The Impact of Social Media Usage on Business Performance Makeup Artists Mediated by Competitive Advantage (Study on The Makeup Artist Services Business in Indonesia)

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Abstract
The objective of this inquiry is to investigate how social media use affects the performance of service-based companies. The research involved surveying 112 makeup artist business owners in Indonesia, using quantitative techniques, and examining the collected information with SmartPLS (Partial Least Square). The results reveal that social media utilization has a noteworthy and positive impact on business performance, with competitive advantage serving as a mediator in this connection (partial mediation). Additionally, the study indicates that social media is an effective tool for enhancing marketing efforts, customer service, and accessibility to information, which can lead to improved performance. As a result, companies that can achieve and maintain a competitive advantage can automatically achieve good business performance.

Keywords: Social Media Usage, Business Performance, Competitive Advantage, Makeup Artist, Services Business

1. Introduction & Literature Review
1.1 Introduction
According to data from Indonesia's Central Bureau of Statistics, the beauty and makeup services sector experienced growth of 8.5% in 2020, even amid the global pandemic. Globally, Indonesia's beauty growth is ranked 9th in the world. Even when most businesses in Indonesia experienced a downturn, the beauty industry survived and thrived (Hasibuan, 2022). Makeup artist services are one of the beauty service businesses currently in great demand by some beauty service business actors, especially millennials because the prospects are considered quite promising (Tutik, 2022). Juska (2021) states that makeup artist consumers are now looking for services by looking at portfolios and examples of makeup results which are usually easily found through various social media platforms. Consumers are increasingly turning to social media platforms such as Instagram, YouTube, and TikTok for inspiration and information, rather than relying on advertisements or recommendations from friends. According to Yasa et al. (2020), social media has reached every level of society and all human activities. Thus, it helps business owners reach the market, communicate their products, and maintain good relationships with customers. Li et al. (2020) stated that social media plays an important role in sharing
information such as government and industry policies, allowing business professionals to stay up-to-date on policies that have a significant impact on business outcomes. Business performance is significantly affected by the quality of social media content; decisions regarding a consistent active presence should be considered on a platform-by-platform basis that helps stimulate customer engagement on social media (Tafesse & Wien, 2018). Furthermore, marketing through social media is considered very effective in building marketing performance objectives (Cheung, Pires, Rosenberger, Leung, & Ting, 2020). Susanto et al. (2021) stated that social media allows businesses to collect feedback and suggestions from their customers easily, which then helps the business to improve and enhance its business performance. The realm of product marketing has shifted towards social media platforms, and businesses have taken notice of their significance. However, simply maintaining a social media presence does not guarantee success. According to a study conducted by Marolt et al. (2022), it's not enough to use social media alone. Mujjati et al. (2020) similarly discovered that even makeup artists who utilized social media to promote their services struggled to find work. Literature from Tajvidi and Karami (2017), Jayachandran et al. (2005), Rohde and Mau (2021), and Bilgihan A. et al. (2016) supports this notion, emphasizing that information technology cannot provide a competitive edge or expected performance without a solid strategy. Small and medium-sized businesses, including those in the makeup artist industry, must use social media thoughtfully to engage in relational business activities and cultivate stronger customer relationships. This approach allows small businesses to promote themselves more effectively, as well as identify customer needs and opportunities, providing a competitive advantage.

The preceding summary provides insight into the advantages and obstacles that businesses may encounter when utilizing social media. Despite previous studies, it remains crucial to implement effective tactics to ensure that social media engagement leads to favorable business results. Regrettably, there is a paucity of research on the application of social media in the beauty and makeup services industry. Accordingly, this investigation endeavors to explore the impact of social media usage on business performance in this area, with particular emphasis on the function of competitive advantage as a mediator.

1.2 Literature Review

1.2.1 Resource Based View Theory
Barney (1991) suggests that company resources may not always contribute to performance potential. To generate corporate profits, resources must meet four key criteria: value, rarity, imperfect imitability, and non-substitutability. The resource-based view principle is linked to the competitive advantage theory and aims to attain sustainable advantage by earning economic rents or returns. This approach prioritizes how companies can achieve and sustain excellence (Barney, 1991).

1.2.2 Social Media Usage
According to Obar et al. (2015) social media is an interactive computer-mediated technology that facilitates the creation and sharing of information, ideas, career interests, and other forms of expression through virtual communities and networks. Based on the definition, it can be stated that the use of social media is the activity of utilizing social media for various purposes in order to meet or satisfy needs in both individual and group contexts. Casaló, et al. (2020) state that currently consumers choose to find makeup artist by looking at portfolios or examples of makeup results which are usually easily searchable through various social media platforms.

1.2.3 Competitive Advantage
Each organization that operates in a competitive environment strives for superiority over its rivals. To
achieve this, it must establish a competitive advantage that sets it apart. This unique value proposition enables the organization to outperform its competitors and become more valuable. Additionally, possessing a competitive advantage leads to improved organizational performance (Sigalas, 2015; Chuang et al., 2016; Hamid, 2018; Mamun et al., 2021).

### 1.2.4 Business Performance

Based on research conducted by Wang et al. (2015) and Masa'deh et al. (2018), it is clear that organizational performance is a top concern. Performance can be understood as the results a company produces concerning established benchmarks (Aastuti et al., 2018; Wahda, 2017; Torlak et al., 2018), or as how a company effectively and efficiently employs both internal and external resources to achieve its objectives, as described by Pang and Lu (2018) and Nazarian et al. (2017).

## 2. Research Methodology

### 2.1 Research Approach

This study employs a quantitative methodology to investigate the influence of social media usage on business performance through competitive advantage. The type of research used in this research is explanatory research.

### 2.2 Rationale for The Study

The makeup artist industry in Indonesia is experiencing swift transformations, driven by factors such as technological advancements, shifting market dynamics, and evolving client preferences. Industry leaders need to comprehend the influence of these factors on their business performance to stay ahead of the competition and serve their target clients efficiently.

### 2.3 Statement of Problem

This study aims to fill the gap in research on social media usage in the Indonesian makeup artist services sector. The study focuses on identifying current client trends and preferences, and the key factors that influence business performance. By providing valuable insights, the study aims to help makeup artist business owners set the right marketing strategy through social media usage to achieve a competitive advantage for their businesses.

### 2.4 Significance of The Study

The results of this study are expected to increase the understanding of social media usage strategies in the Indonesian makeup artist industry. Ultimately, this will equip stakeholders with the necessary knowledge to set the right strategy and drive business success. Decision-makers in the makeup industry can utilize these valuable insights to gain a competitive advantage and improve business performance.

### 2.5 Research Objectives

1. To identify the key factors that influence business performance in the Indonesian makeup artist industry.
2. To examine the impact of factors such as social media usage and competitive advantage on business performance.
3. To provide recommendations for Indonesian makeup artists to improve their understanding of business performance and adjust their marketing strategies accordingly.

### 2.6 Scope of The Study

This research focuses on Indonesian makeup artists and aims to collect data from 112 respondents. The study examined factors such as social media usage and competitive advantage in the Indonesian makeup artist industry.
2.7 Research Design
The research design used in this study is descriptive, aiming to analyze the factors that influence business performance in the Indonesian makeup industry.

2.8 Data Collection Instrument
For primary data collection in this study, a structured questionnaire will be the main instrument. This questionnaire will collect data from the respondents. Google Form was used to distribute this research questionnaire.

2.9 Sampling Design
- **Sample Size:** 112 respondents will be selected for this research.
- **Sampling Method:** The purposive sampling method was used in this study, where the researcher selects a sample based on his knowledge and discretion to include people or elements considered most relevant or representative.
- **Sampling Unit:** The sampling unit is individuals who own a makeup artist business, living in Malang City, Indonesia, that has been in operation for at least the last three years.

2.10 Limitations of The Project
- The study is limited to the Malang City, which may not represent the entire Indonesian makeup artist.
- The sample size of 112 respondents may limit the generalizability of the findings.
- The study acknowledges that self-reported data, obtained through methods such as questionnaires, may be susceptible to response bias.

2.11 Empirical Research Method

![Empirical Research Method](image)

2.12 Measurement
The evaluation of social media usage is based on the research conducted by Nilasari et al. (2019) and Parveen et al. (2016). The evaluation comprises of nine items, which are further classified into three categories: social media for marketing, social media for customer service, and social media for information accessibility. The measurement of competitive advantage involves eleven items, which were adopted from Oyewobi et al. (2015) and Porter (2008). This evaluation assesses three aspects of competitive advantage: price advantage, differentiation advantage, and focus advantage. The measurement of business performance...
performance is based on five items that evaluate the perceptions of business performance in the beauty services sector. These indicators were taken from Tavitiyaman et al. (2012), Astuti et al. (2018), Torlak et al. (2018), and Pramudita and Eka (2019). They encompass both financial and non-financial aspects of performance.

2.13 Analysis
SmartPLS (Partial Least Square) is a powerful tool utilized in the social sciences to analyze the complex relationships between various constructs in a study. Specifically, it employs structural equation modeling (SEM), a sophisticated multivariate analysis technique that harnesses statistical methods to study multiple variables concurrently. By measuring people, organizations, events, activities, and circumstances in tandem, SEM provides a comprehensive understanding of the complex factors at play in a given study. The study in question follows a two-stage SEM methodology, where the measurement model is evaluated first, followed by the structural model.

3. Result and Discussion
3.1 Descriptive Statistics
Data collection was conducted from December 2023 to January 2024, with 112 completed questionnaires distributed and a return rate of 78.6%. All responses were included in this study. Of the 112 respondents, 10 (8.9%) were male and 102 (91.1%) were female. The majority were over 25 years old (75%), and the next age group was less than 25 years old (33%). A total of 43.7% had a senior high school educational background, 56% were undergraduates and the remaining 1.8% were postgraduates. In terms of the length of time the business has been operating, 100% have been in business for more than three years. In terms of social media platforms used for promotion, 79.5% of respondents use WhatsApp, 95.5% of respondents use Instagram, 67% of respondents use Tiktok, 25% of respondents use Google (including Maps), and 43.8% of respondents use Facebook.

3.2 Measurement Model Testing
In this study, we investigated complex constructs operationalized at a more abstract level using high-level models (Hair et al., 2017). Following the two-stage SEM (Structural Equation Modelling) method, we began by examining the measurement model using factor outer loadings and Average Variance Extracted (AVE). The outer loading factors for each indicator must be above 0.708, and the minimum AVE value is 0.5. Table 1 shows that the remaining items for all three variables meet the required values, so we can conclude that the items are valid.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Indicator</th>
<th>Item</th>
<th>Outer Loading</th>
<th>AVE</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Social Media Usage</strong></td>
<td>Social media for marketing</td>
<td>SMU1</td>
<td>0.879</td>
<td>0.755</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td></td>
<td>SMU2</td>
<td>0.844</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>SMU3</td>
<td>0.887</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Social media for customer service</td>
<td>SMU4</td>
<td>0.833</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>SMU5</td>
<td>0.863</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>SMU6</td>
<td>0.811</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Social media for information accessibility</td>
<td>SMU7</td>
<td>0.897</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>SMU8</td>
<td>0.911</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The reliability of our measurement model was tested using Cronbach’s alpha and composite reliability. According to Hair et al. (2017), a minimum value of 0.7 for both Cronbach’s alpha and composite reliability is considered acceptable. As presented in Table 2, our analysis shows that our measurement model meets this requirement, leading us to conclude that our measurement model is reliable.

### Table 2. Reliability Test

<table>
<thead>
<tr>
<th>Variable</th>
<th>Composite Reliability</th>
<th>Cronbach’s Alpha</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Media Usage</td>
<td>0.965</td>
<td>0.959</td>
<td>Reliable</td>
</tr>
<tr>
<td>Competitive Advantage</td>
<td>0.904</td>
<td>0.877</td>
<td>Reliable</td>
</tr>
<tr>
<td>Business Performance</td>
<td>0.896</td>
<td>0.855</td>
<td>Reliable</td>
</tr>
</tbody>
</table>

The test of discriminant validity for a construct is done concerning other variables in the model. To represent the correlation value and the square root of the AVE as off-diagonal elements, we use the Fornell-Larcker criterion. The results are presented in Table 3, which indicates that all diagonal values in the same column and row are greater than the off-diagonal values. This confirms that the measurement model has the required discriminant validity.

### Table 3. Fornell-Larcker Criterion

<table>
<thead>
<tr>
<th></th>
<th>Business Performance</th>
<th>Competitive Advantage</th>
<th>Social Media Usage</th>
<th>Media</th>
<th>Test Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Performance</td>
<td>0.797</td>
<td></td>
<td></td>
<td></td>
<td>Valid</td>
</tr>
<tr>
<td>Competitive Advantage</td>
<td>0.696</td>
<td>0.758</td>
<td></td>
<td></td>
<td>Valid</td>
</tr>
<tr>
<td>Social Media Usage</td>
<td>0.637</td>
<td>0.490</td>
<td>0.869</td>
<td></td>
<td>Valid</td>
</tr>
</tbody>
</table>

We proceeded to analyze the structural model to evaluate its predictive ability and the interrelationships between constructs (Hair et al., 2017). This evaluation comprises three components: Predictive Relevance (Q²), which gauges the predictive power of exogenous variables on endogenous variables; R-Square (R²), which measures the model's predictive power. For the business performance variable, the R² value is 0.647 or 64.7%. This means that the social media usage variable can account for 64.7% of the business performance variable, with the remaining 35.3% attributed to other variables not studied. The R² value for
the competitive advantage variable is 0.353 or 35.3%. This value shows that social media usage can explain 35.3% of the competitive advantage variable, while other variables not explored in the study account for the remaining 64.7%. The exogenous factors in the model explain 59.2% of the variance in the business performance variable, while variables not included in the study explain the remaining 40.8%. The Q-square value indicates that the model has predictive relevance for both the competitive advantage and business performance variables. In conclusion, the model's strength suggests that exogenous factors can moderately explain business performance.

Table 4. Structural Model Test

<table>
<thead>
<tr>
<th></th>
<th>R-Square</th>
<th>Adjusted R-Square</th>
<th>Q-Square</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competitive Advantage</td>
<td>0.240</td>
<td>0.233</td>
<td>0.096</td>
</tr>
<tr>
<td>Business Performance</td>
<td>0.599</td>
<td>0.592</td>
<td>0.326</td>
</tr>
</tbody>
</table>

3.3 Hypotheses Testing
Following the establishment of construct validity and reliability, the proposed hypotheses underwent evaluation using the SmartPLS (Partial Least Square) algorithm and bootstrapping. The objective of this section is to test the hypotheses as originally proposed and assess the suitability of the research model. Table 5 presents the direct relationships between the variables, while Table 6 showcases the specific indirect effects that test the mediating impact of competitive advantage. Notably, Figure 2 presents the output of SmartPLS.

Table 5. Path Coefficient

| Relationship | Original Sample (O) | Sample Mean (M) | Standard Deviation (STDEV) | t-Statistics (|O/STDEV|) | P Values | Result     |
|--------------|---------------------|-----------------|---------------------------|---------------------|----------|------------|
| CA -> BP     | 0.505               | 0.497           | 0.087                     | 5.831               | 0.000    | Accepted   |
| SMU -> BP    | 0.390               | 0.375           | 0.111                     | 3.514               | 0.000    | Accepted   |
| SMU -> CA    | 0.490               | 0.495           | 0.138                     | 3.560               | 0.000    | Accepted   |

Table 6. Specific Indirect Effect

| Relationship | Original Sample (O) | Sample Mean (M) | Standard Deviation (STDEV) | t-Statistics (|O/STDEV|) | P Values | Result     |
|--------------|---------------------|-----------------|---------------------------|---------------------|----------|------------|
| SMU->CA->BP  | 0.247               | 0.249           | 0.087                     | 2.841               | 0.005    | Accepted   |

Note. CA=Competitive Advantage, SMU=Social Media Usage, BP=Business Performance

Based on the analysis in Table 5, it’s clear that social media has a strong and positive impact on business performance, with a significance level of 0.05. These results support H1, which had a path coefficient of 0.390, a t statistic of 0.111, and a p-value of less than 0.05. Additionally, H2 was verified with a path coefficient of 0.505, a t statistic of 5.831, and a p-value less than 0.05, showing that competitive advantage also has a positive and significant effect on business performance. Finally, H3 was confirmed with a path coefficient of 0.490, a t statistic of 3.560, and a p-value less than 0.05, indicating that social media usage has a positive and significant influence on business performance.
The indirect effect test yielded a path coefficient of 0.247, a p-value less than 0.05, and t statistic value of 2.841. These findings demonstrate that the relationship between social media usage and business performance is mediated by competitive advantage, thereby supporting H4. Following the mediation analysis procedure outlined in Hair et al. (2017), we determined that competitive advantage serves as a complementary mediation (partial mediation) of the relationship between social media usage and business performance, as both the direct and indirect effects are significant and positive.

### 3.4 Discussion

The impact of social media on the performance of makeup artist businesses is significant and positive. As such, optimizing the use of social media platforms can lead to improved business performance. These findings are consistent with prior research conducted by Cao and Weerawardena (2023), Obermayer et al. (2022), Fraccastoro et al. (2021), and Yasa et al. (2020), which also demonstrated the positive and significant effects of social media on business performance. Social media marketing is particularly advantageous for businesses as it enables them to better understand customer needs and develop effective relationships (Omotayo et al., 2015). Additionally, it simplifies the process of interacting with customers and accessing information (Zheng and Zheng, 2014). According to Weinberg (2009), social media facilitates the sharing of information, experiences, and perspectives across community-oriented websites. Social media has become a vital component for marketing, customer service, and access to essential information for makeup artist business owners. Those who can harness the power of social media to connect with customers, promote their brand, and stay informed about market trends are better positioned to succeed in the competitive makeup artist service industry. By leveraging social media to optimize their services and stay attuned to consumer demand, makeup artist business owners can greatly enhance their chances of improving their performance.

According to a recent study, social media has a significant impact on the competitive advantage of makeup artist service businesses. The study found that utilizing social media can lead to an increase in competitive advantage, which is consistent with the findings of other studies by Trianti and Anastuti (2022), Eze et al. (2021), Jung and Jeong (2020), Jones et al. (2015), and Bulankulama (2014). However, the effects of social media strategies on competitive advantage vary, as shown by the application of social marketing (Horng et al., 2023). Incorporating social media into marketing programs can be beneficial for businesses,
as it can result in positive long-term customer relationships and the ability to charge higher prices than competitors (Laudon & Traver, 2002). Companies should aim to not only increase sales but also expand their market through social media, which can lead to more sales, new information, and increased competitive advantage (Eze et al., 2021). By creating captivating content, businesses can effectively reach consumers and gain a competitive advantage.

According to research, competitive advantage has a significant impact on the business performance of makeup artist services. This means that an increase in competitive advantage leads to improved business performance. These findings are consistent with other studies that have shown a positive relationship between competitive advantage and business performance. Competitive advantage refers to the excellence a business has in terms of customer lifetime value and/or achieving lower comparative cost structures with competitors, a larger market share in market segments, and attaining business success. Market differentiation advantage generates an exclusive image for the products of a firm by customizing its marketing strategies towards its target clients. If market differentiation is the only difference between the business and its competitors, then the best option is to maintain the role of cost leadership. In a focused strategy, the company concentrates its marketing efforts on serving a specific market segment with a narrow scope by tailoring its marketing mix to meet the needs of that target market.

According to the study, using social media can have a positive impact on business performance, especially if the business has a competitive advantage. This finding is consistent with research conducted by Kiyabo and Isaga (2020), Wang et al. (2020), Hang et al. (2022), Marolt et al. (2022), and Fraihat et al. (2023), all of which found that competitive advantage can play a role in the relationship between social media use and business performance. Marolt et al. (2022) also examined how social media use can affect firm performance, taking into account relational e-commerce capability and competitive advantage as mediators. Furthermore, Wang (2008) proposed that entrepreneurial orientation can boost organizational learning by encouraging firms and organizations to cultivate their skills and abilities in unique ways.

4. Conclusions and Suggestions

According to the study, the use of social media has a significant and positive impact on the business performance of makeup artists. Additionally, the research highlights that incorporating competitive advantage into the model further strengthens its reliability and explanatory abilities. This study is particularly noteworthy as it explores the complex connections between three crucial variables in service firms - social media usage, competitive advantage, and business performance - and integrates them into a comprehensive framework.

These findings suggest that businesses in the makeup artist industry can benefit greatly from leveraging social media to enhance their performance. This can be achieved by optimizing the use of social media for marketing, customer service, and accessing valuable information. To make the most of social media, decision-makers should tailor their approach to best suit their specific business goals and optimize their internal resources. It is also essential for makeup artists to establish a competitive advantage in their use of social media to maximize business potential. This research highlights the significance of competitive advantage in driving business performance. To achieve a competitive edge, businesses should focus on three key areas - price, differentiation, and focus. It is crucial that all personnel within the business work towards achieving excellence, and that efforts to achieve competitive advantage are aligned with the overall business strategy.
In the current digital landscape, achieving success amidst stiff competition is imperative for companies. A vital factor in attaining this success is leveraging social media to its fullest potential. To do so, companies must exhibit creativity in crafting compelling content, have the flexibility to adapt, and harness their existing resources to innovate. Moreover, they must possess the necessary know-how to uphold and maintain the capabilities required to achieve their objectives. Establishing a competitive edge is crucial for creating a robust brand image and fostering customer loyalty in the service industry.

While this study provides valuable insights into the makeup artist business, the author acknowledges certain limitations. It is important to note that the findings cannot be generalized to other service companies. Additionally, while Google Forms was a useful tool for collecting remote data, it does have its limitations. Respondents may be biased in their statements, and some statements may be difficult to interpret. In order to enhance the results of this study, future researchers should consider expanding the research object to include a wider range of businesses, both within the same industry and on a larger scale. Conducting additional investigations on other service companies with similar variables to those used in this analysis could also be beneficial. It is important to recognize that business performance can be impacted by various factors depending on the business context. Future research can also improve and integrate the research model by adding indicators that align with the selected business or including other variables relevant to the business being studied.

**Conflict of Interest**
The authors state that the study was done without any commercial or financial links that could be seen as a potential conflict of interest.

**Acknowledgement**
The author would like to thank all respondents who have participated and sacrificed their time to fill out the questionnaires for this study.

**References**