

CHAPTER I

INTRODUCTION

1. Research Background

The importance of social media presence in marketing tactics has grown. Social media advertising and product promotion through business accounts have been effective (Sokolova & Kefi, 2020). Global marketing has become an event that cannot be avoided. Increasingly fierce competition is being carried out by marketers to grab consumers' attention. One of the efforts made to communicate the product is to carry out advertising activities. In general, conducting marketing, such as advertising a product, can make consumers aware of the existence of the product. Communication has also influenced economic development (Hwang & Zhang, 2018). There are numerous essential ways for brands to utilize social media for promotion and audience targeting, including brand pages, paid advertisements or sponsored posts, and electronic word-of-mouth (Evans et al., 2017). Social media is progressively replacing conventional media like television and magazines, assuming a pivotal role as a significant platform for marketers to endorse brands and products (Liu et al., 2019).

The collaboration between organizations and influencers to reach their social media target audiences has increased significantly (Jiménez-Castillo & Sánchez-Fernández, 2019). In the upcoming five years, a significant number of marketers, exceeding 80 percent, are projected to focus on connecting with

consumers by establishing meaningful relationships. This approach is driven by the belief that engaged consumers tend to increase their yearly visits by around 40 percent, ultimately leading to a notable 20 percent increase in profitability (Cheung et al., 2020). Internet users worldwide rely on influencer endorsements for their social media-based purchasing choices. This implies that if audiences firmly trust social media influencers, it significantly boosts the likelihood of purchasing. 69% of businesses intend to allocate a significant portion of their social media advertising budget to collaborate with Instagram influencers, as they can attract audiences and encourage product acceptance (Su et al., 2021).

Influencers can be found in every industry, including high-tech, food, high-fashion, and fitness (Raggatt et al., 2018). Bloggers on Facebook, Instagram, and YouTube frequently showcase the goods they have evaluated while giving feedback or pushing them to other users online. Influencers often use images or videos with textual descriptions and embedded material to share content on Instagram (Sokolova & Kefi, 2020). A new type of marketing known as "influencer marketing" has emerged due to the success of bloggers and their user-generated content, in which brands work with influencers to promote their goods (De Veirman et al., 2017).

A celebrity's popularity is significant; when a star with high popularity promotes a product, it will have a substantial impact on the consumer's mind so that it can influence the formation of an image of a brand (Hwang & Zhang, 2018). So, it can be seen from previous research that using a celebrity endorser is one of the

strategies for influencing the formation of a brand (Malhotra, 2013). A company must think about how to inform its products to the market effectively and attractively so that they are memorable to attract consumers (Sokolova & Kefi, 2020).

The influence of digital influencers, though essential in guiding their followers' perceptions and actions, is not solely responsible for explaining the entire process of power. Another crucial aspect is the follower's perception of their needs, which is influenced by the influencer, leading to establishing or reinforcing a connection between the two parties (Kim et al., 2015). This connection can be described as a dependency relationship, where followers rely on influencers to access valuable and trustworthy online information to aid decision-making and guide their actions (Lou & Kim, 2019). As a result, many brands work with influencers to construct their social media marketing strategy. However, it should be noted that the creation of effective marketing tactics in social media environments depends significantly on the attractiveness and dependability of influencers (Wiedmann & von Mettenheim, 2020). Brands can use influencer attractiveness as a valuable resource when speaking with prospective customers (Chekima et al., 2020).

eWOM is a form of communication among consumers on digital platforms and social media, where they share opinions, experiences, and recommendations about a brand or product. (Srivastava & Sivaramakrishnan, 2021). eWOM has become a highly effective tool for brands to enhance brand engagement. Positive eWOM

from satisfied consumers can build trust, credibility, and an emotional connection with the brand, while brand interactions with consumers can lead to stronger relationships and loyalty. Harnessing eWOM effectively can increase brand engagement and ultimately contribute to the brand's success in a competitive market (Cheung et al., 2020).

The idea of parasocial relationships, first introduced in 1956, involves a deceptive yet long-lasting social connection with media personalities, such as celebrities, media figures, or fictional characters (Horton & Richard Wohl, 1956). This connection is formed through mediated experiences and is frequently experienced by the audience. Occasionally, the terms "parasocial relationship" and "parasocial interaction" have been used interchangeably (Lou, 2022). These relationships can also be formed between bloggers and their followers, particularly on platforms like YouTube. Viewers have the option to subscribe to video channels on YouTube to keep up with the content regularly. Encouraging such connections on YouTube can be facilitated by parasocial interaction (Sokolova & Perez, 2021).

Brand engagement is a concept that aims to establish a more interactive and dynamic relationship between consumers and brands (Moliner et al., 2018). It emphasizes creating a direct and active involvement of consumers in brand-related activities. This concept aligns with the broader perspective of consumer culture theory, which delves into consumers' behavior and attitudes in the context of their relationship with brands and the broader consumer culture (Thakur, 2016). Social media influencers are often called online celebrities due to their substantial and

dedicated fan base across various social media platforms. These ordinary influencers have gained online fame by creating and sharing engaging content. Influencer marketing involves marketers and brands partnering with these selected influencers to promote their products or services to their followers and the brands' target consumers (Brodie et al., 2013). Social media influencers (SMIs) interact with consumers on social media platforms. Simultaneously, consumers also seek out these SMIs when encountering content related to a specific product. This content prompts the consumers to respond to the mentioned product, and their attitudes and interests are subsequently influenced. Consequently, these interactions with the brand become more specific and pronounced (Balduş et al., 2015).

This study uses Erigo and influencer Arief Muhammad as an object; in Indonesia, many local products are trendy, and one stands in the fashion field called Erigo. With a total Instagram @erigostore 2,4 million followers, Erigo is one of the local brands with many followers. Followers can determine the extent of popularity, so it can be known that Erigo Store, a local brand, already has many fans among Indonesian people. Seeing the phenomenon, it can be seen that the brand has a vital role. Building Erigo's brand into one that people can trust requires a strategy to strengthen the brand, one of which is through endorsement.

In this research, the researcher chose Erigo as the research object because Erigo is one of the local brands from Indonesia that can go international and show

its existence because of its marketing steps on social media, especially Instagram, which uses the services of artists and influencers from Indonesia to introduce its products abroad, then another reason was that Erigo or @erigostore was chosen as the object of research, because it is unique in that it is a local Indonesian brand that focuses on travel fashion products so that it not only pays attention to trendy and contemporary styles, Erigo also prioritizes consumer comfort in wearing products. Erigo does not have an offline shop, so all forms of buying and selling transactions are carried out via online media.

Likewise, in carrying out promotional activities, Erigo uses endorsement and paid promotion strategies by attracting influencers well-known in Indonesia such as Arief Muhammad, even though it is a local Indonesian brand, Erigo is always thorough in carrying out marketing promotions, where when launching a new product Erigo always invites its influencers to travel abroad as a form of marketing communication activity carried out, Erigo is one of the five most successful local Indonesian brands, this is because Erigo was able to achieve a turnover of IDR 22 billion in 2015 and made Erigo the largest online shop in Indonesia (Irwan, 2016).

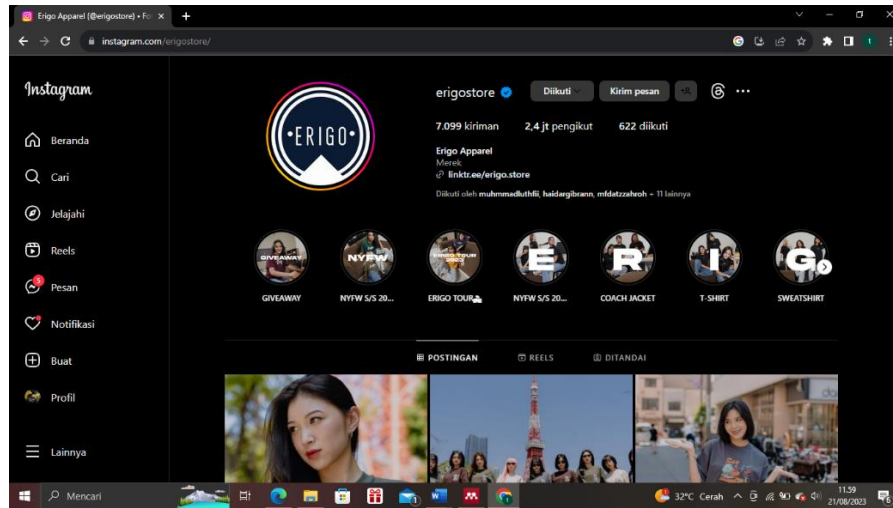


Figure 1.1 Instagram Account Erigo Store

Source: <https://www.instagram.com/erigostore/>

One of the celebrity endorsers of Erigo is Arief Muhammad, a writer who chose Arief Muhammad as one of the celebrities who have joined Erigo since May 2016, as described in a press conference video uploaded by Arief Muhammad on March 4, 2017. Arief Muhammad is a writer, blogger, telegram, and YouTuber with an Instagram follower number of 5.3 M followers; Arief Muhammad is very famous among millennials. Besides he also received some awards for his work, one of which was the award from Influenceasia held in Malaysia given to Arief Muhammad as the Influencer of the Year 2017. Not only that, but Arief Mohammed also got recognition in the lifestyle and fashion beauty field at the XYZ Day 2018 event in Jakarta.

Researchers chose Arief Muhammad as the research object because he is a content creator and entrepreneur in various fields such as culinary and fashion.

What's interesting here is the way he promotes something, whether it's his own business or endorsements from other people. The way he does this can often make his followers interested in buying the products he is promoting. The way he promotes is by soft selling so that his followers are often not aware that this is a paid promotion. It doesn't stop there, Arief Muhammad also often creates mysterious promotions so that his followers are curious, this is also what makes Arief Muhammad different from other content creators.

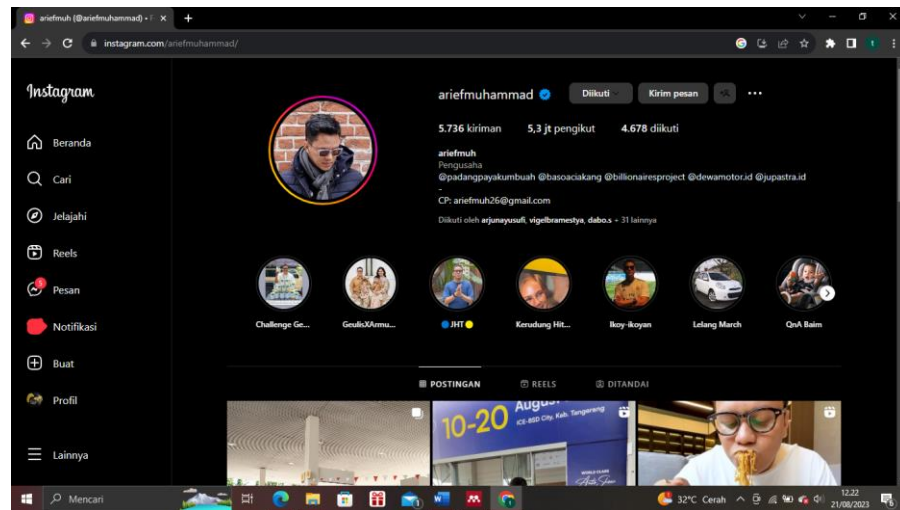


Figure 1.2 Instagram Account Arief Muhammad

Source: <https://www.instagram.com/arieefmuhammad/>

This research replicates modifications from (Cheung et al., 2020 Sokolova & Kefi, 2020) to show the constant evidence of previous research. The setting of this research is people who have an Instagram account, follow @arieefmuhammad and @erigostore Instagram accounts, and have purchased Erigo products.. The objectives of this research will focus on the relationship between parasocial

relationships, brand engagement, and purchase decisions. Therefore, further research is needed to show that parasocial relationships are significant and cannot be underestimated by influencers or business owners who use endorsement services.

2. Research Question

Based on the description of the research background above, the formulation of the problem in this study is as follows:

- (1) Does influencer attractiveness have a impact on parasocial relationships?
- (2) Does influencer attractiveness have a effect on brand engagement?
- (3) Does eWOM have a impact on brand engagement?
- (4) Do parasocial relationships have a effect on customer buying decisions?
- (5) Does Brand engagement have a impact on customer buying decisions?
- (6) Does parasocial relationship mediate the relationship between influencer attractiveness and purchase decision?
- (7) Does brand engagement mediate the relationship between influencer attractiveness and purchase decision?
- (8) Does brand engagement mediate the relationship between ewom and purchase decision?

3. Research Objectivities

Based on the description of the research background and research problems above, the research objectivities in this study are as follows:

- (1) To analyze the effect of influencer attractiveness on parasocial relationship
- (2) To examine how influencer attractiveness affects brand engagement
- (3) To investigate the effect of eWOM on brand engagement
- (4) To measure the effect of parasocial relationships on the customer buying decision
- (5) To identify the effect of brand engagement on customer buying decision
- (9) To assess how parasocial relationship meditates the relationship between influencer attractiveness and purchase decision
- (6) To analyze how brand engagement mediates the relationship between influencer attractiveness and purchase decision
- (7) To investigate how brand engagement mediates the relationship between women and purchase decision

4. Research Benefit

This research is expected to provide theoretical and practical benefits as follows:

4.1 Theoretical benefit

This research is expected to add insight, develop management knowledge, and become a theoretical addition to parasocial relationships, brand engagement, and consumer purchase decisions on social media. In addition, future researchers working in the same field are expected to use this research as a source of information. This research uses parasocial relationships and brand engagement variables as mediating variables so that it can enrich the literature on research on purchase decisions.

4.2 Practical benefit

This research is expected to be helpful as material for consideration for marketing managers or business actors in marketing products through social media. In choosing influencers on social media advertisements for brands or companies to attract customers and influence their buying decisions (Kim et al., 2015).