

CHAPTER I

INTRODUCTION

1.1 Research Background

Indonesia has a big market for sauces and spices products. In 2022, data indicated Indonesia held the fifth-largest global sauce and spice market share (Statista, 2024) . According to Statista (2024), The Indonesian market for sauces and condiments reached a value of US\$8.63 billion in early 2024. This segment is projected to exhibit annual growth of 5.84%, with Sambal identified as a key driver of this expansion (Mulia, 2023). This creates a favorable environment for sambal brands to capture a share of the expanding market.

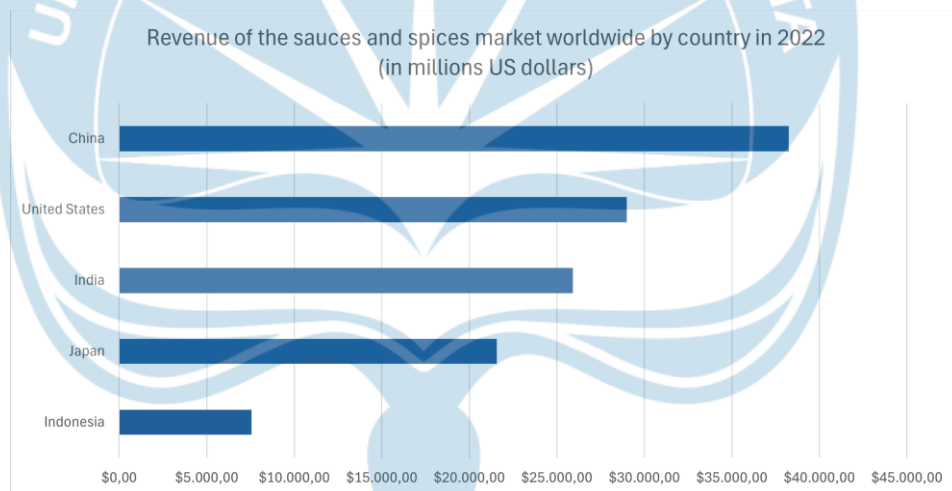


Figure 1.1

Revenue of the sauces & spices market worldwide by country in 2022

Source: Statista, 2024

Eat Sambel has emerged as a prominent player in the sambel market in recent years. Founded by Yansen Gunawan (Mas Yangun) in 2018, the company initially struggled to sell its products due to ineffective marketing strategies. However,

during the COVID-19 pandemic, Eat Sambel began to gain traction by leveraging TikTok to create daily interactive content. This shift in their social media marketing strategy significantly increased product awareness and drove sales. Consequently, it is interesting to examine how this social media marketing strategy impacts customer engagement and their relationship with the brand.

To capitalize on this expanding market, sambal brands can leverage various marketing tools, including social media, to reach a wider audience. The growth of two-way communication and a more interactive consumer-brand dynamic has overshadowed traditional advertising methods relying on one-way messaging through broadcast media (Samarah et al., 2022). In the context of the growing popularity of visual social media, TikTok, with its dynamic audiovisual format, enables users to share short videos that foster significant interaction, are easily skippable, and seamlessly integrate with content from friends, making the platform highly engaging (Barta et al., 2023). Consumers naturally participate in social media platforms such as TikTok, which can lead to the formation of relationships with brands (Li et al., 2020). In fact, Indonesia has the world's second biggest TikTok user base, with about 110 million users in early 2024, following only the United States (World Population Review, 2024). With such a large user base, Indonesia becomes a highly attractive market for brands to target on TikTok. That's why brands such as Eat Sambel have begun utilizing TikTok to connect with their customer base.

Social media platforms like TikTok can be a valuable tool to increase customer brand engagement (Bozkurt et al., 2021). Customer brand engagement signifies a consumer's level of connection with a brand, reflected in their cognitive, affective, and behavioral actions, beyond simply making a purchase (Li et al., 2020). Previous research suggests that brand involvement (Parihar et al., 2019) and perceived brand interactivity (Bozkurt et al., 2021) play a role in influencing customer brand engagement.

Empirical evidence suggests a positive relationship between brand engagement and brand loyalty, mediated by trust (Li et al., 2020; Samarah et al., 2022). Brand

loyalty reflects not just repeated purchases, but also a positive consumer mindset towards the brand (Fernandes & Moreira, 2019). By fostering brand loyalty, companies can improve customer retention rates and make it more difficult for competitors to attract these satisfied customers (Kwon et al., 2020).

This research leverages the framework developed by Samarah et al. (2022) which examines the influence of brand interactivity and brand involvement on social media customer brand engagement, ultimately impacting brand trust and loyalty. However, their study is limited by its focus on Facebook followers within the airline industry and the specific context of Jordan. This research aims to expand upon this framework by investigating these relationships in a different industry and geographical context. Specifically, this study will explore how brand interactivity and involvement influence customer brand engagement on TikTok within the Indonesian sauce and spice industry, focusing on customers interacting with the Eat Sambel brand.

1.2 Research Question

Based on the research background that was explained above, the author proposes the following questions to be answered in this research:

1. Does perceived brand interactivity positively influence consumer brand engagement?
2. Does brand involvement positively influence consumer brand engagement?
3. Does customer brand engagement positively influence brand loyalty?
4. Does customer brand engagement positively influence brand trust?
5. Does brand trust positively influence brand loyalty?
6. Does brand trust mediate the positive effect of customer brand engagement on brand loyalty?

1.3 Research Objective

The objectives of this research are:

1. To analyze the influence of perceived brand interactivity on customer brand engagement.
2. To analyze the influence of brand involvement on customer brand engagement.
3. To analyze the influence of customer brand engagement on brand loyalty.
4. To analyze the influence of customer brand engagement on brand trust.
5. To analyze the influence of brand trust on brand loyalty.
6. To analyze the mediating effect of brand trust in the positive effect of consumer brand engagement on brand loyalty.

1.4 Research Benefit

1.4.1 Academic Benefit

This study aims to offer further evidence within the realm of marketing, particularly in the domain of social media marketing via TikTok. It seeks to find evidence concerning the correlation between customer brand engagement in social media and factors such as brand interactivity and involvement. Additionally, it intends to illuminate the impact of customer brand engagement on brand trust and loyalty.

1.4.2 Practical Benefit

This study aims to provide brands more insights regarding social media marketing, especially through TikTok. Specifically, this study aims to show how being interactive with their customers on social media can affect their engagement with the brand. This research also aims to shed more light regarding how brands can develop a loyal customer base through social media. Therefore, this research seeks to guide brands in building stronger, more loyal customer relationships through TikTok.