

CHAPTER 1

INTRODUCTION

1.1. Background

Food is the primarily need that must be fulfill on us. It is the reason why food and beverages considered to be one of business sector which predictable never meet the end. There are a lot of start up who decide to run their business in this sector, the reason is because food and beverages have big market. They have different ways in selling their products like provide delivery order and application to order it easily. In this day, internet is undeniable has become important part in human life especially who live in metropolitan area. Many information can get easily by using internet and this is why more people need internet. Whole gadgets already set to connect the internet cause it has become needed for all people. It's hard to find personal gadeget like smartphones, laptop, computer, and smartwatch which not connect the internet currently. Many advantages we take by using the internet, like start for looking job vacancy, sending email, browsing, communicating, gaming, shopping.

The data from “2017 Digital Year Book” said that more than 3.8 billion people around the world use the internet today, up 38 million since January 2017. This one percent increase takes global internet penetration to 51 percent – in other words, people who *don't* use the internet are increasingly in the minority (Hootsuite, 2017). It shows that the internet user is more than people who don't use the internet.

The development internet in the world also related to the gadget especially mobile phones. According to data, we can look that 93 percent of all internet users now go online via mobile devices (phones or tablets), and with the majority of new internet users now ‘phone first’, mobile’s share is likely to increase even more over the coming months (Hootsuite, 2017). If we look at the Kominfo (Kementerian Komunikasi dan Informatika) data, the internet users reached 143.26 million of 262 million total population in Indonesia (Kominfo, 2017). This statement give result that online business is a fresh market in this era. The opportunity of online business is one of the strong reason many product/services start run their business in this platform. Now, we can look many application launched, online shop in social media like Facebook, Instagram, and also they who join in big online shop company, instance Tokopedia and OLX.



Figure 1.1 User Composition of Internet User in Indonesia

Source : Hootsuite 2017

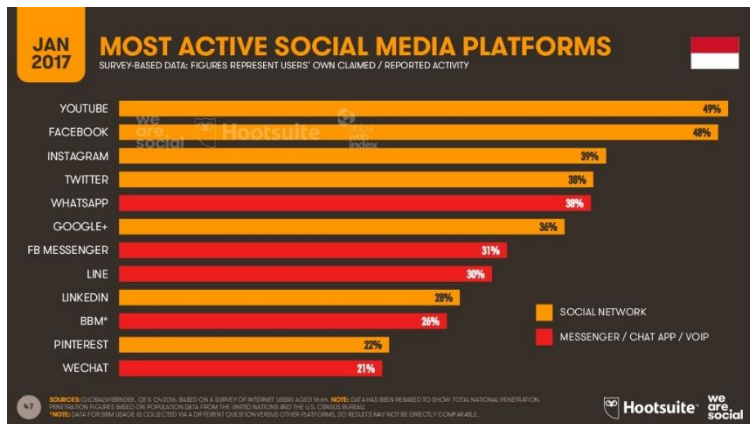


Figure 1.2 The Behavior of Internet User in Indonesia

Source : Hootsuite 2017

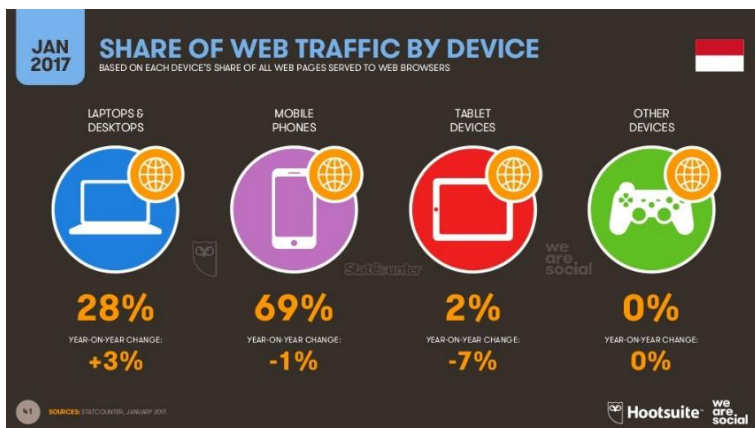


Figure 1.3 Device Share of Web Traffic

Source : Hootsuite 2017

According to the Hootsuite survey, Youtube has the biggest user in Indonesia and almost people in the world already use this in their daily life. It means Youtube is one of big market for those who want to sell online shop there and this thing is called media digital promotion. Even though Youtube is the biggest user but Dotic Donut use Instagram because its easier to open online shop.

Marketing is the main part in running business. Successful marketer usually have efficacious strategy like in how they look the opportunity in collaborating technology to sell the product. Promotion and advertisement is related to the marketing, in how making customer interest with the product, so it will help marketing more confidence in offering the product. Advertisement is about making awareness in consumers and giving suggest to attract them making purchase intention (Kamal Khan et al, 2016). Many advertisement are carried out according to what type of product will be promote and budgets. The examples are using broadcast media like television and radio, these advertisement are more likely for focusing on local audience and usually need higher cost. The others alternative for cheaper price are doing advertisement in print media / newspaper, product placement, and direct marketing.

Since the last ten years, it has been seen that marketing environment changed the involvement of celebrities in advertisement.

Celebrity endorsement is an individual who enjoy public perception and usually used to advertisement about product. (McCracken, in Khan et al. 2016). Another definition of celebrity endorsement is using well known person to help a brand or advertising campaign attract public. This form of marketing is commonly used by perfumes and clothing business sectors (BusinessDictionary). Using celebrity to endorse product is one of effective marketing strategy if the celebrity have relevance with the product. For the intance, Raffi Ahmad. He is famous actor and presenter in Indonesia that his lover majority of young mother or woman above 25 years old. It means the suitable product if we want to endorse Raffi Ahmad is type of household appliances. Celebrity are having a strong influence power and the product will be more attractive that make the audience will be more believe with the product. According to Medium.com, there are many reasons why celebrity endorsement works. In the reality, **people like to see a familiar face on a product and want to be like the celebrities. Celebrity also open up new demographic then make the belief of getting high quality product. This thing will make people remember the advertisement after seeing it.** This is the reason many business are using celebrity endorsement to promote their product.

In this era, consumer especially teenager are looking for information about the product before making decision to buy. They usually try to find review about the product will they buy. It means consumer trust is important to build purchase intention from the consumer. According to Ramadia, in Terenggana et al (2013), the

dimensions of trust covering reputation owned products, security, and comfort in using the product, and the benefits that exist in the product. There are many ways to make customer be aware and trust with our product. As the businessman, we need to focus on what the benefit will customer get after buying our product is there any value added that customer get and make them want to buy back. Trust is the belief that one can rely on the promises made by others (Pavlou, 2003). This statement means we have responsible of what we promote in social media and the product condition. What we show at the promotion should be the same with the real condition of our product, this is one of the key to get consumer trust.

Dotic Donut is potatoes donut company. It was founded in 2013 as a home industry operated, in Malang, East Java, Indonesia. This business is focus on custom potato donut which have unique design more likely character donuts. They sell their product by using Instagram, so customer need to order on social media and then Dotic Donut will deliver the donut to customer address. Instagram is the main strategic marketing that Dotic Donut did even they also use Facebook and Line@ to support the promotion. The reason they choose Instagram because Instagram user tend to increase and instagram does not require paying for advertising. Around 45 million citizen in Indonesia are using Instagram actively and recorded as the most widely content of Instagram story creator, this statement according to Sri Widowati as Country Head Facebook Indonesia. Now, Dotic Donut have 15.4 k follower and 160 posts since 2013. In

doing celebrity endorsement, they usually local influencer in Malang who has at least 5.000 followers and the majority is university student.

The purpose of this research is to know how consumer and celebrity endorsement influences purchase intention. Dotic Donut is chosen as object due to its immense popularity in Malang local brand.

1.2. Research Question

Based on the background, the research question is as follows :

1. Does celebrity endorsement influence toward consumer trust to doticdonut in Malang?
2. Does celebrity endorsement influence toward purchase intention to doticdonut in Malang?
3. Does consumer trust influence toward purchase intention to doticdonut in Malang?

1.3. Objective

Based on the background, the objective is to analyze the influence of :

1. Celebrity endorsement influence toward consumer trust to doticdonut in Malang
2. Celebrity endorsement influence toward purchase intention to doticdonut in Malang
3. consumer trust influence toward purchase intention to doticdonut in Malang

4. Celebrity endorsement influence toward purchase intention through consumer trust to doticdonut in Malang

1.4. Significance of Study

Based on the background above, the significance of study is as follows

:

1. Academic Significance

The result of this study is expected to be able to widen the skill of student know about impact of ewom and celebrity endorsement toward purchase intention.

2. Pratically Significance

The result of this study will be useful as a consideration for doticdonut management in Malang concerning their business the development with regard to ewom and celebrity endorsement toward purchase intention.

1.5. Writing Systematic

The systematic of writing this study is divided into five chapters and arranged as follows :

CHAPTER 1 : INTRODUCTION

This chapter consist of background of the study, research questions, research objectives, significant of the study, and writing systematic of this study.

CHAPTER 2 : LITERATURE REVIEW

This chapter presents the previous study, relevan jurnal, theoretical background and hypothesis. The theoretical background explains about corporate social responsibility, brand image, brand attitude, brand loyalty, and the relationship among variables.

CHAPTER 3 : RESEARCH METHODOLOGY

This chapter describes the process of analyzing data including research design, identification of variable, operational definion, type of source data, variable measurement, data collection method, population, sample and sampling technique, data analysis technique, validity and reliability, fitness model task, and hypothesis testing.

CHAPTER 4 : ANALYSIS AND DISCUSSION

This chapter consists of research data description data analysis, and discussion. It is also discussing about respondent description, research variable statistic descriptions, and hypothesis testing.

CHAPTER 5 : CONSLUSION AND SUGGESTION

This chapter is the closing of this study that consists of conclusion and suggestion for the research object and for the consumer or researcher to do a further research.