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# The Role of Digital Marketing in Building Brand Awareness and Customer Loyalty for Grab in Indonesia

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***Abstract.*** *This study aims to analyze the role of digital marketing in building brand awareness and customer loyalty for Grab's services in Indonesia. The research background is based on the intense competition in the ride-hailing industry and the existing gap between the intensity of digital marketing strategies and the level of customer loyalty. The research method employed a quantitative approach using Structural Equation Modeling based on Partial Least Squares (SEM-PLS). Primary data were obtained from 123 Grab users selected through purposive sampling. The research instrument consisted of a questionnaire using a 5-point Likert scale to measure digital marketing, brand awareness, and customer loyalty variables. The results indicate that digital marketing has a positive and significant effect on brand awareness, and brand awareness has a positive and significant effect on customer loyalty. Furthermore, digital marketing also directly affects customer loyalty, but the indirect effect through brand awareness is stronger. These findings reinforce the role of brand awareness as a mediating variable in shaping customer loyalty. Practically, this study provides recommendations for Grab to improve the consistency of digital marketing messages and strengthen brand identity to retain customer loyalty.*

***Keywords:*** *Customer; Digital; Loyalty; Marketing.*

## 1. Introduction

In recent years, the ride-hailing industry in Indonesia has experienced rapid growth, with Grab as one of the dominant companies. Grab's platform competes not only in providing transportation services but also expands its ecosystem to include food delivery, digital payments, and logistics. According to a 2023 report by We Are Social, more than 85% of urban Indonesians use ride-hailing services, making this industry one of the fastest-growing digital sectors. However, although many ride-hailing platforms offer similar services, customers often show a strong preference for one app.

Several previous studies have shown that price, service features, and app quality are key factors in shaping customer loyalty in the ride-hailing industry (Setiawan, 2021; Kurniawan, 2022). However, little research has highlighted how digital marketing strategies shape brand

awareness and how brand awareness influences customer loyalty. In fact, in recent years, Grab has become increasingly aggressive in implementing digital marketing strategies, including social media advertising, influencer campaigns, gamification-based loyalty programs, and discount and cashback strategies. Therefore, this study aims to explore how digital marketing contributes to brand awareness and how this brand awareness plays a role in creating customer loyalty to Grab, one of its platforms.

Despite significant investment in digital marketing, there remains a gap in the effectiveness of Grab's strategy. One key issue is uncertainty in brand awareness. Compared to nationally-based companies like Gojek, which are known for their broader service coverage in Southeast Asia and are often perceived as closer to the local community, Grab still wins in terms of brand recall in some aspects. Furthermore, customer loyalty in the ride-hailing industry is often not absolute. Many users switch from one platform to another based on specific promotions, prices, or services. However, some customers remain loyal to a platform even if they don't always receive the best promotions.

Research by Zhu, Hu, & Liu (2021) revealed that digital strategies such as loyalty programs and social media campaigns significantly increase brand awareness and customer loyalty. This is supported by the findings of Ali et al. (2021), which show that digital marketing increases customer loyalty through brand trust and engagement. The impact is significant especially when digital content is relevant and valuable. Furthermore, research by Chinomona (2013) found that digital marketing (specifically mobile marketing and email campaigns) has a strong influence on loyalty formation by increasing trust. Meanwhile, a study conducted by Nguyen et al. (2020) identified that digital marketing does not have a significant direct impact on loyalty without a mediating role such as satisfaction or brand experience. In line with these research findings, research conducted by Pansari & Kumar (2017) revealed that digital marketing does not guarantee loyalty if it is only one-way (not interactive); it only strengthens loyalty when it builds engagement. Loyalty is more influenced by the overall experience, not digital promotions alone. These findings reinforce the urgency to re-evaluate the effectiveness of Grab's digital marketing strategy in building sustainable customer loyalty.

From an academic perspective, this study fills several important research gaps. First, most previous studies have focused on price and service features as drivers of customer loyalty in the ride-hailing industry, while the role of digital marketing and brand awareness has not been extensively studied empirically. Second, the Brand Equity Model proposed by Aaker (1991) emphasizes that brand awareness is a key element in brand equity, contributing to customer loyalty. However, in the context of the ride-hailing industry, the role of brand awareness as a mediator between digital marketing and customer loyalty has not been widely discussed. Third, to date, there has been no empirical study directly comparing the effectiveness of Grab's digital marketing strategy in building customer engagement.

Indonesia's ride-hailing industry, dominated by Grab, continues to grow amidst increasingly fierce competition. Grab invests significant resources in digital marketing strategies to increase brand awareness and maintain customer loyalty. However, in practice, customers

don't always stick to one platform and often switch based on factors such as promotions, price, and service experience. This highlights a gap in the effectiveness of digital marketing in building customer loyalty in this industry.

Several previous studies have highlighted factors such as price, service quality, and app features as key determinants of customer loyalty (Setiawan, 2021; Kurniawan, 2022). However, research on how digital marketing builds brand awareness and how brand awareness contributes to customer loyalty in the ride-hailing industry remains limited. The Brand Equity Model (Aaker, 1991) states that brand awareness is a key element in creating brand loyalty, but in the context of Grab, how this relationship is formed remains unclear.

As an academic and practical contribution, this study offers novelty in several aspects. First, this study examines the relationship between digital marketing, brand awareness, and customer loyalty in the ride-hailing industry, using the Brand Equity Model (Aaker, 1991) and the Stimulus-Organism-Response (SOR) Model (Mehrabian & Russell, 1974). Second, this study not only measures customer loyalty in the context of incentives and service features but also considers brand awareness as a strategic element in shaping customer preference for a platform.

## 2. Research Methods

This research is an explanatory quantitative (causal predictive) study that tests the influence of Digital Marketing on Brand Awareness and Customer Loyalty among Grab users in Indonesia. According to Creswell (2014), quantitative research aims to test formulated hypotheses using numerical data and statistical methods. Meanwhile, Sugiyono (2019) explains that comparative research is conducted to compare two or more groups on a particular variable. Primary data is the primary data collected directly from respondents, namely active Grab users who have used the platform within the past six months. Data collection was conducted through an online questionnaire (Google Form) distributed through social media and digital communities, using a 5-point Likert scale to measure respondents' perceptions. This questionnaire included statements measuring perceptions regarding digital marketing intensity, brand awareness, and customer loyalty to the platform.

## 3. Results and Discussion

The subjects of this study were Grab users in Indonesia, specifically those who actively use the app for daily transportation. Grab is an app-based technology company that provides ride-hailing, food delivery, and digital payments services and has become a major player in the online transportation industry in Southeast Asia, including Indonesia.

This study focuses on customer perceptions of Grab's digital marketing strategy and its influence on shaping brand awareness and loyalty. Data was collected through an online questionnaire, with respondents selected based on their active Grab app user criteria. The total number of respondents analyzed in this study was 123.

The following are the characteristics of the research respondents:

**Table Characteristics of Research Respondents**

| Characteristics | Category | Number of people) | Percentage (%) |
|---|---|---|---|
| **Age** | > 44 years | 24 | 19.51% |
| | 18 – 24 years old | 18 | 14.63% |
| | 25 – 34 years old | 43 | 34.96% |
| | 35 – 44 years old | 38 | 30.89% |
| **Gender** | Man | 69 | 56.10% |
| | Woman | 54 | 43.90% |
| **Work** | Government employees | 31 | 25.20% |
| | Housewife | 5 | 4.07% |
| | Private employees | 30 | 24.39% |
| | Students | 19 | 15.45% |
| | Self-employed | 38 | 30.89% |
| **Frequency of Use** | > 5 times/week | 21 | 17.07% |
| | 1 – 2 times/week | 70 | 56.91% |
| | 3 – 5 times/week | 32 | 26.02% |

*Table1- Characteristics of Research Respondents*

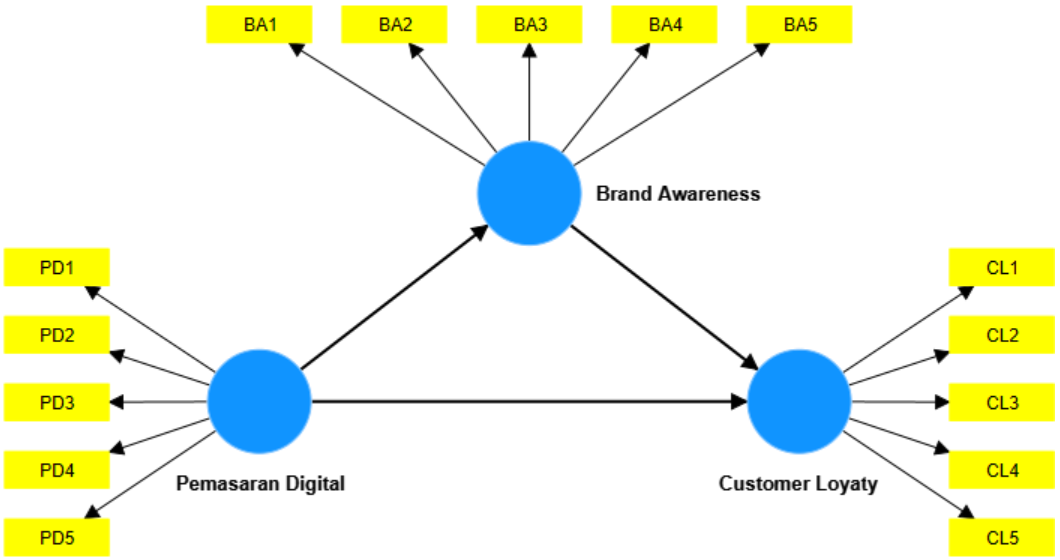
Based on data from 123 active Grab user respondents, the majority of respondents were in the 25–34 age range (34.96%), followed by the 35–44 age group (30.89%), indicating a predominance of users from the productive age group. In terms of gender, respondents were predominantly male (56.10%), while females accounted for 43.90%).

In terms of occupational characteristics, the self-employed (30.89%) were the most dominant, followed by civil servants (25.20%) and private sector employees (24.39%). This indicates that Grab's services reach a wide range of occupations, including students and housewives.

Weekly Grab usage frequency shows that most respondents use the service once or twice a week (56.91%), while only 17.07% use it more than five times. This suggests that Grab is used as an optional or necessary transportation solution, rather than a daily service, for most users.

Inferential analysis is a statistical method used to infer or estimate the characteristics of a population based on data obtained from a sample. The main goal of this analysis is to determine whether the results from the sample can be generalized or applied to a wider population.

In this study, the analysis process was conducted using SmartPLS version 4 software, which implements the Partial Least Squares (PLS) method and the variance-based Structural Equation Modeling (SEM) approach. PLS itself is a technique used to analyze the relationships between variables in a complex model. Meanwhile, SEM is used to test causal relationships between interrelated variables. Figure 2 displays the variable model analyzed in this study.




*Picture- Latent Model of Research Variables*

In testing the research model, there are two main stages carried out, namely the Outer Model and the Inner Model.

Outer Model focuses on testing the validity and reliability of indicators used to measure latent variables. This testing includes evaluating Convergent Validity, Discriminant Validity, and Construct Reliability.

Meanwhile, the Inner Model focuses on the relationships between latent variables and measures the strength and significance of these relationships. Testing at this stage includes $R^2$ analysis, path coefficients, and path significance tests.

Composite Reliability (CR) is a reliability indicator used to measure the internal consistency of a number of indicators that form a latent construct in a structural model. Unlike Cronbach's Alpha, which assumes indicators have equal contributions, CR considers indicator weights in calculating reliability, making it considered more accurate in the context of Partial Least Squares Structural Equation Modeling (PLS-SEM).

According to Hair et al. (2017), a CR value ≥ 0.70 indicates that the construct has an adequate level of reliability and is acceptable in both exploratory and confirmatory research contexts.

Thus, if all constructs in this study show a CR value of more than 0.70, it can be concluded that these constructs have high reliability and can be used in further analysis.

| Variables | Composite reliability (rho_c) | Information |
|---|---|---|
| **Brand Awareness** | 0.925 | Reliable |
| **Customer Loyalty** | 0.917 | Reliable |
| **Digital Marketing** | 0.907 | Reliable |

*Table- Composite Reliability Value*

Based on the composite reliability calculations in Table 8, all constructs in this study have CR values exceeding the minimum threshold of 0.70 as recommended by Hair et al. (2017). These values are as follows:

a. Brand Awareness: 0.925

b. Customer Loyalty: 0.917

c. Digital Marketing: 0.907

These values indicate that each construct has high internal reliability, which means that the indicators that form each construct are reliable and consistent in measuring the construct.

Thus, it can be concluded that the three constructs in this study have met the reliability criteria and are suitable for use in further structural model analysis.

In the Partial Least Squares Structural Equation Modeling (PLS-SEM) approach, the inner model represents the structural relationships between latent variables. Evaluation of the inner model aims to determine the extent to which exogenous latent variables explain the endogenous latent variables in the model, both in terms of the strength of the relationship and its significance.

The R Square ($R^2$) value in PLS-SEM is used to measure the extent to which the independent latent variable is able to explain the dependent latent variable. The higher the $R^2$ value, the greater the proportion of variance that can be explained by the exogenous construct compared to the endogenous construct.

The $R^2$ value ranges from 0 to 1, where:

a. $R^2 < 0.19$ = weak

b. $0.19 \leq R^2 < 0.33$ = moderate

c. $R^2 \geq 0.67$ = strong

Thus, $R^2$ serves as an indicator of the overall predictive power of the model and serves as a basis for evaluating the quality of the structural model. The $R^2$ values in this analysis are as follows:

| Dependent Variant | R-square | R-square adjusted |
|---|---|---|
| **Brand Awareness** | 0.365 | 0.360 |
| **Customer Loyalty** | 0.584 | 0.577 |

*Table- R Square (R2) Test Results*

Based on Table the $R^2$ value is used to evaluate how much the independent variables are able to explain the variability of the dependent (latent) variable in the PLS-SEM model. The higher the $R^2$ value, the greater the predictive ability of the model.

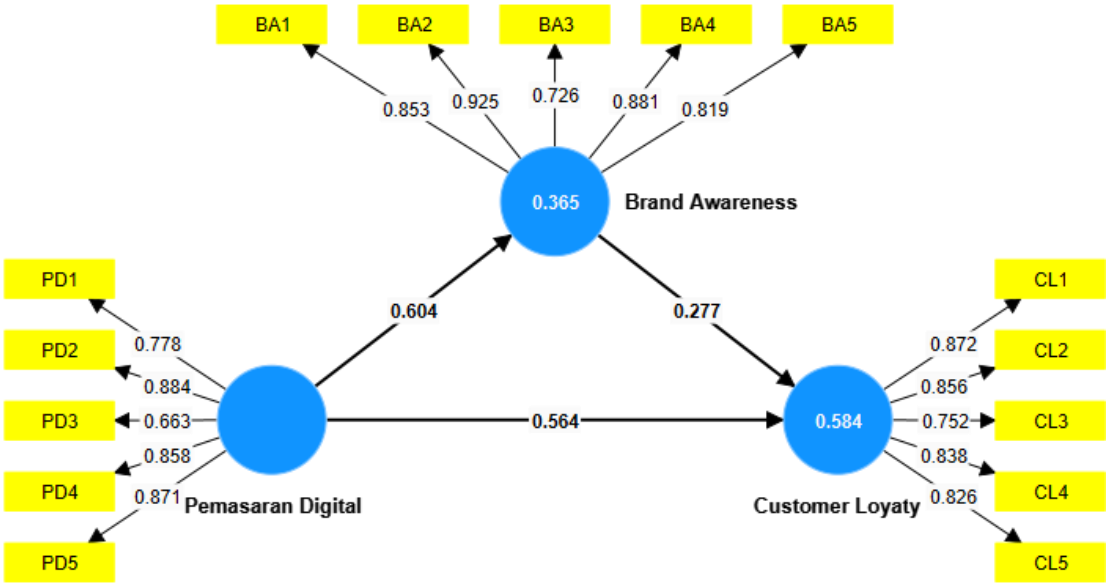
The test results show:

1) Brand Awareness has an R Square value of 0.365, which means that approximately 36.5% of the variation in Brand Awareness can be explained by the independent variables in the model. This value is included in the moderate category (Chin, 1998).

2) Customer Loyalty obtained an R Square value of 0.584, indicating that 58.4% of the variability in Customer Loyalty can be explained by the constructs that influence it. This value is also classified as moderate to strong, approaching the threshold for the strong category ($R^2 \geq 0.67$).

The adjusted R-square value for each variable (Brand Awareness = 0.360; Customer Loyalty = 0.577) indicates the model's stability across the number of predictors. Adjusted values that are close to $R^2$ indicate that the model is not overfitting.

These results indicate that the model has quite good predictive power, especially in explaining Customer Loyalty, so the inner model can be considered representative in reflecting the relationship between latent variables. Figure 3. PLS SEM Algorithm Output.




*Picture- PLS SEM Algorithm Output*

Significance testing in PLS-SEM models aims to evaluate whether the relationships between constructs or latent variables in the model have adequate statistical support. This evaluation is performed through bootstrapping analysis, a resampling method used to calculate path coefficients and standard errors of these estimates.

In the bootstrapping process, thousands of subsamples are randomly drawn from the original data to estimate the t-statistic and p-value. A relationship is considered statistically significant if the p-value is less than the specified significance level, which is $\alpha = 0.05$ in this study.

A significant path coefficient indicates that the relationship between the independent and dependent variables is supported by the data, thus accepting the proposed hypothesis. Thus, significance in PLS-SEM is a key component in evaluating the structural validity of a model.

1) Direct Effect bootstrapping results

This study also tests the direct effect and indirect effect based on bootstrapping results, to obtain a comprehensive picture of the causal relationship between constructs in the research model.

| Path Coefficient | Original sample (O) | Sample mean (M) | Standard deviation (STDEV) | T statistics (\|O/STDEV\|) | P values | Note: |
|---|---|---|---|---|---|---|
| **Brand Awareness -> Customer Loyalty** | 0.277 | 0. 271 | 0.083 | 3,342 | 0.000 | Proven |
| **Digital Marketing -> Brand Awareness** | 0.604 | 0.604 | 0.072 | 8,367 | 0.000 | Proven |
| **Digital Marketing -> Customer Loyalty** | 0.564 | 0.570 | 0.062 | 9,065 | 0.000 | Proven |

*Table- Path Coefficient Boostrapping direct effect results*

Table shows the results of the direct effect test using the bootstrapping technique to examine the influence between variables in the PLS-SEM model. Three paths were tested:

1) Brand Awareness → Customer Loyalty has a path coefficient of 0.277 with a t-statistic of 3.342 and a p-value of 0.000. The p-value is less than 0.05 and the t-statistic is greater than 1.96, indicating a significant effect. This means that higher brand awareness leads to higher customer loyalty. Thus, this hypothesis is proven.

2) Digital Marketing → Brand Awareness shows a coefficient of 0.604 with a t-statistic of 8.367 and a p-value of 0.000, indicating a highly significant effect. This indicates that digital marketing plays a significant role in increasing Grab users' brand awareness. This hypothesis was also confirmed.

3) Digital Marketing → Customer Loyalty has a path coefficient of 0.564 with a t-statistic of 9.065 and a p-value of 0.000. This value indicates a very strong and significant direct influence of digital marketing on customer loyalty, thus supporting the third hypothesis.

Overall, these results confirm that digital marketing not only increases brand awareness but also directly impacts customer loyalty. Furthermore, brand awareness has also been shown to increase customer loyalty. These findings provide empirical evidence that an integrated digital marketing strategy can be a key factor in building customer loyalty by strengthening brand awareness.

2) Bootstrapping results of indirect effects (Indirect Effect)

The results of bootstrapping the indirect effect can be seen in table 12 as follows:

| Path Coefficient | Original sample (O) | Sample mean (M) | Standard deviation (STDEV) | T statistics (\|O/STDEV\|) | P values | Note: |
|---|---|---|---|---|---|---|
| **Digital Marketing -> Brand Awareness -> Customer Loyalty** | 0.168 | 0.164 | 0.055 | 3,060 | 0.001 | Proven |

*Table- Path Coefficient Bootstrapping indirect effect results*

Table displays the results of the bootstrapping test for the indirect effect between the variables Digital Marketing → Brand Awareness → Customer Loyalty. The analysis results show that:

1) Path coefficient (Original Sample) of 0.168, which indicates a positive influence of Digital Marketing on Customer Loyalty through Brand Awareness.

2) The T-statistics value is 3.060, which is greater than the minimum limit of 1.96 for a significance level of 5%.

3) *P-value* of 0.001, which is much smaller than 0.05, indicating that this effect is statistically significant.

4) *Standard deviation (STDEV)*is 0.055, which is relatively small, indicating the stability of the estimation results.

Based on these results, it can be concluded that brand awareness significantly mediates the influence of digital marketing on customer loyalty. In other words, the better the digital marketing strategy implemented, the higher the brand awareness generated, which in turn increases customer loyalty. Therefore, the hypothesis tested on this path is PROVEN.

Effect size ($f^2$) is used to evaluate the specific influence of an independent variable on the prediction of the dependent variable in a PLS-SEM structural model. This measurement is performed by comparing the $R^2$ value of a construct when the independent variable is included in the model and when the variable is removed from the model. Thus, $f^2$ provides information about the unique contribution of each independent variable in explaining the variability of the dependent construct.

According to Cohen (1988), the interpretation of the $f^2$ value is divided into three categories:

1) $f^2 < 0.02$ : very small or negligible effect,

2) $0.02 \leq f^2 < 0.15$ : small effect,

3) $0.15 \leq f^2 < 0.35$ : moderate effect,

4) $f^2 \geq 0.35$ : large effect.

By calculating effect size, researchers can identify which independent variables have the most significant influence on the dependent construct. This information is crucial for understanding

the dynamics of the relationships between latent variables more deeply and determining priorities in strategic decision-making based on research data.

| Variables | Brand Awareness | Customer Loyalty | Digital Marketing |
|---|---|---|---|
| **Brand Awareness** | | 0.117 | |
| **Customer Loyalty** | | | |
| **Digital Marketing** | 0.575 | 0.486 | |

*Table- Effect Size Test Results (f2)*

Table displays the results of the Effect Size ($f^2$) test, which is used to evaluate the contribution of the independent variable to the dependent variable in the model. The $f^2$ value is interpreted as small if <0.02, medium if 0.02–0.15, and large if >0.35.

The results shown in the table are as follows:

1) Brand Awareness → Customer Loyalty has an $f^2$ value of 0.117, which is in the moderate category. This indicates that brand awareness has a moderate influence on customer loyalty.

2) Digital Marketing → Brand Awareness has an $f^2$ value of 0.575, which is considered high. This means that digital marketing has a very strong influence on brand awareness.

3) Digital Marketing → Customer Loyalty has an $f^2$ value of 0.486, which is also considered significant. Thus, digital marketing plays a dominant role in directly increasing customer loyalty.

This interpretation suggests that digital marketing is the most influential factor in the model, both directly affecting customer loyalty and indirectly through brand awareness. Meanwhile, brand awareness has a moderate effect on customer loyalty, confirming its role as a mediating variable, but not as strong as digital marketing's direct influence.

This study aims to analyze the role of digital marketing in building brand awareness and customer loyalty among Grab ride-hailing users in Indonesia. In this highly dynamic and competitive industry, companies are required to compete not only on price or short-term promotions but also on building strong brand value to foster sustainable loyalty.

With the rapid development of digital technology, traditional marketing strategies are increasingly transforming into digital marketing, allowing companies to reach consumers more broadly, personally, and interactively. However, the effectiveness of this strategy remains a matter of debate, particularly in the context of customer loyalty in the ride-hailing industry, which tends to be influenced by short-term promotions and incentives.

In this study, three main hypotheses were tested using the SEM-PLS approach to answer the formulated problem formulation:

1) H1: Digital Marketing has a positive impact on Brand Awareness.

2) H2: Brand Awareness has a positive influence on Customer Loyalty.

3) H3: Digital Marketing has a positive impact on Customer Loyalty.

The results of the analysis show that the three hypotheses are proven to be significant, thus providing a more comprehensive picture of the relationship between digital marketing, brand awareness, and customer loyalty in the context of Grab.

Discussion of Hypothesis 1: Digital Marketing → Brand Awareness

The research results show that digital marketing has a significant positive impact on brand awareness. This finding confirms that the more intensive and consistent Grab is in implementing its digital marketing strategy, the higher the level of brand awareness generated in consumers' minds.

Grab's digital marketing strategy encompasses a variety of channels, including social media advertising, influencer campaigns, app-based notifications, and gamification-based loyalty programs (such as GrabRewards). Through this strategy, Grab is able to repeatedly and consistently bring its brand into consumers' daily lives, contributing to increased brand recall and recognition.

This finding aligns with Aaker (1991), who emphasized that brand awareness is the primary foundation of brand equity. Customers will not consider a brand without prior awareness. In the Grab context, the success of digital marketing in building awareness has proven to position the Grab brand as a top consumer choice amidst fierce competition.

This study also reinforces the findings of Khurram et al. (2018) and Wu et al. (2020), which showed that digital marketing significantly influences brand awareness. However, this study broadens the context by emphasizing that in the ride-hailing industry, digital marketing is not just a communication channel but also a crucial instrument in creating initial emotional engagement with customers.

Discussion of Hypothesis 2: Brand Awareness → Customer Loyalty

The research results show that brand awareness has a significant positive effect on customer loyalty. This means that the higher a consumer's awareness of Grab, the more likely they are to remain loyal to the service, even when competitors like Gojek or Maxim offer more aggressive promotions.

These findings reinforce Keller's (1993) view that brand awareness is the key to building customer-based brand equity. When customers recognize and remember the Grab brand well, they are more likely to demonstrate preference and loyalty. Even in conditions of intense price competition, brand awareness can act as a psychological factor influencing consumer decisions.

Furthermore, this research aligns with Aaker (1991), who stated that brand awareness can create brand loyalty through emotional attachment. In Grab's case, although some customers

are still highly sensitive to promotions, a segment of consumers continues to use Grab due to convenience, trust, and a strong brand image.

However, this study's findings also suggest that loyalty built through brand awareness needs to be balanced with consistent service experiences. If awareness isn't accompanied by satisfaction and trust, loyalty can become fragile. This reinforces the findings of a study by Putriyatni & Khoiri (2022), which found that brand awareness needs to be mediated by trust to truly generate stable loyalty.

Discussion of Hypothesis 3: Digital Marketing → Customer Loyalty

Research results demonstrate that digital marketing has a significant positive impact on customer loyalty, both directly and indirectly through brand awareness. This means that Grab's digital marketing strategy not only increases brand awareness but also directly drives customer loyalty.

This underscores the importance of digital marketing as a strategic tool, not just a short-term promotional tactic. For example, promotional campaigns on social media or apps not only attract new customers but also strengthen existing customers' emotional bonds with the brand. Relevant app notifications and personalized promotions based on user journey history also play a crucial role in maintaining loyalty.

This finding aligns with Sihombing's (2022) research, which found that while promotions still influence loyalty, the quality of digital communication plays a significant role. In other words, the right digital marketing not only increases awareness but also delivers a consistent brand experience, fostering loyalty.

However, this study also provides important insight that Grab's customer loyalty is not yet fully stable. Some consumers still readily switch to competitors due to promotions or price. Therefore, loyalty created through digital marketing tends to be dynamic and requires ongoing nurturing through innovative communication strategies.

Integration of Findings with the SOR (Stimulus-Organism-Response) Model

Overall, the results of this study support the Stimulus-Organism-Response (SOR) Model (Mehrabian & Russell, 1974). In the context of this study:

1) Stimulus (S): Digital marketing carried out by Grab.

2) Organism (O): The internal consumer response is in the form of brand awareness.

3) Response (R): Customer loyalty to Grab.

These findings confirm that digital marketing can directly create customer loyalty, but the role of brand awareness as an internal organism remains important to strengthen and stabilize this loyalty.

## 4. Conclusion

This study aims to analyze the role of digital marketing in building brand awareness and customer loyalty among Grab users in Indonesia. In the increasingly competitive digital era, technology-based marketing strategies have become a crucial tool, not only promoting products but also creating perceptions, images, and emotional bonds between consumers and brands. The ride-hailing industry, including Grab, faces significant challenges in customer retention due to consumer sensitivity to price, promotions, and short-term incentives. Therefore, this study seeks to answer a fundamental question: is digital marketing capable of building sustainable brand awareness and customer loyalty. Based on data analysis from 123 Grab user respondents who use the platform more frequently than competitors, the study's results demonstrate that all three main hypotheses are significant. This demonstrates that Grab's digital marketing strategy is indeed effective, but with certain caveats that are important to understand from both an academic and practical perspective.

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