

# CHAPTER I

## INTRODUCTION

This chapter discusses the background of the research, the research questions and objectives, and an overview of the research. Shown below is a flowchart explaining the content and discussion for this chapter. This flow will be illustrated in Figure 1.1.

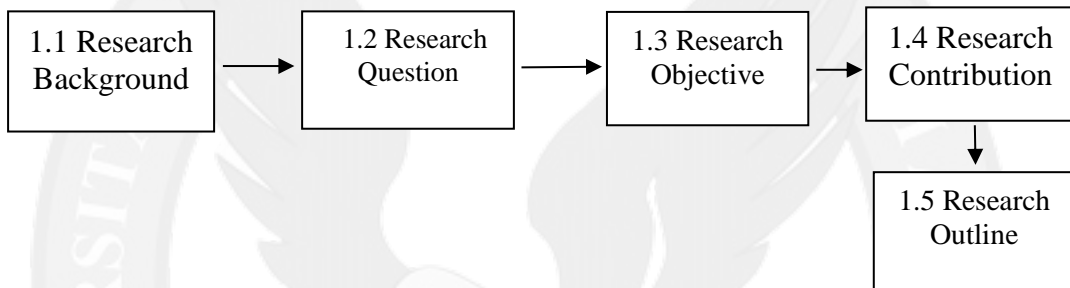


Figure 1.1: Chapter I Flow Chart  
Source: Developed by the author for this research (2021)

### 1.1. Research Background

Social media is one of the way people can share information and connect to one another through Internet-based platforms. Social media is a more efficient, lower cost, and right on target form of marketing. The role of the internet nowadays is not only as a way people search for information, but it has a great potential as a marketing medium. Marketing that utilizes the medias on the internet is called internet marketing, online marketing, or electronic marketing (e-marketing). One of the supporting media or applications e-marketing activities that are currently

developing are social media applications such as Facebook, Twitter and Instagram (Edosomwan et al., 2011).

Marketing through social media is called social media marketing. Social media marketing is a form of marketing that uses social media as a way to market a product, service, brand, or to interact with customers. With social media currently available to millions of people around the world, companies can communicate and build a relationship with customers from different countries. (Neti 2013). With social media marketing, it is easier for business actors to interact with their customers online. The costs incurred are not too large and there is no time limit as long as you are connected to the internet.

The results of the Forrester Research study show that the popularity of Instagram as a marketing platform exceeds the popularity of Facebook, even Forbes Magazine Instagram is described as a very powerful sales tool. According to a social media agency data updated in January 2016 ago, there are 79 million active social media accounts in Indonesia. This number is up 10% from the data in January 2015. Within a year, there is an increase in internet users in Indonesia. It increases by around 15% starting from January 2015 until January 2016. Therefore, as can be seen from the data, there are more people using social media each day and it continues to increase in Indonesia (McKinsey, 2016). As of January 2021, the numbers have more than doubled the users of social media. Indonesia had around 170 million active social media users, ranking third after China and India in the Asia Pasific region (statista, 2021).

Social media is useful for marketing only if social media marketers understand the characteristics of the social media used in relation to on the business being represented. Every social media has different characteristics according to the industry the business is running. Social media nowadays is one of powerful of marketing strategy especially in promotion. Through the social media communication, someone can reach the largest of marker share around the word (Tsitsi, 2017). The use of social media to attract consumers and increases their purchase intention have been realized by coffee outlets in Indonesia (Haliyani, 2018). Starbucks is one of the coffee brands that uses social media to increase communication with their customers. As of December 2021, Starbucks Indonesia's official account with 1.5 million followers is the second most followed coffee brand with Jco Indonesia earning the top spot with 1.7 million Instagram followers.

According to Carmelia et al., (2021) in 2020, every industry in the economy gets affected by the Covid-19 pandemic especially the food and beverages industry. Restaurant, cafe and food and beverages providers needs to change the way they operate and do sales due to the pandemic and the new Indonesian government policies. This government policies includes reducing restaurants to 50% of its capacity, so that the distance is maintained according to the health protocols and restaurants opening hours are shortened from their usual opening hours. From these operational changes, there is a significant impact on the sales in the industry. Starbucks is one of the brand from the food and beverages industry which is affected by the changes.

Table 1.1. Starbucks Sales Data in Indonesia in 2018 – 2020

<b>Year</b>	<b>Sales</b>
2018	IDR 1.682.562.000.000
2019	IDR 1.993.583.000.000
2020	IDR 1.335.254.000.000

Source: PT MAP Boga Adiperkasa Annual Report (2018-2020)

Based on the table above, it can be seen that the sales of Starbucks in Indonesia amounted to IDR 1.68 trillion in 2018 and increased to IDR 1.99 trillion in 2019. However, in 2020, it decreased by 600 billion rupiah to IDR 1.33 trillion. The decline in sales at Starbucks from 2019-2020 was a phenomena to be analyze. Starbucks uses social messaging application called Line to spread the majority of their promotions and coupon to redeem it. Starbucks should try to focus on social media for doing the marketing promotion (Wibowo, 2019).

One of the ways to maintain and increase consumer's purchase intention of Starbucks is through increasing firm created and user generated social media communication. According to Muhkerjee (2019), in order to increase purchase intention, companies need to pay attention to customer's brand passion which can be formed through two factors which are firm created social media communication and user generated social media communication. If Starbucks can increase brand passion which is affected by social media communication then it can increase customer's purchase intention towards the brand.

This is also supported by Aji et al (2020) which stated that social media affects the sales of the company because the better promotion through social media leads to higher company sales. Social networks including various social media are one of the main online marketing tools that help to achieve marketing aims of the

company. Most of social media overlap and have more than one characteristic, aim or purpose. It should be noted that interaction, user-friendliness, openness, freedom and real time are the main features of all social media. When starting to discuss sales promotion of a company on social media, the concept of social commerce becomes inevitable. Taking into account current trend of expansion of internet marketing because it unites the biggest number of users and has the means to implement different aims of the companies, it is necessary explore the impact of social media on sales growth in specific sectors (Streimikiene et al, 2021).

Another research done by Hudson et al., (2016) stated that customers' proactive engagement with the brand in social media comprises activities such as following, replying, sharing, commenting, liking, tweeting, participating and so forth (Hudson et al, 2016). Social media interaction can create a positive and significant effect on brand's emotional attachment. This is because user generated content cannot be controlled by the company. Therefore, many researchers advise marketers to get involved in social media (Hermaren & Achyar, 2018). The company's corporate page on social media can be used to establish relationships and communicate with consumers.

The decline in Starbucks sales in Indonesia was influenced by the lack of use of social media. This social media can be used to increase awareness about any promotions at Starbucks. The decline in sales was also caused by negative reviews about Starbucks which could affect people's opinions about Starbucks (Karman, 2015). Based on the reviews given by consumers stated that the services provided

by Starbucks were unsatisfactory. The reviews are related to long services and unfriendly employees (Google Reviews, 2021).

Brand passion itself is marked by the emergence of emotional attachments that affect behavioural factors. On the other hand, this is due to a very effective and positive attitude towards certain brands (Bauer, Heinrich, & Martin, 2007). Albert et al., (2013) stated brand passion as a psychological component consisting of excitement and obsession, even an infatuation with a brand that is embraced by some consumers (Albert, Merunka, & Valette-Florence, 2013). Wardhana and Terah (2020) in their research prove that Brand Passion has a positive effect on Purchase Intention. The relationship between these variables was also proposed by Hossain and Alim (2021), and they found that this relationship is positively supported (Hossain & Alim, 2021).

Consumer purchase intention comes from the influence of external, need awareness, recognition products, and evaluation of alternatives. It can be said that purchase intention is a consumer's planning to buy certain products with the appropriate amount with need (Kotler & Keller, 2016). There are a lot of factors affecting consumer purchase intention, one of them is brand passion. Purchase intention is something that every producer wants out of their consumers, and can be influenced by several factors, one of which is the appropriate price in the minds of consumers when they need a certain product. The success of a brand depends on the consumer's relationship with brand passion (Chiaravalle & Schenck, 2014). Apart from the problem that Starbucks has, There are some studies that have been

done before about the variables researched in this study to find problems which would be resolved in this study as well.

Table 1.2. Research Gap

Author (year)	Factors affecting purchase intention		
	Firm Created Social Media Communication	User Generated Social Media Communication	Brand Passion
Schivinski & Dabrowski (2015)	√	√	
Mukherjee (2019)	√	√	
Hossain and Alim (2021)	√		
Rahmadini and Halim, (2018)		√	
Bataineh (2015)			√
Herrando et al. (2017)			√
Hermaren and Achyar, (2018)	√	√	
Khajuria (2017)	√	√	
Soewandi (2015)	√	√	
Soewandi (2013)		√	
Arif et al (2020)		√	
Sulthana and Vasantha (2019)			
Mangold & Faulds (2009)			√
Gómez et al. (2019)			√
Hudson et al (2016)			√
Kadariusman et al (2019)			√
Cristina et al. (2018)			√
Asshidin et al. (2016)			√
Pourazad et al. (2019)			√
Hsu (2019)			√
Wardhana and Terah (2020)			√
Total:	6	8	11

Source: Developed by the author for this research (2021)

Based on table above, it can be concluded that a few variables have been explored by previous studies and there is a variable that is still few has done to research. This indicates that this research is supported by multiple studies that has been published, as well as certain some variables with limited literature support. It can be seen that there are several studies that examine the factors affecting purchase intention. Compared to the other research the research about the variable firm created social media communication affecting purchase intention is understudied. This research

was conducted using the support from the main journal which became the main reference in this study. This research in this study is replicated from Muhkerjee (2018). Since this study is a replication study of the previous research done by Muhkerjee (2018), the researcher decided to use the same model, variables and hypotheses as the replicated study. The researcher expects that this study can provide a good comprehension of purchase intention with the topic about the brand Starbucks in Indonesia.

## **1.2. Research Question**

Based on the description of the background of the problem above, the formulation of the problem that will be discussed in this study as follows:

1. Does Firm Created Social Media Communication Positively Impacts User Generated Social Media Communication?
2. Does Firm Created Social Media Communication Positively Impacts Brand Passion?
3. Does User Generated Social Media Communication Positively Impacts Brand Passion?
4. Does Brand Passion Positively Impacts Purchase Intention?

## **1.3. Research Objective**

Following the development of research questions, the next stage is to develop study objectives. The goal of this study is to determine whether each hypothesized relationship exists:



1. To examine if Firm Created Social Media Communication positively impacts User Generated Social Media Communication
2. User Generated Social Media Communication
3. To examine if Firm Created Social Media Communication positively impacts Brand Passion
4. To examine if User Generated Social Media Communication positively impacts Brand Passion
5. To examine if Brand Passion positively impacts Purchase Intention

#### **1.4. Research Contribution**

Contributions in research can be divided into two parts, namely practical and theoretical. In the next section the researcher will explain the two contributions.

##### **1.4.1. Theoretical Contribution**

Theoretically, researchers hope that this research, researchers hope to provide additional references, increase knowledge about Firm Created Social Media Communication, User Generated Social Media Communication and Brand Passion that affect purchase intention. The researcher also hopes that this research can add references for future research and make additional empirical evidence from previous research in the future.

In theory, research is a technique for conducting investigations and obtaining data with the goal of discovering new facts or interpreting existing data with the goal of determining or correcting facts, hypotheses, and applications

(Ahmed, Ans & Ali, 2009). Researchers also devised a variety of related hypotheses regarding how Starbucks could expand its business by selling through social media. Furthermore, because research is problem-oriented, the first stage in conducting research is to identify the research problems (Pardede, 2018).

The research challenge is critical because it motivates and directs the need for research, which serves as the foundation for the entire endeavor (Pardede, 2018). Following the determination of the research problem, the researcher must be able to gather authentic data as well as a dependable source of helpful theories to aid in the comprehension of the research (Hair, Hult, Ringle & Sarstedt, 2014). In research, secondary data can be used as a source of information (Sekaran & Bougie, 2016). A critical chapter in this study is the literature review, which tries to provide background and justification for the research being conducted (O'Gorman & Macintosh, 2015).

In this study, the model used is the result of replication of previous research conducted by Kaustav Mukherjee (2019). Replication research is research that answers the same research problem, which aims to invalidate the theory used in previous studies with a more valid design. In addition, theoretical contributions provide new perspectives that are original to advance knowledge and can be used in practice. In other words, it contains two elements, namely originality and utility (Kachchhap & Mishika, 2015).

The model in this research is Social media marketing. Model replication is an important component of research that converts transformable beliefs into more reliable knowledge (Hubbdard, 2015). There are three types of research models,

namely, verbal models, graphic models, and mathematical models (Malhotra & Dash, 2016: 51). Verbal model is a research model that provides a written representation of the relationship between variables. The graphic model is a research model that provides representations using pictures regarding the relationship between variables. Mathematical models are models that explain explicitly the relationship between variables, usually expressed in the form of equations.

The primary contribution of this study is to create a new understanding of research issues. This research tries to establish a model that relates to prior theories and is consistent with current advancements. In addition, the goal of this research is to put existing models to the test using theories from prior studies. The researcher thinks that this study will be useful to other researchers in the future. This research has practical implications for the Starbucks company in addition to theoretical contributions.

A theory is a collection of concepts, definitions, and propositions that are linked as a chain of complete facts. The conduct of research is founded on the notion that a piece of knowledge or theory can be used to reach a satisfactory conclusion (Firman, 2018). As a result, the goal of this research is to develop a model based on past theories that will serve as the foundation for this modeling research.

#### **1.4.2. Practical Contribution**

This research not only makes a theoretical contribution to the company, but it also makes a practical contribution. In this study, the researcher, as well as the

research object chosen, must provide a practical contribution (Adiningsih, 2018). The goal of this study is to obtain a better understanding of remarkable phenomena and to develop theories based on the findings (Sekaran & Bougie, 2016). This research benefits the firm that was chosen to do the research, particularly Starbucks.

This research is expected to contribute and provide additional information about firm created social media communication, user generated social media communication and brand passion that affect purchase intention especially for Starbucks Company. The results of this study can be used as a reference and useful input or additional knowledge for readers who will conduct research on Firm Created Social Media Communication, User Generated Social Media Communication, Brand Passion and Purchase Intention.

The primary aspects that influence Social Media Communication are the subject of this study. This research will determine how much Social Media Communication affects Starbucks' firm created social media communication, user generated social media communication, brand passion, and purchase intention. The findings of this study are also expected to provide further reference information for Starbucks corporate management in creating an e-commerce sales and marketing strategy.

This research is expected to add expertise and knowledge to researchers. insight on how to learn more about social media communication. This research also aids researchers in the development of a research framework, as well as the identification of potential research topics. As the foundation for this research,

examine the issues that arise at Starbucks and offer advice to the company resolving issues with Starbucks sales.

The most prominent communication medium in the modern day, social media, provides a very suitable platform for marketers to connect with current and prospective clients. Nowadays, most businesses are engaging with their target customers and advertising their products or service through social media networks (Brodie et al., 2013). The primary goal of marketers using social media is to advertise their products and to raise brand recognition (Nielsen, 2013). There are two types of social media marketing activity, firm created content and user generated content.

### **1.5. Research Outline**

The components of each chapter in this study have been organized and structured into five chapters by the researcher in order to provide a more complete and in-depth explanation. The first chapter covers the introduction, the second chapter covers the literature review, the third chapter covers research methods, the fourth chapter covers the research results and discussion and the fifth chapter covers the conclusion and recommendations. Research background, research questions, research objectives, researcher contribution and research overview are all included in the first chapter.

The literature review is discussed in chapter two. There are multiple sub-chapters in this chapter that describe the research model's explanation of each variable, as well as the relationship between variables and the research model and

hypotheses. Furthermore, the methodologies presented in this chapter will aid researchers in analyzing and determining any links between the various hypotheses.

The third chapter addresses the procedures employed in this study, including data collecting, data analysis, and hypothesis testing. The results and discussion are discussed in Chapter 4. This chapter discusses the statistical data collected by an online questionnaire that was sent to a large number of people, as well as the verification of the link between variables. Finally, in chapter five, the study's conclusions and recommendations are discussed. The conclusions are drawn from the discussion findings of the hypotheses that have been tested, as mentioned in Chapter 4. In addition, the ideas presented in this chapter could be utilised in future research

