

CHAPTER I

PREFACE

1.1 Background

Social media has been one of the most preferred platforms of digital marketing since the early 2000s. It is recorded back in the day that one of the very first social media platforms that was highly popular among users is Facebook. These days, there are many social media platforms that emerges among internet users, one of them being Instagram. Social media marketing itself has been around since back in the day, people create pages for their businesses so that its easier for their consumers to engage with them, and to provide online catalogues for their consumers to browse.

Ever since the global pandemic hit in late 2019, people have been utilizing different kinds of social media platforms to promote their business, this is due to the fact that the rapid spread of the virus limits people's mobility in running their business, especially offline businesses. By taking this situation into consideration, many businesses made use of their Instagram page to allow consumers to order their product directly from them, Instagram features such as direct message, biodata and contact allows business owners to construct their page to be appealing and easy-to-use for the consumers, such as by providing links of their online marketplace in their Instagram page, which will navigate their consumers to a checkout link for the product.

Instagram pages are known for the amount of people that follows them, in which a lot of people gain more recognition- hence more followers due to how they post their contents on their Instagram page, these people become known as “*Selebgram*”, abbreviated from an Indonesian word *selebriti* which means celebrity and Instagram. These people became the role model for their followers because of their lifestyle, and oftentimes, their followers would try to mimic their daily routine, their style and their attitude with the hopes of achieving a similar lifestyle. This leads business owners to reach out to Instagram celebrities for endorsements. Business owners use Instagram celebrities that have similar positive attributes- suitable for their product to cater to their followers, such as protein drink brands using gym enthusiast and body builders on Instagram to endorse their products.

1.2 Problem Formulation

Problem formulation

1. Does endorsement of brand impact consumer purchase intentions?
2. Does endorsement of brand impact congruency?
3. Does endorsement of brand impact credibility?
4. Does endorsement of brand impact expertise?
5. Is there a significant impact of congruency on purchase intentions of Flimty?
6. Is there a significant impact of credibility on purchase intentions of Flimty?
7. Is there a significant impact of expertise on purchase intention of Flimty?

1.3 Research Purpose

In amidst of the popularity of digital advertising, business owners tend to create their own digital advertisements through their social media accounts, yet some business owners find it difficult for them to determine which tools to use to make their advertisements effective. This research was conducted with the purpose of providing evidence of social media advertisement- namely celebrity endorsement impact on consumer purchase intention and to figure out whether several aspects of social media advertising- in this case celebrity endorsement impacts consumer purchase intention positively or not. This research aims to help business owners create blueprints for their business' social media advertisements by assessing celebrity endorsement attributes, namely congruency, credibility and expertise and consumers' purchase intention, to help them determine their starting point, choosing the suitable celebrity to endorse their product, so that they will not aimlessly create advertisements that serves no purpose nor waste their budget in ineffective marketing, hence, maximizing the outcome they could get out of social media advertisements.

1.4 Research Benefit

The benefits of this research are:

1. Theoretical contribution:

The results of this study are expected to provide a conceptual contribution to the academic world regarding similar research, namely the impact of factors of endorsement, which are congruency, credibility and

expertise on consumer purchase intention, especially from the perspective of economic performance.

2. Practical contribution:

The results of this study are expected to be a consideration for business owners that strives to advertise in social media to pay attention to the essential aspects of social media marketing. In addition, this research is expected to be one of the considerations that helps business owners determine their social media marketing strategy.

CHAPTER II

THEORETICAL FRAMEWORK AND HYPOTHESIS DEVELOPMENT

2.1 Endorsement

Endorsement is a form of advertising or promotion carried out or promoted by public figures or celebrities who have recognition, trust, respect, and so on from many people. In the era of social media as it is today, the meaning of public figures or celebrities has become broader, including insta-celebrities, often referred to as “Selebgram”, abbreviated from an Indonesian word “*selebriti*” which means celebrity and Instagram. These insta-celebrities are considered famous because they have thousands or even millions of followers across social media platforms. In the world of marketing, endorsement is a form of promotion of a product or service through social media. Promotion using endorsement can be done with a paid or unpaid system according to the agreement. Endorsement can also be interpreted as an approval by someone who advertises the product. If a public figure or celebrity