

## Chapter I

### INTRODUCTION

#### 1.1 Background of Study

Communicating with other people is a very easy thing. Various types of communication devices experiencing many development and innovation time by time, from a classic telegram, a classic telephone, mobile phones until the current advanced smartphones. The company sells smartphones with a variety of special specifications that highlight the uniqueness of the product from the sophistication of its features that make consumers must be selective in determining the choice in accordance with the wants and needs. This situation has led to tough competition between smartphone provider companies. This suggests that there must be a specific strategy used by the company in attracting the attention of customers to marketed products.

Promotion strategy is one of another way that can be done by company to attract consumer interest. One of the dominant forms of promotion by companies is advertising. Advertising is the process of delivering messages or information to some or all audiences using media. Advertising is defined as promoting or providing information through the mass media (Khasali, 1992 in Sitorus, 2013).

Advertising is basically persuasive or convincing audiences with various promises that ultimately drive a person to have a desire to buy a product. One of the media to deliver advertising messages is television. This is because the role television has an advantage when compared with other media in an effort to help dissemination of successful advertising.

Nielsen survey in Sitorus (2013) related to the behavior of top brand shopping. The survey shows the impact of advertising on Indonesian consumers is on third in Asia Pacific. As many as 74% of Indonesian respondents admit, advertising increases their tendency in choosing a brand. According to the survey, this situation is encouraged by a economy booming and rapidly growing middle class population that they are competing to find popular brands to show their new social status. It is clear that advertising is an important thing to do by the company to sell its products, especially in Indonesia. One of the most effective ways to do advertising that is often pursued by many companies is through brand ambassadors or celebrity endorsers

The use of Brand Ambassador/Celebrity endorsers had been done by VIVO. VIVO company realizes that their brand can be publicly recognized with advertising. VIVO has a brand ambassador for every smartphone they sell on the market, such as the VIVO V Series smartphone that launched in 2017 including recent famous V7+ which very often to see in television advertisement, linking Agnes Monica as its ambassador brand. In International arena, VIVO was also secure her title as “Official Smartphone Sponsor” of 2 edition competitive world football event, FIFA World Cup 2018 in Russia, and FIFA World Cup 2022 in Qatar. It obvious the ambition of VIVO to challange her chinese compatriot, Oppo or even current market leader, Samsung.



**Comparison of Top 5 Smartphone Companies in Indonesia, 2017 vs 2016, by Market Share**

2017 Top 5 Smartphone Companies		2016 Top 5 Smartphone Companies	
Company	Market Share	Company	Market Share
1. Samsung	31.8%	1. Samsung	28.8%
2. OPPO	22.9%	2. OPPO	16.6%
3. Advan	7.7%	3. ASUS	10.5%
4. ASUS	6.5%	4. Advan	6.8%
5. vivo	6.0%	5. Lenovo	5.6%
Others	25.1%	Others	31.6%
<b>Total Shipment Volumes (in millions)</b>	<b>30.4</b>	<b>Total Shipment Volumes (in millions)</b>	<b>30.3</b>

Source: IDC 2018

As we can see from the data by IDC, VIVO wasn't in the top 5 spot of Smartphone marketshare by the end of 2016. But after some aggressive promotion strategy, VIVO was successful to gain enough some marketshare to be spotted in the top 5 Smartphone marketshare by the end of 2017 and knocked their competitor Lenovo out of big 5. VIVO that already become the Official Smartphone Sponsor of FIFA World Cup 2018 and 2022, also making cooperation with smartphone gaming developer named Moonton in game "Mobile Legends Bang Bang" that very popular in Indonesia to boost their market share. Furthermore, VIVO was also tied several Celebrity to make them the Brand ambassador/Celebrity Endorser of VIVO. One of them is Agnes Monica. In the release date of V7+ smartphone series, VIVO was held a concert and make Agnes Monica the main star as their introducing the new V7+.

Many companies including VIVO recognize that using celebrity endorsements as marketing strategies may increase corporate profits. Based

on research conducted by Silvera & Austed (2004), on the factors that influence the effectiveness of celebrity endorsements in the perspective of customers, it gives results that customers are more likely to value the products based on what the celebrity really feels for the product. Meanwhile the company prefers a famous well-known celebrity who acts as a brand ambassador for its product. This strategy is ineffective and it is expected that the company not only sees the proper celebrities for its products, but how these celebrities provide a powerful and reliable reason why they are like endorsed products to the customers.

Therefore, the selection of brand ambassador is very important to because the use of brand ambassador is expected to influence Self-Brand Connection, and Brand Equity. Research conducted by Dom et al. (2016) on the effectiveness of celebrity endorsement in advertisements shows, better celebrity endorser/product fit also causes better outcomes in positives feeling towards the advertisement, increased purchase intention, making endorsed brand more appealing and higher recall rate as compared to low celebrity endorser/product fit and whenever a celebrity is endorsing the right product, this will somehow indicate to the consumers the value that they will derive from the products.

Research conducted by Dwivedi et al. (2015) about Celebrity Endorsement, Self-Brand Connection and Consumer based Brand Equity reveal that endorser credibility exerts a direct significant impact on consumer-based brand equity, thus finding support for the use of celebrity endorsers for brand building purposes. Brand Equity (Keller, 1993 in Dwivedi et al., 2015) is shaped by the quantity and quality of brand associations in memory, implying that the brand with more detailed knowledge in the customer's memory will have greater Brand Equity than

any other product. When a celebrity links up a brand via an endorsement deal, the associations of a celebrity get transferred over to the endorsed brand in consumer memory (Till, 1998 in Dwivedi et al., 2015).

Meanwhile, based on the research conducted by Dwivedi et al. (2015) about Celebrity Endorsement, Self-Brand Connection and Consumer based Brand Equity also observe a direct positive effect of endorser credibility on self-brand connection and celebrity endorsers can be strategically used to develop a stronger level of engagement with consumers given their potential to address consumer self-definitional needs. Self-Brand Connection as formation of strong and meaningful ties between a particular brand and a consumer's self-identity and such brands develop strong emotive ties with a consumer over time, generally culminating in development of favorable brand attitudes and behavioral intentions (Escalas, 2004 in Dwivedi et al., 2015).

Based on the above explanations, in this study we want to know the relationship between the use of Brand Ambassador or Celebrity Endorsement, namely Agnes Monica and Self-Brand Connection, and Brand equity on VIVO.

## **1.2 Research Question**

Based on the formulation of the problems that have been described, the research question is as follows:

1. Is the influence of Endorser Credibility namely Agnes Monica affect the brand equity of VIVO products?
2. Is the influence of Endorser Credibility namely Agnes Monica affect the self-brand connection of VIVO products?

### **1.3 Purpose of the Study**

Based on the formulation of the problems that have been described, the purposes of this study are as follows:

1. To analyze the effect of Endorser Credibility namely Agnes Monica on the brand equity of VIVO products.
2. To analyze the effect of Endorser Credibility namely Agnes Monica on the self-brand equity of VIVO products.

### **1.4 Scope of the Study**

This Research will be focus on findings the relationship and effect of Endorser Credibility on Brand Equity and Self-Brand Connection. This research is limited only to identify and explore the effect of Endorser Credibility on Brand equity and Self-Brand Connection of VIVO and Agnes Monica in Surabaya

### **1.5 Research Benefit**

#### **1.5.1 Theoretical Aspects**

1. This research may enrich the concept and theory about marketing a brand using Celebrity Endorser with her credibility so that it can influence Brand Equity and Self-Brand Connection
2. As a contribution to science in the field of brand management.

#### **1.5.2 Practical Aspects**

1. As an illustration of how much influence the use of Endorser Credibility with her credibility towards Brand equity and Self-Brand Connection.
2. As an evaluation of the management of a company brand in order to increase the effectiveness of marketing a product or service.

## 1.6 Organization of Writing

This research is divided into five chapters. The details of each chapter are shown below:

**a. CHAPTER 1 : Introduction**

This chapter describes the research topic and the aim of this research. This includes the background, research question, objective, scope of research, significance of research, and finally the chapter outline.

**b. CHAPTER 2 : Literature Review**

This chapter provides the brief description of previous study that is used and the theoretical framework that has been used throughout the study. Some concepts are used to analyze the results and findings of the study.

**c. CHAPTER 3 : Research Methods**

This chapter provides a brief explanation on how the data was collected and how these data will be analyzed to achieve the objective of this research.

**d. CHAPTER 4 : Analysis and Discussion**

This chapter will mostly discuss and describe the results and findings based on analysis of the data collected for this research.

**e. CHAPTER 5 : Conclusion and Suggestion**

This chapter gives the conclusion about this research and intends to give some suggestion about VIVO endrosers