

CHAPTER II

THEORETICAL BACKGROUND

2.1 Literature Review

2.1.1 Social Media Marketing

Social media marketing is an approach employed in promoting a product through the use of social media platform, aiming to establish connections, foster communities, facilitate transactions, and share information with both current and prospective consumers (Godey et al., 2016). It has the power to shape consumer preferences and decisions, as individuals often opt for products or services they are acquainted with (Leviana, 2019). Business owners and companies leverage social media marketing to enhance brand awareness and boost the decision of consumers to purchase their products.

Many businesses employ digital marketing tactics like blogger endorsements, social media advertising, and user-generated content management to raise brand awareness among consumers (Wang & Kim, 2017). Social media allows users to create and distribute user-generated content. Because of its interactive nature, which fosters knowledge sharing, collaboration, and participation among a wide community, social media is regarded as the primary communication channel for disseminating brand information (Arrigo, 2018).

According to Bilgin (2018), the use of online communication platforms based on internet and mobile technology holds significant importance for businesses in marketing activities in two key areas. First, it influences how consumers perceive their products and brands in relation to other targeted markets. Then, businesses leverage social media as a platform for direct marketing actions, breaking down temporal and spatial constraints and enabling interactions with potential consumers while promoting a sense of closeness to the brand.

2.1.2 Electronic Word of Mouth

As technology develops, consumers pay more attention to the viewpoints and evaluations of fellow users before deciding to buy a product or service (Cici Ijan & Ellyawati, 2023). Electronic word of mouth (E-WOM) refers to the positive or negative feedback conveyed by customers through social media, existing consumers, and former customers who may no longer purchase the product but still possess knowledge about the product or company, transmitted via the internet (Kotler & Keller, 2016). With the emergence of new forms of communication platforms, the Internet is becoming more potent and facilitating the exchange of ideas and information between consumers and providers as well as between consumers.

Electronic word of mouth, disseminated on internet-based social networks, stands out as a significant technological advancement in the information age. Differing from conventional word-of-mouth, contemporary electronic word-of-mouth encompasses wider audiences through online social media applications. These messages are commonly posted by previous or knowledgeable users and manifest as written comments on the platform channel (Abubakar et al., 2014). The transmission of electronic word-of-mouth (E-WOM) is dynamic, ongoing, spontaneous, and occurs online. Its interactive and anonymous characteristics enable consumers to share and seek opinions about product or service experiences from individuals they may have never encountered (Cici Ijan & Ellyawati, 2023). Electronic word of mouth serves as an informal mode of communication delivered to consumers via internet-based technology, specifically regarding the usage or specific features of products and services. This makes it convenient to gauge product quality by reviewing testimonials shared within the online community.

2.1.3 Brand Awareness

Brand awareness significantly influences consumer decision-making, market performance, marketing strategies, and brand value (Zhang, 2020). Kotler & Keller

(2016) define brand awareness as the capacity of consumers to identify or recall a brand with enough detail to allow them to make a purchase. It concerns how well the consumer can recognize the brand in various contexts, a measure of its node, or trace strength in memory. In the contemporary era, businesses consider modern digital media, websites, and social platforms as essential marketing tools to enhance brand awareness for their products or services.

Elevating brand recognition enhances the probability of the brand being included in the consideration set-a small group of brands given substantial thought for potential purchase. Establishing brand awareness involves enhancing brand familiarity through repeated exposure (for brand recognition) and forming robust associations with the relevant product category or other pertinent purchase or consumption cues (for brand recall). This serves as crucial initial phase in the development of brand equity, as highlighted by Kotler & Keller (2016).

2.1.4 Purchase Decision

According to Kotler & Armstrong (2018), the concept of a Purchasing Decision pertains to the tangible process of decision-making when consumers intend to acquire a product. Decision making is an individual process directly engaged in acquiring and utilizing the goods provided by the company. Opting to make a decision serve as a method for resolving encountered problems.

The purchase decision entails a series of choices made by a consumer before completing a purchase, initiating when they express a desire to buy (Hanaysha, 2018). Purchase decision is shaped by consumer considerations, including price, which in turn influence consumer attitudes towards processing information and reaching conclusions on which product to purchase. The consumer decision-making process can be divided into five stages, including need recognition, information search, evaluation of alternatives, purchase decision, and post-purchase evaluation.

2.2 Previous Studies

Previous studies consist of literature reviews or research with similar themes, typically used by researchers to compare findings and identify areas that have not yet been explored. Table 2.1 presents previous studies focusing on the variables of social media marketing, electronic word of mouth, brand awareness, and purchase decisions. These studies will be utilized for hypothesis development, which will be discussed in the next subchapter.

Table 2.1 Previous Studies

No.	Research Title and Author	Research Variable	Research Method	Research Result
1	Analysis of the Influence of Social Media Marketing and EWOM on Purchase Decisions Mediated by Brand Awareness and Trust at "X" Ice Cream Outlets (Citrasumidi & Pasaribu, 2023)	Social Media Marketing, Electronic Word of Mouth, Brand Awareness, Purchase Decision, Trust	Quantitative research, analyzed by using SmartPLS	<ol style="list-style-type: none"> 1. Social media marketing significantly influence brand awareness 2. Social media marketing significantly influence purchase decision 3. Brand awareness significantly influence purchase decision 4. Electronic word of mouth significantly influence brand awareness 5. Electronic word of mouth significantly influence purchase decision 6. Electronic word of mouth significantly influence trust 7. Trust significantly influence purchase decision 8. Brand awareness positively and significantly mediates the influence of

No.	Research Title and Author	Research Variable	Research Method	Research Result
				<p>social media marketing on purchase decision</p> <p>9. Brand awareness positively and significantly mediates the influence of electronic word of mouth on purchase decision</p> <p>10. Brand awareness positively and significantly mediates the influence of trust on purchase decision</p>
2	The Role of Brand Awareness as a Mediating Variable on the Effect of Instagram Advertisement and Word of Mouth on Purchase Decision (Case Study in Erigo) (Rania et al., 2023)	Instagram Advertisement, Word of Mouth, Purchase Decision, Brand Awareness	Quantitative research method and analyzed by using SEM AMOS 26	<ol style="list-style-type: none"> 1. Instagram Advertisement significantly influence Purchase Decision 2. Word of Mouth significantly influence Purchase Decision 3. Instagram Advertisement significantly influence Brand Awareness 4. Word of Mouth significantly influence Brand Awareness 5. Brand Awareness does not influence Purchase Decision 6. No indirect influence of Instagram Ads and Word of Mouth on Purchase Decision
3	Impact of Social Media Quality and Brand Awareness on Purchase Decision Mediated by Role of Brand Image (Suariendewi & Wulandari, 2023)	Social Media Quality, Brand Awareness, Purchase Decision, Brand Image	Quantitative research, analyzed by using the partial least square (PLS) model	<ol style="list-style-type: none"> 1. Social media quality significantly influence brand image 2. Social media quality does not influence purchase decision 3. Brand awareness significantly influence purchase decision

No.	Research Title and Author	Research Variable	Research Method	Research Result
4	The Effect of Social Media Marketing, Word of Mouth, And Effectiveness of Advertising on Brand Awareness and Purchase Intention on Grab Application Users Domicile of Tangerang (Aileen et al., 2021)	Social Media Marketing, Word of Mouth, Effectiveness on Advertising, Purchase Intention, Brand Awareness	Quantitative research, analyzed by using SPSS application by using multiple linear regression.	<ol style="list-style-type: none"> 1. Social media marketing does not influence brand awareness 2. Word of mouth does not influence brand awareness 3. Social media marketing significantly influence purchase intention 4. Word of mouth does not influence purchase intention 5. Brand awareness significantly influence purchase intention
5	The Impact of Instagram as a Social Media Tool on Consumer Purchase Decision (Diantari & Jokhu, 2021)	Celebrity Endorsement, Instagram Advertising, E-WOM, Perceived Quality, Brand Awareness, Purchase Decision	Quantitative research, analyzed by using SEM-PLS	<ol style="list-style-type: none"> 1. Celebrity endorsement significantly influence brand awareness 2. Celebrity endorsement significantly influence purchase decision 3. Instagram advertisement significantly influence brand awareness 4. Instagram advertisement significantly influence purchase decision 5. E-WOM significantly influence brand awareness 6. E-WOM significantly influence purchase decision 7. Perceived quality does not influence brand awareness 8. Perceived quality does not influence purchase decision

No.	Research Title and Author	Research Variable	Research Method	Research Result
				9. Brand awareness significantly influence purchase decision
6	The Effect of Social Media Marketing on Purchase Decision with Brand Awareness as an Intervening Variables in Praketa Coffee Shop Purwokerto (Fajri et al., 2021)	Social Media Marketing, Purchase Decision, Brand Awareness	Quantitative research	<ol style="list-style-type: none"> 1. Social media marketing significantly influence brand awareness 2. Social media marketing significantly influence purchasing decision 3. Brand awareness significantly influence purchase decision 4. Brand awareness positively and significantly mediates the influence of social media marketing on purchase decision
7	The Effect of Social Media Marketing on Purchase Decision with Brand Awareness as Mediation on Haroo Table (Angelyn & Kodrat, 2021)	Social Media Marketing, Brand Awareness, Purchase Decision	Quantitative research, analyzed by using SmartPLS	<ol style="list-style-type: none"> 1. Social media marketing significantly influence brand awareness 2. Social media marketing significantly influence purchase decision 3. Brand awareness significantly influence purchase decision 4. Brand awareness positively and significantly mediates the influence of social media marketing on purchase decision
8	The Influence of Instagram on Mental Well-Being and Purchasing Decisions in a Pandemic (Staniewski & Awruk, 2022)	Use of Social Media, Mental Health, Purchase Decision	Quantitative research, analyzed by using SPSS 26	<ol style="list-style-type: none"> 1. Social media significantly influence the user mental health 2. Social media significantly influence the purchase decision

No.	Research Title and Author	Research Variable	Research Method	Research Result
9	The Impact of Social Media Marketing on Purchase Intention: The Mediating Role of Brand Trust and Image (Salhab et al., 2023)	Social Media Marketing, Purchase Intention, Brand Trust, Brand Image, E-WOM	Quantitative research, analyzed by using Smart-PLS	<ol style="list-style-type: none"> 1. Social media marketing does not influence purchase intention 2. Social media marketing significantly influence brand image 3. Social media marketing significantly influence brand trust 4. Brand image significantly influence purchase intention 5. Brand trust does not influence purchase intention 6. Brand image positively mediates the effect of social media marketing on the purchase intention 7. Brand trust does not mediate the effect of social media marketing on the purchase intention 8. E-WOM does not enhance the effect of social media marketing on purchase intention
10	Analysis of eWOM, Brand Image, Brand Trust and Purchase Intention of Smartphone Products in Surabaya (Semuel & Lianto, 2014)	Electronic Word of Mouth, Brand Image, Brand Trust, Purchase Intention	Quantitative research, analyzed by using SPSS-13 and Smart PLS-2	<ol style="list-style-type: none"> 1. E-WOM significantly influence brand image 2. E-WOM significantly influence brand trust 3. E-WOM significantly influence purchase intention 4. Brand image significantly influence brand trust

No.	Research Title and Author	Research Variable	Research Method	Research Result
				5. Brand image significantly influence purchase intention 6. Brand trust significantly influence purchase intention
11	Brand-Related eWOM and Its Effects on Purchase Decisions: An Empirical Study of University of Botswana Students (Themba & Mulala, 2013)	Electronic Word of Mouth, Social Media Usage, Opinion Seeking Behavior	Quantitative Research, analyzed by using SPSS	1. E-WOM significantly influence purchase decision 2. Opinion seeking behavior significantly influence purchase decision
12	Social Media Marketing in Luxury Brands (Arrigo, 2018)	Social Media Marketing, Luxury Brands	Qualitative (literature review)	Social media marketing significantly influence luxury brands equity

2.3 Hypothesis Development

Social media functions as a reference point for various online and mobile services, allowing users to engage in interactive communication, contribute to posted content, join online communities on platforms such as Facebook, Twitter, and LinkedIn, and utilize media-sharing sites like YouTube and Instagram (Djafarova & Rushworth, 2017). One distinctive trait of social media lies in its capacity to swiftly share messages with numerous users simultaneously, setting it apart from traditional media (Gusti et al., 2023)

The interactive communication platform is ideal for the reciprocal exchange of ideas and information. Moreover, consumers view social media as more transparent since it directly presents brands without trying to control their existing image. This type of interaction promotes greater commitment and purchase intentions by nurturing positive attitudes toward the brand, as highlighted by Chua and Chang (2016). The study conducted by Rania et al., (2023) revealed that social media marketing has a positive and significant impact towards purchase decision. This is also supported by research that has been done by Citrasumidi & Pasaribu (2023) that revealed the same findings. Therefore, researcher formulated the following hypothesis:

H1: Social Media Marketing has a positive and significant effect on Purchase Decision

Electronic Word of Mouth (E-WOM) refers to a website review and is recognized as the second most commonly utilized source for evaluating a product, place, or service. According to Samuel & Lianto (2014), E-WOM has been demonstrated to notably impact purchase intentions. The act of sharing positive reviews on the website allows numerous individuals to view the ratings, constituting a form of online word-of-mouth information detailing the user experience.

Study conducted by Themba & Mualala (2013) revealed that E-WOM had a positive and significant impact towards purchase decision. According to a study conducted by Citrasumidi & Pasaribu (2023), it has been confirmed that there is a correlation between word of mouth and purchase intention. The findings of this research indicate that word of mouth exerts a positive impact on the purchase intention of a brand. The study conducted by (Rania et al., 2023) revealed that E-WOM had an impact on purchase decision. Therefore, researcher formulated the following hypothesis:

H2: Electronic Word of Mouth has a positive and significant effect on Purchase Decision

Social media marketing has been a very helpful tool for business owners, particularly for individuals with an established social reputation, since it is not constrained (Sorokina, 2014; Pessala, 2016). Many businesses have leveraged this functionality to showcase their ads (Pessala, 2016). Additionally, users can engage with the displayed advertisements by offering "likes" and "comments".

A robust brand will strategically position its product as a frontrunner among competitors, making it the preferred choice. The brand essentially encapsulates the company's personality, character, and core identity. Amidst stiff competition, substantial promotion can be accomplished by leveraging a well-established brand. The more intense the promotional efforts through social media, the higher the awareness of the product's brand, as emphasized by Schivinski & Dabrowski (2015). The previous research conducted by Rania et al., (2023) revealed that social media marketing had positive and significant impact on brand awareness. Therefore, based from the description above, researcher formulated the following hypothesis:

H3: Social Media Marketing has a positive and significant effect on Brand Awareness

The sharing of information among individuals concerning a specific brand, product, or service is referred to as word of mouth (Chan et al., 2021). Through the internet, customers can share their opinions and experiences about various goods and services with a wide audience (Jamali & Khan, 2018). Previous research by Diantari & Jokhu (2021) and Citrasumidi & Pasaribu (2023) suggests that E-WOM has a positive impact on enhancing brand awareness. As a result, researcher formulated the following hypothesis:

H4: Electronic Word of Mouth has a positive and significant effect on Brand Awareness

Brand Awareness is the capacity of consumers to identify or recall that a brand is associated with a particular product category (Wang & Hariandja, 2016). The concept of brand awareness reflects how strongly consumers perceive a company's reputation. With brand awareness, there is a comparison of customer confidence in products and services to other brands that may not have been recognized before. This is because consumers feel a sense of familiarity and comfort with a brand. Additionally, brands that enter customers' minds for the first time have the potential to be purchased and shared with others. It is considered one of the tools with the potential to impact a consumer's decision to make a purchase (Cheung et al., 2019).

This situation is in accordance to the nature of customers that chose well-known brands. Consumers are inclined to buy products from brands that are more familiar, rather than those with lesser or no recognition, including products from global brands. Previous research found that brand awareness had an effect towards purchase decision Citrasumidi & Pasaribu (2023). Therefore, researcher formulated the following hypothesis:

H5: Brand Awareness has a positive and significant effect on Purchase Decision

H6: Brand Awareness mediates the effect of Social Media Marketing on Purchase Decision

H7: Brand Awareness mediates the effect of Electronic Word of Mouth on Purchase Decision

2.4 Research Framework

This research highlights the independent variable of social media marketing and electronic word of mouth, suggesting that these variables influence the dependent variable which is purchase decision and this influence is mediated by brand awareness. Based from the description, it can be depicted as follows:

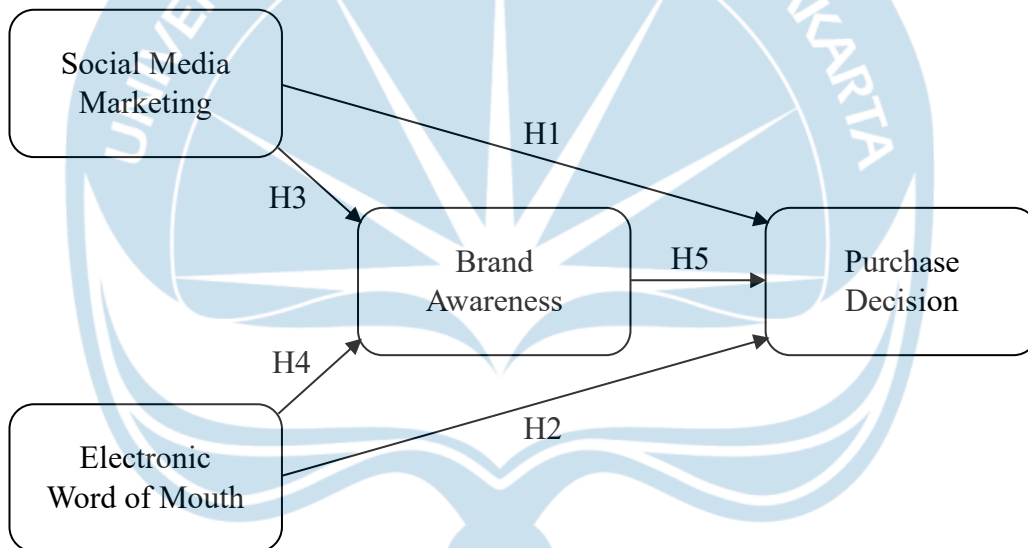


Figure 2.1 Research Framework