

CHAPTER I

INTRODUCTION

1.1 Research Background

Modern consumer behaviour tends to be influenced by the process of globalization's strong influence over society and consumers' culture in the field of international marketing, which shows that most consumers' preferences for international brands are consistent in various countries. Nevertheless, individuals might show strong likelihood towards both global and local brands at the same time, making consumer behaviour can be complicated (Steenkamp, 2019). Particularly in developing countries, consumers nowadays live in local and global cultures together (Karoui & Khemakhem, 2019; Pratono & Arli, 2020; Xie et al., 2015). Prior research has shown that consumers in developing countries respond with greater favour towards global brands instead of local brands are driven by signs of social status, modernism, authority, success, wealth, luxury, uniqueness, and self-image (Bartikowski et al., 2019; Pham & Richards, 2015; Winit et al., 2014; Xie et al., 2015), regardless the fact that local brands having some advantages such as stronger connections with local consumers (Roy & Chau, 2011), iconic status (Özsomer, 2012), and local cultural icons (Steenkamp, 2019).

Even though it is obvious that fashion items have significant symbolic value (Bagozzi, 1975; Grubb et al., 1967 cited by (Sulhaini et al., 2022) and (Rahman & Mannan, 2018; Wolny & Mueller, 2013), it's interesting to observe the relatively little attention that is given to local fashion brands (Rahman & Mannan, 2018) in comparison

to the extensive research dedicated to understanding the symbolic consumption and symbolic value that are found in fashion goods, particularly with the case of global brands (Batra et al., 2000; Burnasheva et al., 2019; Kumar et al., 2009; Park et al., 2008). It's fascinating to consider how these high-end global brands tend to dominate the discussion all over the internet, constantly popping up in conversations on various social media sites (Swaminathan et al., 2020). This situation makes one wonder whether local fashion brands are visible, noticeable, and well known in this age of widely digital connectivity and global interaction. Brand's symbolic values could be created by the combination of consumers who shares information and also being able to influence each other as the act of interactions on social media (Sulhaini et al., 2022). As a result, the symbols associated with brands would be meaningless without consumer social interactions as the symbolic values are collectively created by individual customers and their online social groupings. Therefore, one of the many strategies that can be carried out by local brands is to encourage social interactions so that the symbolic values of local brands can be formed. However, there are rarely research that provides information about how consumers' perceptions of obtaining certain symbolic values can be related to their intention to take part in positive electronic word of mouth (eWOM) in prior research.

In the context of this study, it's important to consider whether consumers are unlikely to support positive eWOM for local fashion brands when they are more strongly motivated to maintain the symbolic standards of global consumer culture. This brings interesting issues regarding the influence of global brand symbols and if it

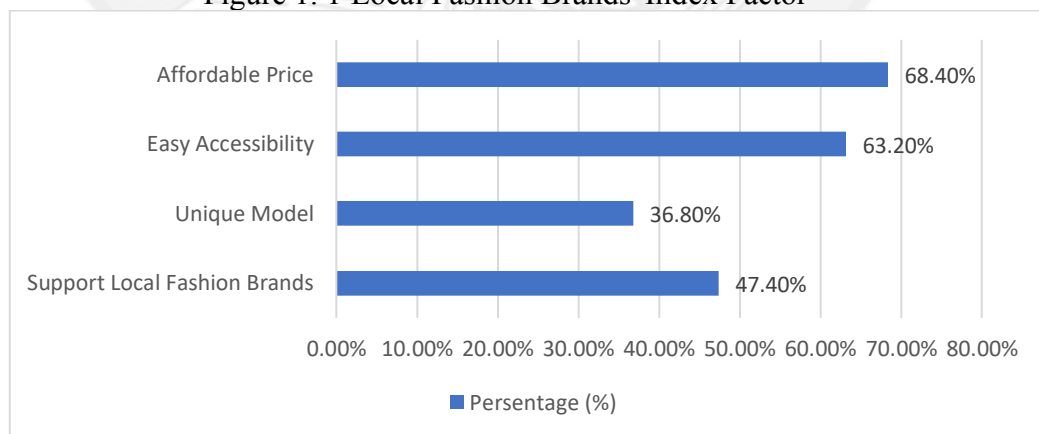
occasionally overshadows local brands' ability to develop their own relevant stories in the world of technology. Additionally, by being aware of these factors may help local companies actively interact with their target market and use the power of their own distinctive symbolism in today's world of connected online interactions. Therefore, cultural identity and eWOM are the two theoretical frameworks that are referred in this study. In order to more fully understand eWOM, (Wolny & Mueller, 2013) recommended further research that take consumers' sociological and cultural requirements into consideration. Although eWOM is becoming a more important topic for research, there is limited evidence that explains why consumers distribute positive eWOM (Phan et al., 2019). As a result, the influence of consumers' subjective knowledge on their purchasing behaviour or consumer decision has been widely researched, but prior studies have ignored its influence on positive eWOM (Utkarsh et al., 2019).

Previous research conducted by (Sulhaini et al., 2022) shows that positive electronic word of mouth is influenced by two other factors, namely subjective knowledge and general attitude towards local brands. In the research examined by (K.-T. Lee & Koo, 2012), it is also stated that there is a significant influence between subjective knowledge and positive electronic word of mouth with data showing that the impact of the interaction or communication of subjective knowledge and online or electronic reviews is stated positive and significant. Hence, the model examined in this study contained individual's subjective knowledge or personal familiarity about local goods, as well as explaining how consumers' cultures interact and how this could affect

consumers' positive attitudes and behavioural intentions, such as positive eWOM. As a result, this study analyses consumers' positive electronic word of mouth about local fashion brands, with the global symbolic-value orientation and subjective knowledge, with the mediating role of general attitude towards local brands.

In October 2023, a preliminary survey was conducted among 30 Generation Z individuals in JABODETABEK area who had experiences with both global and local fashion brands. The results revealed that 19 out of 30 (63.3%) participants preferred local fashion brands over global ones, citing reason with 13 out of 30 (68.40%) respondents answered that local fashion brands tend to have more “affordable price”, 12 out of 30 (63.20%) respondents answered that local fashion brands have “easier accessibility” to purchase, 7 out of 30 (36.8%) respondents answered that local fashion brands have such a “unique model”, and at last 9 out of 30 (47.4%) respondents answered that they prefer local fashion brands as their actions to “support local fashion brands”, as can be seen in the figure 1.1 below.

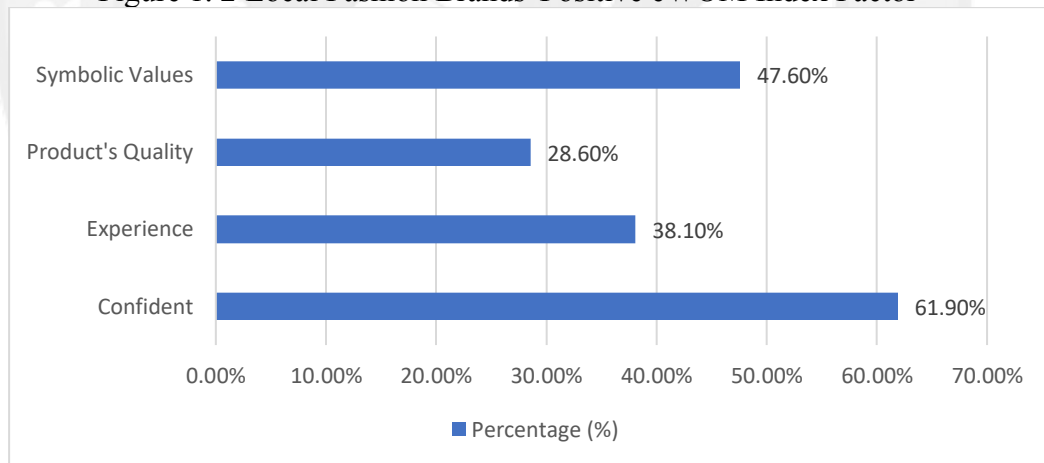
Figure 1. 1 Local Fashion Brands' Index Factor



Source: Survey on 30 Respondents via Google Form (2023)

However, when asked about their participation in positive electronic word of mouth (eWOM) regarding local fashion brands on social media, only 9 out of 30 (30%) individuals had done so and quite the opposite, 21 out of 30 (70%) respondents have participated in positive eWOM about global fashion brands' products that they own. This indicates a gap between preference for local brands and actual involvement in eWOM activities. Because it could be seen that even though they had experiences on both global and local fashion brands, and that the number of people that prefer local fashion brands are more than global fashion brands are bigger, it still can be said that people don't really talk about local brands or recommended it to their closest one through their social media.

Figure 1. 2 Local Fashion Brands' Positive eWOM Index Factor



Source: Survey on 30 Respondents via Google Form (2023)

Based on the figure 1.2 above, it can be seen the reasons for the lack of participation of Generation Z in participating positive eWOM about local fashion brands. Citing reasons with 13 out of 30 (61.9%) participants answered that those local brands do not have the desired “social symbolic values” that they desired, 8 out of 30 (38.1%)

answered that local brands does not have the perception of desired “quality”, 6 out of 30 (28.6%) respondents answered that they don’t have enough pleasant experience with local brands, and at last 10 out of 30 (47.6%) respondents answered that boldly sharing or talk about their experiences about local brands are consider as a bit embarrassing to do since they are not “confident” on sharing about those things and scared about the perceptions they might get from doing that. The result of this initial observation indicates that Generation Z’s participation on positive eWOM about local fashion brands in JABODETABEK is still low, which also shows that this statement might be influenced by factors such as their global symbolic-value orientation, subjective knowledge, and general attitude towards local brands.

Contrary to these findings, a prior study by (Sulhaini et al., 2022), concluded that Global Symbolic Value Orientation (GSVO) did not negatively influence positive eWOM about local fashion brands. Consumers with a strong orientation towards global symbolic values did not avoid engaging in positive eWOM about local fashion brands (Sulhaini et al., 2022). The discrepancy between the pre-survey results and prior research highlights a potential gap in understanding the factors that influence Generation Z’s participation in eWOM about local fashion brands.

While (Sulhaini et al., 2022) found no negative influence of GSVO on positive eWOM about local fashion brands, the pre-survey results indicated that eWOM about local fashion brands participation remained low, even among those who preferred local brands. This inconsistency suggests the need to explore additional factors that may influence and mediate the relationship between GSVO and eWOM about local fashion

brands. Therefore, the current study aims to bridge this gap by investigating whether subjective knowledge influence and general attitude towards local brands (GATLB) play a mediating role in the correlation between GSVO and positive eWOM about local fashion brands. Understanding these dynamics will provide a more comprehensive insight into Generation Z's behaviour and engagement with local brands in the context of eWOM.

For additional references and insights, some of the local fashion brands that are well known in author's environment or surroundings as well as popular in the social community are Erigo, The Executive, Matahari, withlovethebrand, ECINOS, MODELANO, DUMA, prepp studio, Batik Keris, Ageless Galaxy, Mayoufit, Zumaru, Love and Flair, Mississippi, This is April, Molla.id, herlittleclosset, Ortuseight, CLAUDE, Wellborn, Les Catino, Cressida, Eiger, Gagne, Lafiye, Adorableproject, Matherson, Colorbox, OH.IRV, Compass, Patrobass, tenue de attire, maternal disaster, and UNTOLD. While on the other hand, several global fashion brands that are really well known are ZARA, H&M, Uniqlo, Charles & Keith, Masimmo Dutti, Mango, Coach, Tory Burch, Acme de la Vie, Louis Vuitton, Gucci, and PRADA.

Additionally, consumer behaviour differs depending on each individual's generational cohorts and stage of life which influences how they utilize the information of technology (Cherrez-Ojeda et al., 2020; Ho & Ito, 2019; Klein & Sharma, 2018), as well as being involved in symbolic consumption (Harmon-Kizer et al., 2013; Tangsupwattana & Liu, 2017), as each generational cohorts might have their own preferences, values, and how they interact or communicate. This field of study is

essential for understanding how Generation Z uses technology and engages in symbolic consumption depending on their current age, life experiences, and technological upbringing. Generation Z is considered relevant for this research because Gen Z which born between the year of 1997-2012 (BPS, 2023), which are also considered to be those who were born in the digital era where the most complete and up-to-date technology is available, with this, they tend to spend a lot of their time by doing activities that are online related. Gen Z is also considered to have a strong influence on purchasing intention (UMSTEAD, 2017 cited by (Qurniawati Rina Sari, 2018), this is also supported by the fact that Gen Z is quite large, with a population of 27,94% or 74,93 million people out of a total of 278,69 million people in Indonesia (BPS, 2023). Companies can increase consumer interaction or communication by using Generation Z's online product purchasing preferences in order to create brand recognition or even create symbolic value from these brands (Cruz & Fill, 2008), where this can certainly contribute to increasing eWOM participation in local fashion brands. There is still not much researches that discusses positive eWOM with Generation Z as consumers and due to this void, this study was also created to explore eWOM behaviour in Gen Z, because eWOM actions can be easily carried out by Gen Z considering their daily activities are related to social media and also smartphones. Previous research has revealed that unfavourable word of mouth also plays a role in a number of unfavourable outcomes, including more decreased income (Luo & Homburg, 2007), damaged reputations (Heung & Lam, 2003), and even reduced employee's productivity.

Therefore, it is crucial to understand Gen Z as consumers in order to completely comprehend them.

1.2 Research Problem

Based on the results of prior research, a number of references were found that pointed to the importance of raising the topic of research on the importance of understanding factors such as global symbolic-value orientation, subjective knowledge, and general attitude towards local brands in order to increase the positive eWOM about local fashion brands in this study. Based on the description above, problems formulation to be answered is how to increase positive eWOM by understanding factors mentioned before. Therefore, research questions that can be taken are:

1. Does global symbolic-value orientation have a negative impact on general attitude towards local brands?
2. Does global symbolic-value orientation have a negative impact on positive eWOM about local fashion brands?
3. Does subjective knowledge have a positive impact on general attitude towards local brands?
4. Does subjective knowledge have a positive impact on positive eWOM about local fashion brands?
5. Does general attitude towards local brands have a positive impact on positive eWOM about local fashion brands?

6. Does general attitude towards local brands mediate the relationship between global symbolic-value orientation and positive eWOM about local fashion brands?
7. Does general attitude towards local brands mediate the relationship between subjective knowledge and positive eWOM about local fashion brands?

1.3 Research Purpose

According to the primary difficulties that have been outlined in the research problems above, the goal of this study are to:

1. To know if global symbolic-value orientation has a negative impact on general attitude towards local brands.
2. To know if global symbolic-value orientation has a negative impact on towards positive eWOM about local fashion brands.
3. To know if subjective knowledge has a positive impact on general attitude towards local brands.
4. To know if subjective knowledge has a positive impact on positive eWOM about local fashion brands.
5. To know if general attitude towards local brands has a positive impact on positive eWOM about local fashion brands.

6. To know if general attitude towards local brands mediate the relationship between global symbolic-value orientation and positive eWOM about local fashion brands.
7. To know if general attitude towards local brands mediate the relationship between subjective knowledge and positive eWOM about local fashion brands.

1.4 Benefits of Research

1.4.1 Theoretical Benefit

This study is expected to be useful in providing theoretical benefits by filling gaps in the literature, such as expanding the understanding of how brand symbolic perceptions could influence positive eWOM about local fashion brands and also brings an understanding of how a global symbolic value orientation can outperform local brands in a digital environment. This study is also hoped to be able to contribute to local as well as global brand owners to achieve better understand consumer behaviour towards their brands, which by this study can help them develop more effective marketing strategies and focus on symbolic values that are important to consumers. Besides, this study is also expected to help Gen Z to understand how they interact with local and global brands ad how their use of technology and symbolic consumption influences their behaviour, which this could help them make smarter decisions in choosing brands and participating in eWOM about local fashion brands.

1.4.2 Practical Benefit

This research is expected to be input and recommendations for local brands on how to interact with their target market and utilizing their unique symbolism in the era of online connections, helps businesses and companies better understand how Gen Z as consumers behave and interact in a technology environment, as well as offering a stronger foundation for creating marketing plans that appeal to Gen Z consumers and understand the factors that influence positive eWOM in the context of local fashion brands.

So in order to find out how far x could influence y, therefore, the author is interested in discussing and doing this study which is titled: The Impact of Global Symbolic-Value Orientation and Subjective Knowledge on Positive Electronic Word of Mouth about Local Fashion Brands with General Attitude towards Local Brands as Mediating Role: Evidence from Generation Z.

1.5 Systematic Framework

This study will be explained briefly through the systematic framework of chapters one to five as follows:

1. CHAPTER 1 INTRODUCTION

This introduction chapter is the first chapter of this study that begins with research background, research problem, research purpose, benefits of research and systematic framework.

2. CHAPTER 2 LITERATURE REVIEW

This chapter discuss about variable concept, hypotheses, and conceptual framework.

3. CHAPTER 3 RESEARCH METHODOLOGY

Research object, research paradigm, the extent of researcher, unit of analysis, time horizon, types of research, measurement of variables, conceptual and operational definition, measurement of scale, population and sample, data collection methods, data analysis method, research instrument, and classical assumption test will be discussed in this chapter.

4. CHAPTER 4 DATA ANALYSIS AND DISCUSSION

In this chapter, the results of the research data processing that has been carried out will be explained and discussed in the research outcomes, analysis data, and discussion sections.

5. CHAPTER 5 CONCLUSION AND RECOMMENDATION

This will be the last chapter in this study, which will discuss about the conclusion, theoretical implications, managerial implications, limitations, and recommendations for future research.