CHAPTER I
INTRODUCTION

1.1   Background

Indonesia is currently at ranking 25 within all the countries in the world and is holding the title of world's most stressful country (Kia, 2016). All things considered, in certain urban areas in Indonesia, they don't have much stimulation for the general population there. Presently that is the place the bazaar showcase is made so that there will be places for families, companions and individuals in Indonesia to have a ton of fun. McKinsey Establishment anticipated that in 2025 there will be around 135 million customers in Indonesia that will spend more that Rp 100.000 every day. On the off chance that it does, at that point the absolute customers in Indonesia will dwarf Singapore, Malaysia, Australia both three combined. (Welle, 2013). Through this statistic, it is promising that Indonesia having a major potential market for individuals to spend considerably more and for merchants to sell their item. The utilization of Indonesian individuals to mold is very high in 2012 it achieved the purpose of Rp 383.000 with the volume of exchanges and with the all-out 90 trillion rupiah (www.indotextiles.com, 2012).

Occasions that are held present moment and furthermore in other word it is called celebrations, or also known as festivals are occasions that are vital to the element of the universe of the travel industry (Chang, 2006). Lately bazaar have been a trending event and starting to attract attentions. We also know that markets like these they bring people which stands from buyers and sellers (Doyle, 2015). In the country of Indonesia, based on INIJIE there are 3 things that may have been the "founder" of the bazaar markets in Indonesia.

First, it may have been the influence of the capital city of Indonesia which is Jakarta, which influences city like Surabaya which is the city that usually follows what is happening around in the capital city (Kenny, 2015). The trend in Indonesia started in Jakarta, Brightspot which was made as a curated market for indie brands which stands mostly fashion and lifestyle, but then Themed pops up with the wider range of product which they add culinary in the bazaar market (Kenny, 2015).

Second, is the hype and the fun to hang out with friends is becoming as a social phenomenon (Kenny, 2015). Shopping is not just for self-entertainment, shopping has become a part of a lifestyle and to increase your existence (Kenny, 2015). Since also there will be a lot of endorsers and celebgrams that will be attending the market so that it will make for the people who like to see social media will feel peer pressure (Kenny, 2015).

The last is that bazaar markets are the "heaven" for EOs and for the tenants which are the sellers for them to look for some extra money (Kenny, 2015). In bazaar markets in Indonesia some of them are having the revenue of millions and billions which will attract more sellers to the market (Kenny, 2015). They can be seen as a strategy to achieve economic development, a way to create positive image, also a stimulator of the demand, an expander for consumers, also a means to enhance the life and the pride of local people, and a way to reinforce social cohesion within the communities (Geiz, 208; Grappi & Montanari, 2011; Lee, 2014; Lee, Lee & Yoon, 2009; Saleh & Ryan 1993; Weber & Ali-Knight, 2012). Usually most of the tenants are coming from online stores that is shaped for the *millennials* which have been interacting with their consumers because they don't have any offline platform (Herlinda, 2016). "The character of the Indonesian consumer is that they want to see the product that they are about to buy, so that's why we try to gather up and set their *offline* store and so that the seller can meet their consumer directly." (Herlinda, 2016)
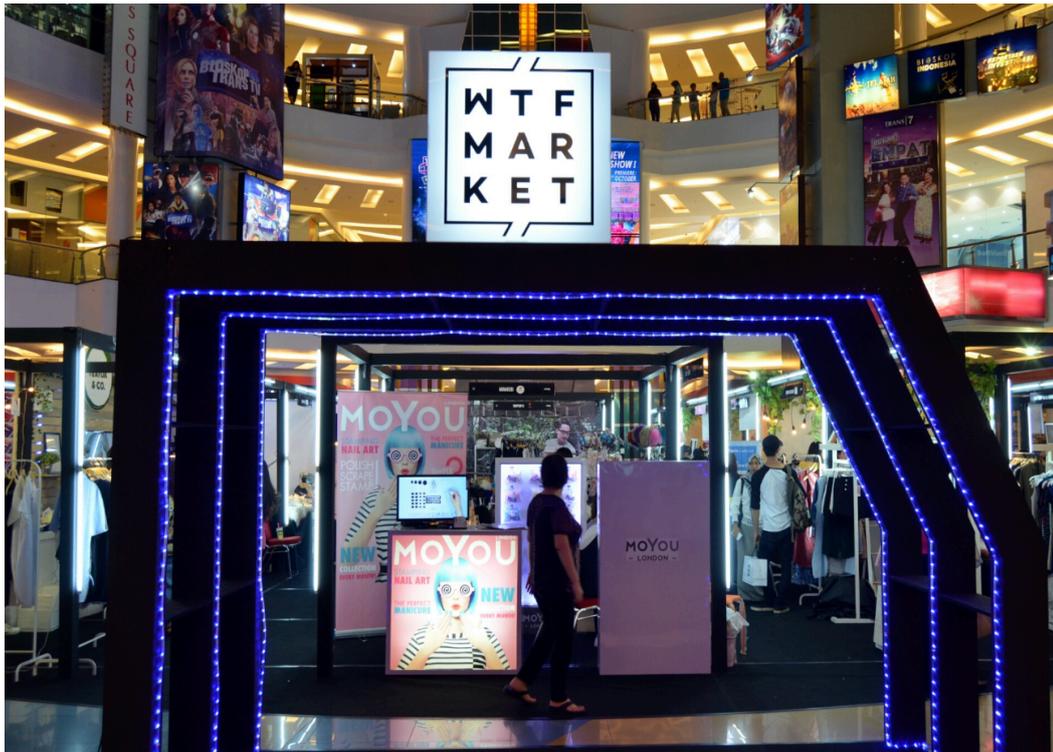
Figure 1.1 Bazaar in WTF Market
Sources http://revi.us/wtf-makassar-the-future-city/

That means in market such as Basha Market, Market World in Surabaya is a great potential for people to sell and buy their products. Also shopping is also believed to become a great stress-reliever for a people that is stressed out (Kafeel, 2017). Some people even believe that gathering materialistic goods will make them feel better in a way and also when they shop it will strain themselves from depression and anxiousness (Kafeel, 2017). A research shows that 10 % of the consumers usually never plan to buy anything (Nielsen,2013).

Usually in a bazaar market there will be a lot of stands that sells foods, beverages, clothes also maybe some makeups and toys too. There are wide variety of products that people can buy in the market. In this research, Market World is going to be the object. Market World, and also their social media account Market World counted that their visitors approximately reached 70,000 ++ visitors in their bazaar market for just 3 days. This is a big opportunity for the small entrepreneurs and shops to do their business here. With the bazar market Andi Sadha, Co-Chairman ideafest 2017 said that "With bazaar we can bring new vibes to the people who area placed in the creative industry so that they can come up with new and creative idea." And

also he said that "We believe with this we can develop our creative economy and encourage the revolution of people who worked in the creative industry." (Yasa, 2017).

In bazar markets, the tenants are not selling just food and beverages, there are a lot of types of bazaar that is held here in Indonesia especially in the big cities such as Jakarta and Surabaya. They held events such as Sneaker Day in Jakarta these are bazaar that is held for the sneaker lovers out there in Indonesia.

Figure 1.2 Joko Widodo (President of Indonesia) at Sneakers Day 2017 held in Jakarta via www.tvonenews.tv

These bazaars have brought people from different cities that is considered as a "*sneakerhead*" to come to the event as one (Ngantung, 2017). "We don't expect this much people. But the people here are really enthusiast about the shoes and some of them told me that they are from different cities and they come here just for the event" one of the initiators of the Jakarta Sneaker Day said that.

Not only shoes there are culture event bazaar that is held here too in Indonesia, one of them is Dhewa Fest 2017 that is held by the Indonesian Minister

of Finance, Sri Mulyani, with the purpose of selling the local products and foods (Afrianto, 2017). Sri Mulyani thinks with this bazaar, this event is held with the hope of giving positive impact to the employees of the Ministry of Finance (Afrianto, 2017).

Figure 1.3 Tasya Farasya, Social Media Influencer MUA in Market World | picture via: www.instagram.com/ p/BuyquVIA4o0

Events	Event Theme	Venue	No. of Visitors	No. of Tenants
Chapter 1	World Hunt	Galaxy Mall Exhibition Center	46.000+	126
Chapter 2	Humanoid	Galaxy Mall Exhibition Center	72.000+	126
Chapter 3	Amorlogy	TP 6 - Chameleon Hall	71.000+	112
Chapter 4	Paradice	TP 6 - Chameleon Hall	40.000+	103
Chapter 5	Flip-Flop	Galaxy Mall Exhibition Center	42.000+	128
Chapter 6	Amorlogy 2.0	Phinisi Point Mall Atrium	65.000+	113

Table 1.1   Details of Market World's every event

Figure 1.4 Picture of Tasya Farasya publication on social media | picture via Instagram.com/marketworld.id

Based on the interview with one of the owners, Market World was established in 2017 with their first event called "World Hunt". In this event Market World wanted people in Surabaya usually the youth to families to come and gather around in the bazaar market to have some entertainment and also to eat and enjoy the shows that is offered in this event. As time goes by, Market World decided to make another event, but with the different theme so that people in Surabaya that is coming to the event won't feel bored coming to the event. To make it more interesting, for their second event with the theme called "Humanoids", Market World also collaborate with one of the biggest private university in Surabaya, which is Universitas Pelita Harapan Surabaya. They make their events as fun and interesting as possible, Market World create shows such as Robotic Dance also we invite singers that is currently trending in Indonesia to entertain the visitors. Market World's latest event with the theme called "Amorlogy" with the purpose of celebrating Valentine's day so Market World are making this event with the purpose of spreading love and inviting big time movie actors and bloggers to entertain the customers. Also, Market World this time is collaborating with one of the biggest TV stations in Indonesia

called SCTV. With the help of SCTV, Market World can publish their market even larger.

Figure 1.5 Owner of Market World with Tasya Farasya (Social Influencer) Guest Star of Market World Chapter 6 – Amorlogy 2.0

In this research, the journal that will be used as the base of the research is by Arman Akhoondnejad with the title Tourist Management made in 2015. The purpose of this research is to do a research on a loyalty of the customers in the events to Market World. The variables that is used in this research will be Trustworthiness, Expertise, Familiarity, Perceived Quality, Festival Brand Image, Festival Brand Awareness and Festival Brand Loyalty

First is Trustworthiness. Trustworthiness is a promise of brand with their customers to fulfil their expectations. Brand trust is an important item that helps customer loyal to the brand. Without the trust on brand customer can't enter in loyalty set. To build a trust it's important for the Consumer to take and asses the information from the product. Companies can build emotional trust if they can prove that the brand is only for the customers and meet their expectations (e.g. brand is trustworthiness and friendly for the family use). Consistent brand demonstrates this specific behavior. The customers trust on specified brand

functions and willingness to purchase the brand from the product class (Moormal et al 1993). The vagueness in the situation can be diminishes by the trust through which customer can rely on the specific trusted brand product. Brand loyalty is a result of brand trust or promises that build the highly valued connections Morgan and Hunt 1994, Chaudhuri and Holbrook, 2001). Some scholars defined commitment as "an enduring desire to maintain a valued relationship" (Moorman, Zaltman, and Deshpande 1992)

Next is Expertise. The first theoretical axiom in the model of source credibility is expertise. Expertise is defined as the degree of perceived understanding, skills, and knowledge that the endorser has (Hovland et al., 1953). Endorser's expertise is akin to the source's qualification, which directly influences the level of conviction in order to persuade consumers to purchase that which is endorsed. Expertise has a positive influence on both brand attitude and purchase intention (Till and Busler, 2000). When a consumer perceives that a celebrity endorser has a high level of expertise, he or she is more likely to be persuaded by the message in the advertisement (Speck et al., 1988; Ohanian, 1991; Amos et al., 2008). Therefore, a celebrity with high expertise is assumed to be more persuasive (Ohanian, 1991; Erdogan, 1999) than a celebrity with low levels of perceived expertise. In addition to expertise, trustworthiness is a substantial component of source credibility theory

Next is Brand Familiarity. Familiarity is defined by Saini (2015) as the number of product -related experiences that have been accumulated by the consumer. Normally a well-known brand is a source of competitive advantage as familiar brands are highly salient in the minds of consumers, and the brand has the ability to differentiate itself in the clutter of competition (Lee, Conroy, & Motion, 2012). When consumers decide to buy products, they tend to be affected by brand familiarity (Chen, Chen & Wu, 2015). According to Mikhailitchenko, Javalgi, Mikhailitchenko and Laroche (2009) brand familiarity reflects the 'share of mind' of a given consumer attained to the particular brand and the extent of a consumer's direct and indirect experience with a brand. Nguyen and Gizaw (2014) points out that brand familiarity is extent of information available about the brand that makes a consumer confident to buy the product. In addition, brand familiarity deals with a consumer's prior knowledge about the brand (Huang, 2016).

According to Yang, Zhang and Zou (2015) brand familiarity is the degree of understanding about the brand accumulated in the consumers' memory after contacting and experience the brand.

Next variable is Perceived Quality. According to Aaker (1991) perceived quality lends value to a brand in several ways: high quality gives consumers a good reason to buy the brand and allows the brand to differentiate itself from its competitors, to charge a premium price, and to have a strong basis for the brand extension. Perceived quality is defined as "the customer's perception of the overall quality or superiority of a product or service with respect to its intended purpose, relative to alternatives" (Zeithaml, 1988), on other hand, Aaker (1991) defines perceived quality reflects upon "the customer's perception of the overall quality or superiority of a product or service with respect to its intended purpose relative to alternatives". Swinker and Hines (2006) further classify perceived quality into four categories as intrinsic, extrinsic, appearance and performance.

Next variable is Festival Brand Awareness. Brand awareness creates a great association in memory about a particular brand (Stokes, 1985). Creating a strong

 brand image in the consumer's mind depends on create an optimistic brand assessment, reachable brand approach, and a reliable brand representation (Farquhar, 1989). The importance of brand awareness in the mind of the customers can be evaluate at various stages e.g. recognition, recall, top of mind, brand dominance (they only call that particular brand), brand knowledge (what brand means to you) (Aaker D. , 1996). Brand awareness is very important because if there will be no brand awareness no communication and no transaction will be occur (Percy, 1987). Some of the consumers can make rule to purchase only those brand which are famous in the market (Keller, 1993).

The next variable is Festival Brand Image. Brand image   Brand image has long been recognized as an important concept in marketing (Keller, 1998). Brand awareness is a necessary, but not always sufficient step in build brand equity. other considerations such as the image of the brand often come into play (Keller, 1993) and Chen (2010) shows that Brand equity is driven by brand image.

Aaker (1991) defines brand image as a "set of brand association that are anything linked in memory to a brand, usually in some meaningful way" and can be defined as the perception about a brand as reflected by the cluster of associations that consumers connect to the brand name in memory (Rio et al., 2001). On other hand, Kotler and Armstrong (1996) define brand image as "a set of beliefs held about a particular brand". This set of beliefs plays an important role in the buyer's decision-making process when customers evaluate alternative brands. Brand image was found to have positive effect on brand loyalty (Sung et al., 2010: Ming et al., 2011). Brand image was found to have positive effect on brand trust (Ming et al., 2011: Eschet et al., 2006).

The last variable is Festival Brand Loyalty, loyalty is explained as "deeply held commitment to rebuy or patronize a preferred product or service consistently in the future, despite situational influences and marketing efforts having the potential to cause switching behavior" (Lee & Back, 2008). Yang et al. (2011) thinks that consumers usually create an approach to a product or service, which is often based on the evaluations of prior experiences. So, if consumer that is coming back to Market World are the consumers that is satisfied with the market and tend to come back again to the market and again not only just customers even sellers, the tenants will come back and open their booth to sell at Market World again.

1.2   Research problems

Based on the research problem, this concludes as follows:

1. Does Familiarity have significant effect towards Festival Brand Awareness on Market World's visitors?
2. Does Expertise have significant effect towards Festival Brand Awareness on Market World's visitors?
3. Does Trustworthiness have significant effect towards Perceived Quality on Market World's visitors?
4. Does Familiarity have significant effect towards Perceived Quality on Market World's visitors?

5. Does Expertise have significant effect towards Perceived Quality on Market World's visitors?

6. Does Familiarity have significant effect towards Festival Brand Image on Market World's visitors?

7. Does Expertise have significant effect towards Festival Brand Image on Market World's visitors?

8. Does Festival Brand Awareness have significant effect towards Festival Brand Loyalty?

9. Does Perceived Quality have significant effect towards Festival Brand Loyalty?

1.3 Research Purpose

Based on the Research Problems above then the purpose of this research is as follows:

1. To examine and analyze the significant effect of Familiarity towards Festival Brand Awareness

2. To examine and analyze the significant effect of Trustworthiness towards Perceived Quality

3. To examine and analyze the significant effect of Familiarity towards Perceived Quality

4. To examine and analyze the significant effect of Expertise towards Perceived Quality

5. To examine and analyze the significant effect of Familiarity towards Festival Brand Image

6. To examine and analyze the significant effect of Expertise towards Festival Brand Image

7. To examine and analyze the significant effect of Festival Brand Awareness towards Festival Brand Loyalty

8. To examine and analyze the significant effect of Perceived Quality towards Festival Brand Loyalty

9. To examine and analyze the significant effect of Festival Brand Loyalty towards Attachment to Festival Destination

1.4   Research Benefits

1.4.1 Theoretical Benefits

This research is done with the hope of being used as study comparison by other researchers that wanted to research and analyze the same problem, and also the development either from the object that is being researched or the variables that is going to be used in the future. This research can be used as a reference or study that can enrich the next researcher for the next research or development or even studies.

1.4.2 Practical Benefits

This research is done with the hope of being used by Market World to improve their sales and grow even bigger, by creating new threats to other competitors, which are the markets in Surabaya. Through the driving factors that affects the *Attachment to Festival Destination* towards Market World Also, with the affecting variable which is *Trustworthiness, Familiarity and Expertise* through *Festival brand awareness, Perceived Quality and Festival brand image with Festival brand loyalty*. So, Market World can use this research to maximize their resources by using these factors that is proved to be significantly affecting the next research.

1.5   Writing System

To ease up the discussion, the proposal for the final paper is arranged with the following system:

CHAPTER I. Background

This chapter will be filled with the background of the problem, research problems, research purpose, research benefits and the writing system.

CHAPTER II. Literature Review and Hypothesis Development

This chapter will be filled with theoretical basis, supporting research, previous similar research, framework of thinking, and the hypothesis that is being used in the research.

CHAPTER III. Research Methodology

This chapter will be filled with research variables that is being used, operational definition, sample determination, type and sources of data, methods of collecting data, and analysis method that is used in the research.

CHAPTER IV. Data Analysis and Discussion

This chapter will be filled with the general information about the research object, which is Marketworld.id, also data analysis that is analyzing the statistic descriptive result, data quality testing results, result of hypothesis testing, and the discussion about the following results of the analysis of the data.

CHAPTER V. Conclusion

This chapter will be filled with the conclusion of the research results, implications from the research and the recommendation to resolve the problems that occurs in this research.