

CHAPTER I

INTRODUCTION

1.1. Research Background

Indonesia is a country that has around 133,300,543 hectares of forest area and it makes Indonesia in 9th position with the largest forest country in the world. Other than that, Indonesia has the largest tropical forest in the world as well. The location of tropical forests in Indonesia is located in each major island, which are Sumatra, Java, Kalimantan, and Sulawesi. Therefore, many companies are using this condition as their livelihood in creates some products, both small and big companies. Instead of big companies, SMEs (Small, Micro, Medium Enterprises) in Indonesia has a big role in Indonesian economics as well. As stated by the Ministry of Finance in Indonesia, in 2018, the number of SMEs in Indonesia was 64,2 million or almost 99,99% of the total of businesses in Indonesia. Matoa Brand is one of SMEs that produce watches by using wood waste as their resource, which supports Matoa Brand as an Eco-watch product.

In this era, in which almost everything completely digital, many SMEs and big company expand their businesses into digital, and one of many powerful digital platforms that have been used by many companies is Instagram. According to Macarthy (2014), Instagram is a digital platform that is called the “World’s Most Powerful Selling Tool”, which could indicate that the level of passion and loyalty shown by Instagram users. Matoa Brand, as one of SMEs in Indonesia, tries to expand their business by using Instagram. As a photo-sharing application,

Instagram utilizes digital technology to provide a visual connection between brands and consumers (Egan, 2015), and even though the function of Instagram itself is simple, sharing photos and videos could create communication and networking, and become more convenient, animated, and entertaining as well, rather than words alone (Bakhshi *et al.*, 2013). It creates a good point for Matoa Brand to reach their consumer as well. Other than a photo-sharing application, the features that were provided by Instagram (i.e. like, comment, share, tap and chat) will build a good bond between seller and buyer. By maximizing the functionality of Instagram features, this could be an easy way to reach out to the consumer without visiting the store. Moreover, by uploading good quality of photos and videos, Instagram could be as a visual catalogue for Matoa Brand. Indirectly, as a virtual catalogue, this could increase purchase intention from the consumer and belief with the brand that the photos or videos of the product are as good as the real product.

In creating consumer loyalties, the consistency between visual product and real product needs to be maintained, then the consumer will be satisfied with the product that they buy. Relate with consumer satisfaction, Maltzer *et al.* (2008) stated that to minimize the risk in purchasing a product, consumers purchase a product from known brands that they are loyal to as a form to avoid the risk. Then, by consumer satisfaction, it will create a good brand image which could bring more consumer to trust in buying the product and become loyal to the brand. The innovation related to producing a product, also need to be considered, relate to the trend that existed. Matoa Brand keeps continuing to develop their product, due to the following trend which creates a suitable watch that could fit everyone, i.e. Matoa Brand create

“Elora” series, which suitable and designed for women. By creating the series, Matoa Brand tries to build a good brand image with creating a special product for women, so it can make Matoa Brand as a brand that cares with their consumer.

1.2.Problem Statements

Based on the description of research background, the formulation of the problems for this research are:

1. Does the Instagram interaction influence the brand sacralization?
2. Does the Instagram usability influence the brand sacralization?
3. Does the Instagram interaction influence the Instagram usability?
4. Does the brand sacralization influence the online purchase intention (PI) of young shopper?
5. Does brand sacralization influence the brand loyalty of young online shopper?
6. Does the brand loyalty influence online purchase intention (PI) of young online shopper?

1.3.Research Scope

To avoid the things that are not suitable for the research and make it more precise, the researcher limits this research that this research is limited to people that buy and use Matoa Brand.

1.4.Research Objective

The purposes of this research are:

1. To analyze whether Instagram interaction significantly affect the brand sacralization.

2. To analyze whether Instagram usability significantly affect the brand sacralization.
3. To analyze whether Instagram interaction significantly affect the Instagram usability.
4. To analyze whether brand sacralization significantly affect the online purchase intention of young shopper.
5. To analyze whether brand sacralization significantly affect brand loyalty of young shopper.
6. To analyze whether the brand loyalty significantly affect online purchase intention of young online shopper.

1.5. Research Benefit

1. For Company

This research expected to helps the company to find out the influence of Instagram on consumer purchase intention related to brand sacralization.

2. For Academics

This research will give an experience for the researcher of using and implementing the knowledge that had been studied by the researcher in University.

1.6. Writing Structure

This chapter is divided into five chapters:

CHAPTER I: INTRODUCTION

This chapter will describe about the background of the research, problem identification, research objective, and research scope.

CHAPTER II: LITERATURE REVIEW

This chapter will describe about the theories that related with the title of the research.

CHAPTER III: RESEARCH METHODOLOGY

This chapter will describe the things such as: research location, data collection method, variable, and data analysis method.

CHAPTER IV: DATA ANALYSIS

This chapter will describe the result from the data analysis and the interpretation of it using chosen analytical tools.

CHAPTER V : CONCLUSION AND MANAGERIAL IMPLICATIONS

This chapter will include conclusion, research limitations, managerial implications and future research.