CHAPTER 1

INTRODUCTION

In the first chapter, the researcher is going to focus on explaining the background of the research by briefly explaining about the current phenomenon which occur around us. Therefore, from that phenomenon the researcher in this chapter will define the research question, research objective, limitation of the research, and the research systematic which going to be use in this research to reach the goals that wanted to be achieved by this research
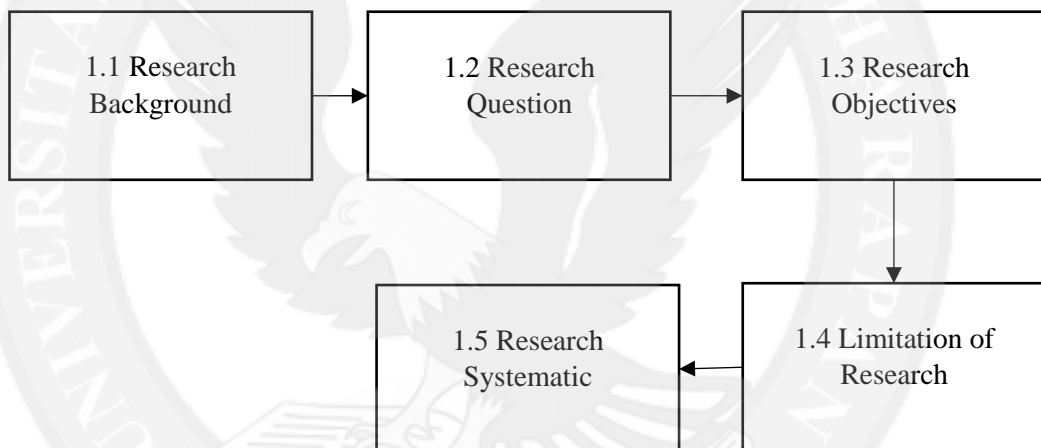
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│ 1.1 Research │───▶│ 1.2 Research │───▶│ 1.3 Research │
│  Background  │    │   Question   │    │  Objectives  │
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        │ 1.5 Research │◀───│1.4 Limitation│
        │  Systematic  │    │ of Research  │
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Figure 1.1 The chapter flow construct

1.1 Research Background

The marketplace in business term is a cruel place to compete, every company in the market will try to kill each other in order to survive the competition, however this killing activity does not always in a bad term or physical term, what I mean here is the company or the organization in the competition should be the best in their areas and to do so, one aspect that is very important to come out as a winner

is how to capture the consumer and retain it, because if the company is able to capture the customer's heart to be loyal in a brand, of course it's going to have good effect to the company because back again that in the competition in business the reputation itself is one of the most valuable assets that the company has.

When discussing about Apple iPhone, they are the one who become the pioneers for the smartphone which using touch screen, but as a pioneer it might not guarantee a long-lasting success, to become a success company and to retain its successfulness, eventually the company must do many efforts, they need to market their products through many innovative ideas because just as we know in smartphone industry, people can choose so many variety of products with probably with the similar specs, similar price, or even similar looks but just different in brand, these what highlights the importance of brand as a spearhead of the company, and become the one which might become the source of advantage for the brand. These days iPhone has trying many ways to increase their market share in the market, and during the fourth quarter in 2017 Apple just break their record through capturing a record of 51 percent global smartphone revenue share, which accounts for more than the rest of the entire industry combined just followed by its largest competitors Samsung. However, in Indonesia itself the fact is that Android still be the most used operating system by conquering 92.27% market share (Statcounter, 2018).

There are eventually many information and varieties of product regarding our brand and the competitors that available in the market nowadays, which will offer different promotion and option regarding the products. According to Nguyen & Gizaw (2014, 1), individuals have exposed to different window of information

and varieties of products; many great deal of choices and options available in the market place impulse their purchase decision, therefore, that's why the decision to buy a product from a certain brand is often not an easy thing to be decided by the consumer without any stimulant from the branding strategy by the company. In this research, the researcher has pick out an interesting consumer behaviour which is consumer-brand identification which might leads to brand loyalty and the brand advocacy for the brand itself, because through this consumer-brand identification the consumer will feel the feeling of belonging with the brand which might result in brand loyalty and brand advocacy because the consumer will think the brand as one as them and the brand has the feeling of belongingness with the brand.

This phenomenon has increase its importance since Apple iPhone cost more in the market to the same specs smartphone which indicates that in this industry, the brand might give an important value in the loyalty and advocacy toward the brand. What the research wishes to accomplish here is to know whether Apple iPhone strategy in focusing in brand loyalty through identity construction, identification, and brand relationship (Stokburger-Sauer *et al.*, 2012) still feasible to be implement in the current market, because just as we know that year after year the Apple iPhone market share is keep decreasing while the revenue is increase which is caused by the premium price in the market (Brumly, 2017).

Apple on 2011 was well known as just more than leading an organization that delivers good customer service, with Steve Jobs was the innovator behind it. On the article from business insider, which talked about Steve Jobs, the moment after he announced that he was stepping down as the CEO of Apple, it shows that

how Steve Jobs handle the company all with the customer focus mindset, he tried to establish and tried to always know about what do the customers wants and what do the customers desire and needed, and he really able to established an industry with this kind of mindset of innovation, and through this method Steve Jobs able to develop a right strategy by being really customer driven in trying to innovate the product and company which has been proven that through this, he can change the mindset of people which before in the form of only wants but with this strategy he changed it into a form of needs (Hyken, 2011).

The consumer brand identification is indeed important in the marketing strategy these days because through this method, it can save many resources to obtain the consumers and this is what needed these days, it include six antecedents with three primarily cognitive variables (brand–self similarity, brand distinctiveness, and brand prestige) and three affective factors (brand social benefits, brand warmth, and memorable brand experiences). These days especially in smartphone industry the pace of innovation is inevitably fast, however for the big company such as Apple iPhone, their recent development in smartphone even with a premium model have fallen short of being revolutionary (Rofman, 2017), for example the newest iPhone X on 2017 before will feature OLED screen, slim and bezel-less design, wireless charging and facial recognition which all the feature has already put on the phones before by other brands, and yet iPhone X still a success by grabbing the market share as we can see on figure 1.2, still after with that approach Apple still shipped 16 million units of the iPhone X in the three months ended March 31 more than anyone in the market (Kharpal, 2018)
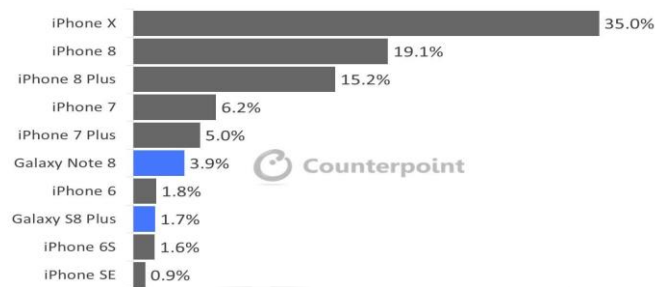
Figure 1.2 Profit Share

Reference: Counterpoint Research (2018)

The consumer brand identification research have been done in many categories, especially with something to be adore or be a favourite such as social media (Coelho, Rita, & Santos, 2018; Dessart, Veloutsou, & Morgan-Thomas, 2015; Goh, Heng, & Lin, 2013; Habibi, Laroche, & Richard, 2014), sports (Algesheimer *et al.*, 2005; Coelho et al., 2018; Fisher & Wakefield, 1998; Gladden & Funk, 2002; Gwinner & Bennett, 2008; Gwinner & Swanson, 2003; ProQuest Information and Learning Company., Smith, & Nicholson, 2003; Stevens & Rosenberger, 2012; Walker & Kent, 2009; Carlson *et al.,* 2009; Funk & James, 2006) , or even only analysis theoretical study (Elbedweihy & Jayawardhena, 2012; Lam, Ahearne, Hu, & Schillewaert, 2010; Popp & Woratschek, 2017; Rather, 2018; So, King, Hudson, & Meng, 2017; Stokburger-Sauer et al., 2012; Tuškej, Golob, & Podnar, 2011). However, there are still not much research regarding the consumer brand identification on the electronic industry, most of the study of consumer brand identification only focus on explaining how the consumer brand identification (CBI) works but it is still a gap where this method is not implemented many in the real business especially electronics industry such as smartphone (Kuenzel & Halliday, 2010). This CBI mainly focus on business which has fans or something

that can be admired such as sports, fashion, social media and other, however, this CBI is rarely implement on something such as daily products such as smartphone. Therefore, the researcher has decided to establish the research of CBI which going to be implement on the smartphone industry which is Apple iPhone who relies on the brand loyalty and the consumer brand love in the market.

1.2   Research Question

These are our research question that need to be answered in this research:

1. Does brand distinctiveness have positive effect towards consumer brand identification?

2. Does brand self-similarity have positive effect on consumer brand identification?

3. Does memorable brand experience have positive effect to increase consumer brand identification?

4. Does brand prestige have positive effect towards consumer brand identification?

5. Does brand warmth have positive effect towards consumer brand identification?

6. Does brand social benefit have positive effect towards consumer brand identification?

7. Does the increase rate of consumer brand identification have positive effect on brand loyalty?

8. Does the increase rate of consumer brand identification have positive effect on brand advocacy?

1.3   Research Objectives

1. To know whether the brand distinctiveness on a brand have positive effect on consumer brand identification of Apple brand

2. To know whether the brand self-similarity of a brand have positive effect on consumer brand identification of Apple brand

3. To know whether the memorable brand experience of a brand have positive effect to increase consumer brand identification on Apple brand

4. To know whether the brand prestige of a brand have positive effect towards consumer brand identification of Apple brand

5. To know whether the brand warmth of a brand have positive effect towards consumer brand identification of Apple brand

6. To know whether the brand social benefit of a brand have positive effect towards consumer brand identification of Apple brand

7. To know whether the consumer brand identification have positive effect towards the brand loyalty

8. To know whether the consumer brand identification have positive effect towards the brand advocacy

1.4   Scope of the Research

The scope of study of the research of "*The impact of consumer brand identification drivers on brand loyalty and brand advocacy on Apple's iPhone brand*" includes these indicators:

- This research will analyse the effect of the antecedents of CBI on Consumer brand identification and its impact on the brand loyalty and brand advocacy on Apple iPhone brand consumers on period of October to November 2018 using questionnaire with non-probability sampling due to the busy schedule and the needs the research need to complete.

- Respondents of this research will be limited to be students of UPH Karawaci who are using Apple iPhone brand due to large amount of sample and the researcher limitation.

- The research will focus on how's the customer characteristic when using the brand, and the researcher wants to know what makes the customer wants to be more identify with the brand and does it matters to the brand loyalty and the brand advocacy, that's why the research will be conducted with descriptive research where according to Sekaran and Bougie (Sekaran & Bougie, 2016), descriptive research is a study where the researcher collects the data to describe the respondent's characteristics.

- The object of this research is Apple iPhone brand. Due to the lack of resources that the researcher has, this research only conducted on a single object. This research is going to evaluate the impact of consumer brand identification antecedents on brand loyalty and brand advocacy on Apple iPhone brand.

1.5   Research Systematic

Chapter 1: Introduction

This chapter is going to explain about background, research question, research objective, research model, limitation of research, and research systematic which is going to be used in this research.

Chapter 2: Literature Review

This chapter is going to explain about the theories which is going to be use as a basis for the research that will be conducted. Also in this chapter, the hypotheses of this research shall be construct.

Chapter 3: Research Method

This chapter is going to explain about how the researcher process the data such as data collection method, number of sample, measurement scale, and data processing method.

Chapter 4: Analysis and Result

This chapter is going to explain about the result of the questionnaire with the results of research hypothesis and the analysis.

Chapter 5: Summary and Suggestion

This chapter is going to explain about the conclusion that can be drawn from the result which already obtain on the previous chapter. It also includes the recommendation or suggestion for further research to be given to the next researcher so it going to be improved on the next research