

CHAPTER I

INTRODUCTION

1.1. Background Of Study

At this time *fashion* is growing, so that it can affect all aspects of life. The *fashion* industry itself is an industry that has a demand that cannot be measured because it depends on rising and falling demand, because of that the *fashion* industry has an uncertain and varied cycle and never ends (Sen, 2008). The development of the *fashion* industry itself in Indonesia began to increase in the needs of the community. Trend is something that being discussed, worn or used by many people at a certain time (Maryam, 2019). In this case, object becoming a trend when it becomes the conversation, the center of attention and is often used. Trend occurs only at certain times, because the trend has an erratic time phase. According to Kurniawan (2022) there are 14 local clothing brands that have followers and will also be more hits in 2022. Some of these brands are Erigo, Roughneck1991, Leaf, ShiningBright, MDFK, Mules, Kamengski, Heyho, RSCH, Cosmic, Bloods, and This Time Brand.

Table 1. 1
Number of Instagram Followers of famous Fashion Brands in Indonesia

Brand	Followers on Instagram
<i>Erigo store</i>	2,4 M Followers
Roughneck1991	1,2 M Followers
Leaf	263 K Followers
Shiningbrightco	486 K Followers
MDFK	50,2 K Followers

Brand	Followers on Instagram
Mules	72 K Followers
Kamengski	191 K Followers
Heyho	11,5 K followers
RSCH	460 K followers
Cosmic	217 K Followers
Bloods	507 K Followers
Thistimebrand	147 K Followers

Source: Instagram search results for each brand, 2022.

In this study, the researchers chose Erigo as the object of research, Muhammad Sadad is the founder of Erigo who started his business in 2010 with the initial name *Selected and Co*, then Sadad replaced it with the name *Erigo* in 2013 (Lazawardi et al., 2020). Erigo present in the fashion world with the characteristic of his attractive t-shirt design that gives a new color to the fashion industry. Sales of Erigo products utilize online sales through e-commerce and social media as well as offline. Erigo itself became a trending topic because it was one of the first clothing brands in Indonesia that was displayed in the New York Times Square. Based on Erigo website, Erigo itself sells a variety of products, including shirts, jeans, jackets, hats, and bags. Erigo tries to present products for youth who want to look stylish, neat, casual and trendy. Erigo is an Indonesian fashion label that offers great quality and style to satisfy your daily requirements when traveling and daily needs.



Figure 1.1 Erigo Achievement on Shopee Marketplace

Source: Muhammad Sadad (Founder Erigo) Instagram

According to founder Erigo instagram's Muhammad Sadad from 2019 – 2021 Erigo is in the first place with the title of the best-selling brand in Shope. Because Erigo itself is much loved by young people. From the previous research that has been conduct by Iqbal et al. (2022) mention that students of FISIP UPN veteran East Java has a high interest and make decision to buy Erigo products. And also from Xaviera et al. (2022) said that respondents' age criteria were determined based on a previous survey conducted by the Catholic University of Soegijarpranata, which found that 85% of respondents belonged to the student category. This result shows that the Erigo brand is the clothing brand of choice for students. So from this, the researchers conducted a mini survey of students of economics and business faculty of Andalas University The following data has been obtained based on a mini survey.

Apakah saudara pernah membeli produk Erigo
38 responses

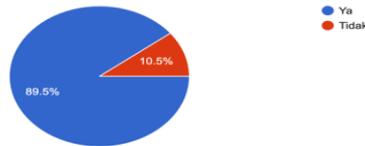


Figure 1. 2 Percentage of respondent bought Erigo products

Source: mini survey (2022)

Based on these data, from 38 respondents, 89.5% of these students had purchased Erigo products. Meanwhile, 10.5% of students have never bought Erigo. Based on the data in the mini survey, there are several factors that can influence Andalas University students to buy Erigo products. The following are the results of the mini survey that has been obtained.

38 responses

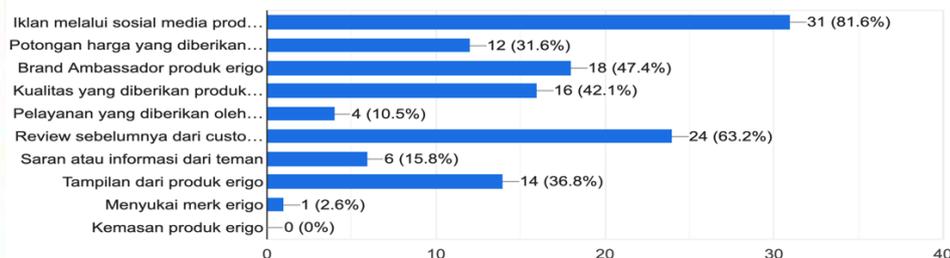


Figure 1. 1 Result of factor that influence the respondent buy Erigo products

Source : mini survey (2022)

Based on the survey data, *social media marketing* is the most option that respondents choose. Around 3.5 billion people using social media as of April 2019, with 802 million of them people using Instagram (We Are Social, 2019). With 150 million internet users and the fourth-highest percentage of social media users

worldwide, Indonesia has the fourth-largest population and internet user base. With 80% of all Indonesian social media users using Instagram, it has the third-highest active user base (We Are Social, 2019). Social media marketing is important for a company in marketing to build awareness for a brand through social media. Social media marketing is one of the strategies for successful business to market our product used by businesses in order to be part of consumers (Elaydi, 2018). Erigo uses social media to market its products in various ways. Whether it's using TikTok, Instagram, and also through other media platforms. Erigo Implementing the social media marketing to their product in order to increase sales of their product.

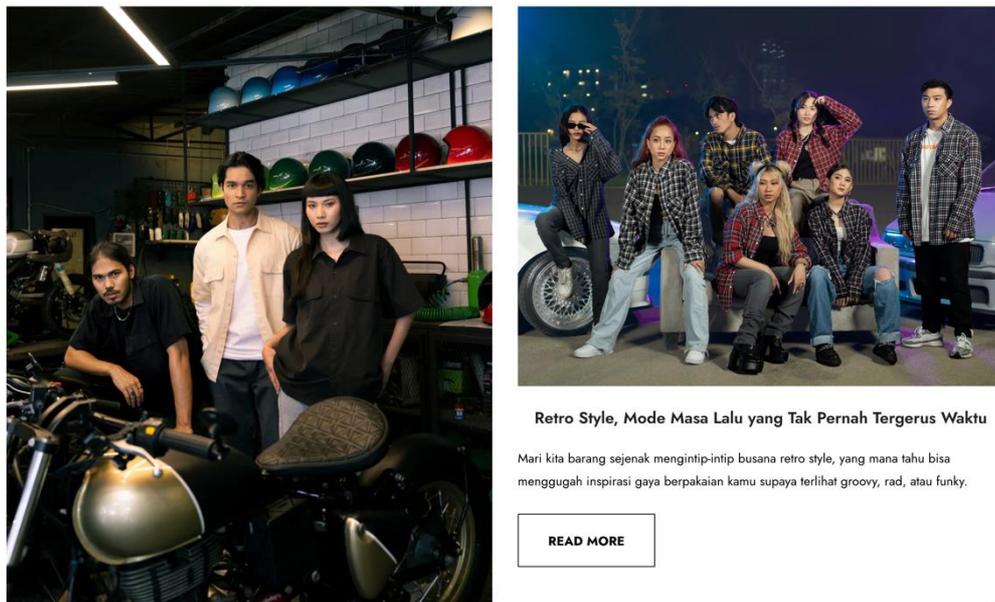


Figure 2.3 Erigo campaign on social media marketing

Source: Erigo website

Based on Erigo website, Erigo offers his products to the public with interesting campaigns such as releasing products with retro style themes and work shirts. the product is packaged perfectly by utilizing social media as a tools for market their products thereby increasing consumer purchasing decisions. And then

online customer reviews being the second choices based on survey data. *Online customer reviews* is an evaluation, consideration, result, and also a record of a product or service by customers who have purchased and use the feedback as a way to find out the customer experience in buying products through websites, e-commerce, and also shopping online (Aoi et al., 2018).

Erigo is growing rapidly till now because Erigo tend to evaluates the customer satisfaction through online customer reviews. The existence of *online customer reviews* as a medium that can increase consumer buying interest for Erigo brand which makes these consumers get information that is credible, expert, and also likeable. So it changes the positive impact on purchase intention to potential consumers.

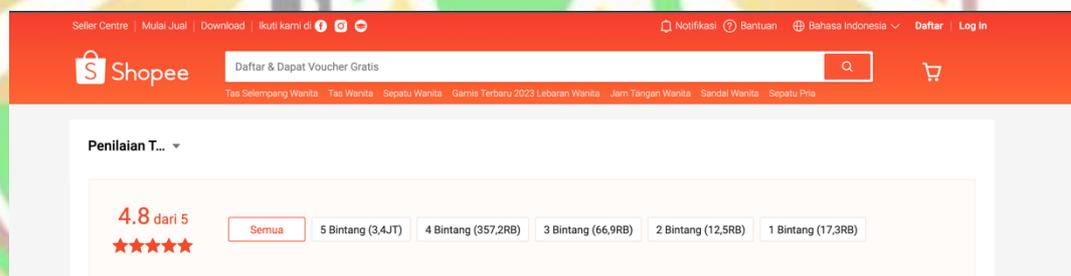


Figure 1.3 Online customer reviews on Erigo Products in Shopee

Source: Erigo product ratings and reviews on shopee

As we can see on the figure 1.3 lots of reviews were obtained from consumers or users of Erigo products, this also made Erigo the Best-Selling Brand for 3 years in a row. After that there is a brand ambassador that be the third choice of the respondents. According to Sadrabadi et al. (2018) In general, a *brand ambassador* is a brand representative who affirms a brand with its reputation . Brand ambassador

themselves are different from brand influencers and also brand endorsements, According to Sundermann and Raabe (2019), business collaborate purposefully with brand influencers to promote brands and products through the creation and distribution of EWOM on social media platforms where brand influencers have built significant reputations and large social networks while Celebrity endorsements are becoming an increasingly essential channel for conveying messages to people as the mass media evolves. The term "celebrity" refers to any individual with a high social reputation and public recognition (Belch & Belch, 2018), which includes actor, singers, artists, and so on, and mass media associates a celebrity endorser's image and reputation with the brand (Veen & Song, 2014). With social media, one characteristic that may be seen is people who have an impact on other users, often known as influencers or buzzers. Buzzers are often considered as the center of information dissemination (Kaplan & Haenlein, 2010). Here are the difference between brand ambassador with the other.

Smith et al. (2018) explain brand ambassadors establish relationships with brands/organizations and their considerations in representing and distributing the content of their products, Influencers are generally temporary and individuals from a company, while brand ambassadors have a more formal relationship and have a contract with the brand or company. The use of brand ambassadors have brought by a company to influence consumer purchasing decisions. Erigo doing promotions by making celebrity and public figure in Indonesia as *brand ambassadors* for their products through campaigns that attract the attention of consumers. Erigo has many

brand ambassadors such as Rafi Ahmad, Gading Marten, Luna Maya, Arief Muhammad, Anya Geraldine, Angga Yunanda, and other ambassador.



Figure 1. 2 Brand ambassador of Erigo products

Source : Erigo Instagram

Finally, the fourth choice of the respondents based on the mini survey is *quality of product*. Erigo also provide the best *quality of product*. Kotler & Keller (2016) defines product quality as a product that is in accordance with its function, which includes the overall achievement of product durability, reliability and correctness. According to Administrator (2022) Erigo always provides the best quality for all of their product including Erigo's t-shirts. The cotton material used to create the Erigo shirt will keep you comfortable all day. Erigo consistently focuses quality in all of its products. Erigo decided to place an advertisement in Time Square, New York, USA, as proof. Erigo's courage in his promotion shows that Erigo's quality, both in terms of materials and models, always put the best forward.

Thus, based on the results of the mini survey, these four variables can create a purchasing decision from the consumers themselves. *Purchase decisions* are behaviors where consumers determine a preference from several variations in buying products (Ihalauw et al., 2019). Erigo has been established since 2013 and can continue to develop into local products that already expand their markets to foreign countries. This evince that the Erigo brand can compete with other brands and also that Erigo has become the most preferred brand based on followers on Erigo's social media. This is one of the reasons what makes Erigo more popular and makes consumers interested in buying Erigo products. The researcher chose students of economics and business faculty of Andalas University since it is the faculty with the most students and also researchers come from same faculty. This is done to avoid errors and reduce errors in data collection. When this research is carried out online with Google form, it becomes more efficient and accurate. With the availability of a mini-survey and previous research from other researchers, this was also taken into consideration while determining the population for this research.

Based on that research background, the researchers are interested in doing further research with the title: **“The Influence of Social Media Marketing, Brand Ambassadors, Quality of Product and Online Customer Reviews on Purchase Decisions on Erigo Product (Study on students Economic and Business Faculty of Andalas University).”**

1.2.Problem Statement

The problem that can be formulated based on the description on the background are as follow:

1. How Social Media Marketing influence Purchase Decision on Erigo products ?
2. How Brand Ambassadors influence Purchase Decision on Erigo products?
3. How Quality of Product influence Purchase Decision on Erigo products?
4. How Online Customer Reviews influence Purchase Decision on Erigo products?

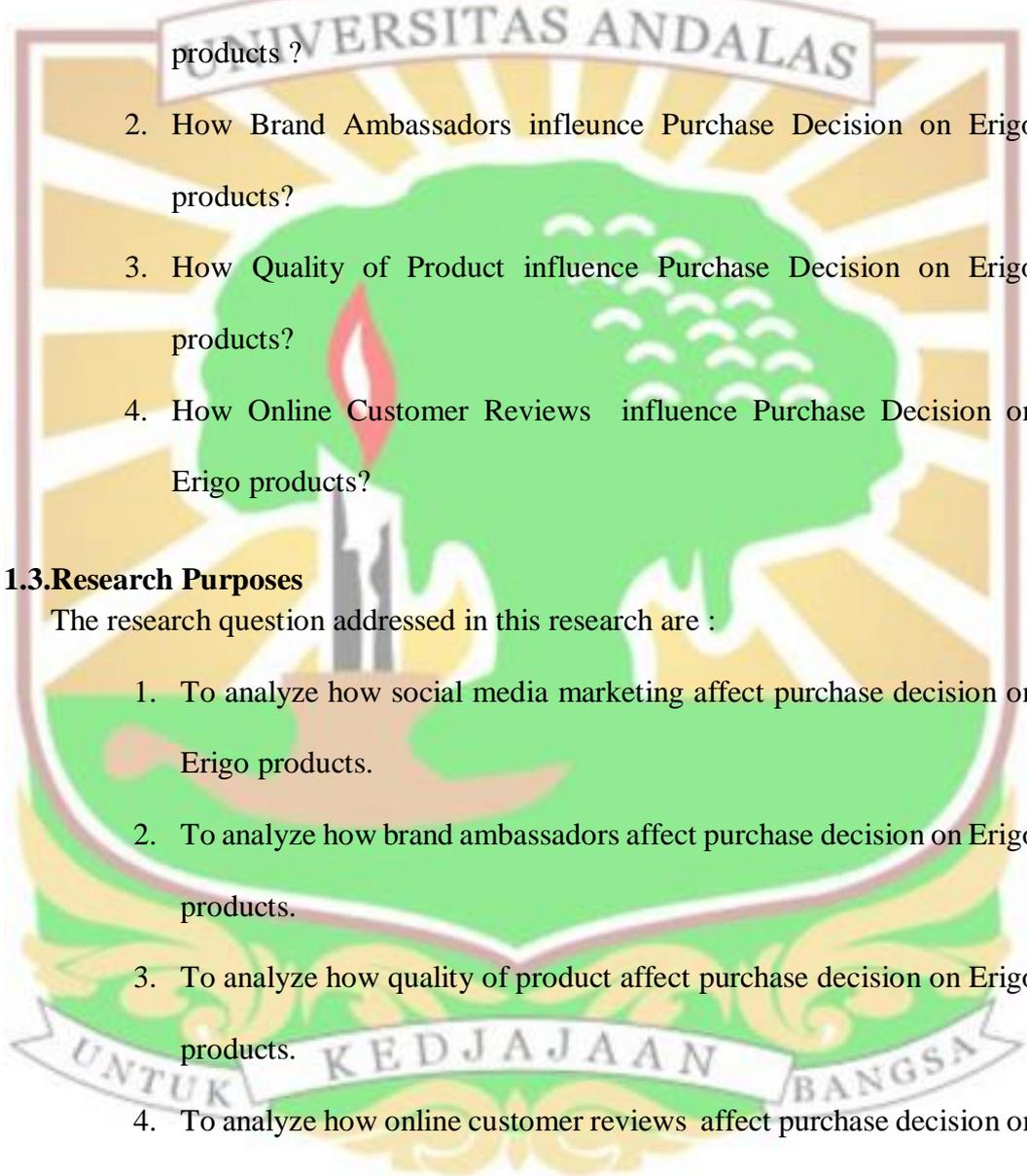
1.3.Research Purposes

The research question addressed in this research are :

1. To analyze how social media marketing affect purchase decision on Erigo products.
2. To analyze how brand ambassadors affect purchase decision on Erigo products.
3. To analyze how quality of product affect purchase decision on Erigo products.
4. To analyze how online customer reviews affect purchase decision on Erigo products.

1.4.Contributions of The Research

1. For Academic



This research is expected to add suggest and knowledge researcher of Erigo, especially the influence social media marketing as a tools or media to increase sales, awareness, and attract the people on purchase Erigo products. it can be a reviews from previous customer to determine people to make decision to purchase Erigo Products. As well as, can apply the theories that have been learned during college.

2. For Practical

As a reference to and also source information for the business to increase and also improve their evaluation through social media and quality product from previous customers in order to increase the number of buyer their product. With this research, it is intend that through conducting this research, other parties would be able to learn more about the subject.

1.5.Scope of Research

1. Theoretical Scope

Theoretical scope of this research will focus on social media marketing Erigo's especially on Instagram, brand ambassadors Erigo's, quality of Erigo products and also online reviews from previous customers on consumer purchase decision of Erigo product.

2. Practical Scope

The practical scope of this research will be focusing on students Faculty Economic and Business of Andalas University.