CHAPTER I
INTRODUCTION

1.1 Background

Communication between brands and consumers helps consumers understand what they want and need from the brand. Besides that, brands can also receive direct input from consumers to develop their products to suit market needs (Tuten, 2023). This type of marketing has profoundly influenced every aspect of consumer behavior, giving consumers power they have never experienced before in the marketplace (Chan, 2022).

Advancements in social media have empowered businesses to implement and promote their strategies rapidly, overcoming limitations of time and geographical reach (Kim & Baek, 2022; Vrontis, et al., 2021). A characteristic feature of the Indonesian consumer market is a demonstrably high purchase intention (Febriati, et al., 2020). Someone's trust in a friend who bought a product or a cool person with capabilities in that field. Or to the extent that the person likes other social media users and trusts them automatically (Ozdemir, et al., 2020). This trust can also be given to certain social media users who have a wide reach or what we usually know as social media influencers (Kim & Kim, 2021).

Social Media Influencers are micro-celebrities with a large sum of followings on any social media platforms and interact with consumers and have the ability enhance customer-brand interactions towards different product categories. Based on this statement, social media influencers can be said to have the job of influencing other people to buy a product or use the services offered through them (Delbaere, et al., 2021). Social media influencers can significantly influence consumers' purchasing intentions, and Indonesia is no exception. These social media influencers have an important role in connecting brands through reviews to convince consumers (Chen & Dermawan, 2020). Through social media, influencers can share their thoughts and feelings in the form of online content. Social media influencers created a trend in marketing, which is retail brands will collaborate with influencers to create brand content through endorsement or mentions of products (Ki, et al., 2020).

Consumers perceive social media influencers with domain expertise as more credible and impactful endorsers compared to traditional celebrities, across both social media and traditional advertising formats (Schouten, et al., 2019). These influencers possess the ability to influence user behavior through trusted recommendations. Notably, the social media influencer

landscape is diverse, encompassing individuals like bloggers, models, singers, and even students and comedians. Influencer categorization is primarily based on follower count, with four classifications: nano (under 10,000 followers), micro (10,000-100,000 followers), macro (100,000-1 million followers), and mega (over 1 million followers) (Lianovanda, 2022).

Digital influencers are tasked with conveying brand messages and promoting products to a brand's established follower base, with the expectation of driving positive outcomes. Notably, influencers who have cultivated trust with their audience demonstrably influence purchasing behavior. Data from the Influencer Marketing Hub (2022) indicates a strong correlation between influencer promotions and consumer purchase interest. This is further evidenced by the predicted 29% rise in influencer marketing spending alongside a projected increase in purchase interest in 2022.

Although existing research shows the positive impact of social media influencers on purchase intentions and brand trust (Kemeç & Yüksel, 2021), the specific impact of influencer credibility on these factors in the Indonesian food and beverage (F&B) market remains unclear. Previous research has mainly focused on the effectiveness of influencer marketing for cosmetic products. The food and beverages industries in Indonesia are still growing and relatively new, causing limited data regarding F&B industries (Saryanto & Sukhotu, 2021). In Indonesia, traditional advertisements for food and beverage businesses are only limited to big food chains, therefore small and medium enterprises need more exposure. Business strategies that they can come up with are to collaborate with social media influencers. Social media is the most efficient and effective way to expose the brand. In social media, brands can promote their products and share information or promos to attract more consumers. This research focuses on the food and beverage (F&B) industry due to its significant growth. Recent reports by the Ministry of Industry of Indonesia indicate 3.57% growth in Q3 2020, solidifying its position as a thriving market in Indonesia. Recognizing the potential of influencer marketing in this dynamic industry, this research aims to examine the influence of influencer credibility on purchase intentions in the F&B context in Indonesia. The gross domestic product growth rate in the food and beverage industries in Indonesia was estimated to be around 4.9% in 2022. The GDP growth for food and beverage industries in Indonesia can be seen in the chart below.
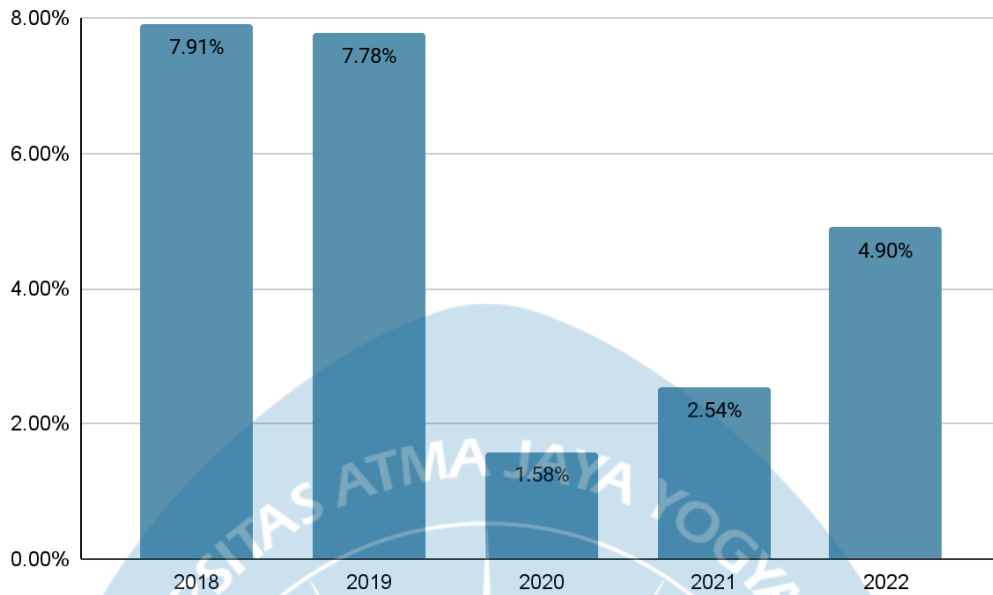
Figure 1.1. GDP Growth in Food and Beverage Industries in Indonesia

Source: Adapted from Statista (2024)

Food and Beverage industry in Indonesia has tons of menu to offer since F&B businesses are encasing all sorts of food types. One of them being burgers. Burgers are pretty famous in Indonesia with a lot of brands selling burgers as their main menu. Such companies like McDonalds, Burger King, and Wendy's are a few from many brands that sell burgers in Indonesia. Burgers have been steadily growing in popularity in Indonesia, which encourages people to consume more bread based products and it is common to find people who consume burgers on a day basis. People choose to consume burgers because burgers are more convenient, fast, and don't cost a lot of money.
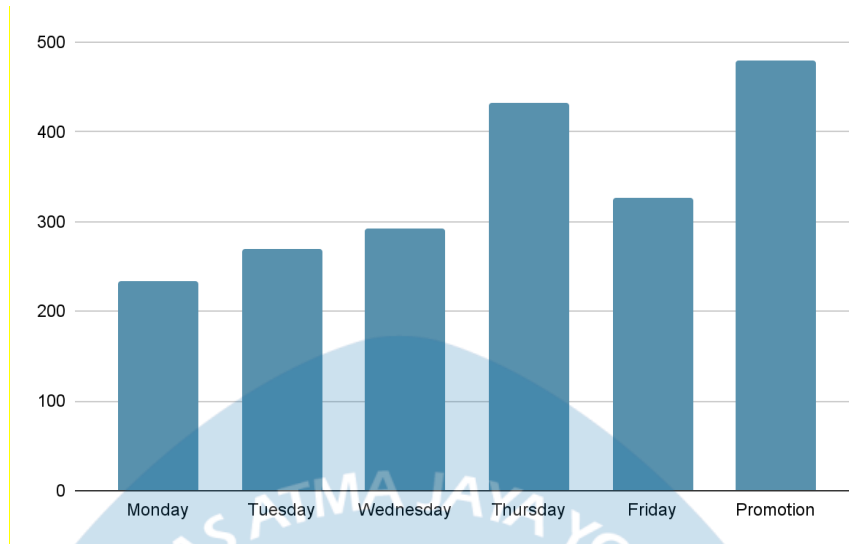
Figure 1.2. Average Sales of Burger Per Day

Source: Neisyafitri & Ongkunaruk (2022)

In Indonesia, the average sales of burgers on weekdays were 234 to 433 pieces per day. The number can be higher during weekends or during a long holiday. During promotion days, the average sales was 480 pieces per day. The average number of burger sales per day can be seen in the chart above (Figure 1.2.). The highest sale will be seen on promotion day and followed on Thursday. Meanwhile the least sales was on Monday (Agato, 2021; Neisyafitri & Ongkunaruk, 2022).
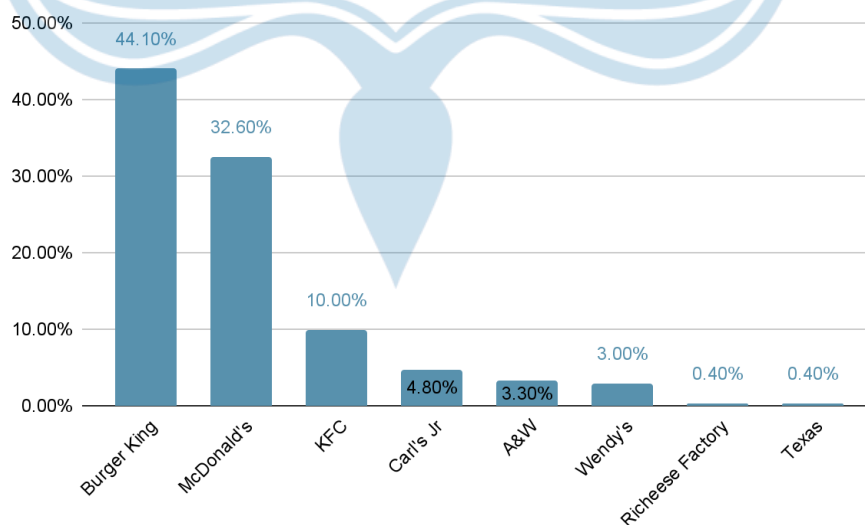
Figure 1.3. Burger Chain Popularity in Indonesia

Source: Anur (2023)

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The popularity of burger chains in Indonesia can be seen on the chart above. From the chart above (Figure 1.3.), the most popular burger brand in Indonesia is Burger King and followed by McDonald's. Some people also tend to buy burger from other brands, such as KFC, Carl's Jr, A&W, Endy's, Richeese factory, or Texas. Some of the most popular burger chains in Indonesia are McDonalds and Burger King. Both of the brands have hundreds of restaurants across Indonesia and have been public favorites ever since. Both brands keep opening new chains in Indonesia and offering new or seasonal menus to promote their products and keep people interested. They also have collaborated with famous celebrities to increase their sales (Putri, et al., 2023). Another famous local burger brand is Lawless Burger Bar, which is a local brand that has started since 2017. The average sales of Lawless Burger Bar was also considerably high, even during the pandemic. For one outlet in a week, they could sell up to 2,000 burgers during the pandemic, or 3,000 to 4,000 burgers before the pandemics (Agato, 2021).

This study aims to analyze the impact of influencer credibility on purchase intention within the Indonesian food and beverage market, specifically focusing on Burger Bangor. The research investigates how perceived influencer credibility, measured through attractiveness, trustworthiness, and expertise, impacts customer purchase intention for this brand. The chosen case study focuses on the credibility of Denny Sumargo as the primary influencer for his food and beverage brand, Burger Bangor, and its effect on customer purchase intention. Burger Bangor is one of the most famous food businesses in Indonesia. Burger Bangor attracts many consumers because of its products and prices.

According to Bake.co.id (2024), Burger Bangor is a fast-growing food and beverage business established in 2019, it has attracted significant viral attention in Indonesia. Their core product is a variety of burger options, including classic cheeseburgers and unique rendang burgers. Additionally, they offer complimentary beverages and side dishes like French fries and cheesy fries. Notably, Burger Bangor is closely associated with celebrity Denny Sumargo, who holds ownership and serves as the brand's primary social media influencer. During personal observations, the author has noticed a frequent occurrence: friends referencing "Denny Sumargo's burger" when ordering Burger Bangor through online delivery platforms. This anecdotal evidence, coupled with the established factors influencing influencer credibility (attractiveness, trustworthiness, expertise), suggests a potentially significant impact of Denny Sumargo's credibility on Burger Bangor's customer purchase intention.

Figure 1.4. Denny Sumargo

Source: AyoYogya (2022)

There were little to none studies that are focused on the effect of influencers credibility into food and beverage purchase intention. The research's object in this study is Burger Bangor, which is one of the most famous food chains in Indonesia. The focus of this study is to know the credibility of Denny Sumargo as the "face" and the owner of Burger Bangor on its purchase intention. Moreover, this study aims to investigate these specific credibility factors and their influence on customer purchase behavior within the context of Burger Bangor.

1.2 Research Questions

Based on the background, the research questions in this study are:

1. Does Denny Sumargo's credibility have an impact on the purchase intention of Burger Bangor products?

2. Does Denny Sumargo's attractiveness have an impact on the purchase intention of Burger Bangor products?

3. Does Denny Sumargo's trustworthiness have an impact on the purchase intention of Burger Bangor products?

4. Does Denny Sumargo's expertise have an impact on the purchase intention of Burger Bangor products?

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1.3 Research Objectives

Based on the research questions, the research objectives in this study are:

1. To analyze the impact of Denny Sumargo's credibility on the purchase intention of Burger Bangor products.

2. To analyze the impact of Denny Sumargo's attractiveness on the purchase intention of Burger Bangor products.

3. To analyze the impact of Denny Sumargo's trustworthiness on the purchase intention of Burger Bangor products.

4. To analyze the impact of Denny Sumargo's expertise on the purchase intention of Burger Bangor products.

1.4 Research Benefits

1. Theoretical Benefits

This research is expected to provide more knowledge and information about the influence of influencer credibility on the purchase intention of the product branded by the influencer. This research is also expected to give more information about the influence of the variables in influencer credibility itself which are attractiveness, trustworthiness, and expertise on purchase intention.

2. Practical Benefits

This research is expected to have an impact on Burger Bangor and also Denny Sumargo who acts as the main influencer of Burger Bangor. The expected impact of this research is that they can find out the results of the influence of attractiveness, trustworthiness, and expertise of Denny Sumargo's credibility on the purchase intention of Burger Bangor.

1.5 Research Systematics

The research systematics in this study aims to facilitate researchers and readers in understanding and providing an overview of the contents of this study. The writing systematics consists of 5 chapters consisting of:

CHAPTER I: **INTRODUCTION**

The first chapter contains an overview of the problems that will be discussed by the author which include the background, research

question, research objectives, research benefits and systematics of research writing.

CHAPTER II: **THEORETICAL BACKGROUND**

Chapter two contains the theories used as reference materials for researchers in writing variables in this study in the form of theoretical foundations, previous research, hypothesis development, and research models.

CHAPTER III: **RESEARCH METHODOLOGY**

Chapter three contains research methods used by researchers, research objects, research subjects, research places, population, samples, sample collection techniques, data collection methods, operational definitions, data measurement, and data analysis methods.

CHAPTER IV: **DATA ANALYSIS AND DISCUSSION**

Chapter five contains the stages in analyzing the data obtained from the questionnaire. This chapter contains the characteristics of respondents in the study and explains the analysis of the data processed, namely the results of descriptive statistics, data analysis and discussion of the variables studied.

CHAPTER V: **CONCLUSION**

Chapter five contains a discussion of the conclusions obtained from the discussion and data analysis of chapter IV, managerial implications, research weaknesses, and suggestions for further research.