

CHAPTER I

INTRODUCTION

In this chapter, the research discusses the entire process of this study regarding the factors that affects intention to join brand page. The chapter contains research background, research questions, research objectives, researcher's contribution, issue limitation, research method overview and research outline. Figure 1.1 shows the flow of this chapter.

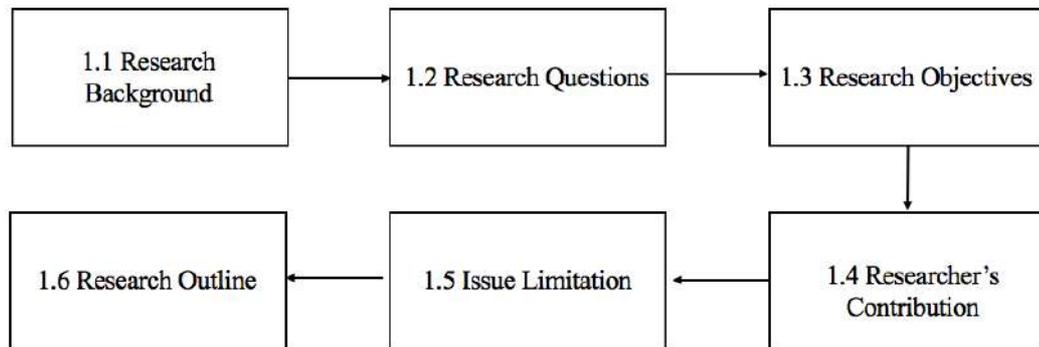


Figure 1. 1: Chapter I Flow Chart
Source: Developed by the author for the purpose of the paper (2020)

1.1 Research Background

In this year 2020, there is a virus pandemic called Covid-19. Covid-19 is a virus that affected the qualities of life for people around the world due to its highly contagious nature. Covid-19 could radically change how people see the world, think and how people conduct their lives (He & Harris, 2020). Aside from internal impacts, COVID-19 has external affects that has an influence on our our day to day life, businesses, world trade and mobility. This is seen in the economic repercussion that has slowed down the essential goods productions, flow of goods/services supply chain, financial loss to multinational and national companies plus poor cash

flow in the market and significant slowing down in revenue growth (Haleem, Javaid & Vaishya, 2020).

According to He and Harris (2020), the pain that is felt by consumers are deeply personal, emotional, economical, psychological, and cultural, there are many comparisons of Covid-19 to be a Black Swan event. Therefore, Covid-19 represents one of the most significant changes that in marketing history. The implications of this pandemic have a profound impact on corporate social responsibility, consumer ethics and basic marketing philosophy.

In Indonesia alone, GDP is expected to go down by 1.3% in the year 2020. The Covid-19 impact is largely felt to Indonesian citizen, as it is predicted that Indonesia will cause up to 2.67 million people to lose their jobs (Akhlas, 2020), due to the significant rise of unemployment and decrease of individual household revenue streams. The economic factors will urge consumers to spend less. It is estimated that in 2020 alone the consumer spending, that makes up 60% of Indonesian GDP, will contract and is at its lowest in decades (Mufti, 2020). The decrease in consumer spending is due to people becoming increasingly cautious to spend as they fear that the pandemic has a long term impact on their finances, which made them opt more money into emergency funds (McKinsey, 2020).

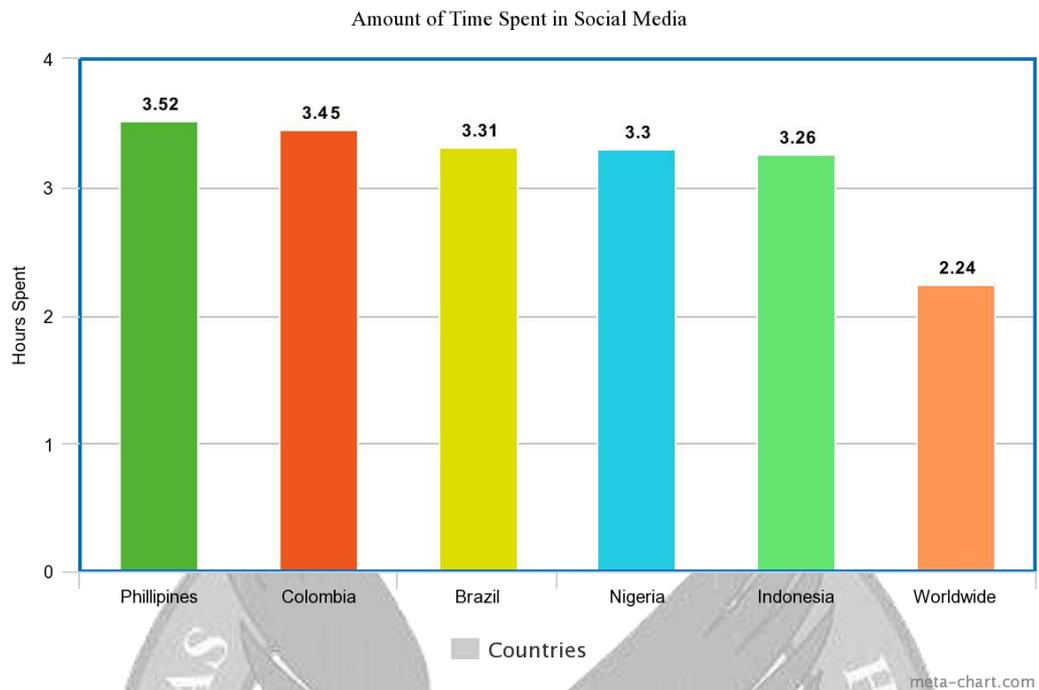
The implication of Covid-19 conditions means that companies need to focus more on long term growth rather than a short term profit driven growth. The public need to see a clear value and purpose towards companies when they see management sacrifice short term profit for the sake of adhering to CSR values (Kramer, 2020). Therefore, marketing strategy needs to have a radical change to

communicate company value and brand image effectively. Conceptually, cause related marketing (CRM) represents cause specificity of CSR (Zheikh & Zee, 2011).

Cause related marketing is the process of formulating and implementing marketing activities that are characterized by an offer from the firm to contribute a specified amount to a designated cause when the customers engage in revenue-providing exchanges that satisfy organizational and individual objectives (Varadarajan & Mernon 1988, cited by Anuar & Mohamad, 2012). However, as government imposes social distancing rules offline cause related marketing is out of the question. Unlike traditional cause related marketing, companies do not require consumers to purchase products, instead companies have been promoting cause related marketing via social net work sites (SNS) and encourage consumers to become members of the brand pages (Morrisey, 2009). Furthermore, CRM is an easy and cheaper tool to communicate to company's specific segment of company's targets (Sheik & Zee, 2011), one of them being members of social media brand pages.

Social media in Indonesia is an attractive platform for companies to deliver cause related marketing messages because Indonesia is the fourth largest country in the world that uses social media. Figure 1.2 shows the comparison between internet usage from countries around the world. In the data obtained by Digital World, (2018), Indonesia ranked fifth, in the daily time spent using social media.

Figure 1. 2: Amount of Time Spent in Social Media



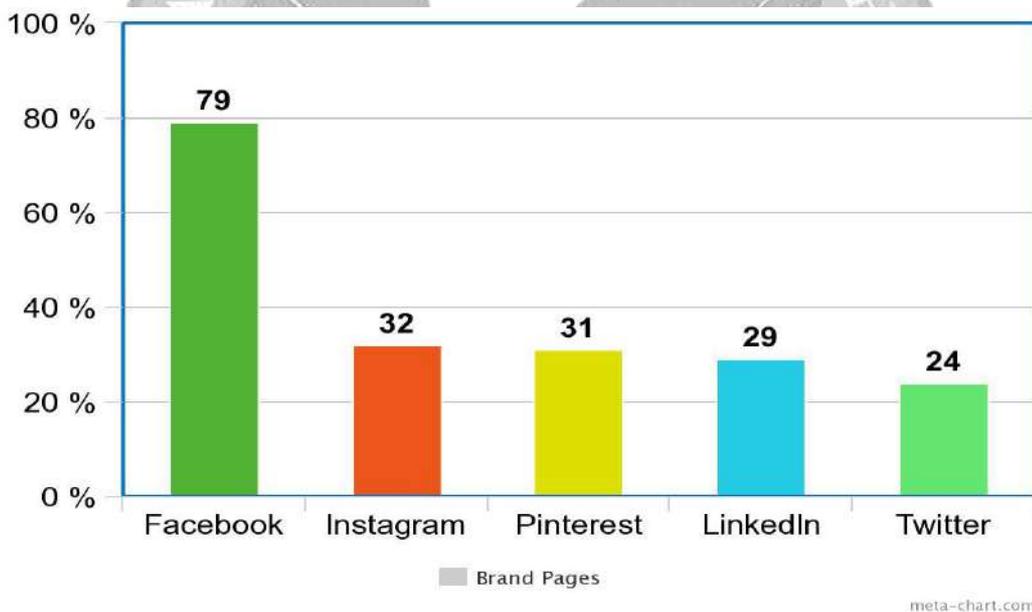
Source: Modified from Digital World (2018)

A substantial body of research has suggested that marketing techniques is important during the COVID-19 pandemic Social network sites (SNS) has been a prevalent domain for companies to further elevate a companies' brand. Firms implemented marketing communication plans into social media (McCharty, 2014). By utilizing social media companies are able to efficiently communicate their values as social media makes it easier to access information and communicate with one and another (Keeffe & Clarke-Pearson, 2011).

In addition, social media helps marketers who hope to further improve relationships with consumers via brand pages (Fournier & Averny, 2011). Also, companies have been using brand pages are an attempt to develop a closer relationship with current and future customers (Palazon & Lopez, 2015). In this research Unilever Indonesia is picked as the object for the reasons discussed below.

The first reason is that Unilever is picked as the object of research because they are actively trying to penetrate and gain further social media engagement. Unilever spent Rp. 2.35 trillion in 2020 for marketing purposes a rise of 16.97% from the corresponding period last year (Prasidya, 2020). Unilever acknowledges the potential market reach in terms of brand page engagement and are actively trying to promote their brand, creating meaningful exchange and delivering content that are meaningful towards consumer (Campaignlive.co.uk). Marketer's must migrate to the digital media in order to gain consumer's attention (Dzurhina, 2011). Figure 1.3 shows the percentage of online social media users.

Figure 1. 3: Percentage of Online Social Media Users



Source: Modified from campaignlive.co.uk

The second reason why Unilever is picked as the object of the research for the following reasons: the first reason is the popularity of Unilever in Indonesia. Unilever has around 73,000 followers in Instagram, 3,800,000 followers in

Facebook, 22,800 followers in Twitter and 11,900,000 followers in LinkedIn (Unilever Social Media Pages, 2020).

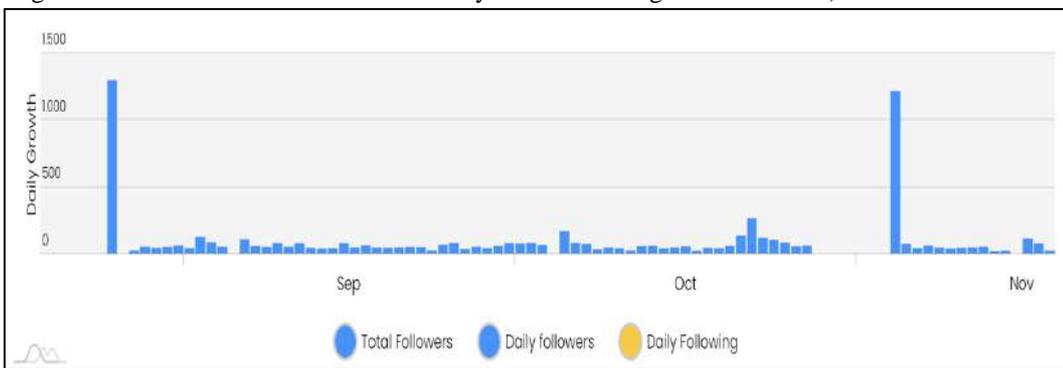
The third reason that Unilever Indonesia is picked as the object is because Unilever has a cause related marketing campaign that deals with covid-19 cause. This form of advertisement is also known as CSR ads as CRM is a concept that incorporates CSR practices into its marketing implementation (Ammawate, 2016). Unilever has launched social media campaign that directly relates to covid-19 advertisement in the form of informing members that their company has donated PCR tests, hand washing facilities, supporting micro business and many more (Unilever Indonesia, 2020). Figure 1.4 shows an example of the Unilever CSR advertisement.

Figure 1.4: Example of Unilever CSR Advertisement



The first problem that Unilever face in relation to social media advertising is the decrease of social media engagement. Even though Unilever is a well known company that has a high level of popularity still faces problems in accordance to maintaining and attracting its followers. Figure 1.5, shows the inconsistent and decline daily growth of Unilever Indonesia Instagram followers.

FigureL 1.5: Visualization of Unilever Daily Growht Throughout the Month)



Source: Barbieri (2020)

The second problem related to the financial problem that Unilever faces due to Covid 19 impact. In 2020 Unilever sales decreased from the recent covid-19 pandemic that affects the economy. Unilever announced that their year on year sales went down by 1.6% in Q2 (Rahman, 2020). In response Unilever has launched series of projects that aims to help people, communities and workforce that are affected by this virus. Table.1.1 shows the financial loss and accumulated expenses suffered by Unilever.

Table 1.1: Financial loss and accumulated expenses suffered by Unilever

Loss	Year on year (yoy)	Expenses	Year on Year (yoy)
Food and refreshment	-3.53%	Marketing Expenses	7.97%
Net Profit	-1.29%	Administration	13.02%

Source: Rahman, 2020

The decline in Unilever financial loss and expenses shown above signifies a change in strategy where companies need to focus on long term growth instead of short term growth (Kramer, 2020). Consumers needs to see companies that are willing to sacrifice short term profit in order to reflect their values (He & Harris, 2020). Furthermore, cause relating marketing has been more important for organizations to consider during the COVID-19 pandemic (Gafni, 2020). This is evident from Kadence Consumer Trends in Asia 2021 report, 62% of Indonesian people thinks that brand needs to reevaluate their role in society.

There are many reasons that may contribute towards the problems shown in figure 1.4 and table 1.1 respectively. However, three points might be considered that ad skepticism and intention to join brand pages has a high relevance towards problems that Unilever experience. The first point is the decreasing engagement in social media which directly link to the dependent variable studied in this paper which is intention to join brand page. The second factor is the increasing consumer demand for companies to reflect CSR values. The third point is using CSR advertisement as an incentive to increase value since in the short term profit is unrealistic due to economic conditions in Indonesia.

There are many factors that could contribute to the decreasing engagement in social media. One of the factors might be the growing mistrust from consumers towards Unilever's company value that does not align with Indonesian moral values. A scandal has appeared in mid June 2019, where Unilever international has endorsed their support towards the LGBT community (Saleh, 2020). Furthermore, this event has led to negative sentiment that arises from Indonesian consumers that

calls for boycott and even to the degree of labeling Unilever Indonesia as an immoral company. Furthermore, company social performance is heavily linked to long term financial and economic performance (Brogi & Lagasio, 2019)

On the general level, relating to the decrease of financial performance in big corporation, Unilever Indonesia has suffered short term losses- however, this lost could not be easily recovered due to the impact of the financial repercussion caused by the pandemic (Chandra, 2020). As companies seek for alternative ways to increase growth and performance, one of the non monetary metric Unilever Indonesia can adopt is through increasing engagement via their brand pages. However, as the topic of this there are many barriers that makes it difficult for companies to increase their brand page members. This is due to the fact that CSR during challenging times has been more prevalent to prove that companies are not just conducting CSR activities just for an ad lip service but actually sincere and genuine in their intention to conduct these programs (Chandra, 2020)

On the third point of conducting CSR activities in order to fulfill long term goals. Wicaksono, (2021), highlights the main benefits that CSR related marketing could contribute to a a company. There are five main points that is highlighted which is societal involvement, increasing trust, garner positive image, increase competitiveness and also gaining customer retention and wider support. This short term actions are a way to

Relating to the fact that Unilever Indonesia launches CSR advertisement in form of covid-19 related social programs. This advertisement can be done through an effective CRM campaign to reflect company values and increase brand page

members (Bae, 2018). Unilever adopts CRM ads launched via social media as one of the ways to show their role in society. However, there are many barriers in communicating their messages to their consumers and the public. On figure 1.6 shows the levels of importance of what consumer thinks is important in covid-19 ads. Therefore, planning the methods of delivering marketer's and companies message is important.

Figure 1. 6 Relative importance of messaging



Source: Kadence International (2020)

However, in order to communicate a strong message there are several factors Unilever need to consider. Past research has shown that ad skepticism could be a factor that determines consumer attitude towards company evaluation (Amawate, 2016). Furthermore, to gauge if values expressed through advertisement is successful or not, attribution is an important factor to consider. According to Chang (2011), consumer attribution is a determinant to how successful is CRM ad.

The focus of conducting CSR ad in marketing practices is important to form an actionable short term program in order to fulfill long term goals (Wicaksono, 2021). Past research states that consumer engagement is important for marketing

objectives as there are positive benefits towards consumer behavior and brand performance (Thomas, 2015). In order to effectively communicate messages and company value, credibility is an important role because past research shows that a lack credibility may lead to the decrease of demand, brand preferences and also sales (Hoseinzadehshari, 2015). One of the ways to generate consumer engagement by establishing brand pages (Palazon, *et al.*, 2015).

Although a lot of research has been established between the relationship between company's social, financial and environmental performance in its implication and interconnected nature that contributes to long term sustainable performance (Brogi & Lagasio, 2019). A lack of research has been conducted on the social aspect shown in CSR advertisement. Amongst them are skepticism towards advertising, positive attribution, negative attribution, corporate credibility and intention to join brand pages. Table 1.2 shows the research gap on these specific variables.

Table 1.2: Intention to Join Brand Page Towards Consumer Behavior Research in the Past Decade

Previous Researcher	Ad Skepticism	Positive Attribution	Negative Attribution	Corporate Credibility	Intention to Join Brand Pages
Mikyeung Bae (2018)	√	√	√	√	√
Vhibas Amawate (2019)	√	√	√		√
Joeng, Paek and Lee (2013)				√	√
Moosmeyer and Fuljan (2013)		√	√		√

Teresa Trevino (2016)				√	√
Walker and Kent (2013)				√	√
Patel, Gadhafi, and Shukla (2016)	√			√	√
Muk, Chung and Kim (2014)				√	√
Lee, Haley and Yang (2013)		√	√		√
Li, Wang and Yang (2011)				√	√

Source: Developed by this researcher for purpose of this study (2020)

Based on table 1.2, there are 10 previous research studies that examines variables that influence intention to join pages. Research variables on ad skepticism, positive attribution and negative attribution are limited in previous research even though these three variables could have a significant towards intention to join brand pages. Although popularly, researched corporate credibility and intention to join brand pages is also and important to this study.

Ad skepticism is a variable that has been lacking in previous research. Ad skepticism is an important variable because when consumers questions the validity of CRM ad it will generate consumer's doubt, rejecting claims and potentially altering their behavior (Dahl & Lavck, 1995 cited by Patel, *et al.*, 2016).

Furthermore, ad skepticism needs to be researched as 53% of consumers think brands "trust wash," or aren't as committed to helping society as they claim (Christie, 2017). In addition, a survey according conducted by Sprout Social (2019), finds out that 70% of the consumers want brands to stand for a social cause but half of them believe in the claims of the statement. Therefore, ad skepticism is a problem that researcher need to address as it has a significant impact on evaluation of company (Amawate, 2016).

Positive and negative attribution is also needed in this study because according Sprout Social (2019), 34% of consumers would decrease their engagement and spending towards a brand that does not align with their value. In addition, consumer attribution is important to consider as 35% of consumers think that advertising that deals with social cause are solely for public relations or marketing purposes (Social Sprout, 2020). is important as Unilever is conducting series of Covid-19 advertisement that tries to express their values towards Indonesian society (Unilever Indonesia, 2020).

Although corporate credibility has been researched more than the other variables, credibility is important as up to 50% of consumers says trust is lost if sources cannot be verified or trusted (Insight in Marketing, 2020). Furthermore, corporate credibility is an important variable to be studied is a strong indicator of brand evaluation (Lange, 2012). Corporate credibility is also an important for be studied as research in the consumer behavior field has suggested that consumer perception of source or message credibility is a positive predictor of behavioral intention (Chang, 2011).

As capturing consumer trust could reasonably be at the top of many companies' lists of communication objectives, this study will help advertisers to build strong and positive CRM campaigns that make consumers stay engaged (Alexander, 2015). Corporate credibility is a challenge to maintain since, the state of skepticism within the internet community is relatively high. Corporate credibility is needed if Unilever wants to market effectively with the aim of increased intention to become members of that company's brand page (Vhibas, 2019).

Intention to join brand page has been popularly researched in the past pages but is still important to be researched. Intention to join brand pages is important as from figure 1.2 shows the declining and inconsistent rate of daily user growth in Unilever brand page. Customer participation in such prosocial initiatives can positively influence the firm's bottom line, enhance customer satisfaction with the service experience (Giebelhausen & Chun, 2017), and cultivate repurchase intention (Li. Zhang *et al.*, 2018) Furthermore, studying intention to join brand pages is important as brand pages communities is able to increase loyalty amongst their user, this is known as the "holy grail for business" (McAlexander, *et al.*, 2002 cited by Hill & Moran, 2015).

From the financial problem seen in table 1.3, intention to join brand pages is an important part for the company to develop because it highlights the opportunities that companies can creatively market and improve their position in society and gaining competitive advantage (Lippman, Mudd, Rich & Bruich, 2012). This is evident from McKinsey report (2020) that states Indonesian consumers are more likely to save rather than to spend due to financial impact of Covid-19. The

implies that company has limited incentive to drive short term profit, instead Unilever should aim to increase members of brand pages to improve long term value growth. Value driven growth is important as surveys has shown that company that operates on value

Lastly, there is another factor why intention is included in this research because intention to join brand page is a goal that aims to achieve instead of increasing sales (Chauhan & Pilai, 2013). Intention to join brand pages is important as it generates loyalty, and could have a word of mouth effect (Lippman, *et al.*, 2011). Insight in marketing (2020) says that 84% consumers believe on the credibility of word of mouth messages.

This research should be conducted for two major reasons. The first reason is to compile and conduct research in order to help researcher understand topic based on discussion and help researcher explore theories based on results obtain (Sekaran & Bougie, 2016). The second reason is to prove and support previous studies by validating and examining models which were conducted by (Bae, 2018) with different objects, places and researchers.

1.2 Research Questions

In accordance with the background previously described, the following research questions has been formed below.

1. Is ad skepticism negatively related to positive attribution?
2. Is ad skepticism positively related to negative attribution?
3. Is positive attribution positively related to corporate credibility?
4. Is negative attribution positively related to corporate credibility?

5. Is corporate credibility positively related to intention to join brand pages?

1.3 Research Purposes

The aim of this research is to analyze the existence of each existing hypothesis:

1. To describe a negative relationship between ad skepticism and positive attribution
2. To describe a positive relationship between ad skepticism in and negative attribution
3. To describe a positive relationship between positive attribution and corporate credibility
4. To describe a positive relationship between negative attribution and corporate credibility
5. To describe a positive relationship between corporate credibility to intention to join brand pages.

1.4 Research Contribution

1.4.1 Theoretical Contribution

From a theoretical point of view, research is a tool that is carried out in order to investigate and gather information with the goal of discovering new facts or interpreting existing information. Research helps determine or correct facts and also applications (Ahmed, Ans & Ali, 2009). Research with the focus of marketing needs developing theories related to marketing. From this research managerial applications could be gained from the research and analysis gathered in attempts to fulfill the research purpose.

Research is conducted by selecting a research problem. Having a research problem and background justifies the reason why this particular research is carried out (Pardede, 2018). Furthermore, researcher need to obtain valid and reliable sources, theories and data to understand the purpose of this research (Hair, Hult, Ringle & Sarstedt, 2014). The aim of this study is to replicate model based on previous theories to further validate this model so that other researcher could also use it in the world of science.

This study also includes literature review that is available to give background and justify why the research is being carried out (O’Gorman & MacIntosh, 2015). The literature review will aid in answering research questions stated above. This research conducts a graphical model in order to separate variables and to describe relationships within the mode. Aside from graphically representing the research, verbal and mathematical form are adopted to express research from a numerical and narration point of view (Malhotra, 2017). Still from Malhotra (2017), mathematical model helps determine relationship with variables in an explicit way.

By fulfilling the research objectives, this research could contribute in the world of science in order to develop advanced knowledge and technology to overcome various life problems (Rayahu, 2015). Using concepts, definitions and propositions, the researcher are able to further clarify the chain of facts. Research is conducted based on the assumption that knowledge and study cannot stand alone (Firman, 2018). Therefore, a model based on previous theories is needed as reference for the objective of this research. This research is hoped to contribute to

the knowledge and understanding by academics, casual people and also researchers alike.

This research attempts to have a theoretical contribution cause related marketing as well as consumer behavior theory regarding the factors studied in this paper which are ad skepticism, consumer attribution, namely positive and negative attribution, corporate credibility and intention to join brand pages. From the literature review and directly to the results shown in chapter 4, the construct and items of these variables will be an addition towards the theoretical understanding of consumer attribution.

Finally, research focuses on fulfilling research purposes which is to describe the relationships between one variables towards the other. The end goal is to understand and analyze the main factors that effects consumers in their decision towards intention to join brand pages. Therefore, in this study readers can ensure to what extent does ad skepticism has an effect towards intention to join brand pages. Furthermore, it also highlights the importance of consumer attribution and corporate credibility in influencing intention to join brand pages.

1.4.2 Practical Contribution

After explaining the theoretical contribution, the next step is to elaborate the practical contribution for the research object. One of the benefits in conducting a descriptive research is to increase knowledge and comprehension of phenomena and to construct theories based on research outcome (Sekaran & Bougie, 2016). This research will contribute to the selected company that has been selected as the object of this study namely, Unilever Indonesia.

This research focuses on the factors that influences consumer's intention to join brand pages. Through this study, Unilever can gain a better understanding on what elements that leads consumer to have intention or not have the intention to join brand pages. From the focus of this study, Unilever will have a deeper understanding of ad skepticism, consumer attribution and corporate credibility. Thus, the result of this study can be an additional source of information for Unilever Indonesia.

Furthermore, this research can give a broad overview not only to Unilever but companies in Indonesia in general since the problem explored in this study is a relatively new and has been limited researched. Namely, ad skepticism and consumer attribution. From the result gained in this study, companies alike can use the findings as a reference to gain a better picture of the degree of ad skepticism and consumer attribution in Indonesia.

In this research a study is conducted to understand further relationship between ad skepticism to intention to join brand page. This study encourages Unilever to be more honest and sincere in their advertisement. Furthermore, this research encourages Unilever to have a better advertisement program so that Indonesian community could realize the importance and value of Unilever in Indonesia.

For researcher, the research model is replicated from previous study by Mikyeung Bae (2018) titled "Overcoming skepticism towards cause related marketing claims: the role of consumer's attribution and a state of customer skepticism". Since the replicated journal uses graphical model, the researcher will

use graphical model and regression analysis to analyze in effort to further understand the relationship between variables that are adopted from the previous study.

1.5 Issue scope

Due to subject's wide scope and limited time, the researcher utilizes two limitations in this research paper. The first limitation is the respondent that has the knowledge about Unilever and has used its products. The amount of respondent will be narrowed down to those who know Unilever and its amount will be a representative of a larger population due to the low resource, budget constraint and limited time of the researcher.

Second, would be limiting the variables that will be explored to 5 which are: ad skepticism, positive attribution, negative attribution, corporate credibility and intention to join brand pages. Researcher does not use the variable cause related marketing as an independent variable as this study is a descriptive replication of an experimental research. Furthermore, most journals use CRM variable as in form of an experimental stimulus, therefore the construct and indicators of CRM will be limited. Instead this research will use ad skepticism as the independent variable.

The third limitation is that this study will be descriptive not as an experiment due to limited knowledge and experience in conducting experimental research. The variables explained above are a form of modification from previous research of Bae (2018), conducted in different object, country and target respondents. Previously in the previous paper by Bae, (2018), CRM advertisement that is presented is two

1.6. Research Outline

This research has been systematically organized into five chapters with the purpose to simplify and provide a straightforward picture of the study. The five chapters contains introduction, literature review, research methodology, research and discussion and conclusion plus recommendations. The first chapter contains, research background, research questions, researcher's contribution, issue limitation, research model with writing process explained.

The second chapter contains literature review. The second chapter is an in-depth and thorough explanation of theory that supports the research model and variables. This chapter explains variables based on research model as well as relationship between said variables alongside its relationship with the research model's hypothesis. Furthermore, literature review helps to explain, understand, study and analysis in order to solve the hypotheses. After literature review, chapter three discusses methods applied in this study, data collection, data analysis as well as hypothesis testing that is applied in this research.

The fourth chapter contains discussion of the data gained from the respondents. This is where the questionnaire is analyzed and statistics are shown about the variables. This chapter describes the analysis of statistical data that were gathered from respondents and verifies relationship between variables. Lastly, the fifth chapter contains research limitations, conclusion, theoretical implication, managerial implications and recommendations for future studies. The suggestion is gathered from hypothesis that has been tested in chapter 4. Suggestions that is outlined in chapter five may be used as reference for future studies.