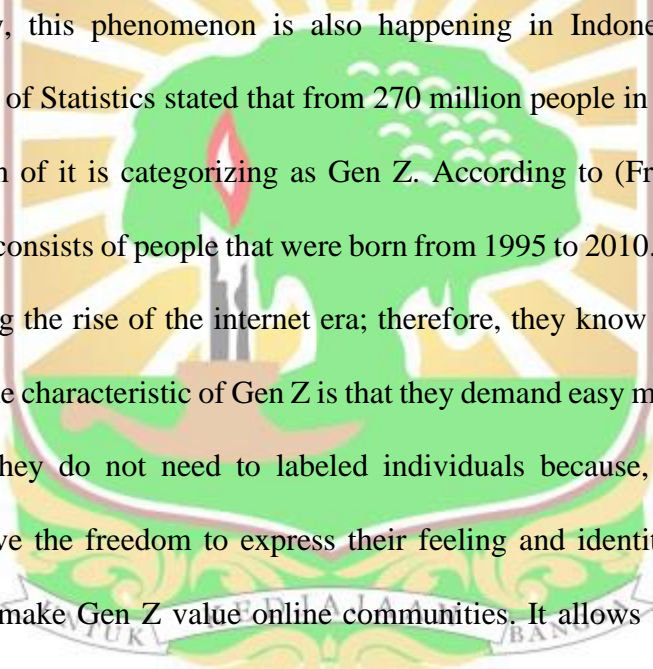


CHAPTER 1

INTRODUCTION

1.1 Background of the Research

Internet is one of the most important things nowadays, and it seems almost impossible for people to live without the internet these days. This phenomenon can occur presumably because of the domination of Gen Z.

The image shows a large, semi-transparent watermark of the Universitas Andalas logo. The logo is circular and features a green tree in the center, a red flame-like shape above it, and a yellow sunburst background. The text 'UNIVERSITAS ANDALAS' is written across the top of the logo, and 'BANKU' and 'BAN' are visible at the bottom. The watermark is centered behind the text of the second paragraph.

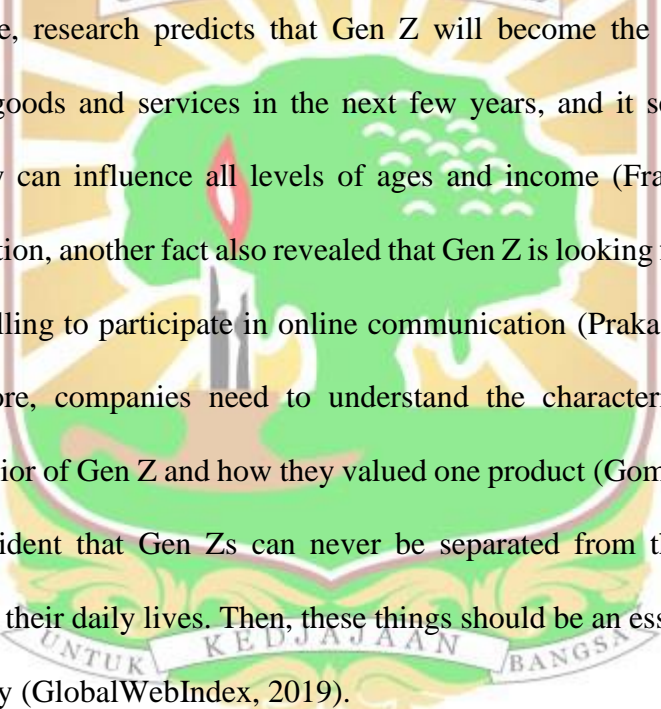
Specifically, this phenomenon is also happening in Indonesia. Indonesia's Central Bureau of Statistics stated that from 270 million people in Indonesia, more than 75 Million of it is categorizing as Gen Z. According to (Francis & Hoefel, 2018a), Gen Z consists of people that were born from 1995 to 2010. This generation was born during the rise of the internet era; therefore, they know as digital native generations. The characteristic of Gen Z is that they demand easy mobility, and they believed that they do not need to labeled individuals because, for Gen Z, it's essential to have the freedom to express their feeling and identity. Hence, these characteristics make Gen Z value online communities. It allows them to connect with people of different backgrounds while also supporting their demands for ease of mobility because they can do almost anything via the internet (Francis & Hoefel, 2018b). Therefore, no wonder social media and internet users are experiencing rapid growth.

Based on the report that has been released by (We Are Social & Hootsuite, 2020), more than half of the world's population is categorizing as internet users, and

49% of the global population is indicating as an active user of social media. Specifically for Gen Z, they spend 7 hours of their lives using and connecting through the internet. Besides that, when it comes to the device, they tend to choose mobile instead of PC / Laptop. Generation Z's high time on the internet is because they tend to use social media to connect with people, visit search engines, search for information related to the product they want to buy, and even manage to make an online purchasing (GlobalWebIndex, 2019). The same condition is also happening in Indonesia. Data shows that 64% of the population in Indonesia uses the internet, where the average daily time spent using the internet is almost 8 hours. People with the age range from 18 – 34 years old dominated the internet and social media users. In the context of social media, Indonesian people tend to spend their time around 3 hours on social media, and 95% of the internet user is actively engaging with social media in the past month (We Are Social & Hootsuite, 2020).

Due to the high number of users and the Gen Z population, it seems crucial for companies, specifically marketers, to know how they perceive a brand and their purchase behavior. Research has confirmed that Gen Z is the generation that will educate themselves about the brand they want to buy (Francis & Hoefel, 2018b), therefore at some point, it also makes them not focused on the label or brand. Instead, they tend to focus on the quality of the product and the benefit if they make a purchase. An advantage such as discounts, gifts, or other financial rewards will be so much appealing for Gen Z (GlobalWebIndex, 2019). In Indonesia, Gen Z tends to seek diverse experiences when they want to buy a product or even only when they want to look for some information about the product. Those diverse

experiences can be in the form of live streaming experiences to inform about the product, or it also can be some review about the product (Hinduan et al., 2020). Another research from (McKinsey & Company et al., 2020) shows that 26% of Gen Z populations in Indonesia love so many brands and tend to follow the trends. But Still, actually, they are not frequently making a purchase, and 24% of Gen Z populations in Indonesia tend to compare one brand with another, mostly in online communities. Then, if they want to, they can make a purchase as fast as they can.



Furthermore, research predicts that Gen Z will become the most dominant consumer for goods and services in the next few years, and it seems there is a possibility they can influence all levels of ages and income (Francis & Hoefel, 2018a). In addition, another fact also revealed that Gen Z is looking for good quality content and willing to participate in online communication (Prakashyadav & Rai, 2017). Therefore, companies need to understand the characteristic, priorities, purchase behavior of Gen Z and how they valued one product (Gomez et al., 2019). It has been evident that Gen Zs can never be separated from the internet and smartphones in their daily lives. Then, these things should be an essential highlight for the company (GlobalWebIndex, 2019).

Social media can be one of the platforms that companies use to connect with their customer or even offer information about their product to its customer (Appel et al., 2020). Companies or marketers can do several ways in utilizing their social media account, such as creating good quality content or creating an environment that can generate customer engagement. This implementation can be in the form of increasing customer brand awareness or attracting purchase intention. In the social

media context, the company can boost customer brand awareness by creating good quality content (Poulis et al., 2019). Besides that, shaping brand awareness through content has proved to have a good impact on purchase intention, where even at some point, it can also drive a customer to make an actual purchase (Al-Qudah, 2020).

Furthermore, besides creating good quality content, the company also utilizes its customer engagement. On the other hand, the company can also make such a good environment in their social media account to generate more customer engagement. Because focusing on customer engagement, will helps the company to increase customer purchase intention (Dabbous & Barakat, 2020a).

The company can choose several social media as their marketing channel, such as Facebook, LinkedIn, Instagram, Twitter, etc. (Schreiner et al., 2019). Furthermore, the researcher will explore the utilization of Instagram as a marketing channel in this research. The reason for choosing Instagram is that, based on a survey conducted by (We Are Social & Hootsuite, 2020), Instagram is one of the top five social media that most internet users use, where there is 79% of the internet user in Indonesia use Instagram. The fact that Facebook bought Instagram can give the Instagram apps an advantage as it has more users and more exposure. Due to the large number of Instagram users, especially in Indonesia, this also means that Instagram has extensive exposure. Companies can use these circumstances to utilize their Instagram account as a marketing channel and as a platform to interact with customers or even potential customers (Roncha & Radclyffe-Thomas, 2016).

One of the business accounts that dominated Instagram is the fashion industry. Instagram shows to influence female purchase intention in the fashion industry; according to them, Instagram is a good platform for fashion inspiration (Djafarova & Bowes, 2021). The survey also shows that fashion and beauty are the number one category where most customers are willing to spend their money on it, and 32% of Internet users find certain brands from recommendations or comment on social media. They also find brands or products from their websites (We Are Social & Hootsuite, 2020). Then, it also takes the researcher's interest to choose the fashion industry as one of the objects on this research. Several clothing brands exist in Indonesia; one of them is *Thenblank*.

Thenblank is a local clothing brand from Indonesia that already exists since 2012, and their target market is young women (including gen Z). *Thenblank* focuses on produce clothing for daily wear with minimalist design and will be suitable for casual, semi-formal, and even formal occasions. *Thenblank* uses Instagram as one of their marketing channels, where they already have 668,000 followers and 735 posts on Instagram by February 10th 2020. We can assume that many people are starting to know *Thenblank* as a local clothing brand through the large amounts of followers on Instagram. *Thenblank* seems suitable to become the object of this research because *Thenblank* is actively (one until three posts a day) upload content about their product or even offer tips and tricks regarding fashion mix & match clothes on their Instagram account. Besides that, the customer engagement on *Thenblank's* Instagram account is quite good. *Thenblank* can generate more than 2,000 views for video content in 1 hour. In February, *Thenblank* can reach a

maximum of 7,000 likes for one photo content and 20,000 views for one video content. For the sales itself, an article from (Andriani, 2020) mentioned that even in a pandemic situation, *Thenblank* could sell 8,000 items each month.

Therefore, based on the background that we have been discussed and based on the current phenomenon that happens today, the researcher is interested in conducting further research on customer brand awareness, customer engagement, content marketing, and purchase intention of *Thenblank*. For that, on this research, the authors take the title: "**The Impact of Brand Awareness, Content Marketing and Customer Engagement toward Female Gen Z's Purchase Intentions on Instagram (study case: *Thenblank*).**"

1.2 Problem Statement

1. How does content marketing and customer engagement on Instagram affect customer purchase intentions from *Thenblank* in Indonesia?
2. How do content marketing and customer engagement on Instagram affect the brand awareness of *Thenblank's* in Indonesia?
3. How does content marketing on Instagram affect customer purchase intentions from *Thenblank* in Indonesia mediated by brand awareness?
4. How does customer engagement on Instagram affect customer purchase intentions from *Thenblank* in Indonesia mediated by brand awareness?
5. How does brand awareness affect customer purchase intentions from *Thenblank* in Indonesia?

1.3 Objective of the Research

1. To examine the impact of content marketing and customer engagement on Instagram toward customer purchase intention from *Thenblank* in Indonesia.
2. To examine the impact of content marketing and customer engagement on Instagram toward brand awareness of *Thenblank* in Indonesia.
3. To examine the impact of content marketing on Instagram toward purchase intention from *Thenblank* in Indonesia mediated by brand awareness.
4. To examine the impact of customer engagement on Instagram toward purchase intention from *Thenblank* in Indonesia mediated by brand awareness.
5. To examine the impact of brand awareness toward customer purchase intentions from *Thenblank* in Indonesia.

1.4 Contributions of the Research


For the Academic:

1. The result of this research can increase further understanding about how customer brand awareness can influence customer purchase intention toward a product.
2. The result of this research can increase further understanding about how content marketing and customer engagement on Instagram can influence brand awareness of a product.



3. The result of this research can increase further understanding about how content marketing and customer engagement on Instagram can influence customer purchase intention toward a product.
4. For the purpose of knowledge development, this research can be used as a reference for future research.

For the brand:

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1. The result of this research can be an insight for the brand, whether Instagram can be used as a marketing channel, primarily through customer engagement and content marketing.
 2. The result of this research can be an insight for the brand, whether Instagram can be used as a platform to increase customer's brand awareness through the use of content marketing and customer engagement.
 3. The result of this research can be an insight for the brand about factors that can influence purchase intentions, especially in the field of customer brand awareness, customer engagement on Instagram, and content marketing on Instagram.

1.5 Scope of the Research

The researcher will minimize the scope of this research due to the accuracy and precision of the result, where the researcher will take the small portion of female Gen Z born from 1995 to 2002 that live in Indonesia. The scope of this research is the effectiveness of customer brand awareness and utilization of Instagram as a

marketing channel, primarily through content marketing and customer engagement on customer purchase intention in Indonesia toward one of Indonesia's clothing brands which is *Thenblank*.

1.6 Outline of the Research

Chapter I: Introduction

The first chapter of this research will mention and explain the background of the research, problem statement, objective of the research, contribution of the research, scope of the research, and will be closed with the outline of the research.

Chapter II: Literature Review

The second chapter of this research will explain all theories that are related to the research. Theories' explanation will be consist of the definition of brand awareness, content marketing, and customer engagement, especially on Instagram, and the last is purchase intention. Besides that, this chapter will provide a review of the previous study, hypothesis development, and theoretical framework that will become a guideline in the data processing.

Chapter III: Research Method

The third chapter will explain the research design, instrument used in quantitative, population and sample, data collection technique, variables and measurement, and the data analysis method used to prove the hypothesis.

Chapter IV: Result and Discussion

The fourth chapter will mention the result and analysis of the research, the respondent description, and the last is descriptive analysis.

Chapter V: Conclusion and Suggestion

The fifty chapter consists of the research conclusion, the implication of the research, the limitation of the study, and suggestions.

