

# CHAPTER I

## INTRODUCTION

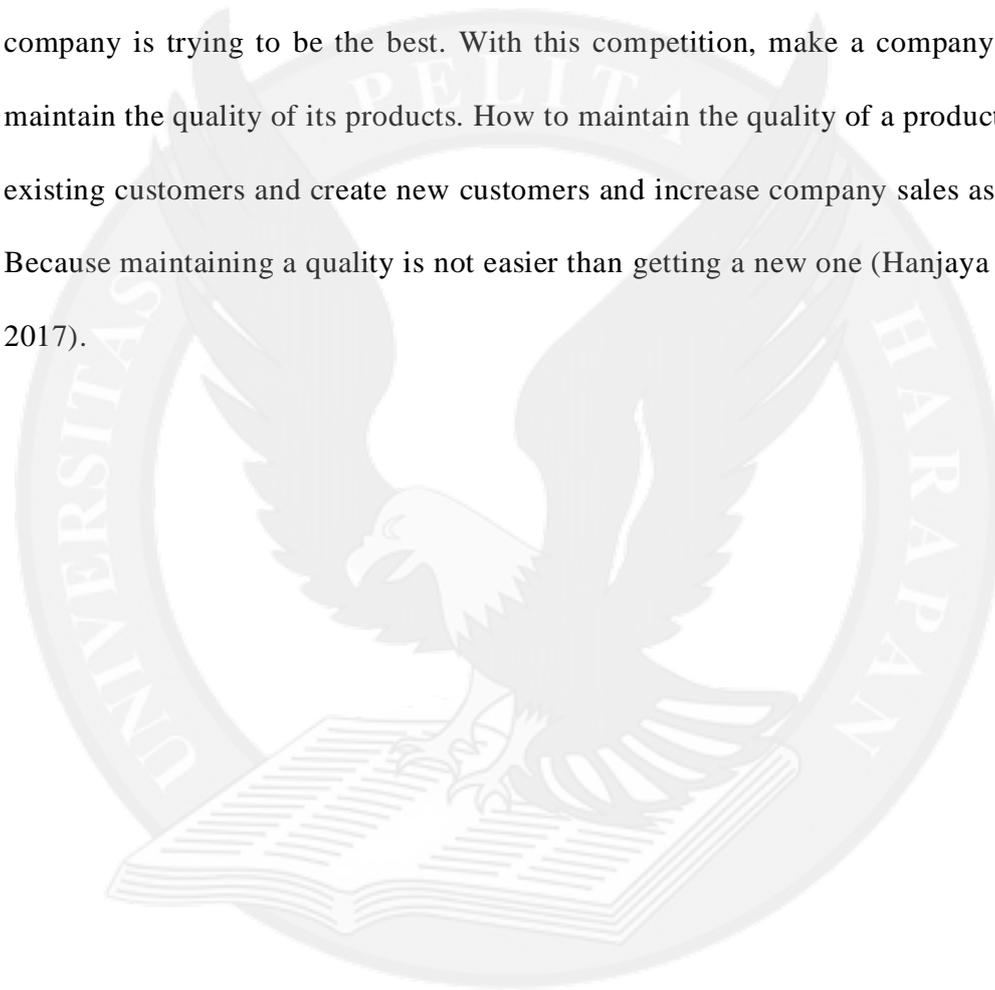
This chapter will explain about the research background, research problems, research questions, research objectives, research limitations, research contributions, and research outline.

### 1.1 Background

This research is a quantitative research replication of research existing ones (Rather et al., 2018) and are non experimental, because there is no intervention or influence through actions on consumers as a respondents.

Some foreign brands that enter today can create new products, develop existing products or can produce goods at lower costs (Grossman & Helpman, 2015). Consumers from developing countries increasingly have a variety of foreign products rather than local products (Karoui & Khemakhem, 2019). Companies around the world compete to become global companies by carrying out a process of development and promotion. When competition becomes digital, companies will succeed when they are able to manage brands in different countries (Matanda & Ewing, 2012). Global brands can be used as a tool that can describe the image and brand of companies around the world to reach diverse target consumers (Matanda & Ewing, 2012). With the increasing trend of online shopping and online consumer reviews, the advent of the internet and social media provides a variety of places to share experiences and views with others through word of mouth (Berger & Milkman, 2012). Digital transformation poses a big challenge for companies to change their strategy to digital form (Ukko et al., 2019). It also impacts whether

customer brand engagement (CBE) and customer brand identification (CBI) are interrelated. the occurrence of a relationship between customer brand (CBE) and customer brand identification (CBI) can make understanding about the brand relationship with customers (Rather, 2017). Customer loyalty is considered as impactful to make the company growth and sustain (Mandhachitara & Poolthong, 2011). Today's business competition is becoming more competitive because every company is trying to be the best. With this competition, make a company must maintain the quality of its products. How to maintain the quality of a product with existing customers and create new customers and increase company sales as well. Because maintaining a quality is not easier than getting a new one (Hanjaya et al., 2017).



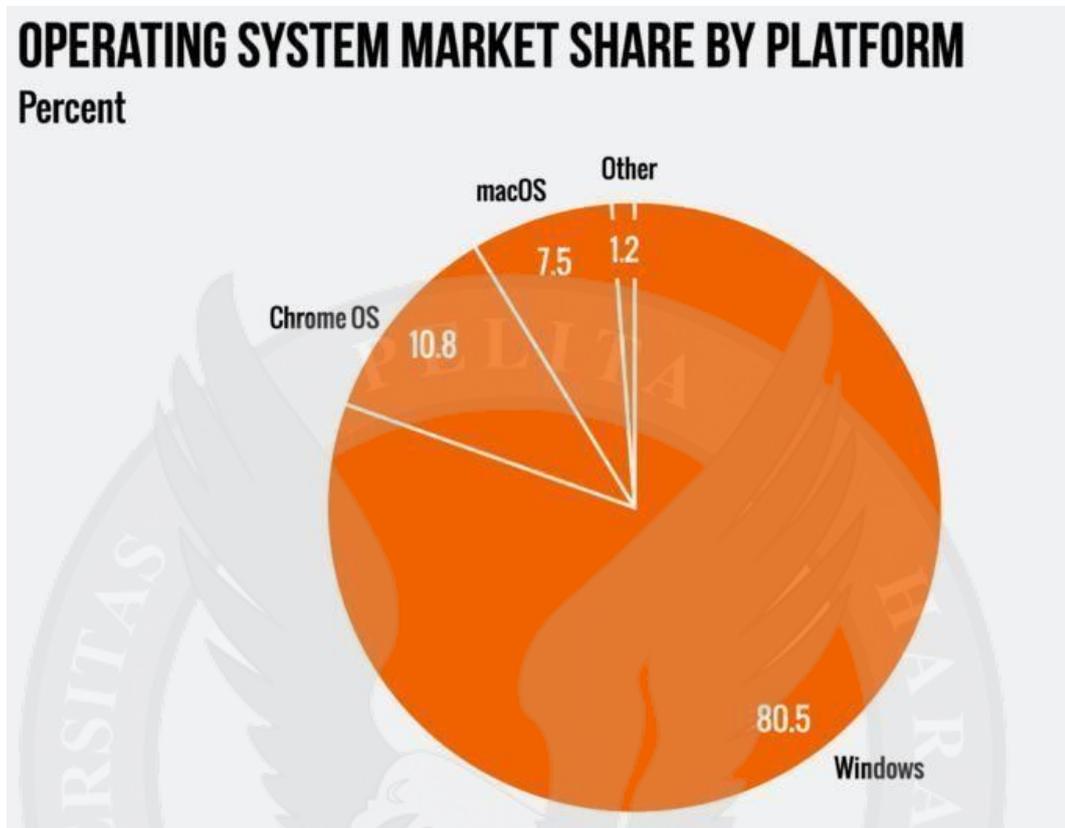
The success of a company is largely determined by the level of brand loyalty by customers which is clearly influenced by acceptance (Jamal & Goode, 2001). Customer loyalty to the brand is very important because it is seen as a long-term asset of the company and one of the keys to good results in business performance. Important to create sustainable competitive advantage, loyalty is seen as a key ingredient in winning the market. Acceptance of self-congruity is a match between an individual's self-image and the impression of a product (Aw et al., 2019). Changes in marketing strategies such as holding promotions or price changes can also cause existing customers to not find a match or feel there is no association between themselves and a brand, which will lead to brand changes in consumption. Many studies have been conducted on customer behavior regarding the importance of self-congruity, the match between a person's self image and the impression of a brand. Previous research has found that customer self-congruity with a brand has a strong influence on how customers react to a brand, including brand evolution, attitudes, purchase intention, and brand selection, as well as post-consumption behaviors such as level of satisfaction and brand loyalty. The research, which was conducted on the basis of social identity and congruity theory, aims to propose that value congruity directly influences customer brand identification, affective brand commitment to the brand, and customer brand engagement with the brand, which in turn, helps in the process of enhancing the relationship between customers with the Microsoft brand, as measured by the level of loyalty to the brand.

In this study, the researcher wants to explain that there is an alignment of values that affect customer brand identification and customer brand engagement related to consumers as measured by brand loyalty. The goal of a company

managing digital technology is to gain new experiences, customers, and business models. In today's technological era, technology is very important for today's business because of the increase in working at home and the need for digital technology to communicate with each other (Fitzgerald et al., 2013).



Figure 1.1 OS Market Share in 2020 (in percent)



Source: IDC (2020)

From figure 1.1 above, it can be seen in 2020 windows gets the first rank by having market share 80.5 percent. This was followed by an increase in sales of personal computers because they were used for the education market. Because many students have to attend classes virtually from home and their parents have to work remotely. Therefore, PC sales in 2020 are increasing rapidly

Figure 1.2 Number of Office 365 monthly active user growth since November 2015 (in million)



Source: Microsoft (2021)

This can be proven as figure 1.2, it can be seen that number of office365 active user always climbing from 2015 until 2020. Therefore, in September 20 office365 has 230 million active users. In addition, at least the growth of monthly active user increase at least 15% every year.

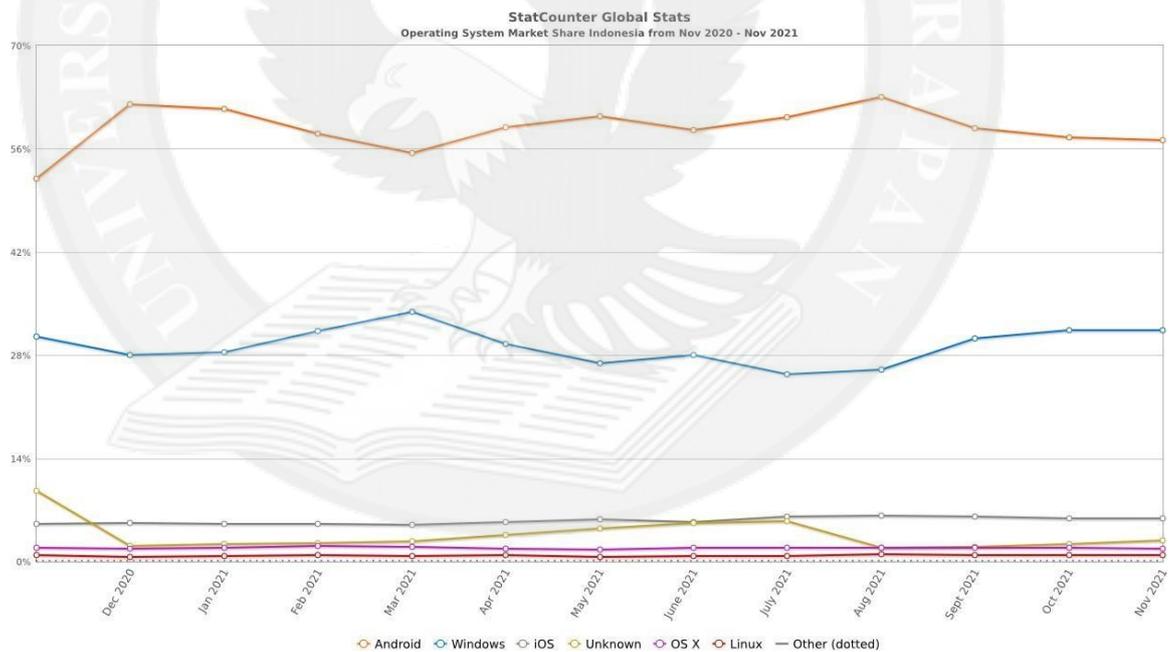
Figure 1.3 Teams daily active users from 2019



Source: Microsoft (2020)

This can be seen as figure 1.3, we can see in 2019 only 13 million teams daily active users then Microsoft Teams users continue to increase significantly. It can be seen in first quarter 2021 daily active users jumped to 53 percent from 75 million to 115 million daily active users, this is supported as some people need to work from home and use features like video and audio conferencing more broadly. Now, Microsoft Teams is currently adding 102 million daily active users within 15 months and still climbing every year because of Microsoft give to customer demand by giving big improvement, easy to use, user friendly and new features to maintain relationships and accommodate more people to call and business activity or school activity.

Figure 1.4 Operating System Market Share in Indonesia



Source: StatCounter (2021)

As we can seen from the background above, although Windows' user of Microsoft still increasing rapidly. However, based on figure 1.4 Android still dominate the operating system market share in Indonesia with 57.21% in

November 2021. Meanwhile, Windows takes second place as the operating system in Indonesia with market share of 31.41% in November 2021.

## **1.2 Research Problem**

From figure 1.1 above, it can be seen in 2020 Windows gets the first rank by having market share global with 80.5 percent. Meanwhile, Windows takes second place as the operating system in Indonesia with market share of 30.51 percent in November 2020. Based on the background above, the researcher wants to analyze Customer brand engagement, Brand loyalty, Customer brand identification and Value congruity.

## **1.3 Research Questions**

From the background above, the questions to this research are about:

1. Does value congruity have a positive influence to customer brand identification for Microsoft?
2. Does value congruity have a positive influence to customer brand engagement for Microsoft?
3. Does value congruity have a positive influence to affective brand commitment for Microsoft?
4. Does customer-brand identification have a positive influence to customer brand engagement for Microsoft?
5. Does customer-brand identification have a positive influence to brand loyalty for Microsoft?
6. Does customer-brand identification have a positive influence to affective brand commitment for Microsoft?
7. Does affective brand commitment have a positive influence to brand loyalty for

Microsoft?

8. Does customer-brand engagement have a positive influence to brand loyalty for Microsoft?



#### **1.4 Research Objective**

Based on the research questions above, the purpose research objective namely as follows:

1. To examine if value congruity has a positive influence to customer brand identification for Microsoft
2. To examine if value congruity has a positive influence to customer brand engagement for Microsoft.
3. To examine if value congruity has a positive influence to affective brand commitment for Microsoft.
4. To examine if customer brand identification has a positive influence to customer brand engagement for Microsoft.
5. To examine if customer brand identification has a positive influence to brand loyalty for Microsoft.
6. To examine if customer brand identification has a positive influence to affective brand commitment for Microsoft.
7. To examine if affective brand commitment has a positive influence to brand loyalty for Microsoft.
8. To examine if customer brand engagement has a positive influence to brand loyalty for Microsoft.

#### **1.5 Research Scope**

This research has a limited scope such as some of the conditions listed below:

1. This research identify Brand Loyalty, Customer Brand Engagement, Affective Brand Commitment, Customer Brand Identification, and Value Congruity.

2. Respondents in this research are people who use Microsoft platform in the Jabodetabek area.

## **1.6 Thesis Outline**

### **Chapter I: INTRODUCTION**

In this chapter researcher will elaborates the research background, research, research purpose and the systematic framework.

### **Chapter II: LITERATURE REVIEW**

This chapter explain about complete existing theories and literature review from other sources. This chapter also explaining the relationship between variables, research models and hypothesis.

### **Chapter III: RESEARCH METHODOLOY**

This chapter explain the methods used in this research and measure test between variables starting from research paradigm, research object, research subject, unit of analysis, research design, types of variables, conceptual and operational definition, measurement scale, data resource and techniques. In the end, the result test will be attached.

### **Chapter IV : DATA ANALYSIS AND METHODOLOGY**

This Chapter will explain the relationship between variables, the result based on the data that has been collected. The result of this research will obtain accurate data to answer the research questions and lead to conclusion of the research.

### **Chapter V : CONCLUSION**

The closing chapter explain the conclusion for the research results.