

The Influence of Social Media Marketing on Value Co-Creation Through The Instagram Platform: A Study on Wardah Beauty Product

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Abstract

In the digital era, social media has become an important tool in marketing strategies, especially in the beauty industry. Instagram, as an interactive visual platform, allows brands to build more personalised relationships with consumers. Wardah, one of the leading local beauty brands in Indonesia, utilises Instagram to drive consumer engagement and co-create value. This study aims to examine the influence of social media marketing on value co-creation through Instagram, with a focus on Wardah beauty products. In addition, this study also analyses the role of brand trust and brand loyalty in strengthening value co-creation. Data was collected through a survey of Wardah's active consumers on Instagram, and the results of the study are expected to provide insights into effective social media marketing strategies to increase consumer engagement and co-create value in the beauty industry. The research findings show that social media marketing through Instagram significantly influences brand trust, brand loyalty, and shared value creation, with brand loyalty having the greatest influence on shared value creation among consumers of Wardah products.

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1. Introduction

The growth of social media in Indonesia has been rapid. Data shows that the number of active social media users increased by 12.6% from the previous year, making social media a major element in people's daily lives. Platforms such as Instagram have become a significant means of interaction, not only between individuals but also between brands and consumers. In this context, the beauty industry in Indonesia is experiencing rapid growth, driven by consumers' increasing preference for local brands. Wardah, as one of the favorite brands, leverages social media to build interactive relationships with consumers, creating opportunities for value co-creation as an increasingly relevant modern marketing approach.

Previous research has explored the role of social media marketing in driving value co-creation. For example, research in developed countries such as China shows a positive relationship between the two. However, there is a significant research gap, which is the lack of exploration of developing country contexts such as Indonesia, where consumer behavior patterns and technology adoption rates may differ. In addition, little attention has been paid to understanding how elements such as brand trust and brand loyalty act as mediators in the relationship.

This research aims to answer some key questions as follows.

- 1) Examine the effect of social media marketing on value co-creation on Wardah products.
- 2) Examine the effect of brand trust on value co-creation on Wardah products
- 3) Test the effect of brand loyalty on value co-creation in Wardah products

This research is expected to provide deep insight into the influence of social media on local brand marketing strategies, as well as bridge the existing research gap.

2. Method

This research uses a positivist approach with quantitative methods to objectively review and analyze data. The research population includes women who are active Instagram users, follow Wardah product Instagram accounts, and have purchased Wardah products. The sample was taken using purposive sampling technique, with a minimum target of 250 respondents to ensure data validity. Data was collected through an online questionnaire using Watase Uake, which was distributed through social media such as Instagram, WhatsApp, and X, with a 5-point Likert rating scale. The total number of respondents whose data was valid in this study amounted to 316 out of a total of 332 respondents. Data analysis was conducted using the Structural Equation Model (SEM) method through Partial Least Square (PLS) software, to test the relationship between variables through measurement and structural model testing.

Table 1

Respondent Profile

	Frequency	Percentage (%)
Gender		
Man	4	1,27
Woman	312	98,73
Age		
16 – 25	263	83,23
26 – 35	49	15,51
36 – 45	3	0,95
46 – 55	1	0,32
Last Education		
SMA & Sederajat	171	54,11
D3/S1	142	44,94
S2/S3	3	0,95
Revenue		
< Rp2.500.000	206	65,19
Rp2.500.000 – Rp5.000.000	80	25,32
Rp5.000.000 – Rp7.500.000	19	6,01
Rp7.500.000 – Rp10.000.000	5	1,58
> Rp10.000.000	6	1,90
Job		
Student	162	51,27
Civil Servants	5	1,58
TNI/Police	0	0,00
Private Employee	65	20,57
Self-employed	15	4,75
Other	69	21,84

Based on the data in Table 1, the majority of respondents in this study were female (98.73%) with an age range of 16-25 years (83.23%). Most respondents had a high school education (54.11%) and a monthly income below IDR 2,500,000 (65.19%). In terms of employment, the majority of respondents are students (51.27%), followed by private employees (20.57%). This data shows that the respondents are dominated by the younger generation with middle to lower purchasing power, which is relevant to the research focus on using social media to reach this segment.

Table 2
Outer loading and AVE

Variabel	Item	Outer Loading	AVE
Brand Experience	BE3	0,6191	0,5187
	BE4	0,7098	
	BE5	0,7611	
	BE6	0,7565	
	BE7	0,8037	
	BE8	0,6539	
Brand Trust	BT1	0,7989	0,5877
	BT2	0,8261	
	BT3	0,7488	
	BT4	0,6852	
Brand Loyalty	BL1	0,8783	0,7568
	BL2	0,8599	
	BL3	0,8716	
Social Media Marketing	SMM2	0,7315	0,5122
	SMM3	0,7176	
	SMM4	0,6902	
	SMM5	0,6433	
	SMM8	0,7284	
	SMM10	0,7092	
Value Co-Creation	SMM11	0,7821	0,5273
	VCC1	0,7570	
	VCC2	0,7237	
	VCC3	0,6943	
	VCC4	0,6832	
	VCC5	0,7775	
	VCC6	0,7166	

The outer loading value on several measurement items is more than 0,70 and the AVE value of each variable is more than 0,50, which indicates good convergent validity.

Table 3
Validity and Reliability

Variabel	Cronbach Alpha	Composite Reliability
Brand Experience	0,8164	0,8651
Brand Trust	0,7738	0,8502
Social Media Marketing	0,8423	0,8799
Brand Loyalty	0,8394	0,9033
Value Co-Creation	0,8209	0,8698

The *Cronbach'Alpha* and *Composite Reliability* values on each variable are more than 0,70, which indicates that the variable is reliable or has good reliability.

Table 4

Discriminant Validity – Fornell-Larcker Criterion

Variabel	BE	BT	SMM	BL	VCC
BE	0,7202				
BT	0,4570	0,7666			
SMM	0,5880	0,4662	0,7157		
BL	0,4859	0,6179	0,4435	0,8700	
VCC	0,4970	0,5044	0,6091	0,6393	0,7261

In the Fornell-Lacker Criterion, the square root value of the AVE is greater than the correlation value with other variables. This means that the variable has good discriminant validity.

Table 5

Discriminant Validity - HTMT

Variabel	BE	BT	SMM	BL	VCC
BE					
BT	0,5380				
SMM	0,6942	0,5492			
BL	0,5648	0,7172	0,5121		
VCC	0,5873	0,5712	0,7256	0,7614	

The HTMT value is below the tolerance limit of 0,85, which means that discriminant validity can be considered fulfilled.

Table 6

F-Square

Variabel	BE	BT	SMM	BL	VCC
BE		0,0692		0,0924	
BT				0,3504	0,0381
SMM		0,0803			
BL					0,2598
VCC					

The F-Square value of 0,02 indicates a small construct effect, 0,15 indicates a medium construct effect, and 0,35 indicates a large construct effect. Based on Table 6, the effect of BE on BT is small, BE on BL is small to medium, and BT on BL is the largest among others. Then, BT to VCC is small, SMM to BE is small to medium, and BL to VCC is medium to large.

Table 7

R-Square

Dependent	R-Square	R-Square Adjusted	Status
BL	0,4342	0,4306	Moderate
BT	0,2684	0,2638	Weak
VCC	0,4281	0,4244	Moderate

The R-Square and Adjusted R-Square values of BL and VCC are 0,4342 and ,4306 which indicate that they have a moderate influence. Not only BL, VCC also has a moderate influence with its

respective values of 0,4281 and 0,4244. Meanwhile, BT has a weak influence with an R-Square value of 0,2684 and an Adjusted R-Square of 0,2638.

Table 8
Colinearity Statistics

Dependent	Independent		Value
BL	BE	BT	1,264
BT	BE	SMM	1,529
VCC	BL	BT	1,618

Brand Loyalty (BL), the independent variables Brand Equity (BE) and Brand Trust (BT) have a collinearity value of 1,264. In Brand Trust (BT), the independent variables BE and Social Media Marketing (SMM) have a collinearity value of 1,529. Meanwhile, in Value Co-Creation (VCC), the independent variables BL and BT have a collinearity value of 1,618. These values indicate that there is no serious multicollinearity problem, as they are all below the common threshold of 10.

Table 9
Path Coefficient

Hipotesis	Sample Mean	St. Dev	T-Test	Upper CI	Lower CI	Status
BE → BL	0,2573	0,0485	5,3056	0,1821	0,3393	Significant
BE → BT	0,2794	0,0697	4,0089	0,1652	0,3963	Significant
BL → VCC	0,5301	0,0546	9,7033	0,4429	0,6184	Significant
BT → BL	0,5003	0,0423	11,8370	0, 4235	0,5628	Significant
BT → VCC	0,1768	0,0605	2,9229	0,0785	0,2846	Significant
SMM → BT	0,3019	0,0682	4,4247	0,1925	0,4208	Significant

Table 9 shows the path coefficient test results for various hypothesized relationships. All relationships tested show significant results, as seen from the T-test value which is greater than the critical value and the confidence interval (Upper CI and Lower CI) which does not include zero. Brand Equity (BE) has a significant effect on Brand Loyalty (BL) with a coefficient value of 0,2573 and on Brand Trust (BT) with a coefficient value of 0,2794. BL also has a significant effect on Value Co-Creation (VCC) with a coefficient of 0,5301, while BT significantly affects BL (0,5003) and VCC (0,1768). In addition, Social Media Marketing (SMM) has a significant influence on BT with a coefficient of 0,3019. These values indicate that all tested relationships make significant contributions to the research model.

3. Results and Discussion

3.1 Results

The results of this study indicate that social media marketing through Instagram has a significant influence on value co-creation, in line with the findings from Sohaib & Han (2023) research in China. However, the context of Indonesia as a developing country provides a unique perspective compared to previous research conducted in developed countries such as China and Turkey (Wallace et al., 2022). In this study, brand loyalty showed the greatest influence on shared value creation with a path coefficient of 0.5301, which supports the research of Nadeem et al. (2021) in Malaysia, which also found a strong effect between brand loyalty and shared value creation.

In addition, brand trust is shown to have an important role as a mediator in increasing brand loyalty and consumer involvement in value co-creation. These findings are consistent with research results in various international contexts, including the studies of Menidjel et al. (2017) in Algeria and Konuk (2023) in Turkey, which identified a strong relationship between brand trust and brand loyalty. In contrast to some of the previous studies that focused more on the context of generation Z in developed countries (Sohaib & Han, 2023; Wallace et al., 2022), this study shows that young Indonesians (16-25

years old) as the majority of respondents have similar characteristics, but with engagement patterns influenced by income level and preference for local brands. The data shows that interactive strategies through Instagram are effective in increasing local consumer engagement, supporting the findings of Hasan et al. (2023) that social media facilitates more intense collaboration between brands and consumers.

This study also found that interaction through Instagram not only strengthens the relationship between brands and consumers, but also creates opportunities for consumers to contribute to the value co-creation process. This is consistent with Grönroos (2012) study, which states that value co-creation is a collaborative activity between consumers and businesses in creating shared value through direct interaction. In the context of this study, features such as comments, surveys and interactive content on Instagram play an important role in facilitating such engagement. Consumers actively provide feedback, share experiences, and offer solutions, as explained in the study by Hasan et al. (2023) that interactions on social media can strengthen brand relationships and authenticity. In addition, platforms such as Instagram allow brands like Wardah to capitalize on real-time consumer trends and preferences, supporting Fuller et al. (2008) view on the importance of brand communities as a means of building brand relationships. On the importance of brand communities as a source of innovation. With this strategy, Wardah not only strengthens consumer engagement, but also increases its competitiveness in an increasingly competitive local market.

By comparing the results of this research with previous studies, it can be concluded that despite differences in geographical and cultural contexts, the role of social media in driving trust, loyalty and shared value creation is universal. However, marketing approaches should be tailored to local characteristics to achieve optimal results.

3.2 Discussion

This research strengthens previous findings regarding the importance of social media marketing in building brand trust, brand loyalty, and value co-creation. Social media marketing through Instagram is proven to make a significant contribution in increasing consumer engagement with Wardah products. These results are consistent with Sohaib & Han (2023) research which confirms that interactive social media marketing strategies drive shared value creation, both in developed and developing countries. However, this study provides a new perspective in the context of Indonesia as a developing country, showing consumers' preference for local brands such as Wardah. The majority of respondents (98.73% female) are from the younger generation with lower-middle income. This shows that effective social media interaction through visual platforms such as Instagram can reach young consumers with limited purchasing power, yet high engagement potential.

This research also reveals that the advantage of social media such as Instagram lies in its ability to create emotional engagement between brands and consumers through interactive features that enable direct collaboration. This supports Grönroos (2012) view that interaction between consumers and businesses can create sustainable shared value. In the context of Wardah, consumers are given the opportunity to provide feedback, share experiences, and participate in discussions related to product development. The study of Hasan et al. (2023) also emphasized that social media helps build brand authenticity, which is an important element in strengthening consumer trust and loyalty. Therefore, this collaboration-based approach is not only relevant for local brands, but also creates a marketing model that can be applied in a global context.

Brand trust plays an important role as a mediator, which not only increases brand loyalty but also supports the creation of shared value. This finding is in line with the research results of Menidjel et al. (2017) and Konuk (2023), which show that brand trust significantly affects loyalty across different sectors. On the other hand, brand loyalty has the greatest influence on shared value creation, as shown by the research of Nadeem et al. (2021) in Malaysia, which found a similar relationship between loyalty and consumer engagement in the collaboration process with brands.

The research also highlights that the use of Instagram as the primary social media provides an effective two-way interaction space between brands and consumers, creating a more personalized relationship. In contrast to studies in developed countries that tend to target consumers with high purchasing power, the results of this study show the importance of inclusivity in digital marketing strategies to reach a wider market.

4. Conclusion

This research successfully answers the main objective by showing that social media marketing through Instagram has a significant influence on value co-creation on Wardah products. The study also revealed that brand trust and brand loyalty act as important mediators in strengthening the relationship. Brand loyalty has the greatest influence on value co-creation, emphasizing the importance of building strong consumer attachment to enhance collaboration between brands and consumers.

The results of this study contribute to the development of literature, especially in the context of developing countries such as Indonesia, where consumer preference for local brands is an important factor. This research also expands the understanding of the effectiveness of social media as an interactive marketing tool to create more personalized relationships with consumers, especially among the younger generation with limited purchasing power. The practical implication of this research is that local brands such as Wardah need to continue developing social media-based marketing strategies with a more interactive and inclusive approach. Increased consumer engagement can be achieved through engaging visual content, innovative loyalty programs, and strengthening two-way relationships through social media platforms.

This research opens up opportunities for further studies, such as exploring emotional or psychological factors that can strengthen consumer engagement in value co-creation. In addition, further testing on different demographic segments or in the context of other social media platforms may provide greater insight into the dynamics of digital marketing in various markets.

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