# *Continuance Intention* of Micro Entrepreneurs using Social Media: The *Word-of-Mouth* Impact

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| *Keywords* | Abstract |
|---|---|
| *Word of Mouth;*<br><br>*Perceived Usefulness;*<br><br>*Consumer Satisfaction;*<br><br>*Perceived Ease of Use;*<br><br>*Continuance Intention;* | This study aims to analyze the effect of continuing intention, word of mouth, perceptions of benefits, habits, consumer satisfaction, perceptions of the ease with which micro entrepreneurs market their products or services on the *TikTok* application. Data were obtained from online questionnaires distributed through social media. The technique of entering the sample uses non-probability sampling. Respondents in this study were 262 micro-entrepreneurs who use *TikTok* as a marketing medium in Indonesia. The dependent variable in this study is continuous intention, free from word of mouth. Intervening variables consist of perceived usefulness, habits, consumer satisfaction, and perceived ease of use. The analytical method in this research is Structural Equation Modeling (SEM) using SPSS and AMOS software version 22.0. The results of the study prove that the intention to continue has an effect on consumer habits and satisfaction. In addition, word of mouth has no effect on perceived usefulness, perceived usefulness has no effect on continuation intentions, and perceived ease of use does not affect continuation intentions. |

## 1. Introduction

*TikTok* is an application made by the company ByteDance Inc., which was launched in September 2016. This app is a music app that used to lip-sync with a duration of 15 seconds and has now been extended by 60 seconds. *TikTok* can also be used with the user choosing special effects that make the video more interesting. Many say, some momentum or events that have the potential to be discussed by many people are one of the reasons why the increase in users of this application is climbing very

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quickly. *TikTok* in Indonesia began to appear in September 2017. With internet user data that continues to increase in Indonesia every year, ByteDance Inc.

Figure 1
Ratings of the *TikTok* app on the AppStore in the entertainment category
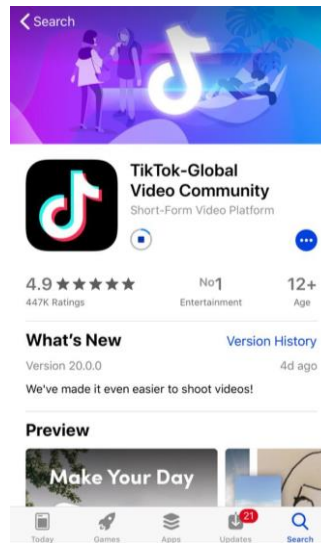


Source: Data maintained by the Author.

Media Kata Data also wrote an article stating that India is *TikTok*'s biggest market. Throughout the middle of 2020, the short video application reached 99.8 million downloads. *TikTok* is said to have lost up to US$ 6 billion or Rp. 87 trillion at an exchange rate of Rp. 14,500/US$ due to the blocking by the Indian government, the United States (US) followed India with 45.6 million *TikTok* downloads, but the US national security authorities are also reviewing the company. behind *TikTok*, ByteDance in November last year with the results of its investigation stating that there was an alleged user data collection(Data Word, 2020). In Indonesia, the number of downloaders for the *TikTok* application has reached more than 20 million and this trend will continue to grow until 2021.

Equipped with complete editing tools features, Smesco Indonesia in the news page written by Maullana Ishak(Isaac, 2021)also stated that more than 10 million active users in Indonesia make *TikTok* a good market share for marketing products for small and medium enterprises (SMEs) and small and medium industries (IKM). *TikTok* responded to this opportunity by developing its business in e-commerce competition and publishing the *TikTok* Shop feature in Indonesia starting April 2021 (Stephanie, 2021). With this feature, users can chat with micro-entrepreneurs who use *TikTok* as their marketing medium, shop, and transact directly when they see posts by users who market their products or services in the *TikTok* application.

Figure 2
How to shop through the *TikTok* Shop feature
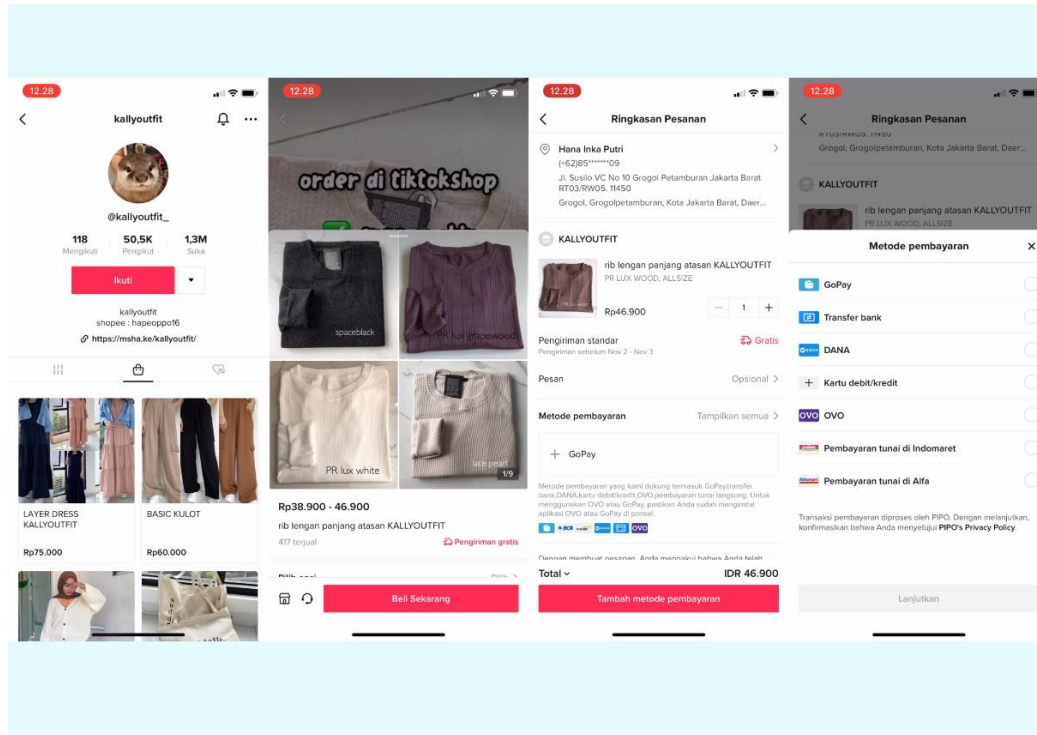


Source: Data maintained by the Author

*TikTok* makes it easy for users to explain exactly how the application's recommendation algorithm works to other users, so that videos uploaded by users are attractive.(Hutchinson, 2020). So there is a phenomenon of micro entrepreneurs in Indonesia who create *TikTok* accounts and also use *TikTok* for business promotion. Moukaddem Baalbaki et al.(2017)also argues that "WOM communication as a reliable competitive advantage tool". Which means WOM communication as a reliable competitive advantage tool.

Sharmin et al. (2021) confirms that The activity of using social media can increase the perceived usefulness for consumers and the intention to adopt the service for overall satisfaction. Tam et al (2020) also emphasized that "the habits of using mobile apps will encourage the intention of continuing to use the same mobile apps, as individuals tend to perform automatic behaviours".Kuo and Nakhata (2019) said that consumer satisfaction has been demonstrated in a way in which group member satisfaction increases only after knowing that group satisfaction is higher than what individuals perceive.according to Lee and Luo (2015)considers that perceived ease of use is one of the success factors in terms of cellular industry satisfaction. According to Tam et al.(2020)The factors that influence social media users continuously (continuance intention) is to influence the level of consumer satisfaction about social applications with the aim of continuing.

## 2. Methods

This study uses quantitative methods with survey methods for descriptive analysis and causality relationship techniques using the structural equation model (SEM) model. The population in this study are micro-entrepreneurs who use *TikTok* as a marketing medium in Indonesia. The sampling technique used was non-probability sampling. The criteria used as respondents are: micro-entrepreneurs who have installed the *TikTok* application on the PlayStore/AppStore for less than one year, have a *TikTok* account, use their *TikTok* account as one of their business marketing media, micro-entrepreneurs are in the territory of Indonesia.

In this study, the number of respondents was 262 respondents. In accordance with the research conducted by Ofori above which uses Structural Equation Modeling (SEM) in its analysis method, the author will adopt the use of the Ofori sample (2015) with the number of samples used in this study as many as 262 respondents. The data collection method in this study is a questionnaire method distributed online with a Likert scale of six scores, namely one to six, which measures each item in the answer to the statement/question in the questionnaire. While the data analysis used Structural Equation Modeling (SEM) with SPSS and AMOS 22 software.

## 3. Finding and Discussion

*Descriptive Analysis*

The profiles of respondents analyzed include gender, age, type of business field, since when you started a business and level of education completed as follows:

Table 1 Frequency of Respondents Using the *TikTok* Application as a Promotional Media

| Frequency | Amount | Percentage | Frequency | Amount | Percentage |
|-----------|--------|------------|-----------|--------|------------|
| < 1 Year | 123 | 46.9% | 17 - 30 Years | 154 | 58.8 |
| 15 years | 132 | 50.4% | 31 - 40 Years | 84 | 32.1 |
| 5 - 10 Years | 5 | 1.9% | 41 - 50 Years | 24 | 9.2 |
| > 10 Years | 2 | 0.8% | **Total** | **262** | **100.0** |

Source: Data processed by the author.

The frequency of each respondent in using the *TikTok* application as a promotional media is different, 132 (50.4%) respondents started using the last 1-5 years, 123 (46.9%) respondents started using less than 1 year, 5 (1 ,9%) of respondents started using it in the last 5 – 10 years, and 2 (0.8%) of respondents started using it more than the last 10 years. The research data also stated that the distribution of the respondents' business locations was found to be 208 (79.4%) from Java and 54 (20.6%) respondents to have businesses spread across the islands of Sumatra to Bali. This shows that respondents are micro entrepreneurs who use *TikTok* as a marketing medium in almost all parts of Indonesia as follows.

Figure 3. Duration of social media usage per day
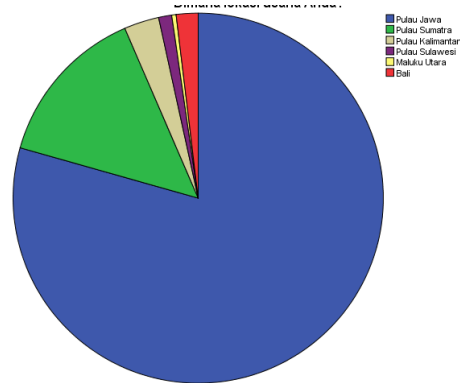


Source: Data processed by the author.

*Validity test*

The recapitulation of the results of the Validity test with SPSS version 22 using Corrected Item-Todal Correlation by comparing the value of rcount and rtable value (df = 262; 0.05) shows the results of all valid statement items as follows:

Table 2. Validity Test Results

| Items | rcount | rtable | Description |
|-------|--------|--------|-------------|
| X1.1 | 0.785 | 0.121 | VALID |
| X1.2 | 0.823 | 0.121 | VALID |
| X1.3 | 0.767 | 0.121 | VALID |
| X1.4 | 0.771 | 0.121 | VALID |
| X1.5 | 0.728 | 0.121 | VALID |
| Y1.1 | 0.704 | 0.121 | VALID |
| Y1.2 | 0.818 | 0.121 | VALID |
| Y1.3 | 0.842 | 0.121 | VALID |
| Y1.4 | 0.870 | 0.121 | VALID |
| Y1.5 | 0.840 | 0.121 | VALID |
| Y2.1 | 0.566 | 0.121 | VALID |
| Y2.2 | 0.797 | 0.121 | VALID |
| Y2.3 | 0.839 | 0.121 | VALID |
| Y2.4 | 0.842 | 0.121 | VALID |
| Y2.5 | 0.728 | 0.121 | VALID |
| Y3.1 | 0.843 | 0.121 | VALID |
| Y3.2 | 0.863 | 0.121 | VALID |

| N | 262 |
|--------------|-------|
| df | 260 |
| Significance | 0.05 |
| table | 1,969 |
| rtable | 0.121 |

| Y3.3 | 0.775 | 0.121 | VALID |
|------|-------|-------|-------|
| Y3,4 | 0.800 | 0.121 | VALID |
| Y3.5 | 0.842 | 0.121 | VALID |
| Y4.1 | 0.846 | 0.121 | VALID |
| Y4.2 | 0.724 | 0.121 | VALID |
| Y4.3 | 0.896 | 0.121 | VALID |
| Y4.4 | 0.729 | 0.121 | VALID |
| Y4.5 | 0.622 | 0.121 | VALID |
| Z1.1 | 0.799 | 0.121 | VALID |
| Z1.2 | 0.829 | 0.121 | VALID |
| Z1.3 | 0.801 | 0.121 | VALID |
| Z1.4 | 0.630 | 0.121 | VALID |
| Z1.5 | 0.820 | 0.121 | VALID |

Source: Data processed by researchers (2021).

*Test Reliability*

The reliability test was carried out by showing that the number of samples (N) was 262 respondents and all questionnaires were filled with the appropriate number of samples. The Reliability Statistics table shows that there are 30 statement items with a calculated value of Cornbach's Alpha of 0.927. It meets the requirements of the test criteria which show the value of Cornbach's Alpha > 0.6, then the research instrument is said to be reliable. The model formed based on the parameters and indicators used in the study for Confirmatory Factor Analysis with AMOS can be seen in the following figure.

Figure 4. Structural model after re-specification
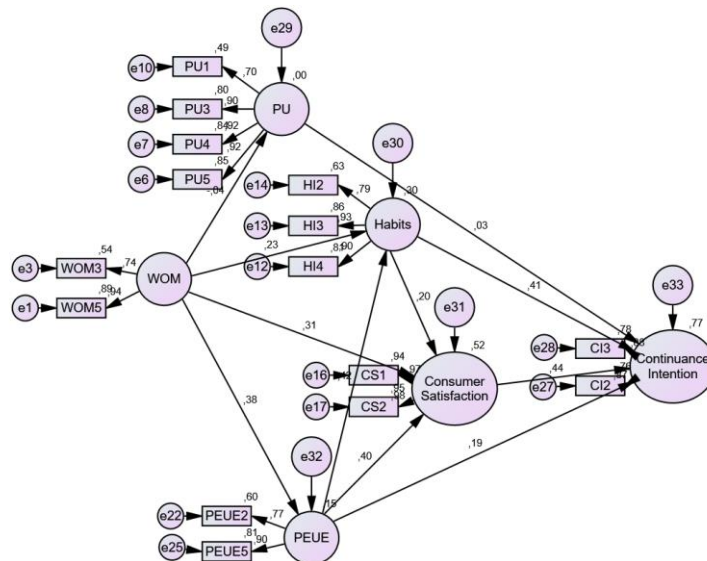
The analysis was carried out on several parameters of the model suitability test index on SEM with the test results in the table below:

Table 3 Recapitulation of Index Analysis Results *Goodness of Fit Index*

| No | *Goodness of fit index* | Mark | *Cut off Value* (Boundary Value) | Criteria Decision |
|----|------------------------|------|----------------------------------|-------------------|
| 1 | GFI | 0.955 | 0.90 | *Good Fit* |
| 2 | RMR | 0.025 | 0.05 | *Marginal Fit* |
| 3 | CMIN/DF | 1.181 | < 2 | *Good Fit* |
| 4 | CFI | 0.995 | 0.90 | *Good Fit* |
| 5 | TLI or NNFI | 0.994 | 0.90 | *Fit* |
| 6 | RMSEA | 0.026 | 0.08 | *Good Fit* |
| 7 | AGFI | 0.931 | 0.90 | *Good Fit* |

Source: Data processed by the author based on proposal of Haryono & Wardoyo (2015)

Based on table 3, it shows that after the re-specification of the model, all the constructs of the research model used have been included in the criteria for good fit values, so there is no need for further model improvement. This indicates that the research model used is appropriate and can be used to answer the research hypothesis.

*Hypothesis testing*

Hypothesis testing can be said to be significant if the CR value > t table (0.05; 262), or the CR value > 1.972 or using the standard value of 1.96 and the P value <0.05, while the strength of the influence can be seen in the estimate value based on Generalized Least Squares Estimates-Regression Weights in the following table:

Table 4 Hypothesis Test Results

| H | Variable | Estimate | SE | CR | P | Label |
|----|----------|----------|------|--------|-------|----------|
| H1 | PU←WOM | -0.051 | 0.088 | -0.579 | 0.563 | Rejected |
| H2 | Habits←WOM | 0.327 | 0.099 | 3,302 | *** | Received |
| H3 | consumer_Satisfaction←WOM | 0.366 | 0.075 | 4,894 | *** | Received |
| H4 | PEUE←WOM | 0.398 | 0.077 | 5.161 | *** | Received |
| H5 | Continuance_Intention←PU | 0.024 | 0.036 | 0.657 | 0.511 | Rejected |

| H6 | Continuance_ Intention←Habits | 0.333 | 0.045 | 7,488 | *** | Received |
|----|---------------------------------|-------|-------|-------|-----|----------|
| H7 | consumer_ Satisfaction←PEUE | 0.452 | 0.077 | 5,836 | *** | Received |
| H8 | Habits←PEUE | 0.582 | 0.101 | 5,782 | *** | Received |
| H9 | consumer_ Satisfaction←Habits | 0.166 | 0.05 | 3,331 | *** | Received |
| H10 | Continuance_ Intention←Consumer Satisfaction | 0.438 | 0.058 | 7,497 | *** | Received |
| H11 | Continuance_ Intention←PEUE | 0.217 | 0.071 | 3,077 | 0.002 | Rejected |

Source: Data processed by the author.

H1 : Word of mouth has no positive and significant effect on perceived usefulness. Matute et al., (2016) understand the quality of word of mouth as a direct antecedent of perceived usefulness. Thus, *TikTok* users who previously promoted their business can post their own reviews through marketing activities carried out by micro-entrepreneurs. This can make a contribution for *TikTok* users to offer practical information for other users in increasing the perceived usefulness of the *TikTok* application.

H2: Word of mouth has a positive and significant effect on habits. This is in accordance with the opinion of Tam et al. (2020) also emphasized that "the habits of using mobile apps will encourage the intention of continuing to use the same mobile apps, as individuals tend to perform automatic behaviours." Which means that the habit of using mobile applications will be able to encourage the intention to continue using the same mobile application, because individuals tend to perform automatic behavior. In this case, word of mouth really helps micro entrepreneurs to get used to using *TikTok* as their marketing medium.

H3 : Word of mouth has a positive and significant effect on consumer satisfaction. This is in accordance with the opinion of Kuo and Nakhata (2019) who said that consumer satisfaction has been shown in a way in which the satisfaction of group members increases only after knowing that group satisfaction is higher than what individuals perceive. The way in which micro-entrepreneurs market their business through *TikTok* shows that the satisfaction of other *TikTok* users shows satisfaction more quickly in buying their business products after being told by word of mouth.

H4: Word of mouth has a positive and significant effect on perceived ease of use. This is in accordance with the opinion of Ofori et al. (2015) suggested that the ease of using social media applications is the extent to which a person believes that using a particular system will be free from excessive effort. In this paper, word of mouth can be very effective in knowing that someone will be more confident in buying a product from micro entrepreneurs who market their business on *TikTok* on the grounds that they will be free from excessive user efforts to find out what product to buy.

H5: Perceived usefulness has no positive and significant effect on continuance intention. Lee and Luo (2015) wrote about the factors related to continuance intention, one of which is that perceived usefulness has an influence in using e-commerce with cell phones on an ongoing basis (continuance intention). In this writing, the subject of micro-entrepreneurs who do business in marketing products using the *TikTok* application have not felt the real use of whether the *TikTok* application is effective in promoting their business or not.

H6: Habits have a positive and significant effect on continuance intention. This is supported by the statement by Sari and Pradhana (2018) in their research which explains that habits are in the

form of decisions to display certain behaviors which are the result of a rational process that is directed at a goal and follows a sequence of thoughts to consider a decision to use the application continuously.

H7: Perceived ease of use has a positive and significant effect on continuance intention. This is supported by the statement of Lee and Luo (2015) who consider that perceived ease of use is one of the success factors in terms of cellular industry satisfaction. In this case, *TikTok* has succeeded in making it easier for users, especially micro entrepreneurs to market their products on the *TikTok* application.

H8: Perceived ease of use has a positive and significant effect on habits. This is supported by the statement of Amroso & Lim (2017) that habits can be formed even though there are conflicting rational data, which can be explained by the behavioral economics and psychology literature. In this case, the ease of users, namely micro entrepreneurs in promoting their business, can make it a habit to inform their product details through *TikTok*.

H9: Consumer satisfaction has a positive and significant effect on habits. This is supported by Solani (2019) which states that more and more individuals find that the ease of using social media platforms may lead to some habitual tendencies.

H10: Consumer satisfaction has a positive and significant effect on continuance intention. Ashrafi (2020) wrote about the factors related to continuance intention which stated that consumer satisfaction has an influence on students in using the learning management system on an ongoing basis (continuance intention). In this writing, the subject of micro-entrepreneurs who do business in marketing products using the *TikTok* application feels satisfaction and feels effective in promoting their business on the *TikTok* application.

H11: Perceived ease of use has no positive and significant effect on continuance intention. Mensah (2019) also wrote about factors related to continuance intention which stated that perceived ease of use had an influence on the convenience of mobile government services on an ongoing basis (continuance intention). In this writing, the subject of micro-entrepreneurs who do business in marketing products using the *TikTok* application have not felt the ease of using the features in the application so that the perceived ease of use variable is reluctant to be considered in using this application continuously.

## 4. Conclusion

This study aims to analyze the effect of continuance intention, word of mouth, perceived usefulness, habits, consumer satisfaction, perceived ease of use of micro entrepreneurs in marketing products or services on the *TikTok* application. And the results of this study are proving that continuance intention has an effect on habits and consumer satisfaction. In addition, word of mouth has no effect on perceived usefulness, perceived usefulness has no effect on continuance intention, and perceived ease of use has no effect on continuance intention. It can be concluded that micro-entrepreneurs have a continuing intention to use *TikTok* as their marketing medium. Based on the research results, The indicators of continuance intention applied to the statement of research questionnaires to respondents who can survive and can be improved by *TikTok* are "Using *TikTok* has become automatic for me" and "I will continue to use *TikTok* as often as I do now". This can be improved by *TikTok* in developing its application, because micro-entrepreneurs have committed to using *TikTok* more often than they do now to market their products.

This study resulted in the finding that the need for micro entrepreneurs in marketing their products is to require features about opinions from other users regarding reviews of products that

have been offered by micro entrepreneurs through *TikTok* and this can be a very good value in the eyes of consumers.

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