

## CHAPTER I

### INTRODUCTION

#### I.1 Background

In the present days, media and marketing has grown in term of size and application. Media has transcended geographical boundaries, which influence the development of marketing practices, causing marketers to now able expanding their products throughout the world by managing their brand and relationship with broader customers. Fortunately, not only marketers that could experience the influence of emerging media but also group of customers that shared the same value about typical brands.

Driving alongside of Jalan Solo or Malioboro during crowded Saturday night is one of pleasure that most of Jogjanese enjoyed. It's almost a culture for Indonesian that during Saturday night people gathers for meeting, looking for entertainment, where all this occur not only in shopping center but also alongside of Jogja's street. Some groups of people even have a specific place to meet, which they called it "base camp". This group of people shared information, belief, habits, culture and traditions regarding on their preferred possessions. This group of shared value of a specific brand, shared consciousness, rituals and traditions, and a sense of moral responsibility is so called brand community (Wikipedia, 2013).

A brand community can be defined as an enduring self-selected group of actors sharing a system of values, standards and representations (a culture) and recognize bonds of membership with each other and with the whole (Wikipedia,

2013). Brand community has largely emerged for past centuries as communities now no longer bound by geographic problem. There are hundreds examples of brand communities, from rock bands, TV shows, cars, and artists to authors, computers, movies and beverages.

The idea of "community" probably came about where people gathered around a common area for their mutual benefit (Anderson, 2010). Sharing a language, customs, ideas, skills, goods and services, or protection from enemies would be some of the advantages in being a part of a group. Over the years the idea of community has change to accommodate different things. While different definitions mean different things, the idea is the same; that a group comes together or lives together to share something that is of value to the members of that community.

The term "community" itself is used extensively in almost all areas of our lives. It is used in both our common, everyday language and also by professionals, politicians and corporations. We frequently hear about "community care", "community revitalization", "community service" and many other references to community (OHCC, 2014).Communities are as varied and individual as its members. Often people belong to two or more communities. Family, education, business, work, sport, religion, culture all involve communities that we take for granted as a normal part of our lives. They seem to be a part of the background. It's only when things are not going the way that we want, that we take any notice of them.

In the advertising and marketing world, “brand community” has become a term used to encompass a brand’s customers, fans and advocates. Having a strong and loyal brand community can turn a small brand into a success if it is nurtured and appreciated properly. Ad agency, Blade Creative Branding writes, “The people out in the marketplace who embrace the values of the brand, as customers and/or purchase influencers, are the brand's true "owners.” This philosophy has become especially popular with marketers creating and working on social media campaigns with easier interaction and more opportunities to tap into the brand community to leverage the brand.

In assistance of the brand community development in Indonesia, researcher interested in specific community which is vehicle brand community. Indonesia is third world largest consumers in motor vehicle after China and India (IIBT, 2009). The auto market in Indonesia is still major market in ASEAN with the number of vehicle to reach 20 million units of cars and 50 million units of motorcycles.

Indonesia's market is growing faster than China's much bigger one: car sales rose by only 2.6% in China between 2010 and 2011. Car sales in Indonesia jumped by 17% from 2010 to 2011, to nearly 900,000 new vehicles, and by 11% year-on-year in the first quarter of 2012, despite of global economic gloom (The Economist, 2012).

**Table 1.1****Numbers of Motor Vehicles by Types, Indonesia 2009-2012**

Year	Passenger Car	Buses	Trucks	Motorcycles	Total
2009	7,910,407	2,160,973	4,452,343	5,2767,093	6,7336,644
2010	8,891,041	2,250,109	4,687,789	6,1078,188	7,6907,127
2011	9,548,866	2,254,406	4,958,738	6,8839,341	8,5601,351
2012	10,432,259	2,273,821	5,286,061	7,6381,183	9,4373,324

Source: State Police of Indonesia

According to Badan Pusat Statistik (BPS), Indonesia has reached 10,432,259 units of passenger car owned and still expected to grow more. As the market grows, Indonesia has become center of production for ASEAN market from several global automobile industries (Nissan, Hino, Geely, Toyota, Honda, Daihatsu, etc).

**Table 1.2**  
**Indonesia's Car Production Year 2012**

Categories		Year
		2012
SEDAN TYPE	CC < 1.500 (G/D)	673
	1.501 < CC < 3.000 (G)/2.500 (D)	4,076
	CC > 3.001 (G)/2.501 (D)	120
SUB TOTAL		4,869
4X2 TYPE	CC < 1.500 (G/D)	541,694
	1.501 < CC < 2.500 (G/D)	114,982
	2.501 < CC < 3.000 (G)	36,745
	CC > 3.001 (G)/2.501 (D)	--
SUB TOTAL		693,421
4X4 TYPE	CC < 1.500 (G/D)	--
	1.501 < CC < 3.000 (G)/2.500 (D)	37,414
	CC > 3.001 (G)/2.500 (D)	7,797
SUB TOTAL		45,211
<b>PRODUCTION TOTAL</b>		<b>1,487,002</b>

Source: Gaikindo

The data in table 3.2 showed us the categories of cars manufactured in Indonesia. The most produced car in year 2012 is the 4x2 type or two wheel-drive cars for 693,421 total sales units, with cc below 1500 sales for 541,694 units. This type of cars is such as Toyota Innova, Toyota Avanza, Mazda6, Mitsubishi Mirage, Chevrolet Spin, and Ford Ecosport.

In the other hand, below is table 3.3 which describes the statistics of passenger cars sales in year 2012. Toyota, still by far, is the market leader in Indonesia. Three largest brands in the country are Toyota, Daihatsu, and Mitsubishi. Other major brands including Suzuki, Nissan, and Honda have shown progress in expanding market and grabbing larger market share but they are still far from being a potential threat to the three market leaders.

**Table 1.3**  
**Sales of Passenger Cars in Indonesia (Units) 2012**

Brands	Sales (units)	Market Share (%)
Toyota Avanza	192,146	30,2
Daihatsu Xenia	73,418	11,5
Toyota Innova	71,685	11,3
Nissan Grand Livina (1,5 + 1,8)	34,129	5,4
Suzuki Ertiga	34,074	5,4
Toyota Rush	34,033	5,3
Toyota Yaris	27,809	4,4
Mitsubishi L-300	27,652	4,3
Daihatsu Grand Max	9,002	1,4
Daihatsu Terios	23,949	3,8
Honda Jazz	21,244	3,3
Toyota Fortuner (including 4x4)	20,498	3,2
Honda Freed	19,811	3,1
Isuzu	18,099	2,8
APV Minibus	15,333	2,4
Pajero Sport	13,935	2,2
<b>Total</b>	<b>636,817</b>	<b>100</b>

Source: Gaikindo

With the raging automotive industry and enthusiastic market happens in Indonesia, understanding the consumers' behavior has become an important part of marketers' strategy. Regarding on the fact, researcher thought that brand community may have influence to the future value of a brand. Nurture a brand community might be one of effective strategies to be done by marketers. By establishing brand-fests, hangouts, or just a simple word of mouth; it will help a community to be recognized by people and able to attract others interest, to join the community and become the loyal member to the brand. This fact is interesting to researcher as loyalty behavior can be expressed in such ways. Customers cannot only be seen as target market. Some people say that the continuity of brand image and development lays on the hand of customers, where this cause so many marketer tries to find out ways to nurture customer; while researcher creating huge question of how customers behave and how best capture their needs.

Regardless of community influences' fact, the communal feeling inside it cannot be the reason of seeing it as a homogenous social group. We should see a community as variety of people with the fact that they have different motives of joining a community. By understanding the heterogeneity in a community, in researcher's opinion, it will be easier to treat the customers. Because marketers now able to see which kind of strategy can be used in order to build better relationship of customers to brand, customers to product, even to company that owns the brand.

## **I.2 Problem Statement**

A problem statement is a concise description of the issues that need to be addressed by a problem solving team and should be presented to them (or created by them) before they try to solve the problem. There are problems proposed by the researcher in this study, such as:

1. What relationship do people seek from the community?
2. What kind of people joins those specific communities?
3. Is there any significant difference of motivations between both car communities' member?

## **I.3 Research Objective**

There are two main objectives of this research, which are to analyze consumer motives in relation to Customer Centric model proposed by McAlexander et al. (2002) and to describe the demographic of current communities studied.

## **I.4 Research Scope**

Research scope has been established in order to help the researcher focus on the research objective. Therefore, the scopes of this study are:

1. This is a replication study of original article entitled "Who's Who In Brand Communities – And Why?" by Hans Ouwersloot and Gaby Odekerken-Schröder (2008), in purpose to explore whether a community population can be meaningfully segmented on the basis of different motivations to join.

2. The Customer Centric Model of Brand Community by McAlexander *et al* (2002) has been used as to assess the relationships experienced by each member of the communities.
3. This study is conducted in Blazer Indonesia Club and Jazz Fit Club, which both of them are quite known communities.
4. Due to the various domiciles of both communities' members, researcher used online questionnaires in order to efficiently record the respondents.

## **I.5 Potential Research Contributions**

The outcome of the research hopefully can give benefits for:

### **I.5.1 Potential Academic Contribution**

The previous study done by Hans Ouwersloot and Gaby Odekerken-Schröder was conducted in Netherlands, while this study is conducted in Jogjakarta, Indonesia. This will provide a new information and as a comparison for both study. By doing the study, researcher will be able to examine the complex way of understanding a brand value towards a customer and eventually will learn how to identify a community.

### **I.5.2 Potential Managerial Contribution**

Community is a way to expand product or brand and even create a beneficial relationship between company and customers. In managerial area, hopefully this research will help provides detailed information of who is in brand communities and how to develop a mutualism relationship based on the consumer preferences towards the communities.



## **I.6 Research Structure**

### **Chapter 1: Introduction**

The first chapter describes background of the study, problem statement, research objectives, limitation of the research, benefits of the research and research structure.

### **Chapter 2: Literature Review**

The second chapter describes the research framework and literature review: from journals, books, theories and other reliable sources by internet support.

### **Chapter 3: Research Methodology**

The third chapter describes research methodology which contains data source, data collection method, sample and population, and technique of analysis tool.

### **Chapter 4: Analysis and Findings**

The fourth chapter contains the analysis of the collected data and the interpretation of the data.

### **Chapter 5: Conclusion and Managerial Implications**

The fifth chapter describes the conclusion of the data analysis and the contribution of the result to managerial implications.