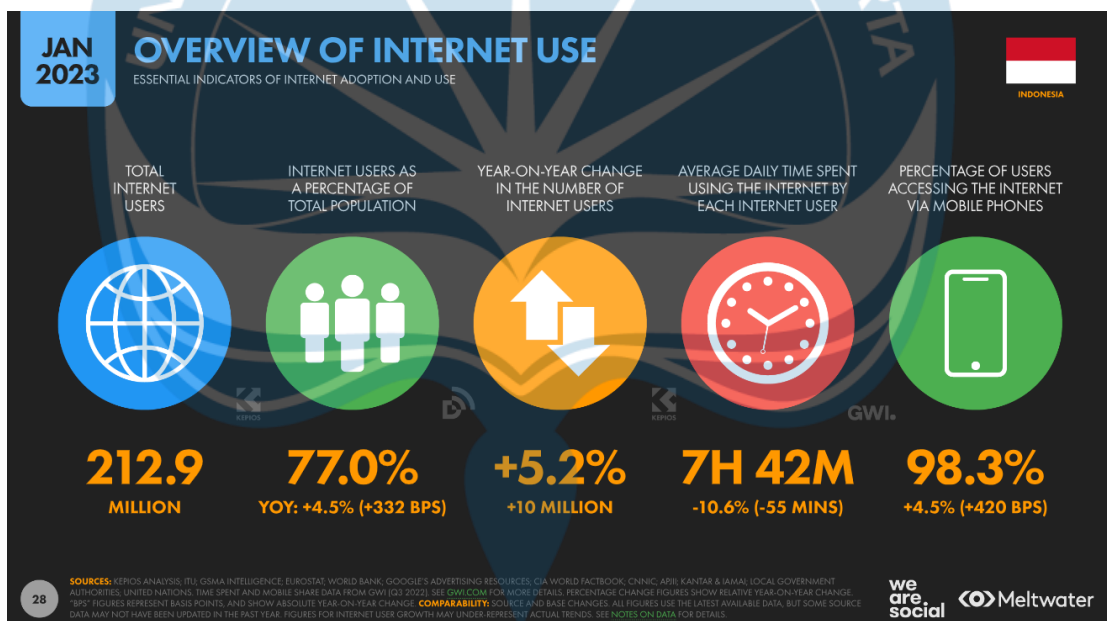


# CHAPTER I PRELIMINARY

## 1.1 Research Background

As technology becomes increasingly intergrated in our daily routines, social media is expanding rapidly as a convenient platform for users to communicate and share information (Moghavvemi et al., 2016). Social media refers to a set of interactive online platforms where users can create, store and share content, either independently or collaboratively. These platforms have become an integral part of everyday life (Davis, 2016). According to the data from wearesocial.com, the number of internet users in Indonesia have reached 212.9 million or equivalent of 77% of the Indonesian population in the beginning of 2023.

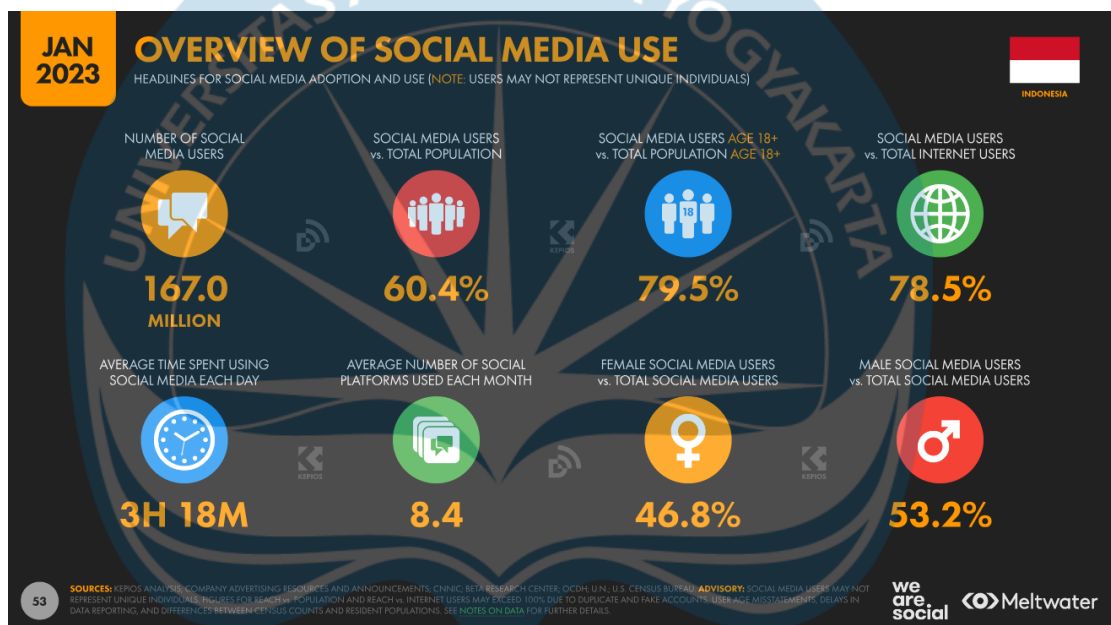


**Figure 1.1** Overview of Internet Use

Source: wearesocial.com

Social media comprises diverse user-centric platforms that enable the dissemination of engaging content, the creation of dialogue, and communication with a wider audience. Essentially, it is a digital realm built by and for people, fostering interactions and networking across various levels (Kapoor et al., 2018). Currently, social media is used by various business units as a strategic

communication medium (Chatterjee & Kumar Kar, 2020). Strategic communication medium denotes a meticulously selected approach for conveying messages with intent (Chatterjee & Kumar Kar, 2020). It involves the deliberate utilization of communication tools to achieve defined objectives. According to wearesocial.com, the number of social media users in Indonesia have reached 167 million users or equivalent to 60.4% of the Indonesian population in early 2023. The figure below also shows that 79.5% of Indonesia's population aged above 18 years old uses social media with an average time spent of 3 hours 18 minutes.



**Figure 1.2** Overview of Social Media Use  
 Source: wearesocial.com

In this era of globalization, the competition in the business world is becoming more competitive, which results in every company trying to become a winner when marketing its products (Ghazmahadi et al., 2020). One of the things that concerns companies to be able to compete is how to increase the purchase decision that arises from customers because they are interested in the product (Khasanah et al., 2021). Purchasing decisions include the cognitive process that consumers go through from recognizing needs, considering various options, to finally choosing certain products and brands (Nilda et al., 2020). Therefore, prior to making a purchase, individuals typically engage in the selection of various available products, assess these

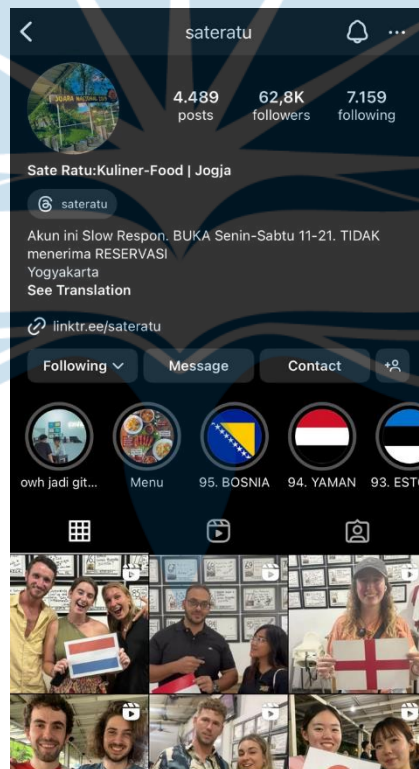
alternatives, and ultimately make a decision to purchase the chosen item based on their specific needs and desires (Mariam et al., 2022).

There are many variables that influence purchase decisions, including social media marketing (Nurahman et al., 2021). Social media marketing involves employing social media platforms to promote a product by fostering relationships, communities, transactions, and information exchange with both existing and potential consumers (Godey et al., 2016). Social media marketing also aims to raise the brand awareness to the public, this must be done by business owner by setting a good strategy from the start when choosing to use social media for marketing (Mariam et al., 2020).

In addition to social media marketing, several studies have also proven that electronic word of mouth can influence purchase decisions. Kotler & Keller (2016), state that electronic word of mouth is a positive or negative response expressed by customers in the world of social media, actual consumers and old customers who have not bought the product anymore, but still know about the product or company, via the internet. In addition, companies can gain customer confidence through the results of assessments given by other consumers in form of electronic word of mouth.

Brand awareness is also one of the variables that can influence purchase decisions. Brand awareness is the ability of a prospective buyer to recognize, recall a brand as part of a certain product category, and determine the purchase decision (Ghazmahadi et al., 2020). Brand awareness measures how many consumers in a market can recognize or remember the existence of a brand in a particular category. The more consumers recognize a brand, the easier it is for consumers to make purchasing decisions.

Many businesses utilize social media marketing and electronic word of mouth to enhance brand awareness and purchase decisions (Citrasumidi & Pasaribu, 2023). This advancements in the field of technology, especially the internet and social media inspires author to do this research. The object in this research is Sate Ratu. Sate Ratu is a restaurant located in Yogyakarta Indonesia and has been operating since 2016 (Tiofani & Agmasari, 2023). Sate Ratu offers an attractive promotion by providing free rice and mineral water. Customers can receive this offer by uploading an Instagram story of their food and dining experience at Sate Ratu. Additionally, Sate Ratu actively uses Instagram, featuring varied content. Their Instagram account, with 62.8 thousand followers, serves as a platform to promote menus, share promotions, and provide information about Sate Ratu restaurants.



**Figure 1.3** Sate Ratu's Instagram Profile

## **1.2 Research Question**

Based from the research background that has been explained, this research will explain the effect of the effect of social media marketing and electronic word of mouth towards purchase decisions, mediated by brand awareness at Sate Ratu restaurant. The research questions that will be explored are:

1. Does social media marketing influence purchase decision?
2. Does electronic word of mouth influence purchase decision?
3. Does social media marketing influence brand awareness?
4. Does electronic word of mouth influence brand awareness?
5. Does brand awareness influence purchase decision?
6. Does brand awareness mediate the influence of social media marketing on purchase decision?
7. Does brand awareness mediate the influence of electronic word of mouth on purchase decision?

## **1.3 Objective of the Study**

Based from the research question formulated before, the objective of the study as follow:

1. To find out the influence of social media marketing on purchase decision
2. To find out the influence of electronic word of mouth on purchase decision
3. To find out the influence of social media marketing on brand awareness
4. To find out the influence of electronic word of mouth on brand awareness
5. To find out the influence of brand awareness on purchase decision
6. To find out whether brand awareness mediates the influence of social media marketing on purchase decision
7. To find out whether brand awareness mediates the influence of electronic word of mouth on purchase decision

## **1.4 Research Benefits**

Based on the formulation of the problem and the research objectives that have been described, the results of this study are expected to provide benefits.

### **1. Academic Benefit**

This research aims to offer readers and researcher valuable insights and a fresh perspective on the effect of social media marketing and electronic word of mouth towards purchase decisions, mediated by brand awareness. For future researchers, it is anticipated that this study will serve as a useful reference and source of information for exploring similar variables or developing new ones.

### **2. Practical Benefit**

The purpose of this study's findings is to give businesses a starting point for creating product marketing strategies that will improve consumer purchasing decisions by utilizing electronic word-of-mouth and social media marketing. Additionally, the author hopes these results will assist business professionals with the effect of social media marketing and electronic word of mouth on customers, enabling them to craft more effective marketing strategies.

## **1.5 Writing Systematics**

### **CHAPTER I INTRODUCTION**

The first chapter is the introduction of the research. This chapter will contain several sections that discuss the research background, research question, research objectives, research benefits, and research systematics.

### **CHAPTER II THEORETICAL BACKGROUND**

The second chapter reviews various theories and literature from prior research, focusing on the variables that underpin the study. These variables include social media marketing, electronic word of mouth, purchase decision, and brand awareness. This chapter covers the definitions and explanations of the variables, relevant previous research that supports hypothesis development, the process of developing the hypotheses, and the research framework.

### **CHAPTER III RESEARCH METHODOLOGY**

The third chapter explains the methodology used in this research. It includes a description of the research type, covering the object and subject of the study. It also details the research population and sampling methods, the operational definitions, data collection, measurement techniques, and the data analysis methods along with the analytical tools employed.

### **CHAPTER IV DATA ANALYSIS & DISCUSSION**

The fourth chapter presents the statistical analysis and discussion of the data. It includes an explanation of the findings using descriptive statistics, an overview based on the predetermined hypotheses, data analysis with analytical tools, and a discussion of the research results.

### **CHAPTER V CONCLUSION**

The fifth and final chapter presents the conclusion of this research. It includes the research conclusion, managerial implications, limitations, and suggestions for future research.