CHAPTER 1
BACKGROUND

1.1 Background

Today's brands' name is getting increased and vary starting from brands of clothing line, bags, shoes, makeup, etc., even from local brands and also foreign brands that are quite well-known in Indonesia. As internet and social media keep growing, each of brands have their own social media platform to share, to advertise, and to promote their products. Muntinga, Moorman, & Smit (2011) mentioned that "Social media have changed how brand-related content is created, distributed and consumed, thus transferring the power to shape brand images from the hands of advertisers to the words of consumers' online connection". Facebook as one of social media and with total active users in Indonesia as much as 130 million users per January 2018, is a platform where there are lots of brand communities create their own Facebook page, and this is kind of way for us as consumer to interact with other consumers who use or wear and have same interest toward same product or brand. These people form a group of consumers who organize themselves around a lifestyle, shared activities and ethos of a brand (Fournier & Lee, 2009; in Freitas et al., 2017). The reasons for the participation in the community is the possibility of building social relationship, personal involvement with the brand and the sharing symbolic meanings (Morandin, Bagozzi & Begami, 2013; in Freitas et al., 2017). In order to better understand this explanation, this study will be adopted from previous research of Dessart (2017), to examine the relational variables through online platform which is Facebook.

One of variables that are taken into this study is brand loyalty. It refers to the degree of attachment a customer has for a particular brand (Liu, Li, Mizerski, & Soh, 2012). With this feeling of attachment, consumers will more likely to seek products from a particular brand they prefer most or loyal to, even when the price of that particular brand's products are relatively expensive. As many consumers dive-in into brand communities in social media, it can be beneficial for the brand-

related. Online communities have been found to strengthen the relationship with the brand, enhance brand commitment, and online community members have been found to build stronger association with the brand than nonparticipating consumers (Kim et al., 2008; in Wirtz et al., 2013). This finding shows us that through brand communities, consumers who have more stronger relationship with its brands association, will feel more commit and engage with the related brand, and so can resulted in greater brand loyalty.

Strong brand engagement can be a great support to brand loyalty. These two are closely related as brand engagement can lead to brand loyalty. Brand engagement is the strong internal feeling of consumer toward a brand which they prefer more than other brands. When consumers are engaged with specific brand, they tend to persuade others to consume or use the brand's products they are engaged on. This kind of action is called as word-of-mouth. They will unconsciously promote or being persuasive to others, so others will follow them using or wear same product as them. This action happens only when consumers are engaged enough with a brand. In online context, Mollen & Wilson (2010) in Wirtz et al., (2013) defines brand engagement as the "customer's cognitive and affective commitment to an active relationship with the brand as personified by the website or other computer-mediated entities designed to communicate brand value". Consumer cognitive is people who are engaged by contents posted by brands and it makes them to spend more time in browsing it, while the affective is the happy feeling consumer has when a brand gives respond to its consumer.

As these people are actively contributing to communities, and interact with others, they are showing another engagement, which is community engagement. Community engagement is an indicator or what drives brand engagement because consumer who are feel engaged toward a brand tend to be active in the communities where consumers will more actively commenting on posted post, share their thoughts with other members, etc. Based on literature book about community engagement, it is defined as "the process of working collaboratively with and through groups of people affiliated by geographic proximity, special interest, or similar situation to address issues affecting the well-being of those people".

Bagozzi & Dholakia (2002) in Tsai & Men (2013) mentioned that "consumers who share similar social identities based on their membership in the same online communities tend to develop a group attitude, follow group norms, and sustain group dynamic, such as actively participating in community conversations and activities". People follow communities as one way to express their enjoyment in interacting with other fans of a specific brand, seeking related information on social media regarding the brands and also as way for consumers to ask fellow members in the community for their suggestion or advice. These show the engagement of consumers toward a community which they believe.

Online interaction propensity shows the tendency of individuals in participating in such communities because of their desire. This desire can arise because of the easiness in participating in online platform, which is social media. When individuals already show positive feedback after using social media, they tend to keep using that to find such information or knowledge, and even contributing to a community that share same interest as them to follow any update information, and importantly to communicate and share this individual's experiences or thoughts to the community so other will also know their experience.

Participation in an online community determines community success in the long term (Koh & Kim, 2004; in Casaló, Flavián, & Guinalíu, 2010), because participation promotes long-lasting relationship among community members (Algesheimer et al., 2005; in Casaló, Flavián, & Guinalíu, 2010). As people have positive intention to join some online communities, they are showing positive attitude toward participation to join and share their thought about a brand on that community. These people have their own willingness or desire to participate in communities because they perceive they could get better information and knowledge also they can share their thoughts and experience through communities, or even they want to be able to participate in an offline activity that community hold, which leads them to actively communicate in the communities and so they will also show engagement in the community.

Along with online interaction propensity and attitude toward participation, product involvement also one of the factors that lead to a community engagement.

Product involvement is commonly defined as a consumer's enduring perceptions of the importance of the product category based on the consumers' inherent needs, values, and interest (de Wulf et al., 2001; Mittal, 1995; Zaichkowsky, 1985; in Bian & Moutinho, 2011). When consumers have high level of involvement toward a brand, they are more likely to put more attention in finding information related to the products via internet which is from online community. They will try to keep up to date about brand's new product or any recent information related to the products, and through online communities, consumers can get any information they want including ask fellow members about their thoughts, and experiences about the products.

One of brand communities in Indonesia is Ertiga Club Indonesia (ERCI). Ertiga itself is one of automobile produced by a company named PT. Suzuki Indomobil Motor. This company has launched Ertiga since 2012 and managed to capture people's attention. Their sales are also increasing every year, and it can be seen in the figure below:
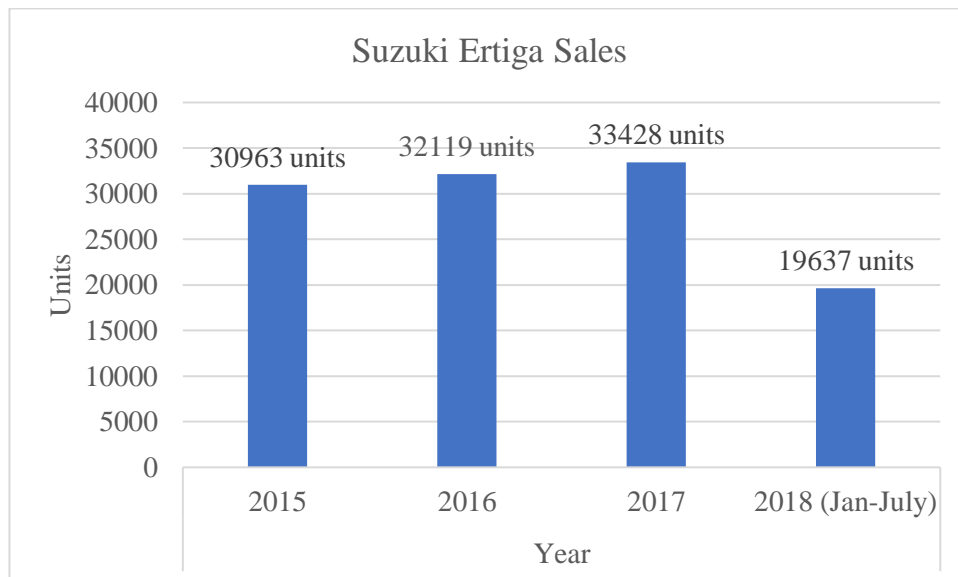

Figure 1.1 Sales of Suzuki Ertiga from 2015-2018 (Jan-July)
Source: www.gaikindo.or.id

With the success of Suzuki Ertiga and lots of people using this car, here they formed community or club named Ertiga Club Indonesia (ERCI). This club is formed to share information regarding Suzuki Ertiga and to know activities hold by

the club, and for those who want to join this club and join their activities. ERCI has social media platform, one of them is Facebook community page. For Surabaya city, their Facebook community page is ERCI Chapter Surabaya and number of people who follow this community page is 827.

Given this background, the purpose of this paper is therefore to examine the relation of each variables ─ online interaction propensity, attitude toward participation and product involvement factors in influencing community engagement which has positive influence on brand engagement, and therefore brand engagement can lead to brand loyalty ─ of every member who follow Ertiga Club Indonesia Chapter Surabaya's Facebook community page.

1.2 Research Questions

From background given above, the research questions that shall be addressed are:

1. Does online interaction propensity has positive influence on community engagement in online brand communities?
2. Does attitude toward participation has positive influence on community engagement in online brand communities?
3. Does product involvement have positive influence on community engagement in online brand communities?
4. Does community engagement have positive influence on brand engagement in online brand communities?
5. Does brand engagement have positive influence on brand loyalty in online brand communities?

1.3 Objectives of the Study

The purposes of this study are to understand:

1. The influence of online interaction propensity on community engagement in online brand communities

2. The influence of attitude toward participation on community engagement in online brand communities

3. The influence of product involvement on community engagement in online brand communities

4. The influence of community engagement on brand engagement in online brand communities

5. The influence of brand engagement on brand loyalty in online brand communities

1.4 Advantages of the Study

From this study, it is expected to give significant advantages for both academic and practical world as follows:

1.4.1 Academic Advantage

The result of this study is expected to give useful information, references and insight to others researchers who want to do further research that related to online interaction propensity, attitude toward participation, product involvement, community engagement, brand engagement and brand loyalty in online brand communities.

1.4.2 Practical Advantage

The result of this study is also expected to give useful information and insight for companies that have online communities to better maximizing it and therefore can increase brand engagement and brand loyalty from consumers.

1.5 Systematic of Writing

The order of this research is organized as follows:

CHAPTER 1. BACKGROUND

This chapter explains the background of the study, research questions, research objectives, advantages of the study and the systematic of writing.

CHAPTER 2. LITERATURE REVIEW

This chapter includes theories for each variable, the previous study, relationship between each variable, hypothesis, also the research framework of recent study.

CHAPTER 3. RESEARCH METHODOLOGY

Research design, identification of variables, operational definition, variable measurement, type of data and source, data collection tools and methods, population, sample and sampling technique, and data analysis technique will be discussed in this chapter.

CHAPTER 4. ANYLSIS AND DISCUSSION

This chapter will show the results for respondent characteristics, descriptive statistic, structural equation data analysis, and discussion.

CHAPTER 5. CONCLUSION

In this last chapter, contains the conclusion of the research, limitation of the research and suggestion for both academic and practical.