CHAPTER I

INTRODUCTION

A. Research Background

Technology grows continuously, resulting in various developments. Over time, technology's growth changed how people interact, work, and live (Buchanan, Angus. 2023). This development significantly impacts various aspects of human life, from communication to industrial production. One of the significant indicators of technological growth is the rate of change in communication technology (Kim, Lee, and Cho 2016). This communication technology has changed how we socialize and interact, which has become more efficient. In recent decades, we have witnessed tremendous transformations in communication, including the development of the Internet, smartphones, and social media (Taprial and Kanwar, 2017).

Social media is not only for communication and interaction but is daily. The term "social media" (S.M.) was first used in 1994 in the Tokyo online media environment called Matisse (Aichner et al. 2021). The first S.M. platforms were developed and launched in the early days of the commercial Internet. Over time, the number of S.M. platforms and active S.M. users have increased. Most of the world's population today is modern, and people's lives have changed due to the influence of current technological developments. One of the technological developments is the emergence of various types of social media. Today, social media platforms such as Facebook, Instagram, WhatsApp, Line, and the recently emerged TikTok are used in Indonesia.

Along with its development, this application is still widely used in Indonesia (Syuhada and Gambett, 2013). Today, the function of social media is growing in information and education. This affects the increasing percentage of social media users. The rate can be seen in Table 1.1 below.

Tabel 2. 1 Percentage of social media usage (Hootsuite, we are social 2022-2023)

Social Media	2022	2023
WhatsApp	88,7%	92,1%
Instagram	84,8%	86,5%
Facebook	81,3%	83,8%
TikTok	63,1%	70,8%
Telegram	62,8%	64,3%
Tweeter	58,3%	60,2%
Line	39,7%	31,9%

The percentage number in Table 2.1 explains that social media has the potential to be a promotional medium commonly referred to as social media marketing (SMM), which industries, including the business industry, can utilize. Social media marketing strategies in Indonesia have been widely used due to increasingly sophisticated technological developments(Patma et al. 2021). Business people compete to use social media to market their products (Huey and Yazdanifard 2014).

Social media marketing is a technology currently widely used to support the success of a brand. Establishing and implementing marketing activities on social media is essential to gain efficient and functional value in the company's marketing activities (Bilgin, 2018). Social media is considered a valuable resource for providing entertainment to consumers. Entertainment represents the fun and enjoyment of using social media (Alalwan et al. 2017). Happiness has an interaction dimension describing how users contribute to a brand on social media platforms. In

a study conducted by (Habibi, Laroche, and Richard 2014) investigating how brand communities on social media can influence brand trust, findings showed that three brand community relationships (i.e., customer-brand, customer-product, and customer-company) positively affect brand equity.

Brand Equity is a set of obligations and brands associated with a brand, name, and symbol, which increase or decrease the value a product or service provides to the company and the company's customers. According to research, brand equity is a factor that supports the running of social media marketing (Ebrahim 2020). When a particular brand has a good reputation, it has the potential to have high brand equity. Thus, brand equity can be categorized as an intangible asset of a company that must be maintained and increased to give customers more confidence to buy goods or services (Seo, Park, and Choi, 2020).

Building trust and commitment is critical in building long-term relationships between businesses and consumers. Trust brands can interact and communicate with their customers through social media platforms, positively impacting brand trust (Elaydi, 2018). Therefore, social media marketing is a potentially effective strategy for building trust in a brand. A study by (Aydin, Ar, and Taskin 2014) shows that national brands can increase their purchase intent by building brand trust. This implies that when brand trust is formed, it can positively affect brand consciousness (Takaya et al., 2020).

Brand consciousness refers to or focuses on the psychological orientation of a product's brand name, meaning customers with strong brand awareness will choose well-known brands (Jiang and Shan, 2016). This process is done before the

customer makes a purchase or in prepurchase. Brand awareness and consciousness will be built from where the brand is sold. The more luxurious the place, the stronger the brand awareness and image (Chakraborty and Sheppard, 2016). However, not only luxury but also the advantages of a brand can be judged.

Brand Loyalty can be defined as a customer's attachment or feeling towards a brand and company. The most commonly used definition of *brand loyalty* is a procedure of repeat buying behavior involving a conscious decision to continue buying the same brand (Jain et al., 2018). The benefits of loyal customers are well documented in marketing literature. Loyal customers tend to make larger purchase volumes more frequently, are less prone to defecting to competitors, and, through word-of-mouth communication, recruit more customers for the organization (Yoo and Bai, 2013). Currently, the existence of brand loyalty is supported by social media marketing that influences each other between the two.

In today's fast-paced digital world, social media marketing has become an indispensable strategy for businesses to thrive. Harnessing the power of live TikTok sessions, companies can now engage their target audience in real-time, create authentic connections, and drive brand awareness like never before. Based on table 2.1 percentage using social media, Tiktok is in the 4th most frequently used social media application. Therefore, this study will focus on social media marketing through TikTok advertisement and is associated with interrelated variables (Hua and Chiu 2022). The issue of brand trust in brand loyalty can be directly affected by social media marketing. From previous research (Ebrahim 2020) through the point of view of customers or communities of a brand. So far, social media has only

been used for customer interaction and communication with companies but has yet to be seriously used as a tool to promote a product or service. Therefore, this research study chose the setting of TikTok social media to see the effectiveness of the role of social media in digital marketing. The direct process is via the TikTok account of one of the well-known and currently popular makeup brands, namely Luxcrime.

To elevate the Luxcrime brand to new heights, social media marketing has become the key to success. Using TikTok promotions, Luxcrime can interact directly with potential customers, present creative content, and provide interesting information about their products. Luxcrime has expanded its reach through this marketing strategy and strengthened relationships with its loyal fans (TiffaErsantika Alhamdina and Hartono, 2023). From interactions with customers, it can be seen whether the direct marketing process through promotions will influence brand loyalty.

Previous studies on social media can be categorized into four main categories: brand communities, E-WOM, network analytics, and product hazard crises(Gensler et al., 2013). Therefore, this study investigates the effects of social media marketing activities on Luxcrime TikTok accounts. Next is to analyze consumers' positive responses to brands, specifically brand equity, trust, consciousness, and loyalty. Previous research explains trust's role in understanding social media marketing's impact on brand equity and loyalty. This study is replicated and modified by (Ebrahim, 2019). What distinguishes this study from previous research is that the author added the brand-conscious variable to examine whether there is a direct

relationship between social media marketing and brand consciousness and brand loyalty.

B. Research Question

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

1. Does social media marketing influence brand equity?

2. Does social media marketing influence brand trust?

3. Does social media marketing influence brand consciousness?

4. Does brand trust influence brand equity?

5. Does brand trust influence brand loyalty?

6. Does brand equity influence brand loyalty?

7. Does brand consciousness influence brand loyalty?

8. Does brand equity mediate the relationship between social media marketing and brand loyalty?

9. Does brand trust mediate the relationship between social media marketing and brand loyalty?

10. Does brand consciousness mediate the relationship between social media marketing and brand loyalty?

C. Research Objective

Based on the formulation of the problems outlined above, there are various purposes, such as:

1. To analyze the influence of social media marketing on brand equity

2. To investigate the impact of social media marketing on brand trust

3. To examine the effects of social media marketing on brand-conscious

4. To analyze the influence of brand trust on brand equity

5. To identify the power of brand trust on brand loyalty

6. To test the effect of brand equity on brand loyalty

7. To examine the impact of brand consciousness on brand loyalty

8. To analyze the relationship between social media marketing and brand loyalty through brand equity

9. To determine the relationship between social media marketing and brand loyalty through brand trust

10. To test the relationship between social media marketing and brand loyalty through brand consciousness.

D. Research Benefit

Social media offers various opportunities and benefits for successful brand management; a significant challenge is measuring the impact of marketing managers' practices on social media (Mandel et al. 2017). This study provides several insights that contribute to the growing body of literature on social media marketing by addressing the role of SMM activities in enhancing important branding goals, including brand equity and brand loyalty. Firstly, the measurement and conceptualization of SMM are still challenging (Godey et al., 2016).