

**THE IMPACT OF INSTAGRAM
ADVERTISEMENT AND WORD OF
MOUTH ON BRAND AWARENESS
PANDORA EXPERIENCE IN SURABAYA**



BY:
Celine Hertanto
3303014034

INTERNATIONAL BUSINESS MANAGEMENT
FACULTY OF BUSINESS
WIDYA MANDALA CATHOLIC UNIVERSITY
SURABAYA
2018

**THE IMPACT OF INSTAGRAM
ADVERTISEMENT AND WORD OF MOUTH
ON BRAND AWARENESS PANDORA
EXPERIENCE IN SURABAYA**

UNDERGRADUATE THESIS

Addressed to

FACULTY OF BUSINESS

WIDYA MANDALA CATHOLIC UNIVERSITY SURABAYA

To Fulfill the Requirements for the Economy Bachelor Degree
International Business Management Program

BY:

Celine Hertanto

3303014034

INTERNATIONAL BUSINESS MANAGEMENT

FACULTY OF BUSINESS

WIDYA MANDALA CATHOLIC UNIVERSITY SURABAYA

2018

APPROVAL PAGE

THESIS

THE IMPACT OF INSTAGRAM ADVERTISEMENT AND WORD OF MOUTH ON BRAND AWARENESS PANDORA EXPERIENCE IN SURABAYA

BY:
Celine Hertanto
3303014034

Approved and Accepted
to be Submitted to the panel team

Advisor 1,



C. Marliana Junaedi, SE., M.Si.
NIK: 311.98.0358

Date:

Advisor 2,



Deatri Arumsari Agung, SE., M.Sc.
NIK: 311.17.0980

Date:

RATIFICATION PAGE

Thesis written by Celine Hertanto NRP 3303014034 has been examined on August 10th and declared PASSED by Panel Team.

Panel Team Leader:



Dr. Lydia Ari Widyarini, SE., MM.
NIK. 311.92.0183

Dean

Head of Department



Dr. Lodovicus Lasdi, MM., AK., CA., M.Sc.
NIK. 321.99.0370

Robertus Sigit H.L. SE.,
NIK. 311.11.0678

AUTHENTICITY STATEMENT OF SCIENTIFIC PAPER AND PUBLICATION APPROVAL OF SCIENTIFIC PAPER

For the sake of knowledge development, I, as a student of Widya Mandala Catholic University Surabaya:

I, the undersigned below:

Name : Celine Hertanto
NRP : 3303014034
Title : The Impact of Instagram Advertisement and Word of Mouth On Brand Awareness Pandora Experience in Surabaya

Acknowledge that I authentically write This Final Assignment Report. If it is proved that this paper is a plagiarism, I am ready to receive any sanctions from the Business Faculty of Widya Mandala Catholic University Surabaya. I also approve that this papers to be published/shown in the internet or other media (The digital library of Widya Mandala Catholic University Surabaya) for academic importance to the extent of copyright law. Thereby, I sincerely made the authenticity statement and the publication approval.

Surabaya, 1 August 2018

Stated by

Celine Hertanto

FOREWORDS

Firstly, I want to thank the Lord, without his guidance, I won't be able to finish my final assignment as a graduation requirement that must be met to obtain a degree in Economics at the Faculty of Business Management Department of Widya Mandala Catholic in Surabaya. The final preparation of the final report will not work properly without the help and support from various parties. Therefore, the authors would like to thank:

1. Dr. LodovicusLasdi, MM.,Ak. CA. as Dean of Business Faculty Widya Mandala Catholic University Surabaya.
2. RobertusSigitHaribowoLukito, SE., M.Sc. as the Head of Management Department, Business Faculty, Widya Mandala Catholic University Surabaya, Business Faculty, Widya Mandala Catholic University Surabaya.
- 3.Dr. WahyudiWibowo, S.T, M.M. as Coordinator of International Business Management
4. C.MarlianaJunaedi, SE.,M.Si. as the First Reviewer of Final Assignment who has taken the time, effort, to guide the author in completing this thesis.
- 5.DeatriArumsariAgung, SE., M.Sc.as the Second Reviewer of Final Assignment who thoroughly supporting author to the most out of properly writing.
6. My Parents, they keep on supporting the author for this 4 years, helping her to become a better version of herself.
7. To my dearest friendsSienny, Azalia, Olyvia and Feby, that continuously stood by author-side during this 4 years.

Surabaya, 2018

Celine Hertanto

TABLE OF CONTENT

COVER PAGE	i
APPROVAL PAGE	ii
RATIFICATION PAGE	iii
AUTHENTICITY STATEMENT AND PUBLICATION APPROVAL OF SCIENTIFIC PAPER	iv
FOREWORDS	v
TABLE OF CONTENTS	vi
ABSTRACT	ix
ABSTRAK	x
I. INTRODUCTION	
1.1. Background	1
1.2. Research Question	7
1.3. The Objective of The Study	8
1.4. Research Benefit	8
1.5. Systematic Writing.....	9
II. LITERATURE REVIEW	
2.1. Previous Research	11
2.2. Theoretical Basis	11
2.2.1 Instagram Advertising.	11
2.2.2 Word of Mouth	16
2.2.3 Brand Awareness	17
2.3. Relation Between Variables.....	19
2.3.1 Impact of Instagram Advertising On Brand Awareness Pandora Experience Surabaya.....	19
2.3.2 Impact of Word of Mouth on Brand Awareness Pandora Experience Surabaya.....	20
2.4. Framework	21
2.5. Hypotheses	22

III. RESEARCH METHODOLOGY

3.1. Research Design.....	23
3.2. Variable Identification.....	23
3.3. Operational Definition of Variable.....	24
3.3.1 Brand Awareness of Pandora Experience.....	24
3.3.2 Instagram Advertising.....	24
3.3.3 Word of Mouth.....	25
3.4. Type and Source of Data.....	25
3.5. Variable Measurement.....	26
3.6. Tools and Method of Collecting Data.....	27
3.7. Population, Sample and Technique Used in Sampling.....	27
3.8. Technique to Analyze Data	28
3.8.1 Normality Test.....	29
3.8.2 Validity Test	30
3.8.3 Reliability Test.....	30
3.8.4 Overall Model Fit Test	31
3.9. Structural Model Test	32
3.10. Hypothesis Test	32

IV. Analysis and Discussion

4.1. Respondent Characteristic	33
4.2. Descriptive Statistic Variable.....	39
4.2.1 Descriptive Statistic Variable Instagram Advertising (ADV).....	40
4.2.2 Descriptive Statistic Variable Word of Mouth (WOM).....	41
4.2.3 Descriptive Statistic Variable Brand Awareness (BA).....	41
4.3. SEM Assumption Test.....	42
4.3.1 Normality Test.....	42
4.3.2 Validity Test.....	44
4.3.3 Reliability Test.....	45
4.4. Structural Model Test.....	47
4.5. Goodness of Fit.....	47

4.6. Hypothesis Test.....	48
4.7. Discussion	49
4.7.1 The Effect of Instagram Advertising Toward Brand Awareness of Pandora Experience Surabaya..	49
4.7.2 The Effect of Word of Mouth Toward Brand Awareness of Pandora Experience Surabaya.....	50

V. Conclusion and Suggestion

5.1. Conclusion.....	52
5.2. Suggestion.....	53

VI. Bibliography.....55

VII. Appendix.....57

ABSTRAK

Iklan adalah kegiatan yang sangat penting, ini bertujuan untuk memperkenalkan produk atau mempromosikan produk yang sudah beredar. Kegiatan ini sering dilakukan oleh banyak perusahaan. Dengan perkembangan di tahun terakhir ini, muncul internet dan media sosial. Ini semakin meluas digunakan karena kepraktisan dan penggunaannya yang mudah. Melihat bahwa banyak perusahaan ingin mempromosikan atau mengiklankan produk dan layanan yang mereka jual. Media sosial juga sangat mudah bagi pihak yang ingin beriklan dan juga mempromosikan. Salah satu media sosial yang memfasilitasi kedua belah pihak adalah Instagram. Oleh karena itu, Instagram banyak digunakan oleh perusahaan untuk mengiklankan produk dan layanan mereka. Tidak hanya iklan, komunikasi verbal, bertukar informasi dari mulut ke mulut adalah metode yang sangat efektif untuk mempromosikan barang atau jasa. Kesaksian dari seorang individu dapat membentuk persepsi orang tentang suatu produk. Ketika kedua metode ini digunakan, mereka akan dapat meningkatkan kesadaran akan suatu merek.

Pandora Experience adalah perusahaan yang menggunakan kedua metode tersebut. Pandora Experience adalah perusahaan layanan yang menjual game, di mana pemain akan memainkan permainan secara fisik di mana para pemain diharuskan menyelesaikan teka-teki yang rumit, di dalam labirin. Sebagai perusahaan jasa dan perusahaan yang relatif baru, Pandora Experience diwajibkan untuk mengemas layanan mereka sekreatif mungkin untuk menarik target pasar mereka yaitu kelompok pemuda. Kedua metode yang saat ini diterapkan oleh Pandora Experience sangat cocok dengan target pasar mereka. Hasil penelitian ini, yang menggunakan SEM dan LISREL, menunjukkan bahwa kedua metode tersebut mampu meningkatkan tingkat kesadaran merek di mata konsumen, terutama untuk kelompok milenial.

ABSTRACT

Advertising is a very important activity, it aims to introduce a product or promote products already in circulation. This activity is often done by many companies. With the development in this recent year, emerged the internet and social media. It is increasingly widespread use due to its practicality and easy usage. Seeing that many companies want to promote or advertise the products and services they sell. Social media is also very easy for the parties who want to advertise and also promote. One of the social media that facilitate both parties is Instagram. Instagram is therefore widely used by companies to advertise their products and services. Not only advertising, verbal communication, exchanging information from mouth to mouth is a very effective method to promote an item or service. Testimony from an individual can shape people's perceptions about a product. When these two methods are used, they will be able to raise awareness of a brand.

Pandora Experience is a company that uses both methods. Pandora Experience is a service company that sells games, where players will play the game physically where the players are required to solve complicated puzzles, inside a labyrinth. As a service company and a relatively new company, Pandora Experience is required to package their services as creative as possible to attract their target market that is youth group. Both methods that are currently applied by Pandora Experience fit perfectly with their target market. The results of this study, which used SEM and LISREL, showed that both methods were able to raise the level of awareness of a brand in the eyes of consumers, especially for millennial groups.