

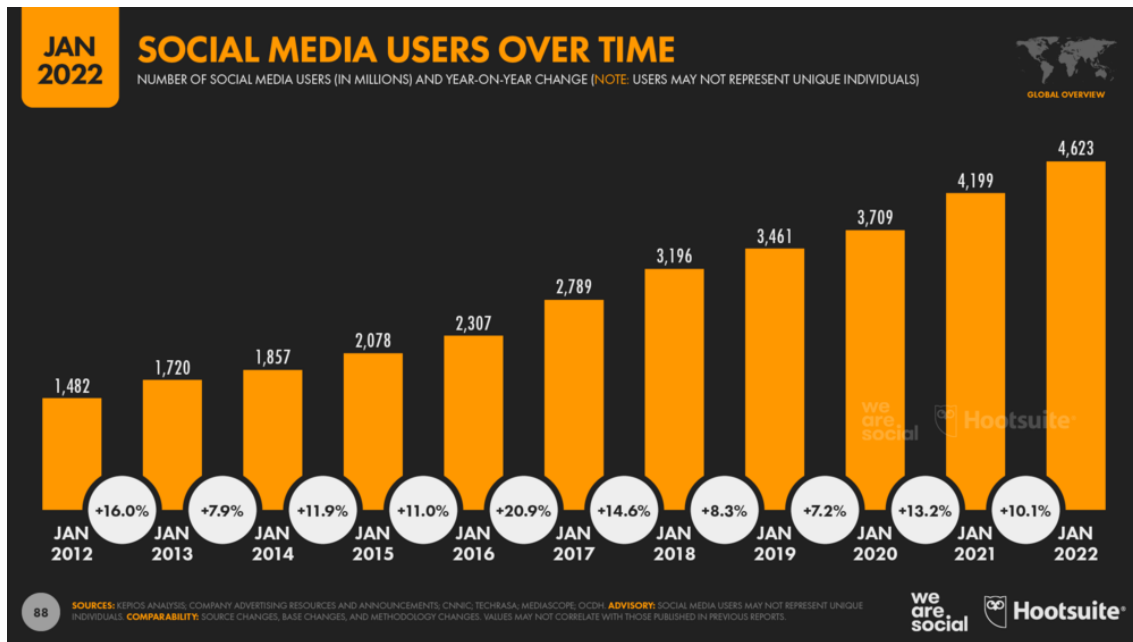
## CHAPTER I

### INTRODUCTION

#### A. Research Background

Despite the physical, social media users relate to one another through shared interests, and content may be distributed worldwide in minutes. Social media is a technology that allows for interactive communication, user-generated content, and collaboration. Previous research has underlined the significance of social media in creating value for organizations, clients, consumers, and society (Palalic et al., 2020).

Almost everyone uses social media to communicate, show up, or even market (endorse). Social media influence consumer behavior, from acquiring relevant information to sharing post-purchase behavior about products and services (Palalic et al., 2020). In January 2022, With a total of 4.62 billion social media users, that number is 3.1 times greater than the 1.48 billion we estimated in 2012, indicating that the number of social media users has increased at a Compounded annual growth rate (CAGR) of 12% over the previous ten years. Compounded annual growth rate (CAGR) is the annual growth rate over a certain period. Figure 1.1 below shows the number of users on social media in 2022 (Kemp, DataReportal – Global Digital Insights, 2022)



**Figure 1.1 number of users on social media**

Marketing is a critical stage in the product development process. Currently, marketing has a wide scope, not only in the form of real media but also in digital form. With an increasing number of marketing channels and media digitization, new prospects for firms in cyberspace have emerged. Companies use internet opportunities to attract customers and create value using e-marketing, e-commerce, social media, and mobile commerce strategies. Digital Marketing has penetrated the use of video content and review or post about products or services, like Youtube, Tiktok, Instagram, etc. The digital dimension, in particular, has given rise to terminologies such as digital social content marketing, which focuses on technological innovation in the generation, delivery, and administration of information (Seyyedamiri & Tajrobehkar, 2021).

Customers increasingly use social networks (SN) to keep up to date on companies and products they are enthusiastic about (Belanche et al., 2020). Social networking takes up the majority of consumer online time, averaging 54 minutes per person each month, and is expanding at the quickest rate among users 55 and older (Campbell et al., 2014). Instagram is one of the fastest-growing social media networks on the market. They are adding users at a significantly faster rate than Facebook, which is growing at a rate of 3.14 percent each quarter, and Snapchat is growing at a rate of 2.13 percent per quarter (Warner, 2021). This enables users (i.e., personal profiles, companies, and influencers) to publish visual assets (e.g., images, videos) that they can edit using platform-provided tools (e.g., filters).

Instagram has recently concentrated more on its visual attractiveness, boosting the user experience by adding new features (e.g., stories, Instagram TV). Instagram launched featured "stories" that allow users to transfer ephemeral content (photographs, short videos, and live stream transmission), which stay arranged for as it were 24 h. In terms of design and appearance, unmistakable from most social media dividers, where clients get to scroll down, and Stories display for 15 seconds on the entire screen. Each story (i.e., message, video, picture, with supercharged impacts) follows another story., and the client has the control to go back and forward to the past and other stories in a time-sequenced arrangement. On the top left of the screen, a different story with the same layout as the app stories is mark as "advertising.". As is standard in other social media advertisement designs, the publicized content permits users to tap on it to get more

data on a brand profile, which is a crucial portion of the shopping choice process (Belanche et al., 2020).

Instagram has become one of the most popular SNs. Recently in April 2022, it reached 1.450 billion users on Instagram Worldwide. Indonesia has 99.9 million active Instagram users and ranks fourth globally, behind India, the United States, and Brazil. Figure 1.2 shows eight countries worldwide with the number of Instagram users (GoodStats, 2022).



Figure 1.2 world Instagram user ranking

Due to Instagram's fame, all digital and social media platforms started to move using video media and pictures in a post. Therefore, Instagram now has a lot of content videos. Even so, Instagram is still the true mecca of video content and picture in a post. Therefore, Instagram is the best location to market products using video content and image in a post. Therefore, Instagram marketing is an opportunity that many companies can use as a marketing strategy in this era (Belanche et al., 2020).

Consumer information adoption is an essential antecedent of purchase behavior, including in Indonesia. Several prior research has proven the importance of knowledge uptake in consumer purchasing behavior ((Cheung et al., 2008; Erkan & Evans, 2016; Moon, 2004). The Information Adoption Model (IAM) is used in this research to incorporate information adoption components to generate good e-WOM and consumer purchase behavior (Erkan & Evans, 2016; Petty et al., 1983). To explain how people are persuaded to adopt information shared in computer-mediated communication (CMC) contexts, Sussman & Siegal, 2003 adopted the elaboration likelihood model (ELM). They put forward a theoretical model of information adoption. ELM is a message that can impact people's attitudes and behaviors both directly and indirectly. The first relates to the message's arguments, while the second refers to topics or ideas that are not immediately related to the message's subject matter (Petty Richard E. et al., 1986).

ELM is Informational influence that could occur at any level of receiver elaboration but through distinct influence processes. High degrees of elaboration

result in a central route to influence, while low levels result in a peripheral route. The central route occurs when recipients thoroughly evaluate the issues raised by the message, whereas the peripheral route occurs when recipients disregard the issues raised by the message (Sussman & Siegal, 2003).

Word-of-mouth (WOM) communication substantially influences customer buying behavior because people rely more on other consumers' opinions about products/services than the corresponding firms' communication messages (Rahman & Mannan, 2018). Furthermore, the popularity of the Internet and social media sites has turned WOM into e-WOM, which refers to exchanging good and negative evaluations and communication made over the Internet (Palalic et al., 2020). Therefore, this study examines the influence of information usefulness toward information adoption and e-WOM on consumer purchase behavior of the local clothing brand Erigo. Also, this study investigates the interaction of these elements and the function of argument quality (central route) and source credibility (peripheral route) in the consumer information adoption process that interprets information usefulness based on the information adoption model (Sussman & Siegal, 2003).

Nowadays, consumers can instantly get all relevant product information and reviews on the Internet. These online platforms enable customers to share personal experiences, opinions, and information with an online audience of potential customers (Palalic et al., 2020). The presentation of modern advances has contributed to the utilization of social media influencers to advance brands and

progress in commerce deals and performance. Social media has opened a pathway for e-WOM, and the rise of social media influencers has gotten millions of followers and potential clients. Influential Instagrammers are individuals with an expansive online nearness that affects followers utilizing Instagram, a video and photo-based social media application (Konstantopoulou et al., 2019).

Social media is a good source of information about consumers' attitudes toward a brand. But, at the same time, it also encourages social contact among consumers, which leads to increased trust in each other, directly influencing consumers' purchasing behavior (Palalic et al., 2020). So build beneficial relationships for consumers, suit the needs of consumers, and be profitable for business. And motivate me that information products can influence consumer online purchase behavior through IAM and e-WOM.

Social network online community members, fashion, and clothing purchasing are among the most discussed issues. By keeping an eye on these conversations, clothing merchants can get direct feedback from customers. Although social network online communities are essential, it is still questionable how they affect consumers' purchasing decisions for clothes—for example, many people go to a social network's online community to find out about clothing purchasing (Park & Cho, 2012).

From the perspective of fashion, apparels are the most useful thing with both economic and social worth in today's cultures. Fashion is "a collective behavior or a wave of social conformity." Fashion has been labeled as high

involvement, which describes items that are either pricey, infrequently purchased, connected to one's identity, or contains significant potential risks (social or otherwise). High-involvement products have generated a considerable number of online conversations (Rahman & Mannan, 2018; Wolny & Mueller, 2013).

Individuals perceive fashion clothes as an extension of their personality and social image. Hence, they become more involved in various behavioral components of fashion clothing the more interested they become in numerous behavioral characteristics relating to trendy apparel (Rahman & Mannan, 2018). The high use of social media in Indonesia impacts various things online, one of which is the Internet used in business. There are multiple kinds of social media in the business field, such as Facebook, Tiktok, Instagram, etc. In addition, this online business sells some products without third-party intermediaries, such as beverage, food, and clothing lines. For example, in the clothing line business, several brands can be successful; one of them is Erigo.

Erigo is a business engaged in the fashion or clothing line, originally established on November 20, 2010, with the brand "Selected and Co," which later changed to Erigo. Erigo targets consumers' traveling needs with comfortable and suitable designs. In 2015, Erigo reached a turnover of twenty billion rupiah (Sukses, 2021). They market and display the products on Instagram. In addition, Erigo Achieves MURI Record Sales of T-shirts. Erigo managed to get a MURI Record for selling 1,500 T-shirts online within 1 hour. Erigo also tucked a #StopAsianHate message in their ad in New York's Times Square in 2021 and



also the first fashion brand that shows on New York Fashion Week also located in New York, United States. a manifestation of the brand spirit that aims to encourage generations in Asia related to the many responses to hate Asia. This campaign appreciates various cultures, characters, and ideas expected to bring a series of inspirations to enrich the local young generation's thoughts, works, and culture, especially in fashion (Nugraha Ricky, 2019).

Erigo invites the younger generation to live every step of an emotional life journey boldly, equipped with an open mind and style that suits each unique personality. Erigo provides a wide selection of comfortable, affordable, and flexible clothing to fulfill these aspirations. Erigo's target market is young people or millennials starting from 15-30. This brand competes in the Indonesian apparel market by using big promos, high-discount promotional ideas, and standard prices. Erigo makes a "Buy 2 Get 5" promo, and marketing through social media and endorsements (Instagram) makes the Erigo brand known to young people or millennials.

Based on the explanation above, this study investigates the influence of information usefulness, information adoption, and e-WOM credibility in influencing consumer online purchase behavior. Investigates are influenced by 2 journal references by Rahman & Mannan, 2018 and Sussman & Siegal, 2003.

## **B. Research Question**

According to the explanation in the research background, this research forwards the research problem to the below:

1. Does Information usefulness have a positive effect on consumer information adoption?
2. Does Information adoption have an impact on e-WOM credibility?
3. Does Consumer information adoption have a significant positive effect on influencing consumer online purchase behavior of local fashion clothing brand Erigo?
4. Does e-WOM credibility have a significant positive effect on influencing consumer online purchase behavior?
5. Does Information usefulness have a positive effect on the consumer online purchase behavior through information adoption as a mediate variable?
6. Does consumer information adoption have a positive effect on consumer online purchase behavior through e-WOM credibility as a mediate variable?

### **C. Research Objectives**

There are some research objectives that we want to achieve to solve those problems in this paper, which are:

1. To know the influence of information usefulness on consumer information adoption process in a positive effect.
2. To know information adoption has an impact on e-WOM credibility.
3. To know the significant positive effect of information adoption on consumer online purchase behavior on brand Erigo as a local brand of fashion clothing in Indonesia.

4. To know that e-WOM credibility has a significant positive effect in influencing consumer online purchase behavior.
5. To know the positive effect of information usefulness on purchase behavior through information adoption.
6. To know the relationship between information adoption and consumer online purchase behavior with e-WOM in mediating both for brand Erigo as local fashion clothing in Indonesia.

#### **D. Benefit of Research**

The benefits are expected from the results of the research conducted. This research includes theoretical benefits and practical benefits with several things:

Theoretical benefits:

1. This study can show factors that affect consumer online purchase behavior significantly.
2. This study can show the effect of information usefulness and information adoption on influencing information adoption.
3. This study can show the significant positive effect of information usefulness and information adoption in influencing consumer online purchase behavior, and e-WOM is mediated between information adoption and consumer online purchase behavior.

Practical benefits:

1. This research can be information for the company's progress in the field of marketing through Instagram.

2. This research can be used to consider Instagram as a marketing medium.
3. This research can be a source of finding and a reference for future research opportunities.