

# CHAPTER I

## INTRODUCTION

### 1.1 Overview of Research Object

#### 1.1.1 History of Samsung

Samsung is a South Korean company that is one of the largest manufacturers of electronic devices in the world. Samsung specializes in the production of a wide range of consumer and industrial electronics, including digital media devices, home appliances, memory chips, semiconductors, and systems integration. The company has become one of the most recognized names in technology and accounts for about one-fifth of South Korea's total exports. (Legos, 2020)

Initially, Samsung was founded as a wholesale trade store on March 1, 1938, by Lee Byung-Chull. He started his business in Taegu, Korea, trading noodles and other goods produced in and around the city and exporting them to China and other provinces (Lego, 2020). Quoted from Samsung's official website, Samsung Electronics is increasingly focusing on technology which has resulted in two research and development (R&D) institutions that help further expand its reach, covering the fields of electronics, semiconductors, optical telecommunications, and areas of new technological innovation from nanotechnology to advanced network architecture. The year 1980 was marked by a major achievement, namely the merger between Samsung Electronics and Samsung Semiconductor. (Samsung, 2021)

Quoted from the official Samsung website, in the mid-1990s, Samsung Electronics revolutionized its business by focusing on making world-class products, providing complete customer satisfaction, and being a good corporate citizen, all with a vision of emphasizing quality. During this period, 17 products, from semiconductors to computer monitors, TFT-LCD displays to color tube TVs ranked in the top five products for global market share in their respective areas, and another 12 earned the top market rankings in their respective areas. Becoming No.1 also means fulfilling the company's social obligations, both in terms of social welfare, environmental conservation, culture, and sports. To that end, Samsung Electronics

actively participates in promoting sports and as a result of its intensive efforts, its then chairman, Kun-hee Lee, was elected a member of the International Olympic Committee (IOC) in July 1996, thereby greatly enhancing the company's image as a major contributor to athletics. world. (Samsung, 2021)

With the great success of Samsung in 1992, Samsung became the only leader in the production of memory chips in the world and second behind Intel in the chip manufacturing industry. In 1995, their years of research paid off because they were able to create the first LCD (Liquid Crystal Display) layer. This revolutionized the television hardware industry and generated millions of dollars in profits for Samsung because all other companies had to pay royalties to Samsung for using their technology. (Legos, 2020)

In 1997, South Korea's economic growth experienced a recession. This is caused by the large amount of foreign debt carried out by Chaebol that is maturing. Coupled with the significant decline in South Korean export earnings, which affected the country's foreign exchange reserves (Kaloka et al, 2019). However, Compared to other large South Korean companies, Samsung managed to survive the financial crisis that hit Asia in 1997. Samsung's decision to sell one of their subsidiaries, Samsung Motors to Renault, saved the company from losses. Since 2006, the company has become the world's best-selling global television manufacturer with its flagship LED TV products. (Andi, 2019)

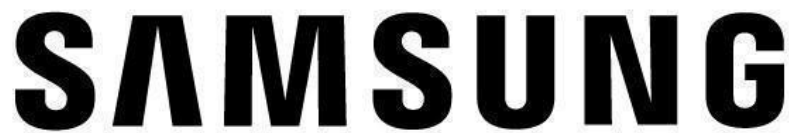
Samsung is the largest conglomerate in South Korea and accounted for nearly 15% of South Korea's GDP in 2012. In 2012, Samsung's total revenue was nearly \$265 billion US dollars where they earned up to \$26 billion in profits (Lego, 2020). Quoted from the official Samsung website, the year 1980 was marked by a major achievement, namely the merger between Samsung Electronics and Samsung Semiconductor. The early 1990s emerged as a formidable challenger to high-tech businesses. In 1991 Samsung developed a mobile phone in their products. One year later in 1992, Samsung redeveloped the mobile phone system which was made in 1990. For a long time Samsung refocused their mobile phone development in 1999 by developing wireless internet phones (Smartphones) and also Samsung launched the world's first MP3 phone. After developing wireless phones Samsung 2010

launched the Galaxy series of smartphones with Android OS, after launching galaxy smartphones in 2013 Samsung launched the Galaxy S4 by starting mass production of the world's first 4 Gb 20 nanometer ultra-high-speed mobile DRAM. As time goes by, Samsung has released a lot of smartphone products with developing their technology, in 2020 Samsung decided to launch the newest smartphone products that are S20 and S20+ in collaboration with BTS. (Samsung, 2021)

The image shows the word "SAMSUNG" in a bold, blue, sans-serif font. The letters are evenly spaced and have a slight shadow effect behind them, giving it a three-dimensional appearance.

**Picture 1.1 Blue Samsung Logo**

Source: Samsung.com, 2021

The image shows the word "SAMSUNG" in a bold, black, sans-serif font. The letters are evenly spaced and have a slight shadow effect behind them, giving it a three-dimensional appearance.

**Picture 1.2 Black Samsung Logo**

Source: Samsung.com, 2021

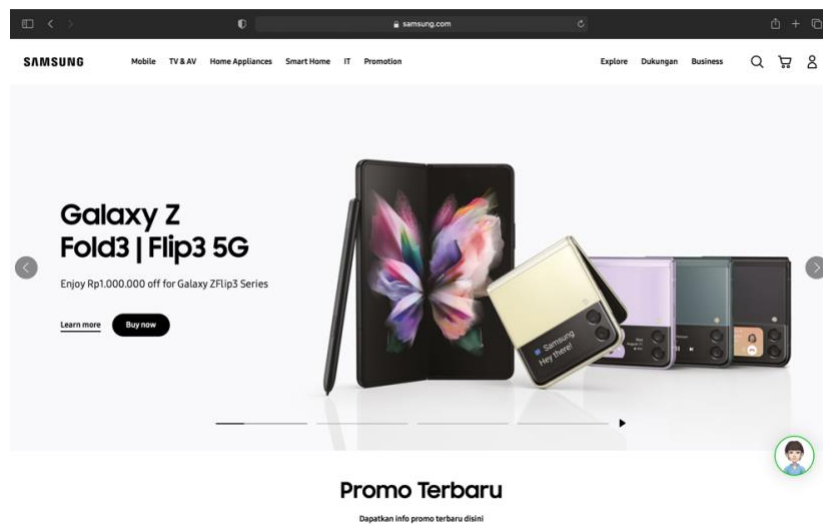
Picture 1.1 and Picture 1.2 above are the logos of the Samsung company which were created in 2005 and are both used by Samsung today. The logo is made very simply with blue writing in Picture 1.1 and Picture 1.2 with Samsung written in black. Quoted from the official Samsung website, Samsung started using a logo with concise fonts in 2005 to express a contemporary look and feel, as Samsung expanded its scope of application, we improved the design of the font logo with a sharper look like the one Samsung often uses today (Samsung, 2020).

### 1.1.2 Samsung Vision and Mission

Quoted from the official Samsung website, Quoted from the official Samsung website, Mission from Samsung, Samsung supports employees to be the best and becomes the principle of human resources and technology, expands human resource development and technical excellence management principles, enhances the synergy of the entire management system through human resources and technology. Samsung's internal goals are to create the best products and services, to create the most satisfying products and services for customers, to maintain the best position in the world in the same business field. Goals beyond Samsung are contributing to society, contributing to the Common interest and well-being of life, carrying out mission statements by citizens. (Samsung, n.d.)

### 1.1.3 Products and Services

Samsung provides a wide range of electronic goods. Among them are mobile phones, TV & AV, Home Appliances, Smart Home, and IT. These categories of electronics can be found on the official website of Samsung.com. Picture 1.3 shows the main page of the official Samsung.com website. On the main page, there are categories where consumers or potential customers may find the product they need. The separation per category will make it easier for consumers and potential consumers to find and understand the products they buy (Samsung, 2021).



Picture 1.3 Samsung.com Official Site Capture

Source: Samsung.com, 2021

## 1.2 Research Background

Korean culture is growing rapidly and expanding globally. The existence of Korean culture is accepted in the public by various groups ranging from teenagers to adults, especially in Indonesia. The existence of Korean culture in Indonesia produces a phenomenon, namely the Korean Wave or also called Hallyu. Quoted from the official website Kumparan.com, the Korean Wave developed in Indonesia starting with the entry of Korean dramas that presented various genres of dramas on television in Indonesia (Khairunnisa, 2021)

The term Hallyu or Korean wave was born in the ears of the public along with the abundance of entertainment from South Korea. The Korean wave is the name of the various cultures of the ginseng country. The Korean wave introduces South Korean culture through various intermediaries, including music, drama, film, culinary, fashion, and so on. However, there is one term that most people are familiar with, namely the music genre, that is K-pop or Korean pop.



**Picture 1.4 Countries That Have Fans Of The K-Pop Wave**

Source: Twitter.com, 2021

Based on Figure 1.4, quoted from the data displayed by the Twitter platform related to the number of K-Pop fans in various countries. Based on the picture above, Indonesia is in the first position as the largest K-pop market, beating Japan, the Philippines, and even South Korea itself (Twitter, 2021). The Korean Wave phenomenon emerged in 1994 which was triggered by the emergence of the first generation boy group named Seo Taiji and Boys consisting of Seo Taiji, Yang Hyun Suk, and Lee Juno by making their debut in 1992. Then from 1996 to 1997, boy groups and girl groups emerged including HOT ( Highfive Of Teenagers), GOD, SES, Fin.KL, Baby VOX, SHINHWA, Sechskies, Chakra, Jewelry, Click-B, Roo'ra, and Cool. But it's a shame that the first generation was generally very short, most of the boy groups or girl groups in this generation only lasted for five years before finally disbanding (Kunario, 2020).

Thanks to the popularity of the first generation boy groups and girl groups, the second generation in 2003 to 2011 gave rise to boy groups and girl groups that became known internationally including America and Europe such as Super Junior, Bigbang, SNSD, Wonder Girls, SHINee, 2NE1, f(x ) as well as other famous names. Thanks to the popularity of boy groups and girl groups in this generation, many say that this second generation is the Golden Age for K-Pop itself. (Kunario, 2020)

With the popularity of the second generation in 2012 to 2017 came the third generation which produced more phenomenal boy groups and girl groups such as BTS, EXO, Blackpink, Twice, Red Velvet, iKON, GOT7, Winner, G-friend, and CLC, Seventeen, to Wanna One. In this third generation of boy groups and girl groups, they have also collaborated with top artists to achieve many achievements in the international arena, such as being nominated for awards in America to becoming the most influential group in the world released by Forbes magazine. (Kunario, 2020)

With the development of the *Korean Wave* in Indonesia, many brands in Indonesia and abroad are collaborating with K-Pop stars such as, Samsung with BTS, Blibli with Park Seo Joon, Neo Coffee with Lucas WayV, Nu Green Tea with NCT127, Mie Sedap with Choi Siwon Super Junior, TokoPedia with Blackpink, and also Luwak white coffee with Lee Min Ho. There are various reasons why many brands use K-Pop stars as brand ambassadors, including being inspired by the Korean lifestyle as in dramas that make many people start being inspired from fashion looks to makeup and skincare, targeting

international markets and foreign investors. By targeting international markets and foreign investors, the Korean wave will encourage a wider market reach so that it can penetrate the international market. The trend of advertising using Korean artists is indirectly able to encourage people's purchasing power so that it can attract foreign investors to invest their capital. (Rusydah, 2021)

One of the brands that collaborate with K-Pop stars as their brand ambassadors is Samsung. Quoted from the merdeka.com site, Samsung Electronics Co., Ltd. is a multinational electronics company from South Korea headquartered in Suwon, South Korea. The company is a flagship subsidiary of the Samsung Group and has become the world's largest information technology company by revenue. (Pranata, 2013)

Samsung has many kinds of products including televisions, home appliances such as refrigerators, air conditioners, washing machines, air dressers, and mobiles such as cellphones and smartwatches. Samsung is a smartphone brand that produces entry-level high-end smartphones. One of the characteristics of this brand is the Android OS which is always updated to meet customer needs. High-end Samsung phones are equipped with Qualcomm Snapdragon chipset and Octa-core Kryo CPU. Samsung also accepted another technology by adding an Exynos chipset combined with a Mali GPU. As a well-known smartphone vendor, Samsung does not hesitate to offer large RAM and ROM for their loyal customers. The available RAM is quite diverse, namely 1GB, 2GB to 16GB. Samsung cellphone storage memory is also very high at around 128 GB, 256 GB to 512 GB. This Samsung cellphone specification helps users save expenses because they don't need to buy external memory anymore. (hallogsm, 2021)

### Canalys Smartphone Market Pulse: Q1 2021

Vendor	Q1 2021 shipments (million)	Q1 2021 Market share	Q1 2020 shipments (million)	Q1 2020 Market share	Annual growth
Samsung	76.5	22%	59.6	22%	+28%
Apple	52.4	15%	37.1	14%	+41%
Xiaomi	49.0	14%	30.2	11%	+62%
Oppo	37.6	11%	23.5	9%	+60%
Vivo	36.0	10%	24.2	9%	+48%
Others	95.9	28%	97.8	36%	-2%
Total	347.4	100.0%	272.5	100.0%	+27%

**Picture 1.5 global smartphone market in the first quarter of 2021**

Source: Suara.com, 2021

Picture 1.5 states that Samsung is in first place compared to technology brands seen from Samsung's market share in the first quarter of 2021 at 22%. In the second place, the Apple brand has a market share of 15% in the first quarter of 2021 and the third is the Xiaomi brand with a market share of 14%. This means that in the first quarter of 2021, many people in the world will use Samsung as their Smartphone.

Samsung is widely used by Indonesian people for various reasons including Samsung has a strong and positive image for other electronic products such as TVs, air conditioners, washing machines, and especially the popularity of Samsung's mobile phones. Samsung is never half-hearted in advertising, every time it releases the latest smartphone products, the advertisements are always spread across various media. Samsung presents a variety of products that can be customized depending on the needs of each consumer. Samsung is also known to be very diligent in innovating and spawning the latest technologies in the smartphone segment (liputan6.com, 2019). Quoted from the



Tempo website, mobile phones made by Samsung are at the top of the gadget brands used by netizens to access cyberspace, according to a survey by the Indonesian Internet Service Providers Association in 2018. (tekno.tempo.com, 2019)

Quoted from the merdeka.com site, according to Samsung Electronics Indonesia's Head of Product Marketing IT and Mobile, Denny Galant said that Samsung's goal of collaborating with BTS is to combine meaningful innovation with authentic BTS experiences, and Samsung hopes that consumers can experience authentic experiences to share stories and give a positive message to others even better. (Jamaludin, 2020)



**Picture 1.6 Boygroup BTS**

Source: billboard.com, 2021

Picture 1.6 is a picture of the BTS music group or the abbreviation of Bangtan Boys, a boy band that originated from South Korea and is currently popular in the international entertainment world. BTS carries the genres of Korean pop, R&B, hip hop, and EDM music. The boyband, which is labeled Big Hit Entertainment, has seven personnel, including Suga, Jin, Taehyung, Jimin, RM, Jungkook, and J-Hope. BTS managed to prove its achievements even though it was under the auspices of a small agency, namely Hybe Entertainment.

Quoted from the official website Entertainment.Kompas.com, BTS debuted on June 12, 2013, under the auspices of the Big Hit Entertainment agency with the single "No More Dream" on the album 2 Cool 4 Skool. Since then, BTS has skyrocketed and has fans called ARMY (Adorable Representative MC for Youth). From 2013 until now BTS has received various awards for their musical works. Get information, inspiration, and insight in your email. Register an email One of them is that BTS was named the Top Social Artist by Billboard Music Award in 2017 and 2018. (Pamugarwati, 2020).



**Picture 1.7 Samsung x BTS advertisement**

Source: Samsung.com, 2020

Picture 1.7 show the forms of cooperation between Samsung and BTS. Quoted from the marketing.com site, in 2020 Samsung collaborated with BTS, a South Korean boyband who has many achievements and won many awards in the international arena as brand ambassadors. Samsung launched its newest smartphone series, namely the Samsung Galaxy S20+ BTS Edition. The reason why Samsung chose BTS as their brand ambassador is because BTS is always able to increase the sales of all the things they use

very quickly. For example, when one of the BTS personnel wore a pair of Prada boot stompers for approximately 17 million rupiahs, the product immediately sold out in just one day. (Ardhya,2020)



**Picture 1.8 Samsung x BTS Ads**

Source: Samsung.com, 2020

Through the collaboration between BTS and Samsung, BTS has the slogan "I Purple You". A phrase made by V, a member of BTS, to say "I love you" to fans, namely ARMY. From there, the purple color seems to be the official color of the BTS fandom. Samsung took this concept to give the image that this limited edition smartphone and earbuds are specifically for ARMY. In an official statement, Samsung said that they wanted to provide an opportunity for fans to connect more closely with BTS. Samsung officially released details of its collaboration with the famous South Korean boy group BTS on May 15, 2020. Picture 1.9 show the products launched were the Samsung Galaxy S20+ 5G, S20+, and Galaxy Buds+ BTS Edition. Unlike the normal edition, this collaboration product with BTS is colored all purple with the title "I Purple You". This aims to provide a differentiator and a distinctive touch from the ARMY favorite boy group. (Namira,2020)

Brand image consists of the target market's interpretation of the characteristics of the product, which includes the benefits, the use of the product, the situation of its use, as well as the characteristics of the users, producers and marketers of the product (Mufid,

2005:34). This study also discusses brand ambassadors, the use of brand ambassadors is one of the company's marketing communication strategies to bring products or brands closer to consumers, resulting in emotional closeness (Shimp 2003:455).

This research involves Samsung users and Indonesian people who know Samsung and BTS as research subjects. This research refers to the role of brand ambassadors in creating a brand image in the minds of consumers.

When a brand ambassador represents a brand, his fans will certainly be greeted with enthusiasm, because in general consumers are likely to like the brand because they idolize the brand ambassador who represents and supports a brand (Shimp, 2003:456). Royan (2005:10) argues that brand ambassadors have a relationship with the brand image where a brand ambassador is a visible form of a brand image or association in the mind of a person (consumer) of a brand.

Quoted from the official website [urbandigital.id](http://urbandigital.id), the reason Samsung made BTS as a brand ambassador is because many BTS fans are young people, then Samsung wants to reach more young people for Samsung who collaborate with BTS. Quoted from the official website [gadgetdiva.id](http://gadgetdiva.id), according to the manager of Samsung Mobile Products, another reason for Samsung to make BTS as a brand ambassador is that BTS' career journey has really inspired many people. An example is that they have worked hard and persistent to develop BTS's potential and capabilities. (Indri, 2020)

Brand Ambassador with indicator are VisCap Model. Rossiter and Percy (Kertamukti 2015:70) say that there are four dimensions of the VisCap model, namely: Visibility , Credibility, Attraction, and Power

In addition to brand ambassadors who have indicators, Brand image has indicators, According to (Kotler & Keller, 2016) Measurement of brand image can be done based on aspects of a brand, namely: strength of brand association, favorable of brand association and uniqueness of brand association.

Researcher used references from previous research conducted by Indah Yuvita Rahma (2020) with title “ Pengaruh Choi Siwon Sebagai Brand Ambassador Terhadap Brand Image Produk Mie Sedaap Korean Spicy Chicken”. The existence of the equation of independent variables in previous research is expected to help to facilitate researchers in analyzing and processing the topics to be studied. The results of the hypothesis test

show that Choi Siwon as a brand ambassador has an influence of 29.05% on the brand image of the Mie Sedaap Korean Spicy Chicken product, while 70.05% is influenced by other factors outside of this study.

Researcher used other references from previous research conducted by Devi Gita (2015) with title "The Influence of Brand Ambassadors on Brand Image in Zalora.co.id Online Companies". The existence of the equation of independent variables in previous research is expected to help to facilitate researchers in analyzing and processing the topics to be studied. The results of the level of relationship between brand ambassadors and brand image are included in the strong and unidirectional category of 80.28%. Based on the two previous studies, what distinguishes the research from the researcher is the object of research. The research object chosen by the researcher is BTS and Samsung.

Based on the background described above, the researcher felt compelled to research a thesis final project regarding the influence of *brand ambassadors* towards *brand image* of Samsung. This research involves Samsung users and Indonesian people who know Samsung and BTS as research subjects. This research refers to the role of brand ambassadors in creating a brand image in the minds of consumers. There are not many studies that discuss the brand image of technology brands that are currently popular in Indonesia. So based on the description that the researcher has done, the researcher gives the title, namely " **The Effect Of BTS as Brand Ambassador Towards Brand Image Of Samsung In Indonesia**".

### **1.3 Research Identification**

Based on the background described above, the researchers raised one problem formulations which will be described as follows:

How much influence does the BTS as brand ambassador have on Samsung's brand image in Indonesia?

### **1.4 Research Objective**

Based on the description of the problem formulation above, this study aims to measure the influence of the BTS as brand ambassador towards the Samsung brand image in Indonesia.

## 1.5 Research Benefits

### 1.5.1 Theoretical Benefit

The results of this study are expected to add and enrich scientific studies in the field of marketing communication, especially those related to the influence of brand ambassadors towards brand image. In addition, some of the findings in it are also expected to be a reference for future researchers.

### 1.5.2 Practical Benefit

This research is expected to be used to develop strategies for better marketing communications of Samsung in the future.

## 1.6 Research Time and Period

The following table is a breakdown of the time and period of the research by the researcher will carry out:

No.	Research Stages	YEAR (2021/2022)						
		OCT	NOV	DEC	JAN	FEB	MARCH	APRIL
1.	Submission of Topics and Titles							
2.	Preparation of Chapter I to Chapter III							
3.	Pre Research							
4.	Collection Desk Evaluation							
5.	Revision Desk Evaluation							
6.	Research							

7.	Preparation of Chapter IV to Chapter V							
8.	Thesis Defence							

**Picture 1.9 Time and Period of Research**

**Source: Research Processed Results, 2021**