

# **CHAPTER I**

## **INTRODUCTION**

### **A. Research Background**

In today's economic era, market competition is getting more challenging, indirectly affecting a company's success or failure in maintaining market share. Therefore, producers are required to pay more attention to the needs and desires of consumers so that they can build more profound and meaningful relationships, which will later make consumers have loyalty (Muniz and O'Guinn, 2001). Furthermore, creating customer loyalty benefits the company (Muntinga, D. G., 2011).

Creating customer loyalty is not something easy. Various actions have created customer loyalty, such as price discounts, coupons, membership programs, and others (Gustafsson et al., 2005). However, this type of loyalty program is not enough to create high customer loyalty. Therefore, companies must carry out other marketing strategies that generate communication and foster consumer relationships (Gummesson, 2002).

Currently, the company's way to attract customers and strengthen relationships with customers is to create brand communities within consumers (Stokburger-Sauer, 2010). With this, the company and the customer will begin to develop a deeper, long-term relationship. According to Berry (1995) and

Webster (1992), long-term relationships with customers make companies more competitive and, as a result, can increase the company's marketing productivity.

Brand Community was first proposed by Muniz and O'Guinn (1995) in the Association for Consumer Research Annual Conference in Minneapolis. In 2001 an article entitled "Brand Community" was published in the consumer research journal (SSCI). They explained the concept of Brand Community as a specialized form of community, a community whose ties are not based on geographical links but instead based on a set of social relationship structures among fans of a particular brand.

The brand community will be characterized by shared awareness, rituals and traditions, and moral responsibility (Alexander, 2014). Meanwhile, according to Muniz and O'Guin (2001), in a journal entitled Brand Community, they found that there are three vital signs in the community, namely: common awareness consisting of legitimacy and oppositional brand loyalty, rituals, and tradition consisting of celebrating the history of the brand and sharing brand stories, moral responsibility which consists of integrating and retaining members and assisting in the use of the brand.

Brand Community is a form of specialized community, a community with ties not based on geographical relations. Three vital signs can affect the continuity of a community to survive well and have a positive influence, including mutual awareness, rituals and traditions, and a sense of moral responsibility (Muniz and O'Guin, 2014).

Brand community effect is defined as the ability of the brand community to create positive emotional responses to community members as a result of existing activities in the brand community (Dutch and Baker, 2001). In this study, brand community affect is defined as the brand community's potential to generate positive emotional responses in the average consumer due to the participation of consumer members in a brand community.

Brand community trust is defined as the willingness of community members to face risks associated with the brand community due to the trust given by the brand community (Williams and Hazer, 1986). Brand community trust can be seen as the tendency of customers to believe that the brand keeps its promises regarding performance (Fuller, 2008). Chaudhuri and Holbrook (2001) define brand community trust as the average consumer's desire to rely on brand capabilities.

Brand community commitment is the level of strong and positive feelings between members in the community that provide a motivating factor to produce a member's proactive behavior towards the brand (Morgan and Hunt, 1994). Hur et al.'s (2011) research create active customer interactions by building community commitment to the brand. Therefore, marketers can grow customer relationships by strengthening the brand community.

Brand loyalty is defined as a consumer's positive attitude towards a brand. Consumers have a strong desire to repurchase the same brand now and in the future (Shets, 1968). Thus, brand loyalty is a person's tendency to always

show the same attitude in the same situation towards previously purchased brands (Mowen and Minor, 1998).

A brand that is recognized by the buyer community will stimulate repeat purchases (Frank, 2010). Consumers will have a preference for one brand even though there are many alternative brands available. Behavioural measurement depends on the behavioral response of consumers who have been given a stimulus to promote alternative products or brands. For marketers, loyalty or customer loyalty is a barometer of the company's survival. Because by having loyal customers, the company is guaranteed that its products will continue to be purchased and future business will run smoothly. Loyal customers will not switch to other brands even though they are given a tempting lure (Dubois & Westerhause, 2011).

Based on the description above, the researcher wants to study the community of car brands in Indonesia for a long time. Innova community is a brand community whose members and followers have the same interest in the Innova brand. This brand community has been active on several social media, one of which is Instagram, and has around 40,000 followers ([www.innovacommunity.org](http://www.innovacommunity.org)). Quoted from otomotifnet.gridoto.com, this brand community has also just won the Best Community in the 2020 Automotive Award. In addition, Innova Community members are also spread across several countries such as Malaysia, Dubai, Singapore, America, Australia and India.

This research replicates Hur, W. M., Ahn, K. H., & Kim, M. (2011).

This study examines the effect of brand loyalty through community brand commitment. The researcher set the Innova Community as the setting for this research. The researcher chose the community brand as the research topic because the product has been around for 15 years and continues to innovate and develop products until now. In addition, Innova has also become one of the most sought-after cars from the past until now, as evidenced by the number of various agencies in Indonesia using these products for personal use.

## **B. Research Questions**

Based on the research background above, the research question can be described as follows:

1. Does the brand community affect brand community commitment?
2. Does the brand community trust affect brand community commitment?
3. Does brand community commitment has an effect on repurchase intention toward a brand?
4. Does brand community commitment affect positive word-of-mouth toward a brand?
5. Does brand community commitment affect constructive complaints toward a brand?
6. Does brand community commitment mediate the effect of brand community on repurchase intention toward a brand?

7. Does brand community commitment mediate the impact of brand community on word-of-mouth toward a brand?
8. Does brand community commitment mediate the effect of brand community on constructive complaints toward a brand?
9. Does brand community commitment mediate the impact of brand community trust on repurchase intention toward a brand?
10. Does brand community commitment mediate the effect of brand community trust on word-of-mouth toward a brand?
11. Does brand community commitment mediate the impact of brand community trust on constructive complaints toward a brand?

### **C. Research Objectives**

The main objective of this research is expected to be able to answer the questions above,

1. Analyzing the effect of brand community on brand community commitment.
2. Analyzing the effect of the brand community trust on brand community commitment.
3. Analyzing the effect of brand community commitment on repurchase intentions toward a brand.
4. Analyzing the effect of brand community commitment on word-of-mouth toward a brand.

5. Analyzing the effect of brand community commitment on constructive complaints toward a brand.
6. Analyzing the effect of brand community on repurchase intention toward a brand with brand community commitment as an intervening variable.
7. Analyzing the effect of brand community on word-of-mouth toward a brand with brand community commitment as an intervening variable.
8. Analyzing the effect of brand community on constructive complaints toward a brand with brand community commitment as an intervening variable.
9. Analyzing the effect of brand community trust on repurchase intention toward a brand with brand community commitment as an intervening variable.
10. Analyzing the effect of brand community trust on word-of-mouth toward a brand with brand community commitment as an intervening variable.
11. Analyzing the effect of brand community trust on constructive complaints toward a brand with brand community commitment as an intervening variable.

#### **D. Research Benefits**

##### **1. For Researchers**

The results of this study are expected to increase knowledge and apply the theories obtained during college and add new experiences and insights

by analyzing the influence of brand community commitment on the brand loyalty of Innova.

## **2. For Academics**

Provide additional insight, especially in terms of the role of Brand Community in the community and sources of knowledge that can increase the development of marketing knowledge.