

CHAPTER 1

INTRODUCTION

1.1 Background

These days, technology is constantly changing so do the behavior of the customer when buying a product. Because of the transition from mechanical and electronic technology to digital and eventually mobile, it has stimulated remarkable development across industries, while at the same time, overturning the conventional order in various fields (Kotler et al., 2017).

Digital revolution can be a crucial transformation of business and societies function because it is changing the behavior of consumer, like how they see a product, use, pay, function, and discard it. The media consumption habits have dramatically evolved, and force marketers think hard about finding alternative channels, which are more effective in engaging the customers (Kotler et al., 2017). Afterwards, companies easily recognize brands can be a part of social networks and they no longer think about limited marketing channels that only based on selling products or services. Newman (2016) said that what once served primarily as a platform to increase sales is now a meeting space, and has become part of the brand experience itself.

Social media is growing, advancing, and providing new information every day for their users. Henderson & Bowley (2010) defined social media as interaction, collaboration, dynamism, participation, user-generated content, and sharing information, amongst a community of users. Social media is becoming a must have element to the overall strategic marketing in many companies. Companies are now using social media to promote information about their brands. Regardless of the size of companies, it can

rely on social media to communicate the customers about new products or do some promotions.

According to Coleman (2014) on Social Media Examiner online magazine, 86% of marketers in 2013, considered social media to be essential for their business with 49% of marketers choosing Facebook as their primary social media platform. Besides Facebook, there is some multiples platform that can be used by any companies to reach their target market such as Twitter, Instagram, YouTube, Google+, and so on. Those social media have a significant impact in a customer's life and the companies can use their chance to bring some information that related to their brand. Briones et al., (2010) emphasize the nature of social media can provide useful ways for public relations practitioners to create dialogues with the audiences. World of social media also continues to change and adapt towards growingly diverse consumer behavior.

Nowadays, consumers are more informed and interested to search product feature online before making any purchase. According to Ahmed & Zahid (2014), social media marketing is playing a crucial role in providing information to people and building their preferences and choice of purchase. Unlike traditional marketing, social media allows marketing to engage two ways and multiple ways dialogue instead of pushing one way broadcast. These dialogues are the strategy that can be used by companies to engage customers in a direct and responsive way, not only customers but also anyone who involved in the social media. By engaging the customers, the company can establish a real connection and interact with them who share the same interests and passion. Multiple ways dialogue lets customers know they're being heard, allows the companies to improve customer satisfaction,

develop an eternal connection and provides a platform for new customers to know the business.

Social media afford an opportunity for the companies to market their products or services by using it as tools for promotions. In this digital era every product or services are competing against each others to be known and useful for customers. They can know what product to buy and easily recognize the products from brand, color, shape, functions, packaging, and so on. Companies can create some interesting contents of their products that published in the social media to attract customers and make it viral. The contents which are offered by the companies should represent the customers want and not the companies want. After meeting the customers want, the companies will get some response from the market and also from the customers itself.

Based on the chart, the number of social media active users are higher than the population in the world. It can be proved by the chart below:

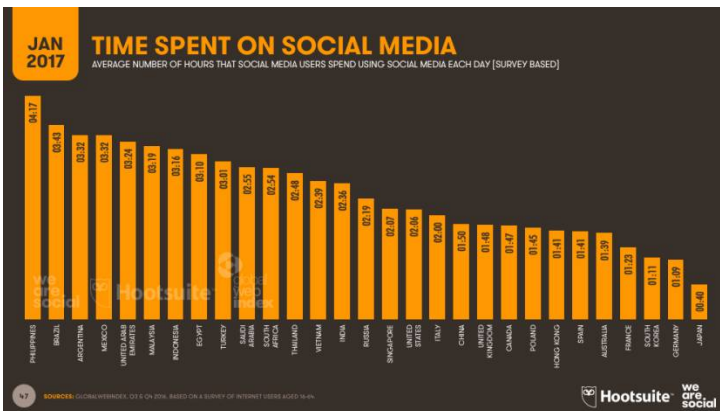


Figure 1.1
Time Spent on Social Media by Countries
 Source: <https://wearesocial-net.s3.amazonaws.com>

We Are Social is a media company which headquartered in England and Wales, which helping brands to listen, understand, and engage in conversations in social media. We Are Social (2017) explained that social media use surged by more than 20% in 2016, with Facebook in particular posting impressive increases, despite already being the world's most popular social platform for the past decade. Worldometers is an independent company which analyzing the available data, perform statistical analysis, and build our algorithm which feeds the real time estimate. According to Worldometers, the current population of Asia population is equivalent to 59.69% of the total world population. From the data above can be explained that Indonesian users are on the seventh position of spending time on social media after Malaysia with 3 hours and 16 minutes using the social platform each day. Even Indonesia is on the seventh rank, but the Indonesian users spend their time more than Chinese users and South Korea users which those countries are developed countries. Every year the number of people using social media is increasing and mostly they use it from mobile devices. The amount of user who use mobile devices as tools to check their social media are very impressive and give no sign of slowing. The internet user in the data above only focusing on the internet user aged 16-64 which people in this age are trying to get more information than the other ages.

Freedom House is an independent organization that conducts research and advocacy on democracy, political freedom, and human rights. Freedom House (2016) said that Joko Widodo as a President of Indonesia encouraged people to use web-based platforms for crowd sourced local election monitoring and other initiatives in 2015 and 2016. A 2014 decree issued by the Ministry of Communication and Information (MCI) allows internet service providers (ISPs) to block "negative" content at their own discretion, resulting in highly uneven and opaque censorship practices

affecting entire platforms, including Vimeo, Netflix, Imgur and Reddit. Government officials also pressured social media and communications app providers to monitor and restrict content, in one case causing Line to remove stickers depicting LGBTI themes from its online store. So, actually Indonesia is a country with a freedom to use an internet and any social networks. Then people also no need to think of the restriction because the government already selecting a platform that can be used in Indonesia. Word Stream, an online marketing company also stated that YouTube is the number one place for creating video content, with can be an incredibly powerful social media marketing tool.

	Site	Daily Time on Site
1	Google.com Enables users to search the world's information, including webpages, images, and videos. Offers... More	8:47
2	Youtube.com User-submitted videos with rating, comments, and contests.	9:18
3	Google.co.id This guide will introduce you to all the different ways you can use Google Talk. ... The Google... More	6:15
4	Detik.com detikcom is pioneer online media company in Indonesia, provides the most updated & comprehe... More	10:28
5	Tribunnews.com TRIBUNNEWS.COM :: Berita Terkini Indonesia Diterbitkan TRIBUN-	7:00

Figure 1.2
Top Web Sites in Indonesia
Source: <http://www.alexacom/topsites/countries/ID>

Right now companies are trying to create a promotion through social media to seek the attention from prolific supporters like customers, even in this research, several variables such as social media marketing, brand awareness, and purchase intention will be explained one by one to ensure the effects of social media towards purchase intentions through brand awareness. Based on the Figure 1.2, people mostly open up their social media or websites to know what is happening now and they are trying to be the first to know the news.

Social media marketing refers to the process of creating a moment, get attentions from the brand, get people to spread word, and achieve defined goals (Batesole, 2016). According to Weinberg (2009), he refers social media marketing as a process in empowering individuals to promote their websites, products, and or services through online social channels, to interact with and to tap into a much larger community that may not have been available via traditional advertising channels. Social media has many advantages while helping the firm engage with their consumers like to develop relationships in a relatively lost cost and high level of efficiency as Kaplan and Haenlein discovered in 2010. Social media provide sites that can be used by their users to do some actions like get more information or trending topics, update a status or photos, leave a comment, share a video or links, and so on. Companies who are connect their brands with any social networks must know how to deal with their customer like updating a post or give a challenge to their followers or customers in social media to gain crowd. Social media marketing (SMM) helps a company to get direct feedback from customers or potential customer while they are making their account more attractive. The interesting parts of social media are they can give customers the opportunity to give a comment or complain about the company's product directly to their social media's account.

According to Aaker (1996) brand awareness refers to the specialty of a brand's presence in the consumer's mind. In general, brand awareness can be defined as when customers are familiar about the existence of the products. Creating brand awareness of a product is one of the important things to do a promotion. Brand awareness can be measured by many different ways of awareness which may include brand recognition, brand recall, top of the mind brand, dominant brand, brand knowledge, and brand opinion (Aaker, 1996). Brand awareness can be a crucial step when launching a new products or services and also important to company to differentiate the products or services from other competitors. Right now, social media is being an important tool for creating brand awareness of a product or service. Customers need to be convinced that every brand is same in a certain product category. Brand awareness can be created via post or updates by the companies on their social media to make sure that customers can feel and understand about the availability of the products or services.

Purchase intention means a consumer prefers to buy a product or service because he or she finds that he or she needs a particular product or service, or even attitude towards a product and perception of product as said by Madahi & Sukati (2012). Customers can re-buy a product or service or maybe they can just give comments and evaluations about what they have bought. While customers are busy selecting a certain product or service, the buying decision relies on the intention to buy of the customer itself. In the purchasing process, consumers will be interrupted by an internal impulse such as emotional needs, moods, self-feelings, whereas external environments are like product displayed, promotions, suggested items, free shipping, and so on. Their behavior will be driven by the physiological

motivation that stimulates their respond which bring them to the retail store to fulfill their need (Kim & Jin, 2001).

All the variables that already explained above can affect each other whether it is social media marketing to brand awareness or social media marketing to purchase intention or brand awareness to purchase intention. Social media marketing is providing customers and companies to have direct interactions about brand of products or services. Social media marketing also can be used by companies to introduce a new brand of product or service to the customer or possible customer to feel and understand the functions or the availability of a product or service that are new in the market. When customers are aware with the products or services, they can also give some evaluations for what they have bought via social media and tell the companies what are they feel and the advices for those products or services.

Based on the first previous research that has been observed by Maoyan et al., (2014) in Shanghai, China this study discussed about the characteristics of consumer purchase intention towards social media marketing and also external and internal factors of social media marketing that affect consumer purchase intentions. The authors use SOR (Stimulus Organism Response) and TAM (Technology Acceptance Model) that combines social media marketing and consumer purchase intention. The results of the study show that social media marketing, stimulate external factors and influence the consumer's inner perception factor, at least, it will affect consumers' purchase intention. The second previous research by Ahmed & Zahid (2014) explained about the impact of social media marketing on brand equity and customer relationship management in terms of purchase intention. The study is conducted in Pakistan and data was

collected by choosing 150 respondents randomly in the area of Gujrat, Wazirabad, and Gujranwala. This study found that the most significant factors which influence purchase intentions is customer relationship management, and also social media marketing positively affect customer relationship and brand equity. The authors also concluded that the purchase intentions of customers can be created and reinforced through building customer relationship management and brand equity by using social media that already selected, that is Facebook.

The reasons why this study should be done is because to emphasize the effect of social media marketing on purchase intention towards brand awareness of Oreo Chocolate Sandwich Cookies with Vanilla Flavored Cream in Surabaya. As people know, Oreo, it is the world's favorite cookies which have a creamy white filling. Oreo has been introduced since 105 years ago with "Chocolate Sandwich Cookies" on the package and then promote their products to some social media. With the consistency and frequently the promotion goes well, Oreo also placed themselves to make people enjoy entertaining even they just watching. For more than 100 years, Oreo already makes some innovation for the flavors, but every innovation that Oreo has been produced and people keep going back to the original flavor that is Oreo Chocolate Sandwich Cookies with Vanilla Flavored Cream. Oreo makes a video about their newest tagline "Wonderfilled" and it has already spread through their social media like YouTube, Instagram, Facebook, and Twitter. In 2016, Oreo's advertisement is placed on the first rank on becoming the most popular ads by Google (Pribadi, 2016).

According to the phenomenon of social media marketing that already explained above, the author wants to know how important social media marketing nowadays in building relationship between companies,

customers, and everybody who involved in it. Because of the advancing of technology and era, the behavior of the customer while they have a desire to buy products or services also change. Right now when they want to buy products or services they usually tend to be loyal to brands that commonly purchased, and this is affecting customers to buy new brands. So, the role of social media marketing in order to introduce new brands will be measured, so do the purchase intention of the brands. The author also uses social media because social media are growing very quickly and it can spread the information very fast to other users. When people are too curious about any information, social media can bring some news and directly can inform other people who is involved in it.

The promotions of each brand also can affect customers to buy products or services, for example, when a company makes a song for a brand making them realize what brand is it, or make some jokes that easily can be memorized, and so forth. There are many ways to make customers aware of products or services; it can be like making a social media sites, using traditional marketing (word of mouth), sponsoring public events, infographic, and many more. Since now is the digital era, companies easily create and put their brands in the social media accounts without spending a lot of money like put some advertisement on the video so when users are watching some videos the ads will be popping up in the video. Low cost promotion is a way to create a buzz and do some greater promotion about a new product and service from the company.

1.2 Research Question

Based on the background, the problems can be formulated as follows:

1. Does social media marketing have a positive effect on purchase intention of Oreo Chocolate Sandwich Cookies with Vanilla Flavored Cream in Surabaya?
2. Does social media marketing affect brand awareness of Oreo Chocolate Sandwich Cookies with Vanilla Flavored Cream in Surabaya?
3. Does brand awareness have a positive effect on purchase intention of Oreo Chocolate Sandwich Cookies with Vanilla Flavored Cream in Surabaya?
4. Do social media marketing affecting purchase intention through brand awareness of Oreo Chocolate Sandwich Cookies with Vanilla Flavored Cream in Surabaya?

1.3 Objectives of the Study

According to background and research questions above, the research aims to identify and analyze the effect of:

1. Social media marketing towards purchase intention of Oreo Chocolate Sandwich Cookies with Vanilla Flavored Cream in Surabaya.
2. Social media marketing towards brand awareness of Oreo Chocolate Sandwich Cookies with Vanilla Flavored Cream in Surabaya.
3. Brand awareness towards purchase intention of Oreo Chocolate Sandwich Cookies with Vanilla Flavored Cream in Surabaya.
4. Social media marketing on purchase intention through brand awareness of Oreo Chocolate Sandwich Cookies with Vanilla Flavored Cream in Surabaya.

1.4 Advantage of the Study

1. Academic Advantages

This study can be used as a reference to whom that does the similar study, research especially about the effects of social media marketing towards brand awareness in terms of purchase intention of Oreo Chocolate Sandwich Cookies with Vanilla Flavored Cream.

2. Practical Advantage

The result of this research can give information to any companies or institutions who want to identify about the effects of social media marketing towards brand awareness in terms of purchase intention of their company.

1.5 Systematic of Writing

The systematic of this writing divided into 5 chapters are in the following:

Chapter 1: Introduction

This chapter discusses about background, research questions, research objectives, significance of the study, and systematics of writing.

Chapter 2: Literature Review

This chapter contains previous research that relevant to the present study, theoretical basis, relationships among variables, research model, and hypotheses of the study. The theoretical background will explain about social media marketing, purchase intentions, and brand awareness.

Chapter 3: Research Methods

This chapter explains about research design, variable identification, operational definition of variable, variable measurement scale, types and sources of data, data collection methods, population, sample, and sampling techniques, data analysis techniques, data analysis that consists of validity test and reliability test and hypothesis testing.

Chapter 4: Analysis and Discussion

This chapter consists of respondent characteristics, descriptive statistics variable research, SEM assumption test, structural equation, overall model matching test, hypothesis test, and discussion.

Chapter 5: Conclusions

This chapter is discussing about the conclusions of the study and suggestions that can help the customer to know better about the relationship between variables and for those who want to do a further research.