different organizational cultures and leadership styles affect its view of on-going marketing activities' success. Based on the research undertaken by Baker and Sinkula (2009), marketing performance is measured through profitability in terms of sales value, changes in profits, and changes in the percentage of earnings. Additionally, Avlonitis and Gounaris (1997) measure marketing performance through profits, annual turnover, ROI, and market share. A study conducted by Gao et al. (2007) measures the company's performance using the size of the value of profitability, sales growth, and product performance.

Voss and Voss (2000) define Market performance is an endeavor to determine the level of quality of a business by calculating the number of sales, number of customers, revenue, and profit growth. Marketing performance could be seen as a construct of many indicators such as growth in sales, market share, and sales to a current customer. (Chang et al., 2010) market share and growth of sales (García-Villaverde et al., 2013), Acquisition of new customers and growth in sales of current clients (Krush et al., 2013) more significant sales revenue growth, improved capacity to attract new customers, larger market share and higher sales to current customers (Merrilees et al., 2011), market share of the brand, sales growth of brand (O'Cass & Weerawardena, 2010) and market share (Wu, 2013). The current study concludes that the company's primary purpose is to generate value that can contribute to profit level, profit percentage, sales growth, and customer growth.

**HYPOTHESES**

Based on these kinds of literature, this study contains hypotheses that are mentioned as follows:

\[ H_1: \quad \text{Social Media Marketing and Brand Resonancing Capability affect the Marketing Performance} \]

\[ H_2: \quad \text{Social Media Marketing influences the Marketing Performance through Brand Resonancing Capability.} \]

Based on a literature review and previous research, the model of our empirical research in this study can be described as follows:
This study applied quantitative research in this study with the survey method. The questionnaire as a tool in survey method was used with a 7-point Likert scale as a measurement for respondents' perception since it is better to get respondents agreement to compare to a 5-point Likert scale (Wang et al., 2015).

This study's population were all small and medium enterprises registered at the Office of Cooperatives and SMEs in South Sulawesi Province and the districts/cities in the research location. The sampling technique used was purposive sampling. The sample in this study were entrepreneurs or business owners. A total number of 121 SMEs were invited to and voluntarily participated in this research, represented by the owner-managers based on a convenience sample frame.

The method used in this research is statistical analysis in the form of Structural Equation Modelling (SEM) analysis. This analysis aims to determine what affects the Marketing Performance of SMEs. For this objective, an instrument in the form of a questionnaire containing indicators will be developed and adopted from the previous study (Sugiyarti et al., 2018; Yadav & Rahman, 2017) to reduce the risk of external validity. The indicators are then carried out and would form the factors for the relationship between the study variables.

To provide a clear picture and enhance the conduct of research, it is necessary to define the variables to be studied as follows:

**FIGURE 1**
EMPIRICAL RESEARCH MODEL

RESEARCH DESIGN AND METHOD
Table 1
OPERATIONALIZATION OF VARIABLES

<table>
<thead>
<tr>
<th>Variables</th>
<th>Concepts</th>
<th>Indicators</th>
</tr>
</thead>
</table>
| Social Media Marketing           | The marketing activity strategy uses interactivity on social media sites | 1. Creating consumer trust  
2. The broad selection of social media.  
3. Routinely do promotion |
| Brand Resonancing Capability     | the ability to harmonize the brand with the image in the customer's view that makes the customer feel they have an appropriate frequency and harmony between the customer and the brand | 1. The ability to make associations  
2. The ability to make a strong brand  
3. The ability to make a point of difference |
| Marketing Performance            | The degree of marketing achievement in the market                        | 1. Sales volume  
2. Sales Value  
3. Sales growth in new markets |

RESULTS

Normality assessment for data collected was conducted before further analysis. For assessing each variable, a skewness-kurtosis method was used with the criteria in the range of +1 and -1 (Hair et al., 2018). Based on AMOS 23.0, the statistical results showed the skewness and kurtosis were in the range of +1 and -1 (Table 2); hence the data were considered normal.

Table 2
ASSESSMENT OF NORMALITY

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Items</th>
<th>Skewness</th>
<th>Kurtosis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Media Marketing</td>
<td>SMM1</td>
<td>-1.104</td>
<td>1.851</td>
</tr>
<tr>
<td></td>
<td>SMM2</td>
<td>-0.931</td>
<td>1.178</td>
</tr>
<tr>
<td></td>
<td>SMM3</td>
<td>-1.023</td>
<td>1.599</td>
</tr>
<tr>
<td>Brand Resonancing Capability</td>
<td>BRC1</td>
<td>-0.839</td>
<td>0.408</td>
</tr>
<tr>
<td></td>
<td>BRC2</td>
<td>-0.798</td>
<td>0.550</td>
</tr>
<tr>
<td></td>
<td>BRC3</td>
<td>-0.826</td>
<td>0.671</td>
</tr>
<tr>
<td>Marketing Performance</td>
<td>MP1</td>
<td>-0.341</td>
<td>-0.478</td>
</tr>
<tr>
<td></td>
<td>MP2</td>
<td>-0.880</td>
<td>1.410</td>
</tr>
<tr>
<td></td>
<td>MP3</td>
<td>-0.495</td>
<td>-0.062</td>
</tr>
</tbody>
</table>

All constructs were tested for their level of reliability and construct validity (Table 3). For reliability test, it was tested through composite reliability (CR). It was found out that all the constructs (social media marketing = 0.82, Brand Resonancing Capability = 0.74, and Marketing Performance = 0.87) have CR above the cut-off value of 0.7 as suggested by Hair et al. (2018).

To measure the validity of variables, confirmatory factor analysis was used to produce the loading factor values for all latent variables’ indicators. Loading factor values greater than 0.50 are used to limit the indicator’s validity (Hair et al., 2018). Table 3 below shows that all the indicator factor loading values are estimated to be above 0.50; that all indicators are declared valid is confirmed.
Table 3
VALIDITY AND RELIABILITY

<table>
<thead>
<tr>
<th>Variables</th>
<th>Indicators</th>
<th>Standardized Loading Factors</th>
<th>Standard Errors</th>
<th>Reliability</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Cr</td>
</tr>
<tr>
<td>Social Media Marketing</td>
<td>SMM1</td>
<td>0.797</td>
<td>0.44</td>
<td>0.823</td>
</tr>
<tr>
<td></td>
<td>SMM2</td>
<td>0.858</td>
<td>0.46</td>
<td></td>
</tr>
<tr>
<td></td>
<td>SMM3</td>
<td>0.926</td>
<td>0.48</td>
<td></td>
</tr>
<tr>
<td>Brand Resonancing Capability</td>
<td>BRC1</td>
<td>0.954</td>
<td>0.38</td>
<td>0.751</td>
</tr>
<tr>
<td></td>
<td>BRC2</td>
<td>0.947</td>
<td>0.37</td>
<td></td>
</tr>
<tr>
<td></td>
<td>BRC3</td>
<td>0.923</td>
<td>0.35</td>
<td></td>
</tr>
<tr>
<td>Marketing Performance</td>
<td>MP1</td>
<td>0.854</td>
<td>0.792</td>
<td>0.873</td>
</tr>
<tr>
<td></td>
<td>MP2</td>
<td>0.902</td>
<td>0.584</td>
<td></td>
</tr>
<tr>
<td></td>
<td>MP3</td>
<td>0.883</td>
<td>0.603</td>
<td></td>
</tr>
</tbody>
</table>

Convergent validity was also tested through the average variance extracted (AVE) to make sure the items being measured are truly measuring the construct being measured. The findings show that all constructs (social media marketing = 0.584, brand resonancing capability = 0.544, and Marketing Performance = 0.664) have AVE above 0.5, as suggested by Hair et al. (2018).

For structural model fit (Figure 1), the results show sufficient good fit ($\chi^2 = 69.51, P= 0.008; GFI= 0.953; AGFI= 0.917; TLI = 0.986; CFI =0.990; RMSEA = 0.050$). Hence, the data are eligible to be used for hypothesis testing because the model in this research fit with the expected population (Hair et al., 2018).

![GOODNESS OF FIT INDICES](image)

Chi-Square=69.509
Sig. =.080
GFI=.953
AGFI=.917
CFI=.990
TLI=.986
RMSEA=.050

FIGURE 2
MODEL TESTING

The hypothesis testing found all relationships proposed in this study to be significant (Table 4). In more details, Social Media Marketing ($\gamma =0.300, p<0.005$) has proven to be the driver of marketing performance. Brand resonancing capability has been demonstrated to be
influenced by Social Media Marketing ($\gamma = 0.700$, $p < 0.005$). Brand resonancing capability has also proven to significantly influence Marketing Performance ($\gamma = 0.407$, $p < 0.005$). Social Media Marketing founds an influence of marketing performance through Brand Resonancing Capability. It confirms that Brand Resonancing Capability acts as a mediating variable between Social Media Marketing and Marketing Performance.

### Table 4

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Standardize Estimate</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Media Marketing $\rightarrow$ Brand Resonancing Capability</td>
<td>0.708</td>
<td>0.000</td>
</tr>
<tr>
<td>Social Media Marketing $\rightarrow$ Marketing Performance</td>
<td>0.300</td>
<td>0.000</td>
</tr>
<tr>
<td>Brand Resonancing Capability $\rightarrow$ Marketing Performance</td>
<td>0.407</td>
<td>0.000</td>
</tr>
<tr>
<td>Social Media Marketing $\rightarrow$ Marketing Performance</td>
<td>0.288</td>
<td>0.000</td>
</tr>
</tbody>
</table>

### DISCUSSION

**Social Media Marketing and Brand Resonancing Capability affect the SMEs Marketing Performance.**

The finding confirms that Social Media Marketing has a positive and substantial impact on SMEs Marketing Performance. The probability value from statistical calculations obtained that the Social Media Marketing variable is 0.000, far below 0.050. The results of these tests show Social Media Marketing has a substantial impact on SMEs Marketing Performance. Thus, every change in Social Media Marketing activities will contribute to an increasing in SMEs Marketing performance. That results in line with the finding that social media can significantly influence brand loyalty, customer relationship, sustainability, and business effectiveness (Ibrahim & Aljarah, 2018; Veseli-Kurtishi, 2018; Wang & Kim, 2017). In line with other studies, there is a positive and significant influence between marketing strategy and marketing performance (Hooper et al., 2010; Frösen et al., 2013; Zahay & Griffin, 2010).

The effect of Brand Resonancing Capability on the SMEs Marketing Performance is positive and significant. The results showed that Brand Resonancing Capability has a positive and significant influence on the SMEs Marketing Performance. It can be seen in the Probability value is equal to 0.000, less than 0.05, which means that the Brand Resonancing Capability has a significant effect on the SMEs Marketing Performance. Thus, every change in the Brand Resonancing Capability variable will contribute to increasing SMEs Marketing Performance. It is in line with the findings of a study by Munir, Ilyas, Maming, and Kadir (2020), which found that marketing capability significantly affects marketing performance. Also, in line with studies Morgan et al. (2009), Song et al. (2005) and Bayighomog Likoum et al. (2020) which states that capabilities in marketing, especially brand management enable companies to gain a sustainable competitive advantage and achieving business success.
Social Media Marketing affects SMEs Marketing Performance through Brand Resonancing Capability

Table 4 shows that Social Media Marketing affects Marketing Performance through Brand Resonancing Capability and is positive and significant. The indirect effect of Social Media Marketing on Marketing Performance through Brand Resonancing Capability has a probability of 0.000, far below 0.050. Thus, the more Social Media Marketing activities, the more Brand Resonancing Capability and the more Marketing Performance at the end of the day. It confirms our hypothesis that Brand Resonancing Capability has a role as a mediating variable to enhance SMEs' marketing performance.

CONCLUSIONS

This study aims to build a conceptual model for managing social media marketing that holds the potential for enhancing marketing performance by synthesizing the brand resonancing capability. The results show that all hypotheses are accepted, and the relationships in the model show various methods for improving marketing performance. The research model shows that the relationship between Social Media Marketing, Brand Resonancing Capability, and Marketing Performance is formed and tested empirically using structural equation modelling. There are three main findings described as follows; (1) Companies, in this case, SMEs with high social media marketing, will enrich marketing performance. (2) Companies with increased social media marketing are trusted to enhance Brand Resonancing Capability as a lever to strengthen marketing performance (3). Furthermore, Brand Resonancing Capability acts as a mediating variable in the model between Social Media Marketing and Marketing Performance.

RECOMMENDATIONS / POLICY IMPLICATIONS

This study’s results contribute to the development of the concept of brand resonancing capability, especially in the fields of entrepreneurship and marketing that support the development of SMEs. The Direct and Indirect test results show that Brand Resonancing Capability has a significant role as a mediator to bridge the gap between Social Media Marketing and Marketing Performance.

The study signals the importance of the Brand Resonancing Capability variable as a mediator to bridge the research gap between Social Media Marketing and Marketing Performance especially for SMEs. Therefore, it is recommended that SMEs leverage their social media marketing into brand resonancing capability because it holds the potentials for enhancing the marketing performance.

It is recommended that SMEs of SMEs implement brand management to get their brand to have more association, more robust, and more differentiation point into a built-in capability in their organizations. It would enable SMEs to improve their marketing performance.

REFERENCES


83.


