

CHAPTER 1

INTRODUCTION

1.1. Overview of Research Objects

In 1992, IBM created the first smartphone, which became a commercial success in 1994. Its name was The Simon Personal Communicator (SPC). The device had several functionality that later smartphones would take for granted, despite its lack of beauty and compactness.

One of the key years in the development of smartphones was 2007. It was the year the original iPhone was revealed at Macworld by Steve Jobs and his colleagues. This was not only the first device to offer a full, uncut version of the internet, but it was also the most stylish touch screen gadget to hit the market. Users of the original iPhone could browse the internet just as they would on a desktop computer.

There were two storage options for the device: 4GB (\$499) and 8GB (\$599). Compared to the 1992 cellphones, which had a 1-hour talk time limit, it featured an 8-hour conversational speak duration and a 250-hour standby time.

Today there are many uses of smartphones where people in various parts of the world, especially Indonesians are competing to buy the latest series of smartphones because of user dissatisfaction with the features offered. From this phenomenon, according to the advancement of economic globalization and the technological world, a number of smartphone businesses in producing nations engage in strong competition in terms of smartphone manufacturing. People from all circles of life can assess the comparison of specifications and prices in buying and using the Android Smartphone. One of the smartphone that competing in Indonesia is Vivo Smartphone, the business was founded in 2009 by Shen Wei.

This smartphone manufacturer is a subsidiary of BBK Electronics and takes its name from the Esperanto language, which means "life." Since

its launch in 2009, Vivo has expanded to more than 100 nations. When the company entered the Thai market in 2014, it started its global growth. Vivo swiftly followed up on its début in Thailand, Vietnam, Malaysia, Myanmar, Indonesia, and the Philippines.

In 2017, Vivo launched its smartphone sales in Nepal, Cambodia, Laos, Bangladesh, Sri Lanka, Taiwan, Hong Kong, Brunei, and Macau. In June 2017, Vivo entered the Pakistani mobile market, and the company is already seeing growth in the country.

Smartphones offered are very varied ranging from High-end smartphones that have high technology with qualified specifications. Middle-class smartphone and Entry-level smartphone. the price offered also varies based on the level, ranging from affordable to expensive.

Here is the logo of the Vivo Smartphone has been used since 2019 in Figure 1.1



Figure 1.1 Vivo Smartphone Logo

Source: <https://inet.detik.com/cyberlife/d-4427021/vivo-umumkan-logo-baru-ini-bedanya-dengan-yang-lama>

Based on figure 1.1 the color in this logo is the result of the Vivo study to better understand consumer visual habits and acceptance of digital displays. This blue color is considered more soothing to the eye and is an ideal visual background color to reinforce Vivo's creative and expressive

character. The meaning of the Vivo logo reflects Vivo's forward-looking spirit.

1.2. Research Background

Minister of Industry Airlangga Hartarto said that from an economic perspective, Indonesia could be categorized as an industrial country. This is because the industrial sector is the largest contributor to the national economy with its contribution reaching more than 20 percent. One of them is the Smartphone industry. As the industry runs, in the smartphone industry there are also various kinds of business competition in running a business. In their competition, they make various strategies including strategies in promoting their products in the market.

Promotional activities are used to influence consumers to engage in buying behaviors or utilize products that fit their needs and ambitions as well as to facilitate communication between businesses and consumers. Promotion is activities of the producer to improve the quality of their sales and influence consumers to buy their products (Borington, K & Stimson, P. 2013). The more attractive companies do promote it will affect their sales.

The promotions carried out must also follow the digitalization era where today many smartphone companies use the internet network to market their products. The development of information and communication technology is growing rapidly which makes people's lifestyles change and helps make human life easier. The phenomena of information and communication technology development has an influence on human behavior, causing people to grow more reliant on technology. In today's world, the internet is one of the most essential communication technological medium. The internet can expand networks and interactions between humans and other humans through media in a medium. This creates opportunities for businesspeople to use the internet appropriately

for their business. Many people around the world find and buy the things they want and need by doing an internet search.

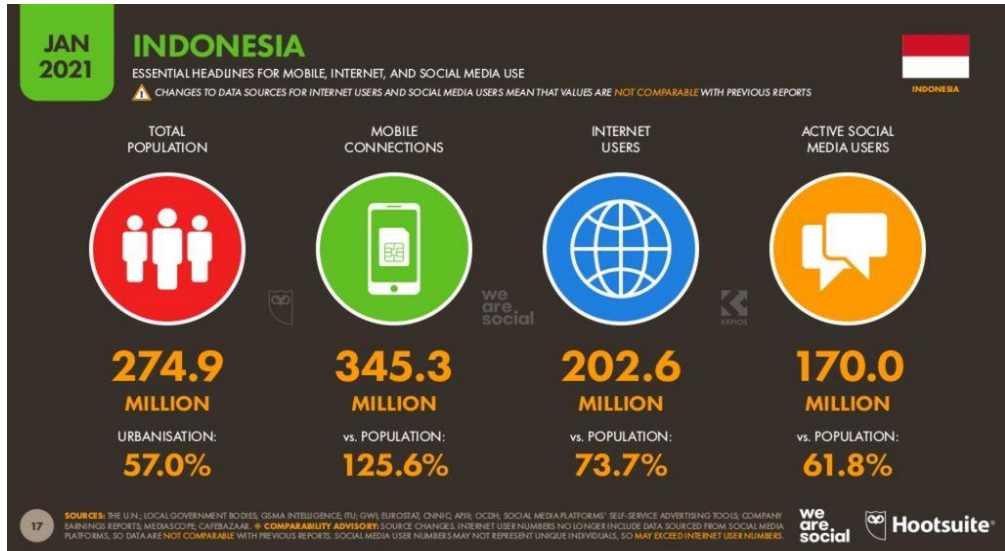


Figure 1.2 **DIGITAL 2021: INDONESIA**

Source: <https://datareportal.com/reports/digital-2021-indonesia>

According to figure 1.2, the number of internet users in Indonesia has increased dramatically each year as the public's interest in using the internet has grown. As many as 73.7 percent of Indonesia's population uses the internet. There are now 27 million more internet users compared to last year, an increase of 16 percent (Kemp, 2021). As many as 61.8 percent of Indonesia's population uses the internet. There are now 10 million more internet users compared to last year, an increase of 5.8 percent (Kemp, 2021). All of this happened because of the pandemic in 2020 which required people to work from home (WFH) and use the internet more often, as well as people who haven't used the internet yet are forced to use the internet to support daily activities such as online schools.

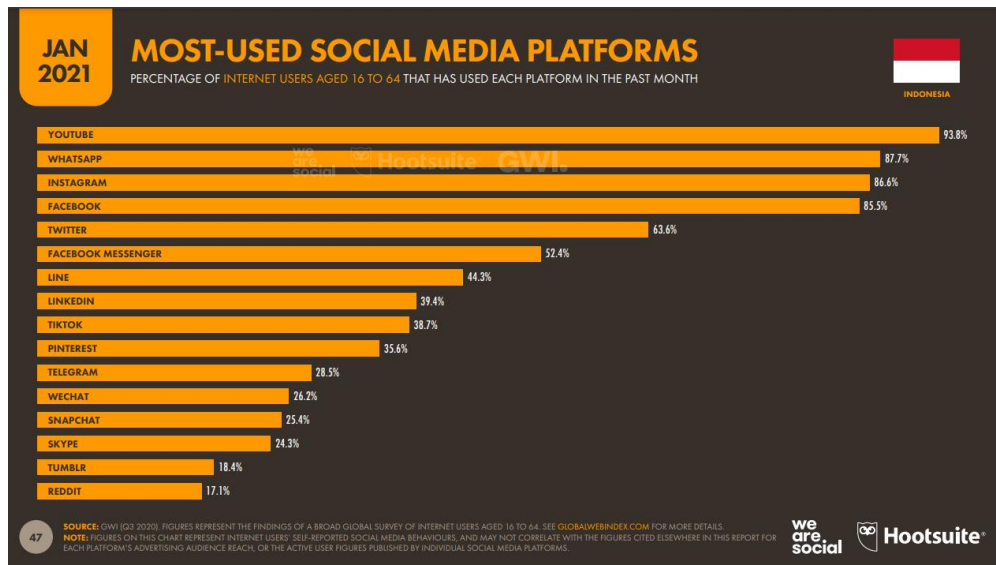


Figure 1.3 **DIGITAL 2021: INDONESIA**

Source: <https://datareportal.com/reports/digital-2021-indonesia>

Based on figure 1.3 about the most used social media platform, the most use of social media in Indonesia is on YouTube with 93.8% of users followed by WhatsApp with 87.7% and Instagram 86.6%. Below Instagram is Facebook with 85.5% of users. As a result, companies compete to create interesting digital marketing to be displayed in their marketing in cyberspace. In social media owned by Vivo on Instagram has 784.000 followers and Vivo is ranked number 5 under Samsung, Oppo, Realme, and Xiaomi with the most followers. On YouTube, Vivo has 2.170.000 subscribers and Vivo is in 2nd position under Samsung with the most subscribers. Vivo is very active in marketing its products on social media as evidenced in Vivo's Instagram feed, they almost upload marketing content every day.



Figure 1.4 Official Account of Vivo Smartphone

Source: Instagram and YouTube

In fact, Vivo still has a 23.3 percent market share in Indonesia's smartphone industry in the fourth quarter of 2020. This Chinese vendor has been perched at the top of the IDC alert list since the first quarter of 2020. In addition, IDC said the success of maintaining that position Vivo focuses on the Y series which targets the low-end segment in the Rp 1.5-3 million price ranges.

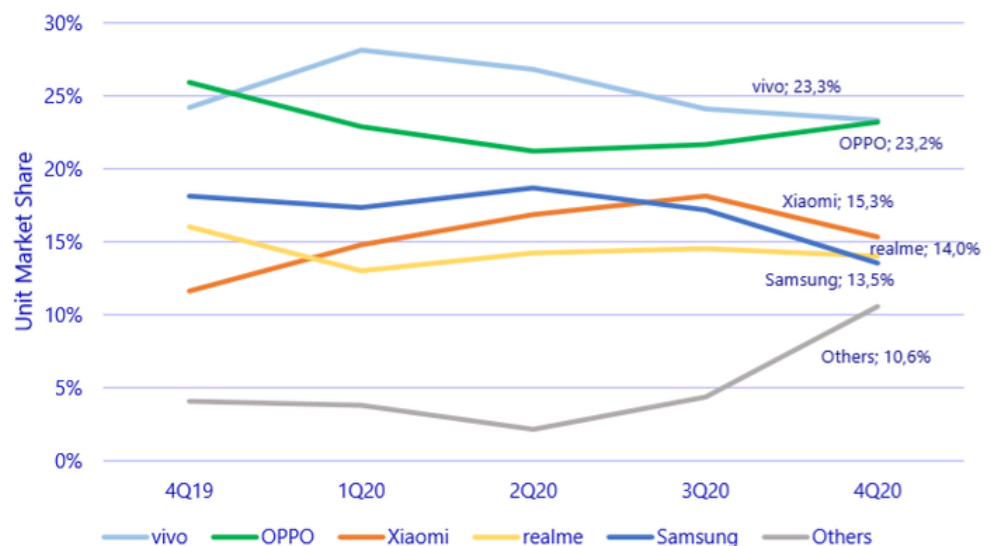


Figure 1.5 Market Share of Smartphone in Indonesia

Source: IDC 2020

Indonesian smartphone shipments totaled 11.7 million units in the fourth quarter of 2020, according to International Data Corporation (IDC). In 2020, total smartphone shipments reached 36.8 million units and an annual growth of 1 percent. According to Kotler and Armstrong (2013), market share is defined as a company's total sales divided by the market's total sales. The company's market share is computed by dividing its sales during the period by the total industry sales during the same period. This indicates that in the fourth quarter of 2020, Vivo Smartphone sold 2.726.100 units. compared to other brands such as oppo and xiaomi which are in positions 2 and 3.

At this time the quality of the product is highly sought after by consumers because at this time many fake products are starting to circulate in the market. According to Chitta (2018), product quality is something that companies must aim for if they want their products to compete in the market. If the quality of the product is satisfactory to the consumer, the consumer will come automatically. Because consumers are ready to spend a certain amount of money for a quality goods, a product with good and dependable quality will always be entrenched in the thoughts of consumers. (Weenas, 2013).

Consumers who are happy and satisfied with their Vivo smartphone purchases, as seen by the statistics above, will increase their (prospective buyers') repurchase intentions. According to Swastha and Irawan (2001), repurchase intention is linked to sentiments and emotions; if someone is pleased and satisfied while purchasing products or services, it will increase repurchase intention, whilst the reverse would generally diminish it. Consumer repurchase intentions is some strongly significant phenomena in marketing efforts. Repurchase intention is a kind of consumer behavior that precedes a purchase decision.

According to Hans Willems (2011) Consumer Engagement is a process to involve customers by interacting with them in a dialogue and experience to support customers optimally which influences their decision to make a purchase.

The problem of purchaser engagement has become an important consideration in marketing research in several marketing management literatures (Dessart, Veloutsou, & Morgan-Thomas, 2015), particularly regarding social media. Research conducted by the Marketing Science Institute (MSI, 2016), consumer engagement including customer care and attention, as one of the main research issues between 2014 and 2016. As the main driver in the consumer purchasing decision process because consumer satisfaction, loyalty, trust, and commitment is resulted by consumer engagement (Brodie, Ilic, Juric, & Hollebeek, 2013; Hapsari, Cleme, & Dean, 2017).

The purpose of this research is to examine whether social media marketing influences repurchase intentions, using consumer engagement as an intervening variable using data from users of the digital platform used as a marketing medium for Vivo Smartphone, especially their customers when deciding to buy a Vivo Smartphone product.

The researcher of this paper is interested to put the title of the research paper is *“Effect of Social Media Marketing Towards Repurchase Intention of Vivo Smartphone Indonesia with Consumer Engagement as Intervening Variable”*

1.3. Problem Formulation

Based on the research background described above, the problem can be formulated as follows:

1. Does the social media marketing of The Vivo Smartphone have an effect towards consumer repurchase intention?
2. Does the social media marketing of The Vivo Smartphone have an effect towards consumer engagement?

3. Does the consumer engagement of The Vivo Smartphone have an effect towards consumer repurchase intention?
4. Does the consumer engagement mediate the relationship between social media marketing and repurchase intention to use Vivo Smartphone products?

1.4. Research Objective

Based on the formulation of the problem, the objectives of this research include:

1. To find out the effect of social media marketing of The Vivo Smartphone towards consumer repurchase intention.
2. To find out the effect of social media marketing of The Vivo Smartphone towards consumer engagement.
3. To find out the effect of consumer engagement of The Vivo Smartphone towards consumer repurchase intention.
4. To find out the consumer engagement intervening the relationship between social media marketing and repurchase intention to use Vivo Smartphone products.

1.5. Benefits of Research

The following are the benefits of this study:

1. Theoretical Benefits

The findings of this research paper study are intended to be used as a reference and educational resource, particularly for the creation of future research.

2. Practical Benefits

The findings of this analysis of research papers are intended to aid in the development of a solid social media marketing plan for a social media platform.

1.6. Scope of Problem

This study contains problem limits so that the research may be focused and provide findings that are in line with the issue formulation.

The limitations of this research include:

1. The object of research is the consumer of the Vivo Smartphone.
2. The variables used in this study are social media marketing as independent variable, consumer engagement as intervening variable and the repurchase intention as dependent variable.

1.7. Mini-Thesis Writing Systematics

Contains systematics and a brief explanation of research reports consisting of Chapters I to V in research reports.

I. CHAPTER 1 INTRODUCTION

This chapter is a general, concise and solid explanation that accurately describes the content of the study. The contents of this chapter include: Overview of Research Objects, Research Background, Problem Formulation, Research Objectives, Research Benefits, and Systematics of Final Task Writing.

II. CHAPTER II LITERATURE REVIEW

This chapter contains theories from general to special, accompanied by previous research and continued with a research frame of thought that ends with hypotheses if needed.

III. CHAPTER III RESEARCH METHOD

This chapter confirms the approaches, methods, and techniques used to collect and analyze findings that can answer research problems. This chapter includes descriptions of: Types of Research, Variable Operationalization, Population and Samples (for quantitative) / Social Situations (for qualitative), Data Collection, Validity and Reliability Tests, and Data Analysis Techniques.

IV. CHAPTER IV RESULT OF RESEARCH AND DISCUSSION

The results of research and discussion are systematically described in accordance with the formulation of problems and research objectives and presented in separate subtitles. This chapter contains two parts: the first part presents the results of the research and the second part presents the discussion or analysis of the results of the research. Each aspect of the discussion should start from the results of the data analysis, then interpreted and then followed by the withdrawal of conclusions. In the discussion should be compared with previous research research or relevant theoretical basis.

V. CHAPTER V CONCLUSION AND SUGGESTION

Conclusion is the answer to the research question, then becomes a suggestion related to the benefits of research.