


The Influence of Social Media Marketing Through Celebrities on The Growth of Umkm in Makassar City

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Article Info	ABSTRACT
Keywords: Marketing Cost, Net Profit, Sales Volume.	This study aims to analyze the impact of marketing costs on net profit, with sales volume as an intervening variable, within culinary and fashion businesses in Makassar City that utilize celebrity endorsement services. The research method employed is field research with a quantitative approach, and data was collected through questionnaires. The study population includes all culinary and fashion businesses in Makassar City, with a sample of 44 businesses selected randomly through probability sampling. Data analysis was conducted using path analysis techniques with the aid of SPSS software version 26. The findings reveal that: (1) Marketing costs do not have a direct effect on net profit, (2) Marketing costs have a direct and positive effect on sales volume, (3) Sales volume has a direct and significant impact on net profit, and (4) Marketing costs indirectly influence net profit positively through sales volume.
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INTRODUCTION

In the era of information disruption, business competition has intensified, marked by high levels of creativity and innovation from entrepreneurs striving to develop their businesses for optimal profit. Business success heavily relies on advancements in knowledge and technology, which require effective media to convey information to consumers. With rapid technological progress, our understanding has become broader and more open, making distance no longer a barrier to marketing products and increasing sales volume.

Today, there are various methods and approaches for marketing products or services that have become easier and more innovative for business players, thanks to technological advancements. This differs from the pre-digital technology era when conventional marketing methods were rather cumbersome and required higher promotional costs. In the past, business owners relied on traditional methods like newspaper ads, television, radio, and billboards to reach potential customers (Salendar, 2023). Although popular, these methods had limitations in audience segmentation and were difficult to measure in terms of effectiveness. The expenses incurred for marketing strategy formulation and implementing traditional methods tended to be higher, making it challenging for small businesses to compete with larger companies.

As one of the leading print media of its time, newspapers enabled businesses to reach a broad audience. However, their effectiveness was limited in understanding specific consumer preferences and behaviors. Television and radio also had wide reach but were less able to perform detailed audience segmentation. Meanwhile, print ads and billboards placed in strategic locations provided high visibility but did not allow direct measurement of results and required significant costs. Therefore, traditional marketing often required businesses to invest considerable time and money to reach their targeted audience.

With technological advancements, modern marketing methods and models have undergone significant changes. Now there are various ways to sell and promote products, one of which is through social media. Social media is an internet platform based on WEB 2.0 technology and ideology, serving as a tool for disseminating information to users. The advantage of social media, such as free access for users to create accounts, has a significant impact on business growth. Therefore, social media is seen as an effective means of promotion and communication for business players.

The use of online media recorded by Statistics Indonesia (BPS) reached 71.74%, while other media did not exceed 50%. Promotions using banners only reached 36.64%, brochures 30.16%, television/radio 8.65%,

newspapers/magazines only 7.41%, and other media 10.07%. From the percentage data on promotional tool usage, it can be concluded that online media is currently the most widely used promotional tool by business players in Indonesia, especially in the form of social media. Using social media to share and disseminate information is certainly easier and faster than other media. Additionally, the free account creation and large number of users on social networks enable small businesses, startups, and individuals interested in starting a business to enter the online marketing world without having to build extensive technological infrastructure.

Currently, there are various types of social media, such as WhatsApp, Facebook, Instagram, TikTok, Twitter, Line, and others. According to the Global Web Index (GWI) survey, one of the favorite social media platforms of Generation Z (ages 16–23) is Instagram, as evidenced by the high number of active users in this generation and the platform's benefits in meeting needs for interaction, communication, and information sharing. Entrepreneurs have several strategies to increase business profits, one of which is to increase sales volume while reducing costs (Sari, 2020). Profitability can be achieved when revenue from product sales exceeds the costs incurred. Therefore, business owners must be strategic and selective in targeting products to customers. In this way, they can more effectively reach the target sales volume within a specific timeframe. Sales volume refers to the total number of products sold in certain units over a certain period (Fadhila, 2023). The higher the sales volume, the greater the profit earned. Thus, monitoring sales volume is important to prevent potential business losses.

The sales volume achieved within a specific period serves as a key indicator of the success of a product's marketing strategy (Sujana, 2018). An increase in sales volume indicates that the marketing strategy implemented has been successful and that the product has received a positive response from customers. Conversely, a decrease in sales volume reveals challenges or suggests the need for diversification in marketing approaches.

Instagram currently plays a vital role for business players as a marketing medium. Additionally, Instagram serves as an online interaction platform between consumers and producers, which can potentially increase sales volume (Dewi, 2018). Social media platforms like Instagram enable individuals with a large following to act as digital opinion leaders, who can influence consumer preferences and buying behavior.

In the marketing industry, a prominent phenomenon is the rising influence of Instagram celebrities. These celebrities are individuals or Instagram users with a large number of followers who have a significant impact on consumer preferences and purchasing decisions. They often collaborate with businesses to create marketing opportunities through product or service promotions. Referring to the popularity of celebrities with thousands to millions of followers, this strategy enables broader market access and drives economic growth in the Makassar area. Businesses in Makassar recognize that Generation Z, who comprise a large portion of their consumers, are highly active on social media. Therefore, they adopt innovative marketing strategies like celebrity collaborations to increase competitiveness in the growing market. This strategy allows them to reach a wider audience, promote products attractively, and build a strong brand image among Generation Z.

However, using celebrities as endorsers also has negative impacts (Nasih et al., 2020). These negative effects can arise if the selected celebrity does not align with the brand or product image, making the collaboration seem less authentic. Additionally, celebrities sometimes misuse review content in promoting products, where the reviews shared are not always honest. In other words, collaboration with celebrities can open up opportunities for them to mislead their followers about the product (Qiarasyifa, n.d.). Therefore, it is crucial for businesses to be selective in choosing celebrities as part of their product marketing strategy. A celebrity's reputation significantly affects the product's credibility; if the celebrity becomes involved in negative news, it can diminish the positive image of the product they promote.

On the other hand, using celebrities in marketing strategies also entails significant cost implications. Business players need to allocate funds for celebrity fees, products or services provided to celebrities, and additional costs related to promotional activities. Celebrities with a large following typically set specific rates for promoting products or services, which can become a substantial investment depending on the celebrity's popularity and influence level. Some celebrities may even request free products or discounts, which could impact the company's profit margins. Therefore, careful financial planning is essential to understand the cost impact of this strategy. Moreover, other promotion-related expenses, such as special content production for celebrities, product shipping costs, and additional fees, also need to be considered, as they can increase the financial burden on business players.

Business owners often face challenges in allocating marketing budgets when resources are limited (Ariescy et al., 2021). Therefore, it is essential for them to understand the impact of marketing costs on the sales volume of products or services promoted through celebrities. This understanding allows businesses to determine when to increase resource allocation for celebrity promotions, in alignment with business goals and conditions. The relationship between marketing costs, sales volume, and profit is considered optimal if marketing or

promotional activities lead to a significant increase in sales volume and substantial profit for business owners. However, many cases show that high sales volume growth does not always correspond with profit growth proportionate to the increase in sales.

This study aims to: (1) assess the direct impact of marketing costs on net profit in culinary and fashion businesses that utilize celebrity endorsements in Makassar, (2) evaluate the influence of marketing costs on sales volume in these businesses, (3) examine the impact of sales volume on net profit in culinary and fashion businesses using celebrity endorsements in Makassar, and (4) analyze the indirect effect of marketing costs on net profit through sales volume in culinary and fashion businesses using celebrity endorsement promotions in Makassar.

In running their businesses, every business owner generally aims to expand and enhance their business activities to achieve the main goal, which is to gain profit from the revenue generated. To achieve these profits, businesses require a marketing strategy, one of which is through promotion (Yusuf Saleh et al., 2019). This strategy involves various marketing and promotional activities aimed at influencing consumers to develop interest and continue purchasing, so that sales can reach the expected targets. Marketing costs include all expenses incurred to promote and sell products (Mulyadi, 2015). These costs cover advertising, promotional activities, transportation from the company's warehouse to the buyer's location, salaries of employees specifically engaged in marketing, and the cost of providing product samples. One of the main factors in marketing is product or service promotion. Effective promotion can attract potential buyers' attention, encouraging them to learn more about and try the promoted product.

In this study, marketing costs serve as the primary foundation for driving sales volume growth. Referring to Philip Kotler's statement translated by Benjamin Molan (2007), an increase in the marketing budget will generally be followed by an increase in sales volume. A business certainly requires an adequate budget to achieve its operational objectives. Market-oriented businesses are always driven to maximize profits while prioritizing customer satisfaction. To reach these goals, an efficient promotional approach is necessary. From the explanation above, it can be concluded that marketing costs play an essential role in increasing sales. Through promotional activities, businesses can implement various strategies to raise consumer awareness of their products and stimulate market demand. The larger the budget allocated for promotion, the greater the business's opportunity to boost its sales volume (Firdaus, 2011).

Sales volume refers to the total sales generated from sales activities (Rangkuti, 2013). The higher the achieved sales volume, the greater the business's opportunity to gain profits. Sales volume serves as an important indicator that needs to be evaluated regularly to avoid potential losses. Therefore, businesses should focus on profitable sales rather than merely increasing overall sales volume. One important factor in determining sales volume is evaluating distribution channels to identify market opportunities and maximize profits. Generally, the wider the distribution channel reach, the higher the costs required. However, this also increases product exposure and supports sales volume growth (Anjayani & Febriyanti, 2022). In cases of intense market competition, businesses need to formulate more effective marketing strategies. A good marketing strategy will help businesses improve their sales (Sampe et al., 2023). Sales volume growth indirectly impacts profit achievement and the costs incurred to market the product. Therefore, sales volume acts as an intervening variable between marketing costs and net profit. In this context, sales volume serves as a mediating variable, meaning the effect of marketing costs on net profit is indirect, mediated by sales volume as an intermediary. **Development of Hypotheses**

Previous studies have examined and measured the effect of marketing costs on profit, such as those conducted by Pranajaya et al. (2021), Nurawaliah et al. (2020), and Sembiring & Siregar (2018). The findings from these studies indicate that marketing costs have a positive and significant effect on net profit. The primary objective of marketing is to achieve profitability by implementing marketing concepts aimed at strengthening relationships with consumers, ultimately benefiting the business. Based on this, the following preliminary hypothesis can be formulated: H1: Marketing costs have a positive effect on net profit in culinary and fashion businesses using celebrity endorsements in Makassar. Additionally, research by Pebriani & Mulyadi (2022) and Suastriani & Haryati (2021) shows that promotional expenses positively and significantly impact sales volume. Promotional costs are a direct factor influencing sales levels. Based on this, the following preliminary hypothesis can be formulated: H2: Marketing costs have a positive effect on sales volume in culinary and fashion businesses using celebrity endorsements in Makassar. Previous research by Lisna & Hambali (2020) shows that sales volume positively affects net profit. Business profitability can be achieved when product sales exceed incurred costs. Based on this, the following preliminary hypothesis can be concluded: H3: Sales volume has a positive effect on net profit in culinary and fashion businesses using celebrity endorsements in Makassar. According to a study by Setyawati & Priyastiwati (2020), promotional expenses indirectly affect net profit through sales volume. There is a strong relationship between promotional costs, sales volume, and profitability, but promotional costs and profits cannot be directly linked without the mediating role of sales volume. Therefore, the following preliminary

hypothesis can be formulated: H4: Marketing costs have a positive effect on net profit through sales volume in culinary and fashion businesses using celebrity endorsements in Makassar.

RESEARCH METHOD

This study uses a quantitative approach to describe the relationships between variables. The type of research applied is field research. The population includes all culinary and fashion business owners in Makassar City; however, this study focuses on business owners who use celebrity endorsements for promotion. The sampling technique used is probability sampling with the simple random sampling method, which is a technique for selecting samples from the population without considering levels or strata within the population (Sugiyono, 1999). The sample size was determined using the Krejcie & Morgan table (1970), resulting in 44 business owners as a sample from a total population of 50 business owners. Data analysis in this study is conducted with the following model:

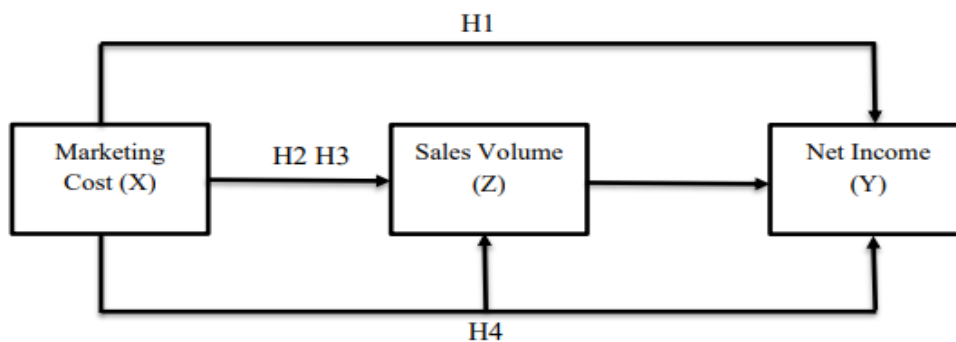


Figure 1. Research conceptual framework

In this study, the data were analyzed using the Path Analysis Method. Path analysis is a development of multiple regression that allows testing of more complex relationships. This method utilizes intermediate variables to identify indirect effects in the relationship between two variables, so as to provide a deeper understanding of the path of influence that occurs (Sarwono, 2007). The purpose of path analysis is to analyze data by first forming a model equation.

RESULT AND DISCUSSION

This study shows that the Sales Volume (Z) variable has a significant direct and positive effect on Net Profit (Y) in the culinary and fashion business that utilizes celebrity promotions in Makassar. With a coefficient of 0.443 and a significance level of 0.011 (<0.05), an increase in sales volume significantly contributes to an increase in net profit, so the third hypothesis is accepted. Furthermore, the t-test results indicate that Marketing Cost (X) does not have a significant direct impact on Net Profit (Y). However, Marketing Cost has a direct and positive effect on Sales Volume (Z), and Sales Volume also has a direct effect on net profit.

The results of path analysis show that the fourth hypothesis is accepted, with the value of the indirect effect of Marketing Cost on Net Profit of 0.309 through Sales Volume as a mediator, supported by a significance value of $0.125 > 0.05$ and $0.011 < 0.05$. Thus, Sales Volume functions as a mediating variable in the relationship between marketing cost and net profit for businesses using celebrity services in Makassar. Respondents in this study are culinary and fashion businesses in Makassar City that utilize celebrity promotion services. The instrument used in this study was a questionnaire distributed both online and offline to each respondent. Researchers gave questionnaires to respondents for approximately two weeks. Business actors in Makassar City can be reviewed based on several characteristics, such as age, gender, type of business field, and monthly business income.

Based on the research data, business respondents with female gender amounted to 29 people or 66%, more than men who amounted to 15 people or 34%. The age range of <30 years dominates with 66% or 29 people, showing great interest from the younger generation in developing businesses in the culinary and fashion fields. Based on monthly business income, most business owners earn a good income, averaging Rp1,000,000 - Rp10,000,000 per month, with 28 business owners or 64%. Revenue in this range is generally achieved by the majority of culinary and fashion businesses in Makassar City. With this positive development of business income, it can be concluded that the current growth of the business world in Makassar City provides good motivation for future business progress.

Table 1. Summary of Regression Model I Testing Results

Model Summary				
Type	R	R Square	Adjusted R Square	Std. Error Of The Estimate
1	.697a	.486	.474	2.35835

*) data source SPSS software version 26.

In Table 1 above, it is known that the R Square value is 0.486. This means that Marketing Costs (X) have an influence on Sales Volume (Z) of 48.6%, while the remaining 51.4% is influenced by other variables not included in this study. The error value of model I (e1) can be calculated using the following formula:

$$\sqrt{1 - 0,486} = 0,716$$

This result shows that the error term (e1) is 0.716 for the first regression model.

Table 2. Regression Test Results - Coefficient II

Type	B	Unstandardized coefficients Std.Error	Standardized Coefficients Beta	t	Sig.
1 (Constant)	16.228	4.712		3.444	.001
X	.217	.139	.259	1.564	.125
Y	.850	.318	.443	2.676	.011

Table 3. Regression Test Results - Model Summary II

Type	R	R Square	Adjusted R Square	Std. Error Of the Estimate
1	.651a	.423	.395	4.85333

*) data source SPSS software version 26.

The regression equation can be explained as follows:

1. The marketing cost coefficient value of 0.259 indicates that the marketing cost variable does not have a significant effect on net profit. Although it has a positive coefficient, its influence is not strong enough to demonstrate a significant positive relationship with net profit in the context of this study.
2. The sales volume coefficient value of 0.443 indicates that the sales volume variable has a positive effect on net profit. This means that an increase in sales volume tends to contribute to an increase in net profit, suggesting that the sales volume variable can be considered a significant factor influencing net profit in this study.

Based on the R Square value of 0.423 in Table 3, this indicates that the effect of Marketing Costs (X) and Net Profit (Y) on Sales Volume (Z) is 42.3%. Meanwhile, the remaining 57.7% is influenced by other variables not included in this study.

Direct Influence Path Analysis

1. Effect of Marketing Costs on Net Profit

To test the direct impact of marketing costs on net profit, the analysis is based on the significance value of 0.125, which is greater than the threshold of 0.05. The obtained Standardized Coefficients Beta value of 0.259 indicates that the direct effect of marketing costs on net profit is positive but not significant. Therefore, the hypothesis stating that there is a direct effect of marketing costs on net profit in the context of culinary and fashion businesses using celebrity endorsements in Makassar cannot be accepted.

2. Effect of Sales Volume on Net Profit

Next, to test the direct effect of the sales volume variable on net profit, the results show a significance of 0.011 (<0.05) with a Standardized Coefficients Beta of 0.443. This result indicates that sales volume has a significant and positive effect on net profit, allowing us to accept the hypothesis that states a positive effect of sales volume on net profit in culinary and fashion businesses using celebrities in Makassar.

Indirect Influence Path Analysis

To determine the indirect effect of marketing costs on net profit through sales volume, the calculation is performed by multiplying the direct effect of marketing costs on sales volume by the direct effect of sales volume on net profit, as follows:

$$0,697 \times 0,443 = 0,309$$

The total amount of influence exerted by the Marketing Cost variable (X) on Net Profit (Y) is a combination of direct and indirect effects, namely:

$$0,259 + 0,309 = 0,568$$

Thus, the total effect of marketing costs on net profit is 0.568. Theoretically, marketing costs have an impact on net profit, and this effect is generally negative because marketing costs indirectly reduce revenue, thereby squeezing profits. The results of this study are consistent with economic principles, such as the Law of Diminishing Returns in the context of marketing, which has been adjusted and applied by various experts and business practitioners.

Based on the research findings, it is evident that, in isolation, Marketing Costs (X) do not have a direct and negative effect on Net Profit (Y) in the culinary and fashion businesses using celebrity endorsements in Makassar City. This is supported by the marketing cost coefficient (X) of 0.259 with a significance level of $0.125 > 0.05$. This coefficient value indicates that when Marketing Costs (X) increase, it does not significantly contribute to increasing Net Profit (Y). This may be attributed to the high marketing costs incurred by business owners, particularly for promotions through celebrity endorsements, which are not effective in boosting their net profits. Therefore, hypothesis H1 is rejected, meaning that the Marketing Costs (X) variable does not have a partial effect on Net Profit (Y).

Several economists, such as Adam Smith and Alfred Marshall, have contributed to the understanding of economies of scale and their relationship with net profit. The theory of economies of scale states that net profit can increase as sales volume increases, which is generally associated with the concept of cost efficiency per unit. According to this theory, the larger the sales volume, the lower the cost per unit incurred, which can ultimately enhance net profit.

CONCLUSION

From the results of this study, it can be concluded that marketing costs (X) in the culinary and fashion businesses in Makassar City do not have a significant direct impact on net profit (Y). This finding is supported by the regression test in Model 1, which shows a significance value greater than 0.05, leading to the rejection of the alternative hypothesis proposing a positive effect of marketing costs on net profit. However, there is a significant effect of sales volume (Z) on net profit, evidenced by the test results showing a significance value less than 0.05. Sales volume positively influences net profit, supporting the hypothesis that an increase in sales volume can enhance business profits. In the test for indirect effects, it was found that marketing costs can influence net profit indirectly through sales volume. Sales volume acts as a mediating variable that strengthens the relationship between marketing costs and net profit, indicating that strategies aimed at increasing sales volume can be key to boosting profits without relying directly on marketing expenditures.

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