

CHAPTER I

INTRODUCTION

1.1 Research Background

The development of the current era creates a diversity of habits among the people. One of the activities that cannot be separated from life is using social media. Social media is a platform that allows people from all over the world to communicate their concerns and thoughts. Before learning about the various facets of social media, people must first understand what social media is. The interaction between groups or individuals in which they develop, share, and sometimes trade ideas, photographs, and videos is referred to as social media. Social media is a unique concept with limitless potential. Internet, social media, mobile apps, and other digital communications technologies have become part of everyday life for billions of people worldwide. According to recent statistics for January 2022, 204,7 million people are active internet users, encompassing 73,7 % of the Indonesian population at the start of 2022 (Kemp, 2022).

As we know, nowadays, almost all people use social media. Moreover, one of the most used is Instagram. Facebook owns the site with more than 129,9 million active users (Kemp, 2022). Many clients use it to share information about travel, fashion, food, craftsmanship, and other similar topics. The stage is also known for its incredible channels and video and photograph modifying features. In the current era, all people, of course, are very familiar with social media. Both old age and teenagers have made social media a means to interact and share

information. As we all know, the world is experiencing anxiety and worry due to the spread of COVID-19, which requires us to stay at home and limit direct interactions, forcing us to use social media to interact and share information.

The proliferation of social media created a new era for companies and brands, forcing them to seek new interactive ways of reaching and engaging their customers (Godey et al., 2016). This quickly expanding marketing channel already reaches over two-thirds of all Internet users and provides unparalleled brand and reputation-building opportunities (Correa et al., 2010; 'Spillecke & 'Perrey, 2012). Although social media offer new options and benefits for brand management (Kaplan & Haenlein, 2010), one of the persistent challenges despite growing scholarly interest is the difficulty in measuring the impact of social media marketing activities on crucial brand success measures (Schultz & Peltier, 2013).

Social media marketing, However, marketing on social network sites differs from traditional marketing. Members on social network sites are not only receivers of marketing messages but can also create shared meaning of the brand (Deighton & Kornfeld, 2009; Kozinets et al., 2010). As network sites can be leveraged into more effective marketing tools, these studies have primarily focused on earlier social network sites, such as Facebook, which started in 2004 and opened to the public in 2006 (Schivinski & Dabrowski, 2016). Over time, technological advancements have allowed social network sites to become more visual-centric (Ting et al., 2015). In 2010, Instagram was founded primarily for the member to share photos and images (Ting et al., 2015) . Members also use

Instagram to search for information about other people, document their life, demonstrate their coolness and creativity to other members, and share their interests with others (Sheldon & Bryant, 2016).

Fewer studies examine marketing on a visually centered social network site, such as Instagram, than on other social network sites (Sheldon & Bryant, 2016). Recent studies have found differences in how members use Instagram compared to other social network sites (Sheldon & Bryant, 2016; Ting et al., 2015). Users of Instagram were more likely to have stronger social interaction motives in using the social network site (Sheldon & Bryant, 2016). As such, this suggests that it will be illuminating to examine the effectiveness of marketing on Instagram and whether it differs from the marketing on other social network sites. Companies are starting to use social media to promote their brands and build their brand equity. There were 191,4 million social media users in Indonesia. The number of social media users in Indonesia at the start of 2022 was equivalent to 68,9 % of the total population (Kemp, 2022).

Technological acceleration has made companies of fast-moving consumer goods shift to e-commerce, supported by digital marketing activities through websites and social media. Marketing is a well-improved method or action that frequently changes the rules based on promoting and selling products and services (Saravanakumar & Lakshmi, 2012). Unlike in the past, traditional marketing strategies such as television commercials and newspaper advertisements do not impact the customers these days (Durmaz & Efendioglu, 2016). People in the

present day are likely to attach to online services. Today, social networking is an essential part of our life.

Brand equity is a competitive advantage for a company that results in increased profits, revenues, and decreased costs. Brand equity can be described in a variety of ways. Brand equity is defined in marketing literature regarding marketing effects on the brand. For example, when specific outcomes are achieved by marketing a product or service as a result of the brand's name which would not be the case if the identical product or service did not have that name (Atilgan et al., 2005). Aaker's concept of brand equity is the most frequently acknowledged among brand equity definitions (2013). "A consumer considers a brand's equity as the value given to a functional product or service by linking it with the brand's name," Aaker's explained.

Consumer responses are a collection of perceptions, preferences, and behaviors, as demonstrated by brand preference, behavior in response to a coupon offer, and brand extension evaluations (Keller, 1993). Keller (2001) asserts that the idea of consumer responses reflects any temporary or more significant state modifications brought on by exposure to marketing communication. Now, with the invention of smartphones, we are in the time of mobile social networking. Moreover, the rising of these new technologies affects our living style and creates a new marketing strategy for marketers to promote and sell their products. As social media is getting more popular, marketers must quickly adapt to the social

networking space to interact with customers (Edelman & Yli-Renko, 2010; Kietzmann et al., 2011).

In Abraham Maslow's hierarchy of needs theory, a Premium fashion brand is an emotional need above the basic physiological and safety requirements. This emotional need includes self-esteem or self-actualization, which is the need to prove one's identity to others (McLeod, 2018). During the current pandemic, premium fashion brand consumers will prioritize basic needs such as health and safety compared to consuming premium fashion brands. Therefore, a premium fashion brand requires a long-term communication strategy (dignation.id, 2020). Premium fashion brands need social media to carry out marketing activities to get a response from consumers.

This research is a replication of the study conducted by Bruno Godey by adding the social brand engagement variable because this variable has an indirect effect on the Social media marketing and consumer response variables. The author also changes the research sample toward fashion premium brand purchasing (Godey et al., 2016). Based on the explanation above, the author is engaging in conducting further studies on the topic "The effect of social media marketing toward consumer response fashion premium brand purchasing through brand equity and social brand engagement as mediating variables." This topic is choosing because author want to know how high the level of consumer purchases of fashion premium brands is influenced by brand equity and social brand engagement owned by premium fashion brands.

1.2 Research Questions

Based on the background that has been stated above, several formulations of the problem can be drawn as follows:

1. Do social media marketing activities positively impact brand equity?
2. Does social media marketing positively impact social brand engagement?
3. Does brand equity have a positive impact on consumer response?
4. Does social brand engagement have a positive effect on consumer response?
5. Does social media marketing have a positive effect on consumer response?
6. Does social media marketing positively impact consumer response through brand equity as a mediating variable?
7. Does social media marketing positively impact consumer response through social brand engagement as a mediating variable?

1.3 Research Objective

Based on the formulation of the problem above, the purpose of this research is to find out:

1. To analyze the effect of Social media marketing activities having a positive impact on brand equity.
2. To analyze the effect of Social media marketing having a positive impact on social brand engagement.
3. To analyze the effect of Brand equity positively impacting consumer response.

4. To analyze the effect of Social brand engagement has a positive impact on consumer response.
5. To analyze the effect of Social media marketing having a positive impact on consumer response.
6. To analyze the effect of Social media marketing having a positive impact on consumer response through brand equity as mediating variable.
7. To analyze the effect of Social media marketing having a positive impact on consumer response through social brand engagement as mediating variable.

1.4 Research Benefit

The benefits expected from this research are as follows:

1. Theoretical benefit

The results of this study are expected to provide a more in-depth picture and understanding of the effect of social media marketing on consumer response through brand equity and social brand engagement as intervening variables. Besides that, it is hoped that the results of this research can contribute to the marketing field on social media and as a reference for similar research in the future.

2. Practical benefits

This research is expected to be a reference for brand owners to improve brand quality and provide information to brand owners that social media marketing can improve a brand's marketing.