

Chapter I

Introduction

1.1 Background

Instant noodles have always been a food staple for an Indonesian's diet and a household must have. Even globally, Indonesia's demand for instant noodles rivals countries that historically consume noodles like Japan and Korea. Based on World Instant Noodles Association (WINA), Indonesia ranks number two right after China as the leading consumer of instant noodles in the world, and has periodically held the number two spot in the top 15 list of global instant noodle demands as seen from the figure below.

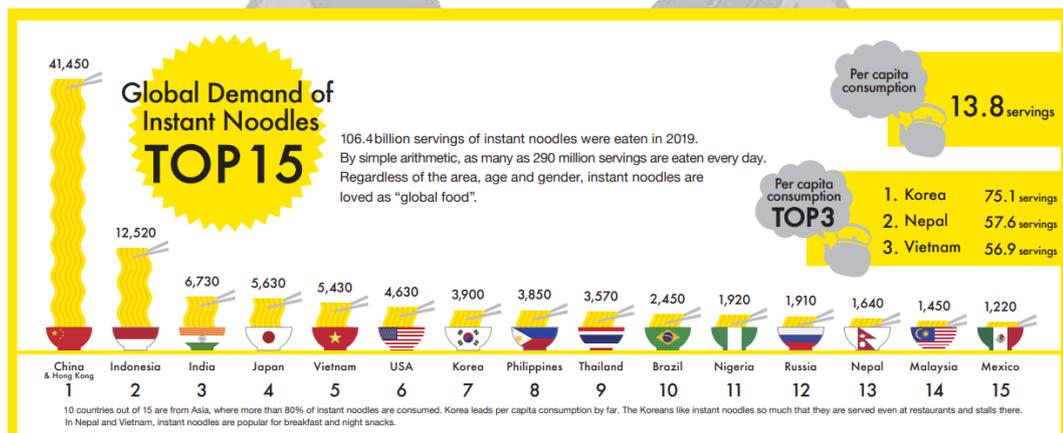


Figure 1.1 Top 15 Global Demand of Instant Noodles

Source : Global Demand of Instant Noodles from World Instant Noodles Association (2019)

With this high globally competitive demand, comes a yearly consumption constituting to millions of serving.

Table 1.1 Indonesia's Yearly Consumption* of Instant Noodles

	2015	2016	2017	2018	2019
Indonesia	13,200	13,010	12,620	12,540	12,520

Note : *(in millions serving unit)

Source : Yearly Instant Noodle Consumption in Indonesia from World Instant Noodles Association (2019)

As seen from the table above, throughout the years there has been a decrease in instant noodle consumption in Indonesia, dropping as much as 1000 million serving units since 2015. This indicates that there has been a significant drop in instant noodle consumption in Indonesia, and a decrease in it's purchase intention. To further elaborate on this, there is a need to lay out how the instant noodle industry is locally for Indonesia. In essence, there are four local instant noodle brands in Indonesia with high popularity, which are Indomie, Mie Sedaap, Sarimi, and Supermie respectively as seen from the instant noodle market share. Below on table 1.2 are the exact market share divide of instant noodles in Indonesia.

Table 1.2 Top Brand Index of Market Share Instant Noodles in Indonesia

Brand	TBI 2015	TBI 2016	TBI 2017	TBI 2018	TBI 2019
Indomie	75,9%	78,7%	80,0%	77,8%	71,7%
Mie Sedaap	15,9%	12,5%	10,8%	10,2%	17,6%
Sarimi	2,7%	3,6%	3,4%	4,4%	3,7%
Supermi	2,2%	3,0%	3,2%	4,1%	3,3%

Source : Top Brand Index of Instant Noodle Brands rom Top Brand Award (2019)

Mie Sedaap is an instant noodle line owned by Wings Food, a local food producer in Indonesia. Released 31 years after Indomie, another famed instant noodle line owned by Indofood, Mie Sedaap has become the top running competitor for instant noodles in the food industry. Produced since 2003, Mie Sedaap has achieved many things through their groundbreaking innovations. For one, Mie Sedaap is the sole instant noodle brand in Indonesia that has received an ISO 22000 award, an international acknowledgement of a company's quality of standard in food production.

As for Mie Sedaap's most famed innovations, other than it's 12 variance of instant noodle flavours, it is the steps they take to advertise their brand. Borderline labeled as aggressive, Mie Sedaap takes unprecedented steps to increase it's brand awareness in the eyes of Indonesians. Mie Sedaap notoriously was the first instant

noodle brand to advertise during the Ramadan period, an advertising step no other competitor thought to take. In their early days Mie Sedaap has also freely given away samples of their product in public spaces, namely malls, schools, and other recreational sites.

In another step of innovative advertising strategy, Mie Sedaap has since 2019 signed Choi Siwon, a famed Korean idol to endorse their new product line, Spicy Korean Chicken. An unprecedented act, since most instant noodle brands in Indonesia are usually advertised by Indonesian celebrities. Choi Si-won was born April 7 1986, and is a model, songwriter and singer. After a successful career as one of the members of Super Junior, a popular Korean group band, Siwon has since become a special representative of the UNICEF, became the brand representative of Audi Korea, became the youngest model for Piaget a luxurious watch brand, done numerous ongoing and past dramas and films, and has since become the first Korean to reach 5 million followers on twitter.

Despite Mie Sedaap's endorsement campaign with Choi Siwon managing to gain over 20 million views in one day in its Youtube advertisement, the market share of instant noodles in Mie Sedaap remains under the 20% mark. Indofood has always dominated the instant noodle market for up to 90% before Wings, the company that produced Mie Sedaap came along. With their best efforts Mie Sedaap managed to drag Indofood's market share of instant noodles to 71,7% while Wings managed to grab an index of 17,6% as reported from the Top Brand Index in 2019. Although Mie Sedaap managed to increase its market share by up to 7% from 2018, this is only a 2% increase from their market share in 2015. In 2016, 2017, and 2018, it can be seen from table 1.2 that Mie Sedaap struggled to keep its market share above 10%. Meanwhile Indomie, who has done little to innovate in their branding and advertising strategy has largely remained undisturbed in its 70% market share position.

With yearly consumptions for instant noodles in an all time low in Indonesia, claiming more market share will be the key to sustaining a brand, especially in times like this. Figure 1.2 shows the responses of 300 people who were asked after seeing a Ramadhan-themed advertising of the three instant noodle

brands (Indomie, Mie Sedaap, and Sarimi) in 2019 "How much [is] your intention to buy this product after seeing this ad?" and the responses were :

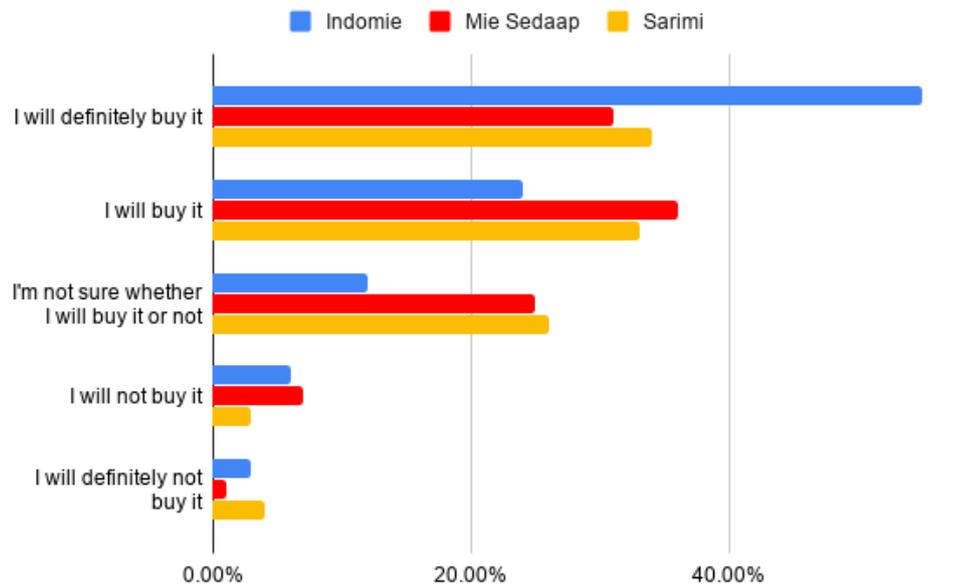


Figure 1.2 Purchase Intention of Instant Noodle in Indonesia
 Source : Influence of the Ramadan-edition advertisements of three major instant noodle brands on Indonesian consumers' purchasing intent from Statista (2019)

1% of the responders claimed *they will definitely not buy* Mie Sedaap after seeing the advertisement, 7% said *they will not buy it*, 25% were not sure whether they would buy it, 36% say they will buy it, while 31% *said they will definitely buy it*. Concerningly Mie Sedaap scored the highest in the *I will not buy it* section, second highest in the *I'm not sure whether I will buy it or not*, and last in the *I will definitely buy it* section.

This brings up a question of the effectiveness in Mie Sedaap's effort to increase the purchase intention of Mie Sedaap products. Their shaky increase and decrease in market share translates to the low definite purchase intention in their advertised products. The consumer's attitude towards endorser credibility, brand credibility, brand attitude and purchase intention causal chain from the effects of celebrity endorsement is what this paper seeks to further research. By using Mie Sedaap's newest instant noodle flavor Mie Sedaap Spicy Korean Chicken's advertisement, it can be used to measure just how much consumer's attitude

towards endorser credibility, brand credibility, and brand attitude can impact the shift in a fluctuative market share, and whether it incites purchase intention.

This research will be a replication from a previous study by Wang et al. (2017) and Spry et al. (2011) that proved in the airline sector and digital goods sector that an endorser's credibility in a marketing strategy brought upon positive impacts, and that a large amount of influence was found on brand attitude, credibility and purchase intention. Based upon the aforementioned background and phenomenon, the researcher then titles this research as "The Impact of Consumers' Attitude of Endorser Credibility, Brand Attitude, and Brand Credibility Towards Purchase Intention : A Case of Mie Sedaap".

1.2 Research Problems and Questions

The purchase intention of instant noodles in Indonesia has dropped at an all time low in the last decade, and although Mie Sedaap has managed to chip Indomie's large market share bit by bit over the years and retained the position for second best for Indonesia's instant noodle brands, their growth are dwarfed by Indomie's success. Statistically Mie Sedaap's brand advertisements have also proven that although some people have a purchase intention towards their brand, little of them are decisive about it, and some have even claimed that they will not buy Mie Sedaap after watching their advertisement. This brings up the question of the effectiveness in Mie Sedaap's efforts to raise their purchase intention, specifically through the use of celebrity endorsement in their advertisement.

Therefore the research questions are :

1. Does the consumer's attitude of the endorser's credibility influence the brand attitude of Mie Sedaap?
2. Does the consumer's attitude of the endorser's credibility influence the brand credibility of Mie Sedaap?
3. Does the brand attitude influence the purchase intention of Mie Sedaap?
4. Does the brand credibility influence the purchase intention of Mie Sedaap?
5. Does the consumer's attitude of the endorser's credibility influence the purchase intention of Mie Sedaap?

1.3 Objective of the Research

Research objective is as follows :

1. To find out the effects of the consumer's attitude of the endorser's credibility towards the brand attitude of Mie Sedaap.
2. To find out the effects of the consumer's attitude of the endorser's credibility towards the brand credibility of Mie Sedaap.
3. To find out the effects of the brand attitude towards the purchase intention of Mie Sedaap.
4. To find out the effects of the brand credibility towards the purchase intention of Mie Sedaap.
5. To find out the effects of the consumer's attitude of the endorser's credibility towards the purchase intention of Mie Sedaap.

1.4 Significance of the Research

The significance of the study can be categorized into theoretical and practical practices.

1. Theoretical Benefits
Increase empirical proof of factors that influence purchase intention.
2. Researcher Benefits
Broaden the researcher's knowledge and experience in the duration of their study in Universitas Pelita Harapan.

1.5 Scope and Limitation

This study focuses on the consumer's attitude of the endorser credibility, namely Choi Siwon, towards the brand attitude and brand credibility of Mie Sedaap, and measures its impact on Mie Sedaap's Spicy Korean Chicken purchase intention.

1.6 Thesis Systematic Structure

CHAPTER I: INTRODUCTION

In this chapter, the researcher will mention and explain the background of the study, research problem, problem limitations, research objectives, and the thesis outline.

CHAPTER II: LITERATURE REVIEW

In this chapter the researcher will explain theories and concepts relevant to the research. This chapter will also explain the correlation of the variables to each other.

CHAPTER III: RESEARCH METHOD

This chapter describes the analytical methods used in the research attached to data and data sources.

CHAPTER IV: DISCUSSION AND ANALYSIS

This chapter outlines the result of data analysis which have been obtained and explains the result of statistical calculations of the relationship of each variable including the testing of hypotheses.

CHAPTER V: CONCLUSION AND SUGGESTION

This chapter contains the conclusions of the result of analytical calculations and the implications which are appropriate with the problem.

