

CHAPTER 1

INTRODUCTION

1.1 Research Background

Running a business nowadays is not like in the past. The over-populated earth has insisted on the presence of many players in the today's room of business competition. Be build upon the data of economic census held every 10 year by Indonesia's authority, there is significant increment on the total amount of business in past 2 period of census. Proceeds of economic census in 2006 shows the total amount of 22.7 million whilst latest 2016 census shows the total amount as much as 26.7 million. (Bureau of Statistics 2016 cited on CNNIndonesia 2016). Those four million escalation of total amount is interpret as the growing amount of business is not merely happen globally. In accordance with the trend in economic census, former Indonesia's Ministry of Labor M. Hanif revealed that the ratio of business to the population is take place at 3.1 percent in 2016 had risen into 3.4 percent on the 2017. (Republika, 2017). Such competitively crowded environment give particular problems and challenges to the essence of a business. An activity to be recognized as business has to provide certain product or services to the established consumers and generate profit out of it as the essence.

Within the aid of vast technological advancement in various industry, there is easiness in providing the need and wants of established consumers, but those consumers also exposed to the offerings from many other different vendor for a

single similar product. Furthermore, conceiving and communicating an appealing program of the offerings to the established consumers become vital concern to all businessmen in purpose of producing more favorable product or services to their established consumers rather than competitor. Madura (2007) mentioned that the options commonly undertake in making product or services favorable to the consumers is innovating the product or services into far more better than competitor and make sure consumers understand it or degrading the price charged as low as possible to eliminate the competition. Though the options is not only limited to those two choices, still businessmen need to find out the perfectly fitted offerings in case of making product or services favorable.

In most cases, to be able to perform certain tasks with desired result one must had enough knowledge about mentioned tasks in which no difference for creating effective product or services offerings. Hence, studying the behavior of established consumer is safe to be considered as fundamental initial step of creating effective offerings. The study which in turn expected to answer the reasons of why they purchase, how they would like to purchase, what they want out of the purchase, why they re-arranged the purchase, and why they stop purchasing and begin to switch to another vendor. Finally, it allowed businessman to tailor the offerings in most effective and appealing kind of ways after answering the questions of consumer behavior.

Consumer behavior comprises the thinking and sensing experienced by consumer and the actual actions they undertake in consumption means. Also, it includes all things in the environment that have impact on these thinking, sensing, and actual actions. These cover things such as product physical looks, price information, advertisements, packaging, and testimony from other consumer. (Peter & Olson, 2005). Consumer behavior require interactional relation to each of consumers thoughts, sensing, actions, and environment. These interactions later emerging exchanges either from consumer to the businessmen or from consumer to another consumers. And since it involves consumer thoughts, feelings, actions, and environment which change continually then the nature of consumer behavior is dynamic-natured. Thus kind of nature challenged businessmen to analyze consumer interactions in not only one time study manner but in continuously adaptive study so that it draw the effectively fitted form of offerings every time.

One of these day expectancy of studying behavior of established consumer is to achieve awareness of what and why they like and dislike the product or services offered by businessmen in regard of consumption means. Businessmen urged to know what lies behind information processing within the mind of their established consumer that resulting in product or services evaluation. The effort that consumer undertake to evaluate product or services along with its environment is familiarly identified as attitude. Hawkins and Mothersbaugh (2013) defined attitude as the arrangement of perception, motivation, emotion, and cognition means toward

various aspects in our surroundings which come about timelessly. Attitude is something that learned before by the consumer which then used to make a respond with respect to all offerings of product or services in a invariably like or dislike manner. By having rich understanding of established consumers attitude, businessmen might tailor the offerings of their product or services to generate positive evaluation or positive attitudes. These attempts is expected to affect their consumption behavior so that would resulting in significantly intensifies of purchase.

Most of the time, consumers perceived as reasonably rational and have high tendencies toward maximization of own utilizations is the paradigm set by businessmen in term of tailoring products and services offerings they try to convey, wishing that later it would generate positive attitude. That default paradigm is theoretically explained by classical or utilitarian economics which placed rational economic actor at the outset. The economic actors is all consumers whose aware of their needs and wants which later pursue it in regard of resources available in hand. Then, those actors is theoretically known to behaving rationally eventhough in reality it can not totally considered so due to nonrational elements such as sentiments. (Hoge, 1995).

Nevertheless, there is a distinctive phenomenon in the realm of marketing in which the offerings is not only informed as the procurement of particular product or services is merely aimed to maximized the established consumers needs & wants

better than competitor, but also capable of contributing to the welfare of society. The loosely kind example of such phenomenon is that consumers seems attracted to all kind of offerings that proclaimed to bundling the price charged with some percent of donation targeted to the less fortunate member of society in welfare means.

Those behavior of benefiting others while simultaneously satisfying own needs and wants, seemingly quite oppose to the default paradigm set by businessmen in general, arising necessity to further study the consumers of Dayamart. Dayamart is a retail store sells variety assortments of daily goods except for cigarettes and alcoholic drinking. Before spreading accros nation, Dayamart was initially established in Padang on 19th November 2016 as the pilot project which it success gives exemplification for the development of dayamart in other part of Indonesia. The concept of dayamart was proposed by Musfi Yendra and the name of Dayamart was chosen because in bahasa Daya means power, so that he expected the establishment of dayamart would bring empowerment to the less fortunate member of society in welfare means for the fulfillment of their financial independencies. To this date they had 6 branches in Padang, Indonesia. Dayamart claimed to give some percent of their sales to the needy by putting an banner informing this in the upper back of their cashier area. They did that in all of their branches so that consumer will know that their procurement would help other person somewhere. Furthermore, they also create their own tagline as “ Belanja

sambil berbagi “ which simply means sharing or giving while shopping. Moreover, dayamart also providing aid to uplift the micro industry exist around their location by giving supply of cheaper product and being platform to market the product of home industry limited up to 20 members registered. Later, all endowment collected by Dayamart will be distributed in collaboration with Dompot Dhuafa, one of well-known institutions of almsgiving in Indonesia. In the store they also put the logo of Dompot Dhuafa along with their very own logo.

Batson (2011) defined the motivational state that has benefiting one's own welfare as principal goal to be classified into egoism. In contrary, when principal goal is positioned to uplift other people's welfare then the motivational state is classified into altruism. As both conceptualization shares a principal goal, specificity of principal goal to uplift someone's welfare, and a motivational state in common, hence, the defining point that differentiated egoism and altruism lies in the person to be benefited, either one's own or another person.

Previously mentioned distinctive phenomenon might point out altruism as the cause since at the time consumer determine attitudes over the offerings exposed to them toward slightly similar products or services from different vendor, they know exactly whose welfare is benefited as they decided to choose products or services from one vendor with society's welfare concern rather than whose not.

As consumers choose offerings from the vendors that also concern with society's welfare, it implies that consumers as individuals help other individuals circumstantially. Ranganathan and Henley, (2008) explained that the behavior of humans helping each other, especially those in need, has been emphasized in the teachings of all world major religions such as Christianity, Buddhism, Islam, and Hinduism. Consequently, consumers who hold faithful beliefs in religion have a high inclination to be engaged by vendors with society's welfare concerns.

Another study by Ryckman et al (2004) shows that even among religious individuals there's a difference in the depth of belief; those who are deeply religious are more likely to be concerned about others' welfare, act charitably, and be extremely caring to another person. Moreover, consumers might differ in terms of how they live out their religious beliefs. Consumers who frequently attend to their place of worship would have a particular depth of belief in religion that causes them to help others faithfully, and vice versa. The relationship between attendance and the act of helping others is closely linked and should be noticed as religious commitment rather than discrete behavior. (Hoge, 1995).

Understanding the influence of a consumer's religiosity on their belief toward the act of helping others' welfare through purchase preferences is possible to be considered as a global issue since two-thirds of the world's population holds some form of religious belief. (Ranganathan & Henley, 2008). The World Giving Index is a global

figure had placed South East Asia region, where most of its population hold Islamic believe lived, to be ranked fourth in the 2010, which obviously proved that muslim societies is pretty much concern with other's welfare. (Kasri, 2013).

As well as other major world religion, Islamic teachings involves whole dimensions of muslim's life, which also provides guideline in the relation among people as individual and as communal. For that reason, muslims is bounded by shari'ah in nature that make them unable to separate their behavior between religious and secular dimensions. Hence, there is exceptional character in the economic behavior of muslim since Islamic teachings also regulates transactions. (Ghaffar, 2010).

Actually, Islamic teachings is heavily in compliance with altruistic motivations. Islam teach muslims to concern with other's welfare and help them whom unfortunate through sadaqah (charity or donation in general). Qur'an had been clearly mentioned, "And in their wealth, there was a share for the beggar and the deprived" (Qur'an 51:19, translated by Itani, 2012). Prophet Muhammad (Peace Be Upon Him) as the prime role model for muslims also emphasize that "[...] sadaqah is taken from the rich among them and rendered to the poor among them". (Salih, 1999). In summation, Ghaffar (2010) mentioned that Indonesia is the world's largest muslim country, hence, such underlying fact above had causing the need for further investigations, especially for muslim in Indonesia.

Such intriguing yet apparently irrational behavior of consumer is unintentionally suggest that consumer behavior is not finished to be explored to a larger extent. There's still a lot more room for improvement in studying the behavior of consumers to make sure the offerings tailored by businessmen is appealingly in point and the study of this phenomenon might be the one. All the reasons and issues exposed above has emerging the urgency of producing further research entitled **“The Influence of Altruism towards Brand Attitude Moderated by Religiosity”**.

1.2 Problem Statement

Brand attitude delineate the degree to which favorable view of a brand is adopted by the established consumers. Consumers are more likely to identify with a a brand, if they have already adopted a favorable view towards it. If established consumers have a favorable view towards one brand and a not so favorable view toward competing brands, these will affect their intention to purchase the brand. Even accumulating positive brand attitude that worked over time will presumably maintain the relations between consumers to the brand.(Augusto & Torres, 2018).

The researcher had profound believes that the existence of altruism as a consumers motivation with its various proportion for every person is allegedly affecting the generation of favorable brand attitude, in this case is retail brand. In addition, the various proportion of altruism in every person is also under

consideration by placing religiosity as a moderating factor to the relationship of altruism toward brand attitude

Therefore, the researcher hypothesizes 3 research questions to analyze this phenomenon:

1. How does altruism will influence the generation of favorable brand attitude of Dayamart in Padang, Indonesia ?
2. How does religiosity will influence the generation of favorable brand attitude of Dayamart in Padang, Indonesia ?
3. How does religiosity will moderate the relation among altruism and favorable brand attitude of Dayamart in Padang, Indonesia ?

1.3 Research Objectives

- To study and analyze the effect of altruism towards the generation of favorable brand attitude of Dayamart in Padang, Indonesia.
- To analyze the effect of religiosity towards the generation of favorable brand attitude of Dayamart in Padang, Indonesia.
- To analyze the effect of religiosity towards the relationship among altruism and the generation of favorable brand attitude of Dayamart in Padang, Indonesia.

1.4 Significant of Study

This research is expected to present significant contribution to:

1. Researcher

This research could be reference for subsequent researcher and could be an information on the advanced knowledge in the future. This research is also used by researcher to accomplish thesis for final assignment of graduation.

2. Privates Firm

The result of this research hopefully would help to evaluate the branding strategies that the company implemented. The company can find out if their branding strategies had successfully affect their established consumers or not.

3. For Literature and Next Study

It is could be used to train and develop other references and add some insight and knowledge related to altruism, religiosity, and brand attitude.

4. Practice

The result of this research can make the company realize in what degree of favorability their brand are. The suggestion of this result can be the measurement of the company performance on branding strategies.

1.5 Research Scope

Upon doing this research, there are some limitation that should be taken into a consideration in terms of variable and object of the research. The researcher limits the research context by focusing on customers of Dayamart in Padang, Indonesia.

1.6 Research Outlines

To help to analyze the problem stated above, it is very important to organize and divide this research study into five chapter as follow:

CHAPTER I. Contains about background of the research, problem statement, objectives, contribution of research, research scope and research outlines

CHAPTER II. This chapter contains the literature, theory, last research related with this research. This chapter also contains the literature that evaluate the variables of this research, which are brand attitude, altruism, and religiosity. This chapter also contains the theoretical framework of this research.

CHAPTER III. This chapter contains the explanation about research method which are research design, population, and source of sample, type of data and variable measurement, research variables, operational definition, data analysis, test of instrumental, and hypothesis testing.

CHAPTER IV. This chapter contains the explanation about result and consists of characteristic of respondent, descriptive analysis, test of instruments, regression analysis and discussions.

CHAPTER V. This chapter explains about conclusion of research, implication, limitation and recommendation further research.

