CHAPTER I
INTRODUCTION

1.1. Background

In recent years, the Internet has become a communication instrument to people. There are many social networks, platforms or apps, such as Facebook, Youtube, Line, Whatsapp, Instragram that people use. According to GlobalWebIndex's, Internet users had an average of 3 social accounts, in the end of 2016 it has risen to 7 social accounts. Also the range from 16-64 year olds, 97% of them say have visited or used social platforms within the last month. From this statistics we can conclude that individuals spend most of the time in social networking each day and GlobalWebIndex says that each month 8 in 10 internet users globally are online via mobile.

Due to the popularity of having a social account, companies take advantage of this opportunity to communicate with their consumers easily. Companies communicate to consumers by promoting and send information about their brands to their target markets. These days most companies have at least one account in social media, to enhance their brand marketing and brand communication, companies such as Body Shop, Starbucks, Forever21, etc. Due to the popularity of social media, it has changed the idea of traditional marketing communication. Traditional marketing or advertising has been viewed as one-way communication. It is when a paid-for communication to a specific target audience through any mass media of products, services, or ideas with the intention of informing, persuading, or reminding them (Berthon et al., 2008). Things have changed, according to Berthon et al. (2008), marketing communication is now multidimensional, and consumers are also creating ads and publicly posting them about any kind of brands. Consumers are motivated doing so because they desire to

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change perceptions about the brand, the intrinsic of enjoyment and self-promotion. It depends on what kind of relationship it has between the consumer and the brand. Studies have shown that consumers consider social media as more trustworthy sources of information than the traditional instruments of marketing communications used by companies (Karakaya and Barnes, 2010). Companies may have neglect the existing phenomenon on user-generated content, on how it can affect brand awareness and brand loyalty of consumers. Organizations should begin to understand the importance of the Internet and how to take control of it, by how to demonstrate both interest and involvement in online communities (Berthon et al., 2012). Technologies have led the Internet users to a wealth of online exposure, the most important of which is social media (Chen et al., 2012). That is why in this research paper will elaborate and fill the information gap of firm-created content and user-generated content. It will also research on how firm-created social media communication and user-generated social media communication has a positive influence on brand awareness and brand loyalty of consumers. These chosen variables are the adopted from Schivinski and Dabrowski (2012) and the researcher follow the idea on how brand communication influence brand awareness and brand loyalty.

Social media brand communication is consisting two variables that are going to be researched on, which are firm-created and user-generated brand communication. The difference between communication the two variable is firm-created social media communication is under the management of companies, while user-generated social media communication is independent of the firm's control (Bergh et al., 2011). Social media brand communication is more focused on word of mouth (WOM) and electronic word of mouth (eWOM) (Balasubramanian and Mahajan, 2001; Chu and Kim, 2011). On how the firm created their account

and content on their own and create a relationship of communication with customers. While user-generated brand communication is the content is made publicly available over the Internet, reflects a certain amount of creative effort and created without professional help (OEDC, 2007). By the users content, it create a customer to customer relationship towards a certain brand and create a discussion about a particular brand or product.

One of the variables that are taken into study in this research is brand awareness, it defines as the "strength of brand's presence in the consumer's mind (Aaker, 1996). By that statement also means the ability of a consumer can recognize and recall a brand in different situations. The fundamental reason is that the bigger responsiveness will direct to elevated buying behavior. Customers having no knowledge of the brand will have no intension of buying it either. Macdonald and Sharp (2000) mention, "Even though consumers familiarize and are willing to purchase a product, brand awareness is still an important factor to influence purchase decision." When consumers want to buy a product, and a brand name can come to their minds at once, it reflects that product has higher brand awareness. Consumer's purchase decision can be influenced if a product has higher brand awareness (Grewal et al., 1998). This explains why a product with higher brand awareness will have higher market share and recognition.

It is important for businesses to create attraction in their brands to be in better position than their competitors. The way businesses want to defeat their competitors they have to make consumers love to buy their products and brands. Which is to understand the importance of brand loyalty. Brand loyalty is consumer attitudes on a brand preference from previous usage of the product and shopping experience, and it can be measured from the repurchase of the consumer rate on a same brand. Assael (1998) defines that brand loyalty is that consumers satisfy their past

experience in use of the same brand and incur repurchase behavior. Brand loyalty means brand preferences that consumers will not consider other brands when they buy a product. Brand loyalty represents a repurchase commitment in the future purchase that promise consumers will not change their brand loyalty in different situations and still buy their favorable brands (Oliver, 1999).

One of the purposes of doing this thesis is to know the fundamental beings of brand loyalty and communication. Whereas communication is key in order to gain brand loyalty. According to Bruhn et al. (2013), brand communities have a positive impact on functional, experiential and symbolic brand community benefits, consequently that leads to consumer brand loyalty. In order to create brand loyalty, communication is key to create and sustain brand loyalty towards the customers. Companies now communicate using many mediums in order to do so. However the question is which is the best medium in order to do so. In this modern era it is very important on the existing of the Internet, which is a very important topic to discuss regarding this thesis. Communication is a stimuli that can generate a positive effect in consumers and their perception of the communication affects their awareness and image of a brand (Eysenck and Keane, 2010). Communication can also create a positive reaction of consumers towards the product, compared to other non-branded product in the same category (Yoo, Donthu and Lee, 2000).

In this study it will research on how firm-created social media communication and user-generated social media brand communication has a positive influence on brand awareness and brand loyalty of consumers. Brand communication is one of the fundamentals aspects of marketing to gain and maintain brand awareness. According to Bruhn et al. (2012), social media brand communication creates a perception of communication

that positively influences an individual's perception of any brands. An individual perspective can be influenced on how the brand image that the company is trying to deliver, this indicates that companies should have a good brand communication in order to create a positive perception from consumers. Besides companies, user-generated social media communication also increases their brand communication through their own online communities. Brand communication is also important to maintain and gain brand loyalty of consumers. It is crucial that companies have communicated well with their consumers and have more customer's interactions with company. The more customer's interactions with the company more brand loyal that the customer has (Palmatier et al, 2007). As for user-generated it will create an attractiveness to the brand and considered to be trustworthy and reliable information about the brand, it will create a positive perception and brand loyalty (Schivinski and Dabrowski, 2012).

The objective of this study is how clothing apparel local brand in Indonesia use social media brand communication to enhance their marketing activities to achieve brand awareness and brand loyalty to targeted consumers. Clothing apparel local brand in Indonesia has been vastly growing over the past few years. It captures the attention on many of them started their business online, like Cotton Ink. Cotton Ink is a well known clothing apparel local brand in Indonesia. They sell clothes from tops, bottoms, dresses, outerwear, accessories, bags and footwear. Consumers can buy a whole look in just one store. Another unique things about Cotton Ink are that they style that they offer is different with other brands. They want to see people the brand as this stylish yet causal for women every day look. They started their business by opening up a social media account, which is Instagram (@cottonink) and it has been verified by the Instagram platform. This brand has created a magnificent recognition all over Indonesia that has

417,000 followers in counting and they updated their account everyday up to 6-9 posts. In this research paper, it will research how Cotton Ink as a firm-created social media communication as well using their platform to know how user-generated social media communication has an effect on brand awareness and brand loyalty.

1.2. Research Questions

From the background elaborated above, problems can be formulated as follows:

1. Does firm-created social media communication have an effect on brand awareness?
2. Does user-generated social media communication have an effect on brand awareness?
3. Does brand awareness have an effect on brand loyalty?
4. Does firm-created social media communication have an effect on brand loyalty?
5. Does user-generated social media communication have an effect on brand loyalty?

1.3. Objectives of the Study

The purposes of this study are to explore:

1. The influence of firm-created social media communication on brand awareness.
2. The influence of user-generated social media communication on brand awareness.
3. The influence of brand awareness on brand loyalty.
4. The influence of firm-created social media communication on brand loyalty.

5. The influence of user-generated social media communication on brand loyalty.

1.4. Advantage of The Study

From the elaborated objectives, this study is expected to provide significant advantages within theoretical and practical significance.

1.4.1. Academic Advantage

1. To provide further study of the influences of social media brand communication on brand awareness and brand loyalty.
2. To provide additional information or issues about social media brand communication.

1.4.2. Practical Advantage

1. The study would be helpful for companies to know more about social media brand communication and take it as an advantage.
2. The study would be helpful for online-based brands and any kind of brands to enhance their marketing communication to achieve brand awareness and brand loyalty.