CHAPTER I

INTRODUCTION

1.1 Research Background

To meet the needs of consumers, nowadays there have been many fashion businesses with a variety of brands, especially footwear brand, ranging from international brands to local brands. The consumer market for international and local brands is currently changing due to developments in the globalization process (Sichtmann et al., 2019). Therefore, Global Consumer Culture (GCC) may change and increase in the future (Steenkamp, 2019). The changes and development of the GCC driven by many factors, one of which is the information technology-based digital media factor. It is undeniable that digital media is one of the components that dominate every activity of society. Development of the technology and internet usage has changed people's behavior in communicating in everyday life and even professionally (Çizmeci & Ercan, 2015; Brey, 2018; Lee & Cho, 2020).

Table 1.1 Percentage of Internet Use in Indonesia

Country	Year			
	2018	**2019**	**2020**	**2021**
Indonesia	66.22	73.75	78.18	82.07

Source: BPS Indonesia (2021)

In Indonesia, the technology and internet usage are increasing from year to year. Based on data from Indonesian Statistics Center, or known as BPS Indonesia (2021) in the table 1.1 above, the percentage of people accessing internet from 2018 to 2021 has increased significantly. This data is sorted by province in Indonesia. In this research, the researcher will focus more on the West Sumatra province,

especially Padang city. Therefore, data on internet usage in West Sumatra province can be seen as follows.
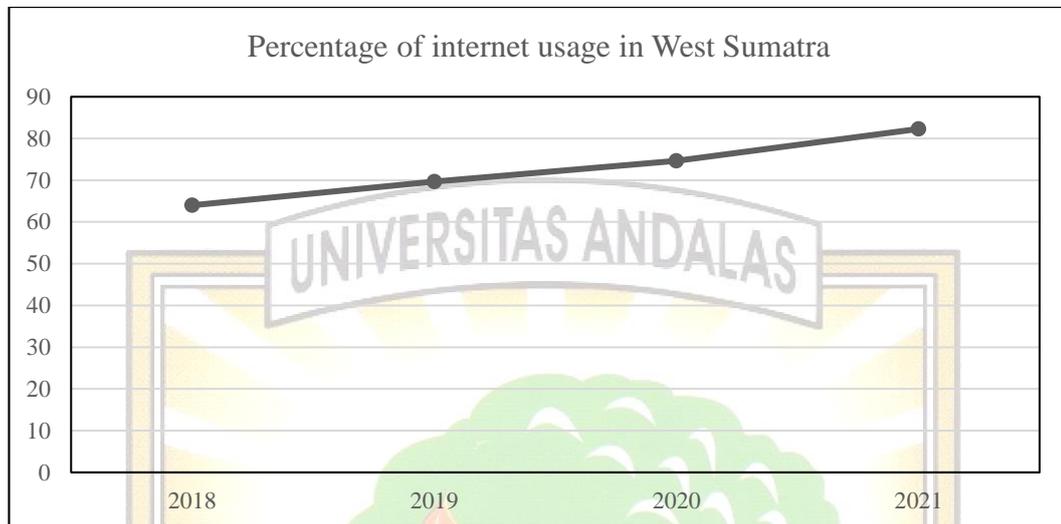
Source: BPS Indonesia (2021)

Figure 1.1 Growth Number of Internet Use in West Sumatra

Based on data from (BPS Indonesia, 2021) in the figure 1.1 below, West Sumatra province became 16th in 2018 as much as 64%, 20th in 2019 as many as 69.67%, 21st in 2020 as many as 74.62%, and 15th in 2021 as many as 82.29%. It can be seen that from 2018 to 2021, more than 50% West Sumatran people have been actively using internet access. The percentage of internet usage is also increasing every year.

Table 1.2 Percentage of Internet Use by Urban/Rural in West Sumatra

Districts/Cities	Year			
	2017	**2018**	**2019**	**2020**
Kepulauan Mentawai Regency	10.66	14.95	16.98	20.88
Pesisir Selatan Regency	19.81	27.86	30.80	36.03
Solok Regency	23.76	31.12	32.62	37.67
Sijunjung Regency	22.61	28.46	33.91	40.46
Tanah Datar Regency	26.57	35.54	36.12	43.45
Padang Pariaman Regency	21.30	30.42	34.35	39.87

Districts/Cities	Year			
	2017	**2018**	**2019**	**2020**
Agam Regency	31.75	36.16	40.99	48.74
Lima Puluh Kota Regency	21.54	26.70	34.79	36.22
Pasaman Regency	15.97	22.39	33.68	35.43
Solok Selatan Regency	23.52	30.02	33.06	41.07
Dharmasraya Regency	28.98	38.66	44.61	48.50
Pasaman Barat Regency	14.25	22.65	26.86	34.24
Padang City	49.50	56.18	60.52	63.61
Solok City	47.44	52.87	57.63	62.27
Sawahlunto City	34.11	40.72	49.38	55.30
Padang Panjang City	54.20	56.38	59.42	71.48
Bukittinggi City	56.08	59.35	69.27	73.84
Payakumbuh City	43.63	51.29	55.76	62.13
Pariaman City	43.19	45.58	49.83	62.29
West Sumatra Province	**29.63**	**36.49**	**41.15**	**46.35**

Source: BPS Provinsi Sumatera Barat (2020)

Based on data from the West Sumatra Province Statistics Center, or known as BPS Provinsi Sumatera Barat (2020) in the table 1.2 above, Padang city became the 2nd place in 2019 as much as 60.52% and the 3rd place in 2017, 2018, and 2020 as many as 49.50%, 56.38%, and 63.61%. To find out the purpose of the internet use by the West Sumatran people, the data can be seen as follows.

Table 1.3 Percentage of Purpose of Accessing Internet in West Sumatra

Province	Social Media	Purchase Goods/Services	Selling Goods/Services	Get Information About Goods/Services
West Sumatra	96.56	26.03	8.95	21.47

Source: BPS Indonesia (2021)

Based on data from BPS Indonesia (2021) in the table 1.3 above, can be concluded that as many as 96.56% of West Sumatran people, access the internet to access social media. As many as 26.03% of West Sumatran people access the internet to buy goods/services. As many as 21.47% of West Sumatra people access

the internet to get information about the goods/services. Followed by as much as 8.95% of West Sumatran people, access the internet to sell goods/services.

Based on the data in table 1.3 above, it can be seen that the percentage of internet usage in West Sumatra province with the purpose of accessing social media is quite high. Indonesia is now the third-largest social media user in Southeast Asia, behind China and India (Statista, 2022). In Indonesia, an estimated 106 million peoples (40 percent of the total population) are active social media users (Kemp, 2017). Facebook, Instagram, and Twitter are the most actively used social media by Indonesian people (Kemp, 2017). Indonesian people are also recorded as the largest Instagram market in Asia Pacific and one of the countries with the most active Instagram users in the world, reaching 45 million active users in 2017, an increase of more than 100 percent from the previous year (Yosephine, 2017). In addition to entertainment, Indonesian people use social media to get information about a product. Indonesian people consider social media as a convenient place to interact with brands and develop engagement with their favorite brands. This high percentage of internet usage for social media can be used to increase the low percentage of internet usage to sell goods/services.

Global phenomena such as digitalization today can affect how business owners develop their products and brands, especially business owners operating in a modern digital environment (Kopalle et al., 2020). Business owners, especially local footwear brand, must be able to take advantage of digitalization as a means to introduce and present their products and brands so that consumers can know and notice to their products and brands. In addition to being able to take advantage of

digitalization, local footwear brand business owners are expected to be able to adapt by using digital media and paying attention to all the possibilities that will occur. According to Sari et al., (2014), in today's business environment, with more and more new entrants trying to dominate the market, business owners must be able to take advantage of available resources by making the latest innovations in order to compete and maintain their business existence against market trends that can change rapidly.

An innovation that local footwear brand business owners can do is to pay attention to the marketing strategies they will use to maximize wider market coverage for their products and brands, because marketing is one of the key and important aspects for a business. Referring to the previous data, the high percentage of social media usage in Indonesia, especially in West Sumatra province, can be used as one of the newest marketing strategies for local footwear brand business owners by using social media as a marketing media. This can be proven by the number of footwear brands that have reached the international market, for example Adidas, Nike, and Converse. We can easily meet these brands in various social media. This also proves that choosing social media as a marketing media can help business owners to convey the value of their products, introduce brand activities, communicate with consumers, build relationships with partners, analyze the development of market needs, and several other marketing activities.

To be able to compete with another international footwear brands, in Indonesia itself has spread and developed many local footwear brands with a variety of products offered with different characteristics, one of them is Sepatu Compass.

According to Aulia (2022), there are 10 local brands with the best footwear products. Some of these brands are NAH Project, Sepatu Compass, Geoff Max Footwear, Saint Barkley, Thanksinsomnia, Piero, Wakai, Brodo, Imperior Footwear, and Kodachi. Sepatu Compass is a local footwear brand established in 1998 in Bandung, Indonesia. Sepatu compass is characterized by their logo which is inspired by Gazelle, an animal known for its swiftness and agility. One of the uniqueness of Sepatu Compass is their marketing strategy, which relies on social media and only sells their products on one online store, Tokopedia.

Table 1.4 Sales of Sepatu Compass on Tokopedia

No	Product	Sold Amount
1	Compass Gazelle Low Black White	10,000
2	Compass Retrograde Low Black White	10,000
3	Compass Gazelle Low Cream	10,000
4	Compass Retrograde Low Cream	9,000
5	Compass Gazelle Hi Black White	9,000
Total		**48,000**

Source: Tokopedia (2023)

According to Tokopedia (2023), as can be seen from the table 1.4 above, approximately 48,000 pairs of products from Sepatu Compass have been sold at Tokopedia. The products above are the top 5 best-selling product on Sepatu Compass online store. It can be concluded that online stores can help a brand to sell their products. In terms of consumers, they can also easily buy the products they want through online stores.

Referring to the data above, the researcher conducted this research to find out how much influence of social media marketing on brand equity and consumer behavior toward buying Sepatu Compass products at Sepatu Compass online store

in the Padang city. The researcher will also identify problems that occur in the social media marketing of Sepatu Compass online store to find effective, creative, and innovative marketing strategies with a wide variety of indicators so that the researcher can find out how significant is the influence of the marketing strategies used to help Sepatu Compass in knowing their brand equity and consumer behavior in an effort to improve and maximize competitiveness against existing competitors.

1.2 Problem Statement

1. How social media marketing influence consumer behavior of Sepatu Compass online store?

2. How social media marketing influence brand equity of Sepatu Compass online store?

3. How brand equity influence consumer behavior of Sepatu Compass online store?

4. How brand equity provides mediating influence between the relationship of social media marketing and consumer behavior of Sepatu Compass online store?

1.3 Research Objective

1. To analyze the influence of social media on consumer behavior of Sepatu Compass online store.

2. To analyze the influence of social media on brand equity of Sepatu Compass online store.

3. To analyze the influence of brand equity on consumer behavior of Sepatu Compass online store.

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4. To analyze the mediating influence of brand equity between the relationship of social media marketing and consumer behavior of Sepatu Compass online store.

1.4 Research Contribution

1. For Researcher

This research aims to increase the knowledge and insight of the researcher about marketing aspects that will influence the activities of a brand and consumer behavior on a brand, especially local brands that are developing their business.

2. For Sepatu Compass

This research aims to assist Sepatu Compass in analyzing, improving, and providing suggestions for the right marketing strategy for them, as well as problems/deficiencies that arise in the marketing strategy used to increase the productivity level of Sepatu Compass.
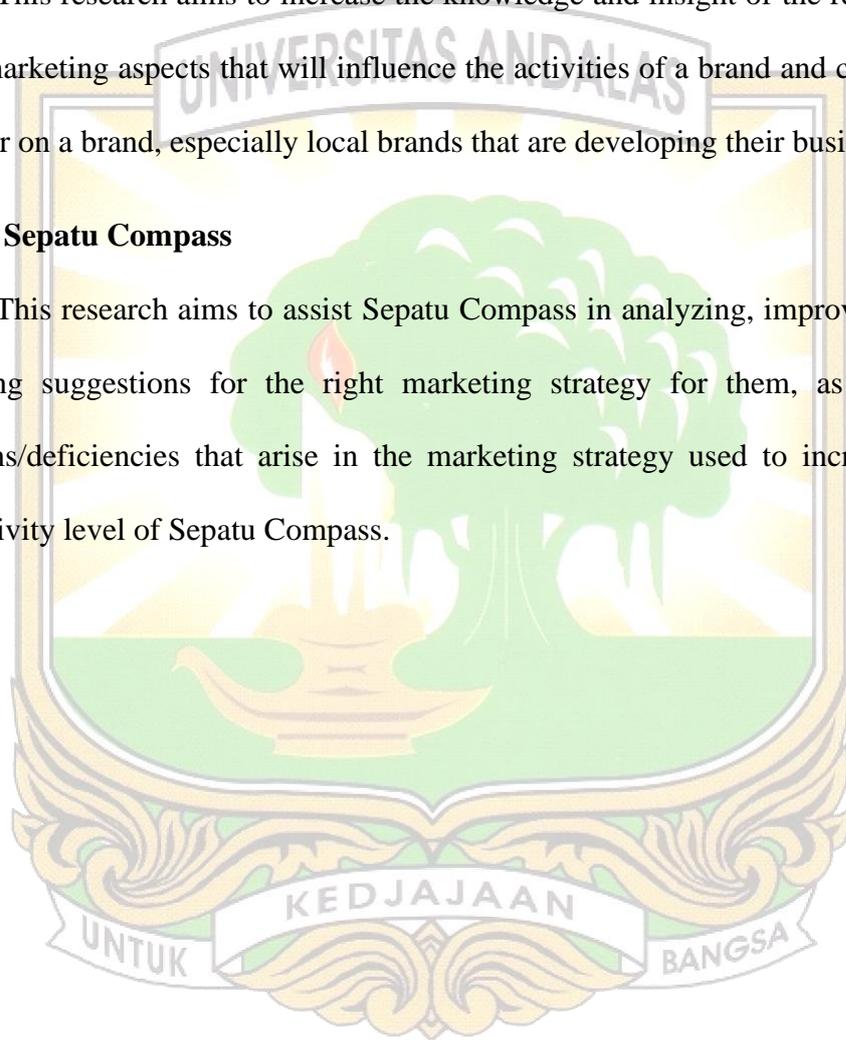
3. For Academics

This research can be used to apply the knowledge that has been obtained in assessing some of the problems that occur directly and will be used as a further reference in increasing knowledge related to the development of business marketing management productivity in the future.

4. For Other Parties

This research can be used to apply the knowledge that has been obtained in assessing the success factors of a business in its development and competitiveness in the modern business world which prioritizes several aspects.

1.5 Research Scope

This research will focus on discussing the development of local business brand marketing, which in this research, the object is Sepatu Compass to be effective, creative, and innovative in exploring their business performance to improving marketing productivity, maintaining brand quality, and identifying consumer behavior.

1.6 Research Outline

CHAPTER I: Introduction

This chapter contains an overview of the issues to be discussed. This introduction consists of research background, problem statement, research objective, research contribution, research scope, and thesis systematics.

CHAPTER II: Literature Review

This chapter provides a conceptual and systematic overview of the variables, as well as hypotheses that support each variable utilized for analysis and the framework for formulating research questions.

CHAPTER III: Research Method

This chapter describes the research methods and systematic data collection to be analyzed based on the research objectives and predetermined hypotheses.

CHAPTER IV: Data Analysis and Discussion

This chapter discusses analysis of the data obtained and discussion of the results of data processing. The data obtained will be processed, then the results of the data processing will be summarized.

CHAPTER V: Closing

This chapter summarizes the conclusions, implications, limitations, and recommendations from the results obtained in this research. Limitations and recommendations from this research can be used as a reference or comparison for further research.