THE IMPACT OF INSTAGRAM ADVERTISEMENT AND WORD OF MOUTH ON BRAND AWARENESS PANDORA EXPERIENCE IN SURABAYA

BY:
Celine Hertanto
3303014034

INTERNATIONAL BUSINESS MANAGEMENT
FACULTY OF BUSINESS
WIDYA MANDALA CATHOLIC UNIVERSITY
SURABAYA
2018
APPROVAL PAGE

THESIS

THE IMPACT OF INSTAGRAM
ADVERTISEMENT AND WORD OF MOUTH ON
BRAND AWARENESS PANDORA EXPERIENCE
IN SURABAYA

BY:
Celine Hertanto
3303014034

Approved and Accepted
to be Submitted to the panel team

Advisor 1,
C. Marliana Junaedi, SE., M.Si.
NIK: 311.98.0358
Date:

Advisor 2,
Deatri Arumsari Agung, SE., M.Sc.
NIK: 311.17.0980
Date:
Thesis written by Celine Hertanto NRP 3303014034 has been examined on August 10th and declared PASSED by Panel Team.

Panel Team Leader:

[Signature]

Dr. Lydia Ari Widyarini, SE., MM.
NIK. 311.92.0183

Dean

Head of Department

Dr. Lodovicus Lasdi, MM., AK., CA., M.Sc.
NIK. 321.99.0370

Robertus Sigit H.I. SE.,
NIK. 311.11.0678
AUTHENTICITY STATEMENT OF SCIENTIFIC PAPER
AND PUBLICATION APPROVAL OF SCIENTIFIC PAPER

For the sake of knowledge development, I, as a student of Widya Mandala Catholic University Surabaya:

I, the undersigned below:

Name     : Celine Hertanto
NRP      : 3303014034
Title    : The Impact of Instagram Advertisement and Word of Mouth On Brand Awareness Pandora Experience in Surabaya

Acknowledge that I authentically write This Final Assignment Report. If it is proved that this paper is a plagiarism, I am ready to receive any sanctions from the Business Faculty of Widya Mandala Catholic University Surabaya. I also approve that this papers to be published/shown in the internet or other media (The digital library of Widya Mandala Catholic University Surabaya) for academic importance to the extent of copyright law. Thereby, I sincerely made the authenticity statement and the publication approval.

Surabaya, 1 August 2018

Stated by,

Celine Hertanto
FOREWORDS

Firstly, I want to thank the Lord, without his guidance, I won’t be able to finish my final assignment as a graduation requirement that must be met to obtain a degree in Economics at the Faculty of Business Management Department of Widya Mandala Catholic in Surabaya. The final preparation of the final report will not work properly without the help and support from various parties. Therefore, the authors would like to thank:

1. Dr. LodovicusLasdi, MM., Ak. CA. as Dean of Business Faculty Widya Mandala Catholic University Surabaya.

2. RobertusSigitHaribowoLukito, SE., M.Sc. as the Head of Management Department, Business Faculty, Widya Mandala Catholic University Surabaya, Business Faculty, Widya Mandala Catholic University Surabaya.

3.Dr. WahyudiWibowo, S.T, M.M. as Coordinator of International Business Management

4. C.MarlianaJunaedi, SE.,M.Si. as the First Reviewer of Final Assignment who has taken the time, effort, to guide the author in completing this thesis.

5.DeatriArumsariAgung, SE., M.Sc.as the Second Reviewer of Final Assignment who thoroughly supporting author to the most out of properly writing.

6. My Parents, they keep on supporting the author for this 4 years, helping her to become a better version of herself.

7. To my dearest friendsSienny, Azalia, Olyvia and Feby, that continuously stood by author-side during this 4 years.

Surabaya, 2018

Celine Hertanto
## TABLE OF CONTENT

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>COVER PAGE</td>
<td>i</td>
</tr>
<tr>
<td>APPROVAL PAGE</td>
<td>ii</td>
</tr>
<tr>
<td>RATIFICATION PAGE</td>
<td>iii</td>
</tr>
<tr>
<td>AUTHENTICITY STATEMENT AND PUBLICATION</td>
<td></td>
</tr>
<tr>
<td>APPROVAL OF SCIENTIFIC PAPER</td>
<td>iv</td>
</tr>
<tr>
<td>FOREWORDS</td>
<td>v</td>
</tr>
<tr>
<td>TABLE OF CONTENTS</td>
<td>vi</td>
</tr>
<tr>
<td>ABSTRACT</td>
<td>ix</td>
</tr>
<tr>
<td>ABSTRAK</td>
<td>x</td>
</tr>
</tbody>
</table>

### I. INTRODUCTION

1.1. Background .............................................................................. 1
1.2. Research Question ................................................................ 7
1.3. The Objective of The Study .............................................. 8
1.4. Research Benefit .................................................................. 8
1.5. Systematic Writing.............................................................. 9

### II. LITERATURE REVIEW

2.1. Previous Research ............................................................... 11
2.2. Theoretical Basis ............................................................... 11
2.2.1 Instagram Advertising....................................................... 11
2.2.2 Word of Mouth ................................................................. 16
2.2.3 Brand Awareness .............................................................. 17
2.3. Relation Between Variables.................................................. 19
2.3.1 Impact of Instagram Advertising On Brand Awareness Pandora Experience Surabaya........... 19
2.3.2 Impact of Word of Mouth on Brand Awareness Pandora Experience Surabaya................. 20
2.4. Framework ............................................................................. 21
2.5. Hypotheses ............................................................................ 22
III. RESEARCH METHODOLOGY

3.1. Research Design.................................................................23
3.2. Variable Identification......................................................23
3.3. Operational Definition of Variable.................................24
3.3.1 Brand Awareness of Pandora Experience.......................24
3.3.2 Instagram Advertising..................................................24
3.3.3 Word of Mouth..............................................................25
3.4. Type and Source of Data..................................................25
3.5. Variable Measurement.....................................................26
3.6. Tools and Method of Collecting Data...............................27
   3.7. Population, Sample and Technique Used
       in Sampling.....................................................................27
3.8. Technique to Analyze Data ..........................................28
   3.8.1 Normality Test...........................................................29
   3.8.2 Validity Test..............................................................30
   3.8.3 Reliability Test..........................................................30
   3.8.4 Overall Model Fit Test...............................................31
3.9. Structural Model Test......................................................32
3.10. Hypothesis Test..............................................................32

IV. Analysis and Discussion

4.1. Respondent Characteristic .............................................33
4.2. Descriptive Statistic Variable..........................................39
   4.2.1 Descriptive Statistic Variable Instagram
       Advertising (ADV)..........................................................40
   4.2.2 Descriptive Statistic Variable Word
       of Mouth (WOM)..............................................................41
   4.2.3 Descriptive Statistic Variable Brand Awareness
       (BA)..........................................................................41
4.3. SEM Assumption Test......................................................42
   4.3.1 Normality Test...........................................................42
   4.3.2 Validity Test..............................................................44
   4.3.3 Reliability Test..........................................................45
4.4. Structural Model Test......................................................47
4.5. Goodness of Fit..............................................................47
4.6. Hypothesis Test............................................................48
4.7. Discussion .................................................................49
   4.7.1 The Effect of Instagram Advertising Toward
       Brand Awareness of Pandora Experience Surabaya..49
   4.7.2 The Effect of Word of Mouth Toward Brand
       Awareness of Pandora Experience Surabaya...........50

V. Conclusion and Suggestion

5.1. Conclusion...............................................................52
5.2. Suggestion...............................................................53

VI. Bibliography...............................................................55
VII. Appendix.................................................................57
ABSTRAK


Pandora Experience adalah perusahaan yang menggunakan kedua metode tersebut. Pandora Experience adalah perusahaan layanan yang menjual game, di mana pemain akan memainkan permainan secara fisik di mana para pemain diharuskan menyelesaikan teka-teki yang rumit, di dalam labirin. Sebagai perusahaan jasa dan perusahaan yang relatif baru, Pandora Experience diwajibkan untuk mengemas layanan mereka sekeras mungkin untuk menarik target pasar mereka yaitu kelompok pemuda. Kedua metode yang saat ini diterapkan oleh Pandora Experience sangat cocok dengan target pasar mereka. Hasil penelitian ini, yang menggunakan SEM dan LISREL, menunjukkan bahwa kedua metode tersebut mampu meningkatkan tingkat kesadaran merek di mata konsumen, terutama untuk kelompok milenial.
ABSTRACT

Advertising is a very important activity, it aims to introduce a product or promote products already in circulation. This activity is often done by many companies. With the development in this recent year, emerged the internet and social media. It is increasingly widespread use due to its practicality and easy usage. Seeing that many companies want to promote or advertise the products and services they sell. Social media is also very easy for the parties who want to advertise and also promote. One of the social media that facilitate both parties is Instagram. Instagram is therefore widely used by companies to advertise their products and services. Not only advertising, verbal communication, exchanging information from mouth to mouth is a very effective method to promote an item or service. Testimony from an individual can shape people's perceptions about a product. When these two methods are used, they will be able to raise awareness of a brand.

Pandora Experience is a company that uses both methods. Pandora Experience is a service company that sells games, where players will play the game physically where the players are required to solve complicated puzzles, inside a labyrinth. As a service company and a relatively new company, Pandora Experience is required to package their services as creative as possible to attract their target market that is youth group. Both methods that are currently applied by Pandora Experience fit perfectly with their target market. The results of this study, which used SEM and LISREL, showed that both methods were able to raise the level of awareness of a brand in the eyes of consumers, especially for millennial groups.