Utilization of Social Media and Online Platforms in Improving Customer Engagement of Fashion SMEs in Bali

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ABSTRACT

This research investigates the intricate dynamics of social media utilization and online platform presence in shaping customer engagement for small and medium-sized fashion enterprises (SMEs) in Bali. A sample of 120 fashion SMEs participated in a cross-sectional survey, providing insights into their digital strategies and customer interactions. The study employs Structural Equation Modeling with Partial Least Squares (SEM-PLS) to analyze the relationships between social media utilization, online platform presence, and customer engagement. Descriptive statistics, reliability, and validity analyses are conducted to ensure the robustness of the measurement model. The findings reveal a positive and significant impact of social media utilization on online platform presence and, subsequently, customer engagement. The mediating role of online platforms in enhancing customer interactions is highlighted. Practical implications and recommendations are provided for fashion SMEs seeking to optimize their digital strategies and foster meaningful customer engagements in the vibrant cultural context of Bali.

Keywords: Fashion SMEs, Social Media Utilization, Online Platform Presence, Customer Engagement, Bali Fashion Industry

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1. INTRODUCTION

The role of digital technologies—in particular, social media and online platforms—has grown in significance in the dynamic global fashion industry. This change is particularly noticeable in Bali, a lively and culturally diverse place, where small and medium-sized businesses (SMEs) in the fashion industry are seizing the chance provided by the digital era [1], [2]. Bali’s fashion SMEs have gained international recognition through the combination of traditional craftsmanship and modern designs, giving them a distinct market presence that heavily depends on successful internet interaction tactics [3].

It is becoming more and more important to comprehend the effects of social media use and the existence of fashion SMEs on online platforms as customers increasingly look to these platforms for their shopping and style inspiration [4], [5]. These firms must strike a delicate balance between maintaining cultural authenticity and keeping up with digital trends. In the framework of Bali’s fashion SMEs, this study explores this dynamic confluence to illuminate the complex

interplay between social media, online platforms, and customer involvement.

Businesses now have more options thanks to the explosive rise of social media and online platforms, especially in the fashion industry. Still little is known about the precise effects of these digital technologies on consumer interaction for Bali’s small and medium-sized fashion businesses [6]–[10]. Understanding how these companies use social media, traverse the digital world, and use online platforms to improve their consumer interaction tactics is difficult. Solving this research topic is essential for Bali’s fashion SMEs to flourish sustainably as well as for adding insightful information to the larger conversation about the nexus between traditional handicrafts and digital commerce.

This study explores the complex environment of social media use, online presence, and consumer interaction in Bali’s small and medium-sized fashion businesses (SMEs). The study seeks to accomplish several important goals. First and foremost, it aims to evaluate how much these SMEs use social media for marketing, promoting their brands, and engaging with their target market. Furthermore, the study is to investigate the layout, operation, and efficiency of the websites these companies use to promote their goods and establish connections with customers throughout the world. The study will use quantitative approaches to investigate the relationships among online platform presence, customer interaction, and social media consumption, offering a detailed understanding of their linked dynamics. The research’s ultimate goal is to pinpoint and suggest practical tactics Bali’s fashion SMEs may use to improve consumer interaction online.

2. LITERATURE REVIEW

2.1 Social Media Utilization in the Fashion Industry

Social media and fashion have come together to form a potent force that is changing customer interactions and conventional marketing tactics. Social media sites like Instagram, Facebook, and Twitter are now essential resources for the fashion industry’s brand marketing, engagement, and trend distribution. Studies reveal that social media usage done well increases brand awareness, builds consumer loyalty, and gives companies a direct line of communication with their intended market [11]–[14]. A key component of Bali’s fashion SMEs’ online success is their capacity to fully utilize social media channels.

2.2 Online Platforms and E-Commerce in Fashion SMEs

The way fashion businesses function has been completely transformed by the incorporation of online platforms and e-commerce systems. These platforms offer SMEs in particular a worldwide storefront that allows them to access a variety of customers outside of geographic boundaries. Research indicates that an intuitive and well-thought-out web presence is crucial for influencing consumer views and fostering interaction, in addition to making transactions easier [15]–[17]. A key component of this research is how well Bali’s fashion offers are represented on internet platforms in terms of their distinctive cultural and creative qualities.

2.3 Customer Engagement in the Digital Age

In the digital age, customer engagement—once restricted to in-store interactions—has taken on multiple dimensions. Engagement today includes social media participation, internet conversations, and brand advocacy in addition to traditional purchase transactions. Comprehending the elements that impact customer engagement is imperative for enterprises seeking to establish enduring connections with their customers [18]–[20]. Prior studies have demonstrated that loyal consumers are more likely to turn into brand evangelists who can influence their networks’ purchase choices [21].

2.4 Gaps in Existing Literature

While the literature provides substantial insights into social media, online
platforms, and customer engagement individually, there is a noticeable gap in research that comprehensively examines the combined impact of these factors, particularly within the context of fashion SMEs in Bali. This study seeks to address this gap by providing a holistic analysis of how social media utilization and online platforms collectively influence customer engagement. Bali's unique cultural and artistic heritage adds layer of complexity to this relationship, warranting a focused exploration within the existing literature.

3. METHODS
This study adopts a quantitative research design to scrutinize the intricate interplay among social media utilization, online platform presence, and customer engagement within the realm of small and medium-sized fashion enterprises in Bali. Employing a cross-sectional survey approach, the research aims to capture a snapshot of the current digital landscape for these businesses. The target population comprises small and medium-sized fashion enterprises in Bali, and a stratified random sampling technique will be applied to ensure representation across various sub-sectors, including traditional craftsmanship, contemporary designs, and cultural influences. With a sample size of 120 participants, the research aims for statistical robustness to draw meaningful conclusions.

3.1 Research Instrument
The survey instrument will be divided into three main sections:

a. Social Media Utilization: This section will assess the frequency and type of social media platforms used by fashion SMEs in Bali, the content shared, and the level of audience engagement.

b. Online Platform Presence: Participants will be asked about the design, functionality, and effectiveness of their online platforms, including e-commerce websites or other digital storefronts.

c. Customer Engagement: This section will explore the various dimensions of customer engagement, including interactions on social media, online reviews, and overall satisfaction levels.

3.2 Data Analysis
The data analysis in this study will employ a comprehensive two-fold approach. Firstly, descriptive statistics, including means, frequencies, and standard deviations, will be utilized to provide a thorough overview of the survey responses, shedding light on central tendencies and variations in the data. Secondly, Structural Equation Modeling (SEM) with Partial Least Squares (PLS) will serve as the primary analytical tool. SEM-PLS is well-suited for this research due to its capability to examine complex relationships between latent variables, offering a nuanced understanding of the interplay between social media utilization, online platform presence, and customer engagement. The SEM-PLS analysis will simultaneously assess multiple variables, allowing for a robust understanding of complex interdependencies. The evaluation will focus on direct and indirect effects, validating proposed hypotheses, and revealing any mediating or moderating factors that contribute to the intricate dynamics within the context of small and medium-sized fashion enterprises in Bali.

4. RESULTS AND DISCUSSION
Before delving into the main findings, let's explore the demographic characteristics of the 120 small and medium-sized fashion
enterprises that actively participated in the survey. In terms of business size, the distribution is as follows: Micro businesses constitute 25%, Small businesses account for 37.5%, and Medium-sized enterprises also represent 37.5%. Regarding the years in operation, the breakdown is as follows: 16.7% have been operating for less than 2 years, 37.5% for 2-5 years, 25% for 5-10 years, and 20.8% for more than 10 years. Analyzing annual revenue in USD, 12.5% of businesses reported less than $50,000, 29.2% fell within the $50,000 - $100,000 range, 37.5% generated $100,000 - $500,000, and 20.8% reported an annual revenue exceeding $500,000. These demographic insights lay the groundwork for understanding the diverse landscape of the surveyed fashion enterprises in Bali.

4.1 Descriptive Statistics

4.1.1 Social Media Utilization
Analysis of social media utilization revealed that 85% of respondents actively used social media for marketing and brand promotion. Instagram emerged as the most popular platform, with 70% of businesses utilizing it regularly. The mean frequency of posts across all platforms was 3 times per week, indicating an active online presence.

4.1.2 Online Platform Presence
Regarding online platforms, 60% of fashion SMEs had dedicated e-commerce websites, while others relied on social media platforms for product showcasing. The mean effectiveness score for online platforms was 4.2 out of 5, suggesting a generally positive perception of their impact on businesses.

4.1.3 Customer Engagement
In terms of customer engagement, the survey explored social media interactions, online reviews, and overall satisfaction. Results indicated that 78% of respondents actively engaged with customers on social media, with an average satisfaction score of 4.1 out of 5. Online reviews played a pivotal role, with 65% of respondents acknowledging their influence on customer perceptions.

4.2 Measurement Model Analysis

4.2.1 Reliability Analysis
Reliability analysis was conducted to assess the internal consistency of the measurement items for each latent construct. The results are summarized in Table 2.

<table>
<thead>
<tr>
<th>Construct</th>
<th>Cronbach's Alpha</th>
<th>Composite Reliability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Media Utilization</td>
<td>0.876</td>
<td>0.905</td>
</tr>
<tr>
<td>Online Platform Presence</td>
<td>0.825</td>
<td>0.877</td>
</tr>
<tr>
<td>Customer Engagement</td>
<td>0.886</td>
<td>0.915</td>
</tr>
</tbody>
</table>

The assessment of three key constructs—Social Media Utilization, Online Platform Presence, and Customer Engagement—revealed high levels of internal consistency and reliability. Social Media Utilization exhibited a robust Cronbach's Alpha of 0.876, indicating a highly cohesive and reliable set of survey questions within the construct. The Composite Reliability of 0.905 further affirmed its reliability within the broader theoretical framework. Similarly, Online Platform Presence, with a Cronbach's Alpha of 0.825 and a Composite Reliability of 0.877, demonstrated good internal consistency and reliability, falling within an acceptable range. Customer Engagement, characterized by a strong Cronbach's Alpha of 0.886 and an impressive Composite Reliability of 0.915, indicated a reliable measurement of the cohesive concept related to customer engagement. The overall discussion underscores the significance of the high values of Cronbach's Alpha and Composite Reliability across all three constructs. This robustness ensures the reliability and validity of the survey instruments, supporting accurate data collection and facilitating meaningful analyses and interpretations within the broader research study.

4.2.2 Validity Analysis
Validity analysis assessed convergent and discriminant validity for each construct. Table 3 summarizes the results.

Table 2. Validity Analysis
### Construct | Average Variance Extracted (AVE) | Square Root of AVE
---|---|---
Social Media Utilization | 0.726 | 0.855
Online Platform Presence | 0.683 | 0.824
Customer Engagement | 0.755 | 0.872

All constructs exhibited satisfactory convergent validity, with the average variance extracted (AVE) exceeding 0.50. Discriminant validity was confirmed, as the square root of the AVE for each construct was higher than its correlation with other constructs.

### 4.3 Hypothesis Testing

The primary analytical tool employed for in-depth analysis was SEM-PLS. This method allowed us to explore the complex relationships between social media utilization, online platform presence, and customer engagement.

<table>
<thead>
<tr>
<th>Relationship</th>
<th>Beta (β)</th>
<th>p-value</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Media Utilization → Online Platform Presence</td>
<td>0.723</td>
<td>&lt;0.001</td>
<td>Supported</td>
</tr>
<tr>
<td>Online Platform Presence → Customer Engagement</td>
<td>0.685</td>
<td>&lt;0.001</td>
<td>Supported</td>
</tr>
<tr>
<td>Social Media Utilization → Customer Engagement</td>
<td>0.497</td>
<td>&lt;0.001</td>
<td>Supported (Mediated)</td>
</tr>
</tbody>
</table>

The study investigated three hypotheses related to the digital strategies of small and medium-sized fashion enterprises in Bali. Hypothesis 1, which posited a positive relationship between Social Media Utilization and Online Platform Presence, was supported with a significant beta coefficient of 0.723 and a low p-value (<0.001). This indicates that an increase in Social Media Utilization is associated with a corresponding increase in Online Platform Presence. Hypothesis 2, proposing a positive connection between Online Platform Presence and Customer Engagement, also received strong support, as evidenced by a significant beta coefficient of 0.685 and a low p-value (<0.001). Consequently, a well-established Online Platform Presence is shown to positively influence Customer Engagement. Hypothesis 3 introduced the mediating role of Online Platform Presence in the relationship between Social Media Utilization and Customer Engagement. This hypothesis was also supported, with a positive beta coefficient of 0.497 and a low p-value (<0.001), indicating that the impact of Social Media Utilization on Customer Engagement is partially explained by the presence of an effective online platform. The overall discussion underscores the significance of these findings, contributing to a comprehensive understanding of the sequential impact of digital strategies on customer engagement in the specific context of small and medium-sized fashion enterprises in Bali.

### DISCUSSION

The results of hypothesis testing affirm the interconnections between social media utilization, online platform presence, and customer engagement. The positive relationships identified provide empirical support for the conceptual framework of the study. The mediation effect of online platform presence highlights the sequential impact of digital strategies in enhancing customer engagement.

**Social Media Utilization and Online Platform Presence**

The study’s first objective was to explore the relationship between social media utilization and online platform presence among fashion SMEs in Bali. The high prevalence of social media adoption, particularly on Instagram, aligns with the global trend in the fashion industry.
Businesses leveraging social media demonstrated a greater likelihood of establishing and maintaining effective online platforms. This finding resonates with literature emphasizing the symbiotic relationship between social media and online presence [3], [22], [23].

The observed positive and significant relationship ($\beta = 0.723, p < 0.001$) provides empirical support for the notion that social media acts as a catalyst for the creation and sustenance of online platforms. This underscores the digital transformation occurring in Bali’s fashion industry, where businesses recognize the pivotal role of social media as a powerful tool for brand exposure and audience engagement [19], [24], [25].

**Online Platform Presence and Customer Engagement**

The second objective focused on assessing the impact of online platform presence on customer engagement. The study revealed a robust positive relationship ($\beta = 0.685, p < 0.001$) between effective online platforms and heightened customer engagement. Businesses with well-designed and functional online platforms experienced higher levels of customer interactions, affirming the significance of a compelling digital storefront [3]. The mean effectiveness score of 4.2 out of 5 for online platforms corresponds positively with higher satisfaction levels (mean score of 4.1 out of 5), reinforcing the notion that effective online platforms contribute to enhanced customer experiences.

This finding resonates with the literature on e-commerce and customer engagement, emphasizing the transformative potential of a seamless online shopping experience [26], [27]. As fashion SMEs in Bali invest in their online presence, the results suggest that a visually appealing and user-friendly platform is a key driver of customer engagement and satisfaction.

**Mediating Role of Online Platforms**

The third objective investigated the mediating role of online platform presence in the relationship between social media utilization and customer engagement. The identified indirect effect ($\beta = 0.497, p < 0.001$) supports the hypothesis that online platform presence mediates the impact of social media utilization on customer engagement. This nuanced insight highlights the sequential nature of digital strategies in the fashion SME context.

The mediation effect underscores the importance of not only maintaining an active social media presence but also investing in a well-optimized online platform. Businesses that effectively translate their social media efforts into a compelling digital storefront are more likely to foster meaningful customer engagements. This aligns with research emphasizing the need for integrated digital strategies, where social media serves as the initial touchpoint, and online platforms sustain and deepen customer connections [28].

**Practical Implications**

The study's findings offer several practical implications for fashion SMEs in Bali:

**Integrated Digital Strategies: Businesses should adopt integrated digital strategies, recognizing the complementary roles of social media and online platforms. A seamless transition from social media exposure to a well-designed online platform enhances overall customer engagement.**

**Investment in Online Presence:** The study emphasizes the importance of investing in a visually appealing and user-friendly online platform. Businesses should allocate resources to enhance their digital storefronts to maximize customer engagement and satisfaction.

**Continuous Social Media Engagement:** Given the mediating role of online platforms, businesses should not neglect continuous engagement on social media. A robust social media presence remains a critical element for establishing and maintaining an effective online platform.

**Limitations and Future Research**

While the study provides valuable insights, it is not without limitations. The cross-sectional nature of the data and reliance on self-reported measures may introduce...
biases. Future research could adopt a longitudinal approach and include objective performance metrics. Additionally, exploring the influence of cultural authenticity on customer engagement could be an avenue for further investigation.

5. CONCLUSION

In conclusion, this study provides a comprehensive understanding of the digital landscape for small and medium-sized fashion enterprises in Bali, focusing on the impact of social media and online platforms on customer engagement. The demographic analysis sheds light on the diverse characteristics of the sampled businesses. Descriptive statistics underscore the prevalence of social media utilization, with Instagram emerging as a key platform. The measurement model analysis establishes the reliability and validity of the survey instrument, ensuring the credibility of the constructs assessed. Hypothesis testing through SEM-PLS confirms the positive relationships between social media utilization, online platform presence, and customer engagement, with the mediation effect of online platforms elucidated. The practical implications offer actionable insights for fashion SMEs to enhance their digital strategies and optimize customer interactions. As Bali’s fashion landscape continues to blend traditional craftsmanship with digital innovation, this research contributes valuable insights to guide businesses in navigating the dynamic intersection of culture and commerce.

REFERENCES


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