

CHAPTER 1

INTRODUCTION

1.1 Background

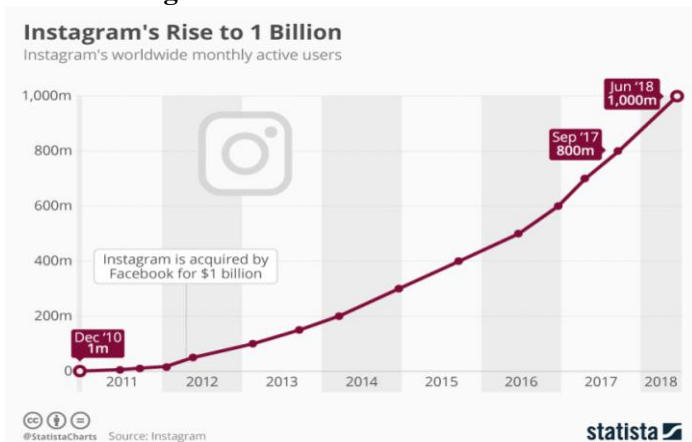
Social media for a millennial's one of the necessities of life to the millennial generation, is one of the things they can't live without today. It is not only for style, but it becomes a part of our current lifestyle, but that's not the purpose of social media in the beginning. As said by Kotler and Armstrong (2015:385) that social media is an uncharted territory due to the fact that the possibility of using this platform are endless, it offers a new experience, sharing and communicating to the rest of the world with a click of a button. Some of the renown social media creators would never think that their creation will be the new trend.

Mark Zuckerberg the creator of Facebook himself revealed the program that he created Facebook, it was made during his college year. The early usage of this program was to help him in one of his assignment, from then on, the program was slowly under gradual change and now everybody at least has one Facebook profile. From a small project in college year, become one of the pioneers of other social media. The birth of Facebook has become a catapult for others racing to create another kind of social media platform, because they have seen how it changes the way of how we communicating. As defined by the Fortune magazine in 2014, in reality, people nowadays have created several accounts or more on major social

media platform which are; Facebook, Instagram, and Twitter. Of these newer social media platform, social media with an image sharing service such as Instagram has a huge success and attracting large followers. Being recognizes influential business experts have made Instagram a household name, as one of the most influential social media of today.

Instagram was created in 2010 by Kevin Systrom and Mike Krieger, both creators intended this application as an exclusive for iPhone user back in 2010, now the application can be accessed from any devices. Instagram rapidly gained popularity, with one million registered users in two months, 10 million in its first year, and ultimately gained a total of 1 billion users in this year. As seen in Figure 1.1, Instagram rapid user growth over the years.

Figure 1.1
Instagram User Growth over The Years



Source: Statista (2018)

There are a lot of factors of why people are using Instagram and it proven as one of the most effective applications for the marketer, the application itself is easy to use and accessible. Other important points that many marketers realize that Instagram usage has become more common right now in Indonesia alone there are 40 million Instagram users ranging from 13 to 50 years old people, Figure 1.2 below, specifically the user proportion from Indonesia, sort by age. The trend now in Indonesia it becomes the new trend that a business the new one especially to create an account on social media, so the new business looks more appealing for the mass. In fact, a study conducted by Simply Measuredwebsite (2015) shown that 86% world leading brand is present on Instagram.

Figure 1.2
Instagram User in Indonesia



Source: NapoleonCat (2018)

Quoted from Greene & Kesselheim (2010), the time has changed so does the means for communication we no longer rely on face-to-face or direct communication now we can use social media as our main communication platform. A platform for individuals to communicate a platform for the seller to promote and advertise as well. It suited to this millennial generation that demands almost everything to be instant, unique and engaging for them. According to Kotler and Armstrong (2015:353) advertising is a form of a service that specifically selling ideas to promote a certain product. One marketing trend that's impossible to ignore is the growing power and value of visual content. Take a look at four of the fastest-growing social networks: Pinterest, Instagram, Snapchat, and Tumblr, each application has shown an immense growth from day one and there is no sign of slowing down.

The way people, especially younger people are consuming content differently than their predecessors, they consume information and content more than the previous generation that could only rely on TV, newspaper, and radio. Instagram is a platform that focuses on sharing the image that captures a moment in a user's life and a way of communicating by pictures. According to Kotler and Armstrong (2015:385) with its characteristic, the brand needs to adapt to a new platform in order to fit in and be seen, which can be a challenging undertaking foremost. The brand naturally wants the user to engage with the brand content on social media to gain awareness and reaching a new potential consumer, therefore it is

essential to also understand what kind of brand content user want to see and engage.

Furthermore, the simplicity of the concept and an outlook and visual focus of the social media platforms attracting a million users and create a solid position in image marketing. Brands have naturally the following suit, although not to the large extent as with Twitter and Facebook yet, quoted from Kotler and Armstrong (2015:385). An interesting tendency with a brand post on Instagram is that they tell more about the story of the brand, give more personal touch or show behind the scene, a glimpse into the brand everyday lives, but often do not attempt to explicitly advertise.

It already embedded in human, that they are a social being, communicated with each other, sharing and talking about everything, everywhere any time. They share a point of views, experiences, disagreements, or constant advice and to build up informal communications. Within in our modern customer society, where everything is altering rapidly, where products and services are fast becoming out of date, and where firms suggest to the customers an ever more diverse collection of products and services, the company was faced with a brutal competition to market their product or service or simply become relevant. The consumer is becoming more observant about what they buy. Even if most of the time they will license the cheapest ones with the top quality, it is not actually simple to be sure that it is the good one. People gather concerning

information and opinions about a product from people, gathering any beneficial testimony before really purchasing the product.

One of the popular sources is Word of Mouth. Naz (2014) Word-of-mouth is defined as any positive or negative statement made by customers experiences about a product or company, a method of communication between two noncommercial people and without benefit in the business they are talking about. With the emergence of Instagram advertising and word of mouth, create the perfect combination of a low cost and effective advertisement. Thus, more and more consumers are keen to respond, creating an exchange of information between consumers.

For Pandora Experience social media presence is crucial, they just opened their first outlet in 2016 in Jakarta. Pandora Experience opens its first branch in Surabaya, 15 April 2017 in Marvel City, when they launch this game they invited reporters and bloggers also endorser as well to get the words out about this new game. The intention was obviously to promote Pandora Experience on many different platforms. The creators of this game Michael Timotius, Jancent and Indra have the idea to start this business when the three of them went to a mall and when they tried an escape game they felt that the game was lacking and they thought they could make a better game, and in 2017 they are able to make their dreams real. Now they have opened in five big cities in Jakarta, Bandung, Tangerang, Bali, and Surabaya with a total of 8 outlets each one of them located inside the mall.

Their success lies in their games content in which a realistic setting to support its challenging puzzles and task. It could be played by 4 people up to 7 from age 15 to 30, due to its complicated puzzle the minimum age would be 15 years old and the maximum will be 40±. Every 6 month Pandora Experience have three themes e.g; Alcatraz Prison Break, in which the player was required to solve words puzzle in order to escape the prison, in each playing session the player will be given 30 minutes, the staff will give hints or clue to help the players if they are unable to. In every 6 months the games will change, changing the set and puzzle, but the same way of playing and the same basic rules apply, no cell phone and shoes.

1.2. Research Question

According to the background of the research above, the problem statement is formulated as follow:

1. Does Instagram advertisement have a significant impact on the brand awareness of Pandora Experience in Surabaya outlet?
2. Does WOM have a significant impact on raising brandawareness?

1.3. The Objective of The Study

1. The Impact of Instagram Advertisement on BrandAwareness Pandora Experience in Surabaya

2. The Impact of WOM on Brand Awareness Pandora Experience in Surabaya

1.4. Research Benefit

The benefit of this study is both theoretical and practical.

Benefits are described as follow:

1. Theoretical Benefit: This study will provide information for readers and references for the researcher s to conduct their own study in the future.
2. Practical Benefit: This study demonstrates how significant is Instagram advertising and WOM to raise a business brand awareness. This information will be useful for marketers in general by knowing the level of effectiveness of Instagram advertising and WOM.

1.5. Systematic Writing

In order to understand the research concept, below is the systematic writing as follow:

1. Chapter 1 Introduction
This chapter explains the background of the study, problem statements, research objective, research benefits and systematic writing.
2. Chapter 2 Literature Review
This chapter explains the previous study and theories about Instagram, Advertising and Word of Mouth

(WOM), Brand Awareness and the relation between those variables, as well as the research framework and hypothesis

3. Chapter 3 Research Methodology

This chapter explains the research design, variable identification, operational definition, variable measurement, type and sources of the data analysis.

4. Chapter 4 Analysis and Discussion

This chapter explains the object of the research, data description, data analysis and the discussion of the result.

5. Chapter 5 Conclusion

This chapter contains the result of this research, suggestion and the problem solving which is expected to help academic purpose and the company.