

CHAPTER I

INTRODUCTION

1.1 General Description of Research Object

1.1.1 Company Profile

PT Indofood CBP Sukses Makmur Tbk is a leading instant noodle and processed food products company in Indonesia which is a subsidiary of the Salim Group. As an FMCG company, Indofood certainly controls a large market share. Fast Moving Consumer Goods (FMCG) companies are currently the most numerous, most well-known and much needed industry. This industry provides most of the goods needed by society.



Figure 1. 1 Logo Indomie

Source: (indomie)

PT Indofood CBP Sukses Makmur Tbk is a leading instant noodle and processed food products company in Indonesia which is a subsidiary of the Salim Group. As an FMCG company, Indofood certainly controls a large market share. Fast Moving Consumer Goods (FMCG) companies are currently the most numerous, most well-known and much needed industry. This industry provides most of the goods needed by society. The FMCG industry supplies daily necessities products that are sold quickly, in large quantities, and tend to be cheap. The products

will not last long, meaning they will quickly be used up by consumers. Instant noodles were first introduced in Indonesia in the 1970s by international food companies. However, its popularity really skyrocketed in the 1980s and 1990s when several local and international brands started producing instant noodles with different flavors and variations. At that time, instant noodles became a practical and economical alternative to fast food for many people, especially those with busy lifestyles or students. In the last few decades, various brands of instant noodles have emerged in the Indonesian market, creating intense competition in the industry. Instant noodles have experienced developments in terms of taste, packaging, and product variety, so they can reach various market segments and consumer tastes. In addition, several brands are also innovating by launching healthier variants of instant noodles with natural ingredients and better nutrition. However, along with the increasing awareness of the impact of fast food on health, especially nutrition and nutritional issues, the government and the public have begun to urge the public to consume instant noodles wisely and in a balanced manner and to look for healthier food alternatives. and more nutritious.

With the growth of internet penetration and social media adoption in Indonesia, EWOM is becoming an increasingly influential phenomenon in consumer decision making according to Word-of-Mouth is traditionally a direct form of communication between peers about brands or products without any advertising Meaning. Currently the internet has developed very rapidly, namely the internet has created electronic word-of-mouth promotion, which has come to be known as Electronic word of mouth (eWOM). The ease of sharing information and views on various products and services has created new patterns in consumer behavior in Indonesia. Indonesian consumers tend to seek and consider reviews and recommendations from fellow users before deciding to buy a particular product or service. Social media platforms such as Facebook, Instagram, Twitter and YouTube have become the main means for EWOM to grow and reach a wider audience. Influencer marketing has also become a popular trend in Indonesia, wherein influencers on social media help reinforce EWOM messages by incorporating their personal experiences and views about a particular product or service

1.1.2 Company Vision Mission

To support Indomie's vision, namely to become one of the companies that is a total food solution. Indomie has several missions to achieve this, namely:

1. Continue to improve our human resources, processes and technology.
2. Produce high quality, innovative and affordable products
3. Products liked by customers.
4. Ensure product supply to domestic and international customers.
5. Contribute to improving the quality of life of Indonesian people by focusing on nutrition.
6. Continue to increase “value” for stakeholders.

1.1.3 List Of Product

Indomie have so many products already produced, the famous one is indomie goreng, indomie kari ayam, indomi ayam bawang, and now also indomie doing some adust about their product like their following what is happening in the market, the example product who already launch on this month is indomie Takoyaki flavour, Indomie Shuyu, Indomie Miso. The new seasonal flavor launched is aim for the Gen Z and millennials for not bored with the original flavor only



Figure 1. 2 New Flavored Indomie

(Source: Indomie)

1.2 Research project

The community's social restrictions at the start of the Covid-19 pandemic made instant noodles an alternative to stocking food at home. Even though the pandemic has finally subsided, it seems that the trend of instant noodle consumption in the country has continued to this day, seeing an increase in the increase in consumption of instant noodles last year. Indonesia's consumption of instant noodles last year was the highest since 2014 as shown in the graph above. This achievement even places Indonesia in the second position of the world's most consuming instant noodles after China with a consumption of 45.07 billion packs in 2022.

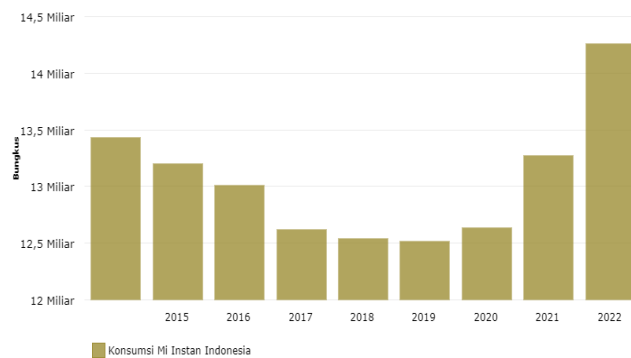


Figure 1. 3 The number of consumption instant noodle in indonesia

In 2021, the number instant noodle consumption will increase by 4.98% on an annual basis (yoy). Likewise in 2020, the amount of instant noodle consumption grew by 0.95% (yoy). It was noted that Indonesia's consumption of instant noodles in 2019 was only 12.52 billion packs. When compared to 2022, there was an increase in the consumption rate of instant noodles by 13.89% in the pre-pandemic period. The community's social restrictions at the start of the Covid-19 pandemic made instant noodles an alternative to stocking food at home. The world's consumption of instant noodles will reach 121.2 billion servings in 2022. This means that Indonesia's consumption of instant noodles will reach 11.76% of the world's total consumption of instant noodles

Nama Brand	◇ 2019	◇ 2020	◇ 2021	◇ 2022	◇ 2023	◇
Gaga 100/ Mie 100	-	-	2.10	2.20	1.70	
Indomie	71.70	70.50	72.90	72.90	72.50	
Mie Sedaap	-	16.00	15.20	15.50	16.20	
Sarimi	3.30	3.80	3.10	2.60	2.60	
Supermi	3.70	2.30	2.70	1.60	1.30	

Figure 1. 4 Top Brand index

(source: Topbrandindex)

Indomie has the top brand index 2019-2023 With the highest score is 72.90% comparing with another competitor such as Mie 100, Mie Sedap, Mie Sarimi, and Supermi. Based on that Figure 1.4 indomie is dominating the Brand index from 2019-2023, for the lowest top brand is Mie 100, even Mie 100 the lowest rate on top brand but on the 2022 Mie 100 increase the rating until 2.20 beat the closest one competitor that is supermie. The top brand given to some product based on the 3 main categories, there is :

1. Mind Share

describes how strong the brand is in the minds of consumers from that category. Comitent Share is brand strength creating a desire for consumers to make repeatpurchases in the future

2. Market share

Market Share is the total sales of a product or a commodity in a sale compared to sales of the product or commodity in the industry or producer as a whole.

3. Comitent Share

shows the strength of the brand in encouraging customers to repurchase in the future

The key to maintaining a prominent position in the minds of customers is to be aware of their product needs, and there are two main indicators that can strengthen this position. For instance, Indomie has the tagline "Indomie Seleraku," which suggests that it is the immediate answer to any instant noodle craving.

Additionally, Indomie offers affordable prices for both retail and wholesale, with a price of around Rp.5000 – Rp. 6000 for a single piece of noodle in 2023. Although some other brands offer similar product quality, the market has different opinions that potential consumers should take into account.

Moreover, promotional factors, such as conventional media, social networks, and word of mouth, can have a significant impact on purchase intentions, as stated by Prasetio (2017). By utilizing social media platforms, consumers can potentially make purchases online. It is important to note that there are new competitors in the market, such as Mie Gaga, which has forced Indomie to compete against other competitors to maintain its position as the market leader. As shown in Figure 1.4, Mie Gaga and Mie Sedap have experienced a growth of around 1% – 1.5%. Even with this growth, Indomie cannot ignore new competitors entering the market and old competitors who have been present in the instant noodle market. According to Kotler and Keller (2018), the market leader must face challenges from competitors unless its dominance is protected by a legal monopoly. To defend its position against challengers, Indomie must implement alternative strategies to enhance product utilization, such as seeking out new user bases, discovering novel applications for the product, and encouraging greater usage among existing customers.

One way of marketing carried out by business owners is by carrying out EWOM (Electronic Word of Mouth) promotions. Why is this important because in the current digital era, marketing channels are via social media, this is very important considering that Indomie is one of the brands which has a global market, in the current era, social media facilities have become one of the main needs of local and international communities in exchanging ideas, experiences and knowledge about something. According to Kotler & Keller (2018) Word of Mouth is marketing through person-to-person media orally, in writing, or through electronic communication tools connected to the internet based on someone's experience of products and services. Based on that social media can be solution to spreading mass information, experience to other people.

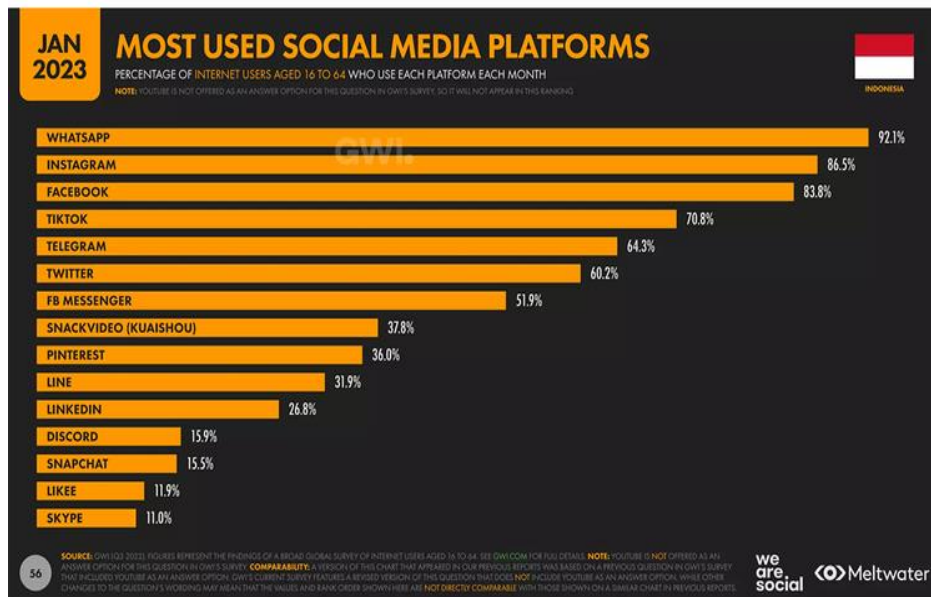


Figure 1. 5 Most Used Social Media Platform 2023

(Source: Data reportal)

Currently WhatsApp is the most used apps used in Indonesia, WhatsApp reach 92.1% on the second place are Instagram users in Indonesia with 86.5% Followed by Facebook on the third place with 83.8% of the total population. TikTok user currently on the fourth place with 70.8% of the total population. Instagram growing 2.6% from last year so the opportunity doing some marketing is viable because Instagram is top 2 used social media in Indonesia. In essence, the question at hand is whether Instagram can be considered the number one social media platform based on its content creation features. While WhatsApp is primarily a messaging-based social media platform, it does not have the same marketing capabilities as Instagram due to its limitations in content creation. For instance, WhatsApp does not allow users to post pictures, create Reels, or make short videos of up to 10 minutes in length. In contrast, Instagram offers a more flexible platform for content creation with its Reels feature, which allows users to create videos ranging from 1 to 10 minutes in length. Additionally, Instagram offers other features such as Stories, which can be up to 1-minute long, Instagram Live, and Instagram

Posts. These features make Instagram a more versatile platform for marketing and content creation compared to WhatsApp.

Currently in Indonesia on April 2023 reached over 100 million users active. That's mean the people used for monthly in Indonesia quite often. Most of them is women as 53.1% and men 46.9%. and the user in Indonesia dominating by 18-24 years old which mean Gen Z



Figure 1. 6 Instagram user April 2023

(source: NapoleonCat.com)

The total number of Instagram users shows the potential of using ewom on the platform. and Instagram has become one of the popular platforms in Indonesia. This makes it an opportunity if Indomie wants to do an ewom practice on the Instagram platform.

Indomie has Instagram account named @indomie their feeds is corelated with the project or content that their release. The example like now their feed feels like more Japanese because Indomie already launch the new seasonal product named Indomie Ramen Series that there's 3 new flavors: miso, Takoyaki, and shoyu. For the Instagram account from Indomie itself, it has now reached 622K followers, while its close rival, Mie Sedaaap, only has 82.3K followers, which indicates that Indomie is one of the most well-known brands in Indonesia, not only in terms of followers, and the engagement is also very good but the problem here is how Indomie can maintain the relationship with their followers as known there

are several competitor such as Mie Gaga, Mie Sedap, Sari Mie and many more competitor can take over market leader if Indomie cannot maintain relationship to the followers indomie can easily take over by other competitors according to Putri & Dwi Utama (2017)

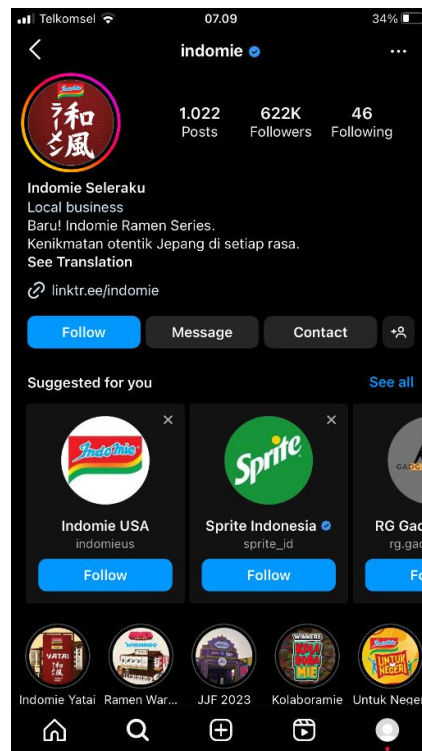


Figure 1. 7 Instagram account Indomie

(source: Instagram account @indomie)

Customer relations are one way for a company to create and maintain its target segment. Motivations for maintaining customer relationships include increasing sales, building relationships between the company and customers and also increasing customer retention from the launch of a new product from Indomie. Recently indomie make some campaign on Instagram with #IndomieRamenSeries, this campaign is driving the customer to choose who is the favorite flavor on ramen series indomie for their self-experience, This campaign also have good feedback from the users Instagram that willing to share their experience after try some product indomie ramen series.

1.3 Problem Formulation

According to Kotler & Keller (2018) Word of Mouth is marketing through person-to-person media orally, in writing, or through electronic communication tools connected to the internet based on someone's experience of products and services. the campaign that indomie done by #IndomieRamenSeries can be called as Electronic Word Of mouth. This technique marketing that uses the internet to create a word-of-mouth effect to support marketing efforts and goals (Kotler & Keller, 2018, p.546). Positive electronic word of mouth promotion about the product or brand produced, Consumers develop positive expectations about the quality of a product or service, which in turn increases their intention to purchase apart from that, electronic verbal communication can also provide encouragement consumers can buy processed products if the product is good Leon G. Schiffman (2007). Consumers are interested in the product and want it previously processed products. says that psychological activity arises from emotions and Thinking about a desired product or service is called purchasing Intention or interest in buying. Finally, it was time to buy there is electronic word of mouth.

According to Machfiroh (2018) The effect of brand image is so important because it's had correlation to purchase intention, the meaning if the better brand image on the product it can caused the more chance to people make purchase intention. So, changing consumer behavior towards the brand image of a product proves that brand image can encourage purchasing intentions towards a product, where they believe in the product. Brand image is one of the most important attributes of a product whose use is currently very widespread for several reasons, where the brand of a product means providing added value to the product To be able to maintain a score in the top brand index is not easy, Indomie has succeeded in maintaining this status for years. From the results of the top brand index score, it can conclude Indomie has received more recognition in the eyes of the public, especially in Indonesia. Indomie company and its success in maintaining its position as a top of mind instant noodle product, this research needs to be conducted as evaluation material for the company, especially in the social media section, to make it even better. This is also supported by the very high use of social media in

Indonesia. From that statement the opportunity to carry out marketing strategies through social media has the potential to attract interest, which allows an Indomie brand to influence customers.

Based on the discussion, Indomie's main problem is how to maintain its position as a market leader, especially in Indonesia, according to Kotler & Keller (2018) Market leaders must face challenges from competitors unless their dominance is lost. protected by legal monopoly. This is to defend its position against challengers. Alternative ways to increase product use are: looking for new users, finding new uses for the product and increasing use by existing customers. With the emergence of various new competitors, of course this is a challenge for the Indomie product itself. Like its closest competitor, namely Mie Seedap, Mie Sedaap itself was born in 2003 and Indomie was born in 1970, and according to the monitoring of news portals in Indonesia, since the emergence of Mie Sedaap itself it has stolen 17% of Indomie's market share with its unique innovation. in every instant noodle product.

In the era of digitalization, social media platforms have emerged as an important tool for brand promotion and consumer engagement. Among these platforms, Instagram stands out as a hub for electronic word of mouth (eWOM), where users share opinions, recommendations and experiences regarding various products and services. The eWOM phenomenon on Instagram has significant potential in shaping consumers' perceptions of brands and influencing their purchasing decisions. Instant noodles, like the well-known brand Indomie, represent a ubiquitous and economically significant product category in many markets around the world. Despite its widespread popularity, the extent to which eWOM on Instagram influences consumers' perceptions of Indomie's brand image and subsequently influences their purchase intentions is still not adequately understood. This research aims to overcome this gap by determining the influence of Electronic Word of Mouth via Instagram social media on the brand image of Indomie instant noodles and the subsequent impact on consumer purchasing intentions. By examining the content, sentiment and reach of eWOM related to

Indomie on Instagram, this research seeks to explain how consumer-generated content on social media platforms shapes brand image perceptions and influences consumer behavior in the instant noodle market.

Based on that statement regarding the research object, the authors want to examine the effect of eWOM (*Electronic Word Of Mouth*) on purchasing decision to buy product indomie. And also, it is mediated with brand image as a mediated variable toward indomie product. Therefore, the researcher conducted the research with the title **“THE INFLUENCE OF ELECTRONIC WORD OF MOUTH THROUGH INSTAGRAM SOCIAL MEDIA ON BRAND IMAGE TO PURCHASING INTENTION INSTANT NOODLE (INDOMIE) PRODUCT”**

1.4 Research Question

1. Does Electronic Word of Mouth on Social media Instagram have influenced the brand image of indomie?
2. Does brand image influence on Purchase indomie?
3. Does Electronic Word of Mouth on Instagram social media influence purchase intention indomie?
4. Does Electronic Word of Mouth on Instagram social media Effect Purchase intention intervene with Brand image indomie?

1.5 Research Purpose

1. To find out the Influence Electronic Word of Mouth on social media Instagram on brand image indomie
2. To Find out the influence Brand image to purchase intention on indomie product
3. To Find out the influence how Electronic Word of Mouth on Instagram social media on purchase intention
4. To find out the influence of brand image as intervening on Electronic Word Of Mouth on Instagram social media and purchase intention

5. 1.6 Benefit For Researcher

This research is expected to be useful and useful theoretically and practically:

1. Practical Aspect

It is hoped that this research can provide thoughts and motivation for Indomie to continue to maintain a positive Brand Image because it will bring positive Electronic Word of Mouth (eWOM) among the community and have a positive impact on the Indomie company. As a result, more and more customers are interested in buying Indomie instant noodle products.

2. Theoretical Aspect

It is hoped that this research can add new learning about consumer behavior, Electronic Word of Mouth (eWOM) and Brand Image and their impact in influencing interest in purchasing a product.

1.6 Systematic Writing of Mini Thesis

In this final assignment there are 5 chapters that support the research that the author conducted. :

CHAPTER I INTRODUCTION

- a.** In this chapter there is a general description of the company profile, research background, problem formulation, research objectives, research benefits, and the systematics of writing the final assignment.

b. CHAPTER II LITERATURE REVIEW

This chapter contains theories from general to specific, accompanied by previous research and continued with a research framework that ends with a hypothesis.

c. CHAPTER III RESEARCH METHOD

This chapter describes the approaches, methods, and techniques used to collect and analyze the data obtained to

d. CHAPTER IV DISCUSSION OF RESULT

The research results and discussion are described systematically in accordance with the problem formulation and research objectives and presented in a separate subtitle. This chapter contains two parts, namely the first part presents the research results and the second part presents the discussion or analysis of the research results.

e. CHAPTER V CONCLUSION AND SUGGESTION

The conclusion is the answer to the research question, then becomes a tool related to the benefits of the research.