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Increasing functional value resonance as addressing the relationship between social presence and brand loyalty for SUV automotive consumers

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### ABSTRACT

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Keywords: Functional Value Resonance Social Presence Brand Loyalty Automotive Consumers The aim of this research is to analyze the influence of social presence on brand loyalty through functional value resonance in automotive consumers. This is a quantitative research approach. The purpose of the study includes automotive consumers in North Sumatera, Indonesia. The sample selection method is non-probability sampling, which does not ensure that every member of the population is sampled equally. In this study, purposive sampling was used with 205 respondents. Data is analyzed using the Partial Least Squares (PLS) approach using SmartPLS. The results of this study show that social presence had a positive and significant effect on brand loyalty for SUV automotive consumers in Medan City. Functional value resonance positively and significantly affects brand loyalty for SUV automotive consumers. Brand loyalty is influenced favorably and significantly through functional value resonance in automotive SUV consumers. Increased resonance of functional values can be achieved by companies by giving the impression that causes echoes from users associated with the value of SUV functions, such as improving the quality of reliable engines and creating security features so that they do not compete with competitors.

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# 1. Introduction

Along with economic progress and more modern technology, cars are one of the means of mobility required by the greater community (Tseng et al., 2019). This condition necessitates that organizations become more creative and innovative by providing something of greater value than their competitors. People's urge to make purchases is an aspect of consumer behavior. It investigates how individuals, communities, and organizations select, purchase, and utilize commodities, provide services, ideas, or experiences to fulfill their wants and desires (Mustafa, 2021). In 2021, Toyota remained the best-selling brand throughout 2020. All automotive companies' sales declined, especially in 2020, because of the impact of coronavirus. However, in 2021, sales increased due to government policies regarding the relaxation of the luxury goods sales tax for several eligible cars. Automotive companies must continue to improve marketing strategies to trigger sales and customer loyalty before finally being defeated by manufacturers from other brands. Companies must determine effective strategies to attract consumers to buy the products offered and increase brand loyalty so that consumers do not easily switch to competing products. Brand loyalty is consumer loyalty to continue using identical products from a company. Brand loyalty is essential for companies to win the competition and maintain the market. In general, Loyal clients are more confident in their decisions, loyal consumers are more directed toward loyalty to products and want to promote the products they use to others (Gerard Lye, 2020). According to Gerard Lye (2020) the highest loyalty rate was won by Subaru at 61.6%, followed by Toyota and various other brands. Based on Gaikindo's data recapitulation, it appears that SUVs, or sport utility vehicles, are a favorite vehicle, especially in Indonesia. SUVs can offer comfort with flexibility, practicality, and better cruising. This research took five automotive brands, namely Toyota, Daihatsu, Honda, Suzuki, and Mitsubishi Motors, because these five brands are

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included in the category of best-selling car brands in Indonesia for the 2017–2021 period. Here are some of the cars that entered the top five best-selling car brands in Indonesia during 2017–2021:

**Table 1** Most sold car brands in Indonesia period 2017-2021

No	Brand	Retail (Unit)				
		2017	2018	2019	2020	2021
1	Toyota	370.015	356.063	331.004	182.665	256.259
2	Daihatsu	185.240	200,178	177.588	100.026	132.950
3	Honda	180.971	162.956	149.439	79.451	81.485
4	Suzuki	107.185	116.668	102.865	72.389	79.337
5	Mitsubishi Motors	79.669	146.805	118.936	54.768	91.790

Sumber: Gaikindo, (2021)

Table 1 shows that Toyota remains the best-selling brand throughout 2017–2021. The entire automotive company suffered sales declining, especially in 2020, owing to the impact of the coronavirus. However, in 2021, sales have increased due to government policies reducing the sale of luxury goods, or PPnBM tax, on several eligible cars. The automotive company must continue to improve its marketing strategy to trigger sales and customer loyalty before it is finally defeated by manufacturers of other brands. Companies need to identify effective means that can be used as a strategy to attract consumers to buy the products they offer. Consumers still feel they need more interest in recommending the brand and argue that business actors are shifting marketing strategies to digital platforms to capture potential customers (Abuljadail & Ha, 2019). The activeness of the automotive industry on social media is expected to answer all consumer problems, ranging from various questions regarding product problems, prices, availability of goods, and discounts. While in automotive products, the emergence of the car community, which is nothing but a community that uses the products of a brand and model, is believed to be a potential market. There are inconsistencies in several previous studies related to the brand loyalty effect and social presence, including research performed by (Garanti & Kissi, 2019) that claimed that social presence has a favorable and significant impact on consumer loyalty. Several other research, including those conducted by Lu and Miller (2019) and Nadeem et al. (2020), concluded that social presence has no meaningful effect on consumer loyalty. According to Ismail (2017), social companies have a weaker influence on loyalty than other variables evaluated. Based on research phenomenon, researchers offer a new concept combining applications of a theory and synthesis called functional value resonance. The foundation for achieving functional value resonance comes from the research gap in several previous studies related to the social presence of brand loyalty. Functional value resonance is an echo that consumers always hear about the value gained from product qualities that provide functional utility to customers on social media (Garrett et al., 2017). The concept of functional value resonance in this study must be implemented based on field conditions, especially for brand users who still need to be satisfied with the costs and benefits of a product. Functional value resonance measurement examines the level of quality resonance, safety resonance, and resonance of product application features used by consumers through social media presence. The existence of functional value resonance variables is expected to be a concept that will bridge social presence to increase brand loyalty. This concept contributes to SUV automotive companies increasing user long-term loyalty.

# 2. Literature Review

# 2.1 Functional Value Resonance

The term of functional value resonance was created by looking at several studies that are related and interrelated with each other. The research concerns essential concepts such as value creation and how customers can resonate with a value. Originated from research conducted by Kesson et al. (2016), they developed a concept called service innovation, which is an anticipation of changes in shopping behavior related to customer needs and expectations and the consequences of designing services better and creating new service concepts. According to Molinillo et al. (2020), the value of a brand needs to be developed not only from service but also from improving a good brand in the perspective of consumers. It is not only the prioritized advantage but also the aesthetic value of the product design shown. In the field of marketing, the creation of products is very important to attract consumer interest.

The process of changing a product can be done by finding innovations to add value to goods, and the total benefits customers receive, both tangible and intangible, are reduced by the sacrifices incurred (expenses). Knowing this, customer satisfaction or customer satisfaction levels can be found. According to (Carlson et al., 2018; Fang et al., 2018), value co-creation needs to be considered because it can develop a continuous shared value-creation process between the company and consumers. Kaur et al. (2020) created the notion of functional value and found that it strongly affects loyalty and maintains good consumer relationships. This means that a product's value development is an important point that must be considered by the company, including the function of the product's value. Another study conducted by Hsu (2019) explains how companies handle customer needs by looking at overall consumer assessments of product usefulness based on perceptions of what is given and received and emphasizing a series of benefits and solutions on how to satisfy and provide value to customers. As continued by research from Stone et al. (2019), the value of a product can be increased by increasing customer engagement. Consumers become more active in using a product if there is a good relationship between the seller and the customer. Brand resonance greatly determines the company's success. Customers feel very connected to a brand and identify themselves with the brand.

It can form a strong bond with customers by providing positive values for a brand. Some of the concepts above are the basis for a new concept called functional value resonance, a functional value resonated by consumers about how the product's value is used. Functional value is directly tied to the function offered by the product or service for the consumer. If it has a functional advantage, then a brand dominates the category. According to Ažman and Gomišček (2015), functional value is the value derived from product qualities that give functional utility to clients. The value is directly related to the service product's functions for customers. So, it can be concluded that functional value resonance is a resonance or echo that consumers always hear about the value gained from product qualities that provide functional utility to customers.

### 2.2 Social Presence

Social presence relates to the communication capacity of the media to transmit social cues. According to Littlejohn (2014), this concept is based on the changes in perceived physical proximity that occur when using different communication platforms. It is a social multidimensional, adaptive concept, and categorizes a medium depending on how effectively it expresses proximity and warmth among users, as well as its potential to facilitate the formation of human relationships. Communication becomes effective when it has appropriate media with the required communication engagement. This theory also explains that face-to-face media is considered to have a high attendance rate, while text media has a low attendance rate. Presence occurs when technology users ignore the nature of mediated technology, for example, telecommunications or all objects such as computers, agents, or social robots. Presence is defined as a psychological statement about a virtual object acting like an actual object, and presence as a perceptual illusion residing in a situation without intermediaries between users. Therefore, presence occurs when a tool manages to create an engaging experience in a way that users are not aware of (Littlejohn & Foss, 2009). According to Littlejohn and Foss (2009), social presence theory can be categorized into three types, namely:

### 1. Physical Presence

This type explains that presence can occur when the users do not realize the technology used. Presence also occurs when the user perceives the reality of another user's self through a physical object created artificially by technology. The physical interaction between one user and another runs its course and feels natural. Physical presence here occurs when technology users get physical experiences that do not exist in the real world. Still, this physical experience is handled in real time in the virtual world.

# 2. Social presence

This type explains that self-presence occurs when an object impacts other objects through the technology used without being noticed by the thing itself. Self-presence occurs when a user begins to interact with new media. The reasons for this happening are of several kinds.

- a. The possibility that a social presence can be created through technology.
- b. The trend is growing where people feel they can improve communication and interaction through the virtual world and make sense of something virtual.
- c. There is an increase in technology users, and anecdotal evidence indicates that many users choose to interact with others through technology.

#### 3. Individual Presence

This type is explained by the fact that individuals who are technology users show themselves through the artificial objects of technology itself. Where individual users of technology provide appropriate identification and strongly reflect themselves. This indeed happens with technology as a mediation tool in the virtual world. Objects made by technology can be in the form of icons or others that are visual to other technology users. For example, profile pictures are commonly used on social media. Although other studies use different dimensions, Nadeem et al. (2020) investigate all components of social presence. According to Raji et al. (2019), components of social reality including social commerce demands are centered on the community. Therefore, social trading platforms, users can observe and process social content both consciously and unconsciously through their social presence.

# 2.3 Brand Loyalty

As stated by Mowen et al. (2002), brand loyalty refers to a customer's positive attitude about a brand, commitment to a specific brand, and intention to continue purchasing it in the future. This approach emphasizes that brand loyalty is derived from a favorable consumer mindset. Positive attitude is a receptive attitude toward a brand, and judging a brand is something beneficial for customers that motivates them to make purchases and continue to use a specific brand continually. According to (Guillén, 2019), to get to the stage of being genuinely loyal will go through the following four stages:

1. Cognitive Loyalty: this stage emphasizes loyalty at the cognitive step, or loyalty based on customer confidence in a brand. Knowledge can come from previous experience. This is the most apparent level of allegiance. If a

- transaction is made regularly and if satisfaction is not processed, the level of loyalty will not be part of the customer experience.
- Affective loyalty: At this stage, customer liking or satisfaction with a brand develops based on the accumulation
  of using the company's products; customers are susceptible to changing brands or trying competitive products.
  It is known that customers who change brands or products say that they are satisfied with the previous brand or
  product. So, companies want customers to have deeper loyalty.
- 3. Conative loyalty is a commitment to buy back something specific to a brand. After repeatedly using the product or brand, customers' positive experiences influence the Conative stage. At this level of loyalty, customers have a deep enough commitment to use the company's product or brand.
- 4. The last step of loyalty is called action loyalty, where cognitive loyalty focuses on performance and brand aspects, effective loyalty focuses on how customers like a brand, and cognitive loyalty is expressed in the commitment or intention of customers to buy back a brand. Action loyalty is an obligation to buy back a product. Dimensions provide direction regarding their measurement or point of view on the concept being defined. In this discussion, the concept of direction is customer loyalty. There are several points of view on the concept that are objectified. Customer loyalty can be used as a management strategy because the goal is profiting formation.

Indicators of customer loyalty, according to Kotler et al. (2009), are:

- a. Repeat purchases are the desire of consumers to continue using products from the same brand if they want to buy again.
- b. Retention, namely resistance to adverse influences on the company.
  - c. Referrals refer to the total existence of the company.

#### 2.5 Aims and Hypothesis

The present investigation is independent from earlier research. The study's objective is to examine three deductive variables: functional value resonance, social presence, and brand loyalty in North Sumatra, Indonesia. There are three hypotheses, as follows:

- 1. Social presence has a good and large impact on brand loyalty among automobile SUV users.
- 2. Functional value resonance favorable and substantial effects brand loyalty for automotive SUV users.
- Social presence positively and considerably influences brand loyalty through functional value for automotive SUV users.

### 3. Methods

The study uses a quantitative approach to gather measurable data that is descriptive and comparison (Creswell, 2014). Data is acquired using google form, which poses queries to customers automotive SUV cars. Research focuses on automobile buyers and SUVs in North Sumatera. This study's population totals 84,758. The purposive sampling method yields 205 samples. This study is separated into three constructs: functional value resonance, social presence, and brand loyalty. This study's respondents are automotive consumers of SUVs (Sugiyono, 2017). This study includes the following constructs: functional value resonance, social presence, and brand loyalty. These three variables are represented by nine dimensions and eighteen indicators. The respondent is an SUV consumer. Testing for reliability and validity is used to build a relationship between each question's results and the overall result. To assess correlation carelessness, the study uses confirmatory factor analysis. The sequence of a load factor with a primary sequence charge factor is greater than 0.5. Meanwhile, reliability tests are conducted to determine the level of bias and guarantee measurement uniformity. At this point, tests for reliability are carried out to identify the degree of bias and ensure Measurement consistency. At this step, reliability tests are performed to determine the level of bias and assure measurement uniformity. "Trustworthiness" refers to an instrument's steadiness and consistency. The minimum average variance (AVE) has an estimated dependability of 0. 70. SmartPLS (Smart Partial Least Square) is used to analyze technical data, which covers both descriptive and causal analysis. The F-Test is used in SEM to perform simultaneous potassium testing. The t-test is used to do partial testing. Table 2 explains the variable dimensions and indications:

**Table 2**Dimensions and Variables of Research

Variables	Dimensions	No	Indicators		
	Quality Resonance	1	Machine Quality Resonance		
		2	Resonance Brightness Features		
Functional Value	Security resonance	1	Security resonance is better than any other product		
Resonance		2	Security resonance is undoubted.		
	Resonance of application		Resonance features give ease		
	features	2	Security feature resonance		

 Table 2

 Dimensions and Variables of Research (Continued)

Variables	Dimensions	No	Indicators		
	Brand Community	1	There's a brand community running		
		2	Community activities are very helpful user		
Social Presence	Community members	1	Community members communicate well with each other		
Social Presence		2	Member Activity		
	Interaction user and	1	There's a good interaction between members		
	brands	2	Interaction goes smoothly		
	Repeat purchase	1	Keep using the same brand		
		2	Purchasing original accessories of the same brand		
Duand Lanalta	Retention	1	Not to be humiliated by the attractiveness of competitors		
Brand Loyalty		2	Not interested to switch to another product		
	Referrals	1	Recommend to others		
		2	Speaking positively about the products used		

# 4. Results

### 3.1 Evaluation of the Inner Model (Structural Model)

In a PLS structural model, construct relevance is determined using R<sup>2</sup> Path coefficients or t-values for each path are used for the dependent construct, as is bootstrapping. The R<sup>2</sup> value examines the degree of variance in the independent variable and its relationship to the dependent variable, can see on the Table 3:

**Table 3** Value of R<sup>2</sup>

	$\mathbb{R}^2$
Brand Loyalty (Y)	0.513
Functional Value Resonance (M)	0.380

Based on Table 3, it has been determined that:

- 1. Brand loyalty (Y) has an R-squared (R<sup>2</sup>) value of 0.513, this means that Social Presence (X) and Functional Value Resonance (M) can affect Brand Loyalty (Y) by 51.3%.
- 2. the R-Square value of Functional Value Resonance (M) is 0.380, which means Social Presence (X) can affect Functional Value Resonance (M) by 38%.

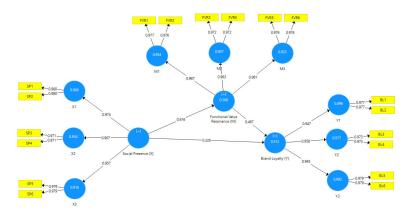


Fig. 1. First Model Framework

Fig. 1 and Table 3 show that all outer loading values are greater than 0.7, indicating that they met Validity requirements are determined by the outside loading value. Furthermore, the average of the variation extracted (AVE) value was utilized for validity testing.

# 3.2 Direct Effect

Table 3 shows the outcomes of the Smart PLS approach when the route coefficients are directly checked. Based on the results in Table 4, acquired the results:

1. Functional Value Resonance (M) has a positive effect on Brand Loyalty (Y), with a path coefficient value (Original Sample column) = 0.467, and significant (The numerical value is 0.000 (less than 0.05) (accepted)).

- 2. Social Presence (X) having a positive effect on Brand Loyalty (Y), with a path coefficient value (Original Sample column) = 0.326, and significant, with a P-values value = 0.000 < 0.05. (Hypothesis Accepted).
- 3. Social Presence (X) has a favorable effect on Functional Value Resonance (M), with path coefficient value (Original Sample column) = 0.616, and substantial (P-values = 0.000 < 0.05) (accepted).

Table 4
Path Coefficients

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	t-Statistics ( O/STDEV )	P Values
Functional Value Resonance $(M) \rightarrow Brand$ Loyalty $(Y)$	0.467	0.473	0.097	4.841	0.000
Social Presence $(X) \rightarrow Brand Loyalty (Y)$	0.326	0.323	0.091	3.583	0.000
Social Presence $(X) \rightarrow$ Functional Value Resonance $(M)$	0.616	0.623	0.068	9.076	0.000

Source: PLS Output, (2023)

# 3.3. Indirect Effect

The indirect influence is the ratio of a free variable's direct influence A mediating variable's direct influence on a bound variable. Table 5 illustrates how to compute and quantify the ratios of the indirect impact of free variables on a variable.

Tabel 5
Indirect Effect

III III II I							
	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T-Statistics ( O/STDEV )	P Values		
Social Presence (X) → Functional Value Resonance (M) → Brand Loyalty (Y)	0.288	0.296	0.075	3.819	0.000		

Source: PLS Output, (2023)

Table 5 shows the findings of mediation testing. Functional value resonance (M) strongly mediates the connection between social presence (X) and brand loyalty (M). (Mediation Hypothesis accepted).

#### 5. Discussion

This is due to the enthusiasm of the community members who are on social media in exchanging information and giving each other positive comments, as well as the awareness that the role of the car community is so important to fight for mercy among community members through social media. There is a social presence as a form of marketing where using social media to create, communicate, transmit information, and promote can influence consumers, build loyalty, and enhance interaction with consumers. However, when new consumers first buy automotive products, they will find out the product's pros and disadvantages to be purchased by analyzing content of YouTube, TikTok, Instagram, and various other applications that provide social presence related to the product that is being searched on the internet because of the ease in obtaining information as well as reviews of products that are considered interesting for consumers to know. Nowadays, SUV users are more inclined to seek knowledge via social media than they should be able to go to the showroom and ask customer service. One of the platforms that gets the most consumer visits is YouTube. Consumers just choose what product reviews will be watched to get more information. Usually, the product review video explains product specifications, weaknesses, advantages, and price information so that it is enough to make consumers satisfied with the information given and feel the presence of the SUV brand on social media. In addition, social networking platforms such as TikTok and Instagram, which are now widely utilized by the public, are now platforms that provide a lot of knowledge, including SUV automotive product information, such as content about the latest products to be released. A variety of trends have been created so that many automotive-specialized touch users create creative content related to auto tips such as car reviews or anti-strike flood breakthrough tips, entertainment content that raises advanced features in cars, or comedy sketches with vehicle objects. It is different 166 with the loyalty of consumers who have previously used a product with the same brand that affects the purchase with the same brand as well as the presence of recommendations to other parties more due to the existence of experience. So in this case, social presence has a favorable but not significant influence on brand loyalty (Hsu, 2019). Being socially present can enhance functional value resonance, where consumers share related advantages and weaknesses of products on social media that can be reviewed by other consumers. In addition, the reason why consumers choose to use the SUV is because when they do not carry many passengers, the third and second rows of the SUVs can be folded so that the storage capacity in the luggage is even greater compared to sedans or hatchbacks. Consumers also stated that SUVs are generally the safest category of passenger vehicles. In the Chevrolet Trailblazer, for example, Electronic Stability Control helps reduce rolling accidents, which are the biggest security problem in this segment. Cars with SUVs can also be used in places that occupy a variety of road terrain. Generally, SUVs have a high ground clearance so that they are reliable enough when they must go through a low-level road. The social presence of the SUV automotive brand can be understood optimally as the latest communication medium in the digital era that is currently utilized by the SUV auto community to be an effective means of community members and gradually increase the sense of solidarity and equality of perception in promoting positive ideals to the community. This is due to the enthusiasm of the community members on social media for exchanging information and giving each other commas.

Besides, it can be reliable in water-borne or flooded streets. This is what is an advantage of SUV automotive products, so that consumers can voice the advantage of SUV automobile products to other users. Social presence encompasses the entire effort to be active and relevant to the platform used, such as consistently creating content, posts, tweets, interacting with consumers, and voice marketing campaigns. Social presence provides many benefits because, in this case, the company can know the 168 needs of consumers by building confidence between business and consumer, as well as creating a relationship that feels personal. According to Li et al. (2021), the existence of social media can make product offerings more attractive; the consumer who is active in social media will be closer and able to create a good relationship with the company. This will affect the consumer in communicating the functional value of the product used, thus affecting the functional value resonance (Lim et al., 2015). In addition, the respondents assume that the SUV is one of the kinds of cars that were created with a fairly good level of security and a variety of safety features. Heartect technology, which is claimed to be able to improve safety with a light body (Long et al., 2019), As well as cruise control features become public discussion. Its main function is to move at a steady speed without having to step on the gas pedal continuously, so this feature can distract the driver because it can rest the legs for a while. This makes the functional value of an SUV brand considered good, so it improves user loyalty. It aligns with Abdillah (2018), which states that functional values have a strong impact on brand loyalty. Resonance or echo caused by consumers in a community or media can boost loyalty. Social presence is also capable of forming functional value resonance. In this case, the consumer will talk or resonate about the functional value of a product through the social media used so that it can increase brand loyalty (Holmes et al., 2020). Social presence explains how it benefits interpersonal relationships. So, in this case, the functional value of a product is also able to be communicated through social media on various existing platforms. Kim et al. (2015, 2020) discovered that there is a strong link between social presence and loyalty. Social presence is regarded as significant as an online platform that allows customers to create a range of content, engage with one another, and build relationships with other consumers since social media can affect consumer loyalty. There is a social presence that can enhance functional value resonance. According to (Kotler and Keller, 2009), The gap comparing overall customer value to entire customer cost is what determines customer delivered value (Ebrahim, 2020). There is a value perceived by consumers in consuming a product that can make them believe the product is being used to meet their specific requirements. This is supported by research carried out by (Raut et al., (2020) that brand resonance can improve user loyalty, resulting in improved company performance, as well as research conducted by Hwai-Shuh Shieh (2017) that brand resonance can improve brand loyalty. The functional aspect refers to 172 evaluations using rational and economic valuation estimates made by the individual concerned to describe the quality of a product or service. Social presence is a very effective way for a brand to be present among consumers. Social media activity can help consumers to get input about product information (Kumar et al., 2019). In addition, consumers will be able to easily communicate about the brand through the brand community platform.

### 6. Conclusion

Functional value resonance has had a beneficial and significant effect on brand loyalty, among SUV automotive consumers in North Sumatra. SUV automobile products are one of the kinds of cars created with a fairly good level of safety and equipped with a variety of safety features. Heartect technology claims to be able to improve safety with a light body. As well as cruise control features become public discussion. There's functional value resonance that can Reliance on a brand. Being socially active provides a positive and significant effect on social presence and has a good and strong effect on functional value resonance among automotive SUV purchasers in North Sumatra. Consumers who are active in social media on the SUV community, like joining Instagram and various other platforms, will reveal the superiority of the product as well as the products used so that it can improve functional values. Social presence had an important and beneficial impact in brand loyalty functional value resonance among SUV car consumers in North Sumatra. Consumers will talk or resonate about the functional value of a product on the social media they use to increase brand loyalty.

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