CHAPTER I

INTRODUCTION

1.1 Research Background

Enterprises have widely used social media as a marketing strategy tool(Wibowo et al., 2021). However, a survey conducted by the Ministry of Communication and Informatics of the Republic of Indonesia in 2023 found that most people use social media platforms to sell a product or service, but when they want to buy, they prefer to use a marketplace platform (Albanna et al., 2022). In addition, digital and social media marketing allows companies to achieve their marketing objectives relatively cheaply (Ajina, 2019). Thus, it is helpful for enterprises to ensure the appeal of marketing activities, create customer awareness, and build virtual brand communities (Chen & Lin, 2019). The power of social media has shifted the actions of consumers and companies(Ibrahim et al., 2021).

The inconsistency in previous research makes this research important as a gap filler in research. This study aims to analyze the effect partially or simultaneously of social media marketing content on consumer buying experience and behavior. To address these objectives, several recent international studies have been considered. Notably, a study by Chen & Huang (2021) examines the role of emotional content in social media marketing and its impact on consumer behavior. Similarly, Liu et al. (2022) investigate the effects of visual content in

social media marketing on enhancing consumer experience and influencing purchasing decisions. Additionally, the research conducted by Kim & Lee (2023) delves into the influence of interactive content on social media platforms and its ability to shape consumer perceptions and behaviors.
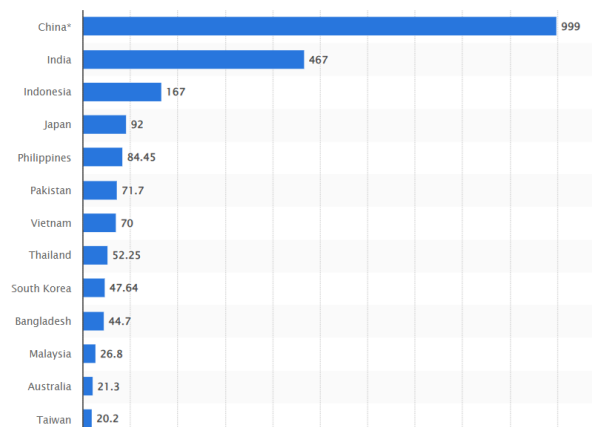

Figure 1. 1 Number of active social media users in the Asia-Pacific region
Source: Statista (2023)

This condition makes companies interested in creating social media and social networking sites that are considered a source of information for conducting promotional activities, and social media has surfaced as a cost-effective and efficient information exchange platform for all (Abbasi et al., 2022). Over the years, social media has diversified its role and has proven to be a distinct and pivotal marketing tool in shaping the success of any product/service/business (Eid et al., 2019). Therefore, to get the most out of marketing activity on social media, enterprises have to understand the importance of the content or the message's form that they want to deliver and its impact on consumers' experience, which can lead to the achievement of the company's marketing goals (Wibowo et al., 2021).

As of February 2022, Indonesia had around 167 million active social media users, ranking third after China and India in the Asia Pacific (Statista, 2023).

The existence of social media marketing activity helps create new relationships between consumers and companies (Shah, 2019). Social media brings changes in communication, so for good or bad, it can be seen that it is a compelling medium, so it becomes a platform marketers need to consider in marketing (Shah, 2019). Marketing through social media is a popular trend today due to the rapid growth of social media among consumers (Pan, 2019). Social media introduces new forms of communication that generate relationships between brands and consumers (Schivinski & Dabrowski, 2016). This relationship also generates the potential to attract consumer attention and make purchases (Malthouse, 2016). Desire to buy, brand trust, and brand evaluation are three components of attitudes that lead to consumer behavior (Ramadhan & Pangestuti, 2018). This is supported by a statement in the book Consumer Behavior (Suryani, 2018) that attitude strongly correlates with behavior because it is an effective predictor of knowing consumer behavior. However (Dora, 2022)states that social media marketing partially shows a negative and insignificant effect on buying behavior.

Relationship value in the modern marketing context has attracted the attention of researchers and business practitioners. Relationship value includes dimensions of trust, emotional attachment, and the relationship quality between the company and the customer, which can significantly influence customer satisfaction, loyalty, and intention to interact further or make repeat purchases.

Research by Homburg et al. (2020) found that high relationship value positively correlates with greater customer loyalty. Likewise, a study by Wu et al. (2021)revealed that emotional attachment between customers and brands can increase customer trust and loyalty. In addition, a recent study by Choi & Cho (2022) suggested that good relationship quality can help deal with the negative impact of crisis events and improve customer retention. Therefore, an in-depth understanding of the value of relationships in marketing can provide valuable insights for companies, especially in developing strategies to improve customer experience and influence purchasing behavior.

Customer experience is at the forefront of modern business competition. In addition, customer experience needs to get significant attention in marketing management because it influences customer satisfaction, loyalty, and company profits, and it is a source of evaluation and decision-making (Turki & Amara, 2017). By providing a memorable experience to customers, companies can compete with the market better, differentiate themselves from competitors with the exact positioning, and gain customer loyalty through attractive offers (Levy, Weitz, & Grewal 2015).Experience influences brands because it strengthens customer and brand relationships (Chaney, 2018).

Relationship Quality is a pivotal construct in contemporary marketing and customer relationship management. It embodies the essence of customer-brand interactions and signifies their strength, depth, and favorability(C.-L. Wei, 2022). Relationship Quality has become increasingly significant in recent years due to its substantial impact on customer-related outcomes, including loyalty, satisfaction,

trust, and purchase intention (Giovanis et al., 2015). It enhances customer relationships and fosters loyalty, as well as understanding the antecedents and consequences of relationship quality in social media marketing, relationship value, and customer experience, which are imperative (Holmlund, 2018). It is within this context that this research seeks to explore and illuminate the role of Relationship Quality as a mediating construct, shedding light on the complex web of relationships between independent variables such as Social Media Marketing Activity, Relationship Value, and Customer Experience, and their influence on Repurchase Intention, Loyalty Intention, and Participation Intention among customers.

Repurchase intention refers to an individual's assessment of buying services or products from the same company again, considering the current situation and the individual's positive sentiment (J. Wei et al., 2023). Repurchase intention is a measure of customer satisfaction, evaluated behaviorally by asking whether the customer plans to shop or use the company's services again(Elgasim et al., 2015). After consumers buy the product, consumers can be satisfied or dissatisfied and engage in post-purchase behavior (Wisker, 2020). In the contemporary context, with the increasing influence of social media marketing, relationship value, and customer experience, comprehending how these elements impact repurchase intention is essential for businesses aiming to thrive in the digital era. Therefore, this research delves into the intricate relationships between Social Media Marketing Activity, Relationship Value, Customer Experience, and

Repurchase Intention among customers, contributing to a deeper understanding of consumer behavior and decision-making processes.

Loyalty Intention is a central concept in customer relationship management and marketing research, signifying a customer's commitment and willingness to continue patronizing a brand or organization (Karim et al., 2022). In today's competitive business landscape, customer loyalty is highly sought after by organizations as it is closely linked to repeat purchase behavior, positive word-of-mouth, and sustainable profitability (Ibrahim et al., 2021). Numerous studies have affirmed the profound impact of Loyalty Intention on business success(Khan et al., 2022). Given the dynamic nature of the digital age, with social media marketing, relationship value, and customer experience playing significant roles in shaping consumer behavior, understanding their influence on Loyalty Intention is crucial for businesses striving to cultivate lasting relationships with their customers. Hence, this research aims to unravel the intricate connections between Social Media Marketing Activity, Relationship Value, Customer Experience, and Loyalty Intention among clientele, contributing to a more comprehensive comprehension of customer loyalty dynamics in the contemporary business landscape.

Participation Intention is a pivotal construct in contemporary marketing, signifying a customer's inclination and willingness to actively engage in various activities, discussions, and programs organized by a brand or organization (C. Chen & Li, 2020). This construct represents the extent to which customers are eager to participate in company-related events, activities, or discussions that can

contribute to generating valuable product and service insights (Huang et al., 2014). Fostering customer participation is a means of enhancing brand-customer interactions and a source of helpful feedback and innovative ideas. Participation Intention is influenced by various factors, including perceived value, trust, and customer engagement (Elgasim et al., 2015). In the digital age, where social media marketing, relationship value, and customer experience are instrumental in shaping customer perceptions and behavior, comprehending how these factors influence Participation Intention is essential. Therefore, this research explores the intricate relationships between Social Media Marketing Activity, Relationship Value, Customer Experience, and Participation Intention among customers, shedding light on the dynamics of customer engagement in the contemporary business landscape.

Indonesia is one of the largest coffee-producing countries after Brazil and Vietnam, with global coffee production reaching 170 million bags per 60 kg of coffee in 2022/2023 (Nurhanisah, 2023). The coffee shop industry is popular because coffee shops serve various purposes, such as chatting, meeting, eating, or studying (National Coffee Association, 2016). Not only selling coffee but now coffee shops also sell a comfortable atmosphere plus a touch of emotion that is presented, such as prestige, pride and warmth. This has received good interest from coffee lovers and has become a lifestyle for urban communities (Igiasi, 2017).

Coffee Shop growth has increased rapidly in Indonesia by threefold in 2022, an increase of 39.8% or 2937 outlets (BPS, 2018). The rise of coffee shops

in each region has resulted in tight competition (Han & Hyun 2017). Therefore, it is essential to understand the market to be ahead of the competition, considering its uniqueness and economic value because it will provide sustainable profits. For example018, coffee shop-related businesses generated $225.2 billion in revenue globally, creating 1.7 million jobs (Lee et al., 2018). The coffee shop industry is prevalent with investors because it is competitive and has a low entry barrier (IBIS, 2018). One of the coffee shops in Yogyakarta is Kopi Ampirono.

Kopi Ampirono is a coffee shop in Kulon Progo, Yogyakarta, that offers the sensation of drinking coffee while enjoying the natural scenery of the countryside (Rumah, 2022). Around the coffee shop lies a vast expanse of rice fields (Manhista, 2021). This is one of the features of Kopi Ampirono that provides a customer experience of enjoying coffee. Located on the edge of rice fields with rice fields stretching as far as the eye can see, few coffee and hangout places provide a beautiful atmosphere like at Kopi Ampirono. Another advantage of Kopi Ampirono is that there are many coffee spots, such as in a joglo, in a tavern-style building, and outside. In addition, Kopi Ampirono has several supporting facilities, such as a large parking area, wifi, instagramable photo spots, live music, a prayer room, and toilets(Dwinugroho, 2020). Kopi Ampirono uses all of these aspects to enhance customer experience.
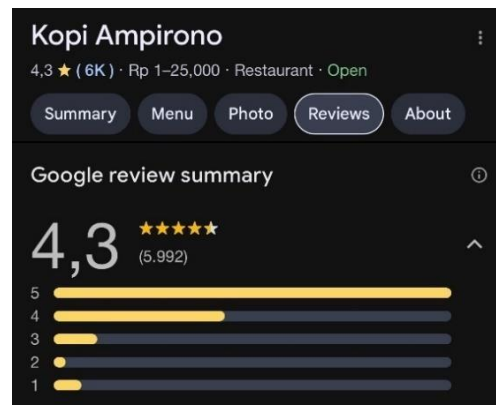
Figure 1. 2 Google Maps Review Kopi Ampirono

Source: Google Maps Review(2024)

Based on initial observations on Google Maps Review (2023), the customer experience at Kopi Ampirono is still shallow, with a rating of 4.3 out of 5. This indicates that customers are dissatisfied with their experience when they come to Kopi Ampirono. The marketing content in social networking sites should not only rely on commercial-oriented aspects but should also be social-oriented or involve active interaction between users (Ko, 2018), which leads to deep communication and good relationships between them (Wang et al., 2016). Therefore, understanding how customers perceive and engage with the content on social media platforms becomes imperative for Kopi Ampirono to enhance customer experience and positively influence their purchasing behavior.

Based on the above phenomena, consumers' experience and buying behavior on Kopi Ampirono is urgent in research. Examining the factors influencing consumer buying experience and behavior is essential. One of them is content on social media marketing. The high growth of the internet has created a new trend in marketing, namely through digital media such as social media (Lidiastuti, 2019). Business people now use social media as a form of marketing

to create awareness, recognition, action and action for a brand, product, business, individual or group, both directly and indirectly by utilizing social media marketing (Febriyan, 2018). The application of social media marketing facilitates and adds value to the products being marketed because prices are much lower and more efficient through the content displayed (Kurniasari & Budiatmo, 2018). Social media marketing is a technique used to promote products or services, more specifically because it utilizes display content to attract consumer attention (Mileva, 2019). Social media can create community relationships and exchange information with fellow users for an unlimited amount of time, so social media is used as a connecting medium for consumers (Demmers, 2020).

The research limitations associated with understanding the precise mechanisms through which social media marketing content influences consumer experience imbue this study with uniqueness and novelty within the research landscape. While previous research has explored the impact of social media marketing on consumer behavior, the intricate relationship between the content disseminated through these platforms and the resulting consumer experience presents an area ripe for exploration and analysis. Furthermore, this research's unique object of investigation is Kopi Ampirono, a local coffee establishment in Kulon Progo Yogyakarta, which adds to its novelty. Examining the specific context of a local coffee shop within the broader framework of social media marketing and consumer behavior provides a valuable opportunity to generate insights that can be applied to similar businesses aiming to leverage digital marketing strategies to enhance customer experience and drive purchasing

behavior. Therefore, this study contributes to the existing body of knowledge and offers valuable insights for businesses operating in a similar context.

1.2 Research Question

Based on the background above, the researcher can formulate the problem in this study as follows:

1. Does Kopi Ampirono Social media marketing have a significant impact on Relationship Quality?

2. Does Kopi Ampirono Relationship Value have a significant impact on Relationship Quality?

3. Does Kopi Ampirono Customer Experience have a significant impact on Relationship Quality?

4. Does Kopi Ampirono Relationship Quality have a significant impact on Repurchase Intention?

5. Does Kopi Ampirono Relationship Quality have a significant impact on Loyalty Intention?

6. Does Kopi Ampirono Relationship Quality have a significant impact on Participation Intention?

1.3 Research Objective

From the background and formulation of the problem, the objectives and uses of the research are as follows:

1. To measure Kopi Ampirono Social Media Marketing Activity impact on Relationship Quality.

2. To analyze Kopi Ampirono Relationship Value impact on Relationship Quality.

3. To assess Kopi Ampirono Customer Experience impact on Relationship Quality.

4. To investigate Kopi Ampirono Relationship Quality impact on Repurchase Intention.

5. To measure Kopi Ampirono Relationship Quality impact on Loyalty Intention.

6. To investigate Kopi Ampirono Relationship Quality impact on Participation Intention.

1.4 Research Benefit

This research is expected to provide benefits to the following:

1. Theoretical Benefits

   To obtain empirical data and evidence on the analysis of the influence of social media marketing content on consumer buying experience and behavior in buying Kopi Ampirono, which will help develop science and student academics in the field of economics education.

2. Managerial Benefits

This research can be used as information material and as an additional reference related to the variables in the study, namely the influence of social media marketing content on consumer buying experience and behavior.