

CHAPTER I

INTRODUCTION

1.1. Background

In the early twenty first century, the South Korean music business began to have an impact on the global entertainment sector. This K-pop civilization has successfully taken over the music industry, which would include Indonesia. This obsession with K-Pop music is inextricably linked to Korean fever (Korean Wave). The phrase ‘Korean Wave’ refers to the occurrence of Korean drama and pop music rapidly spreading and becoming a prominent trend in China (Chua & Cho, 2012). The influence of South Korean entertainment’s ever-increasing popularity is considerable and obvious across many sectors, including consumer purchases of Korean items and services.

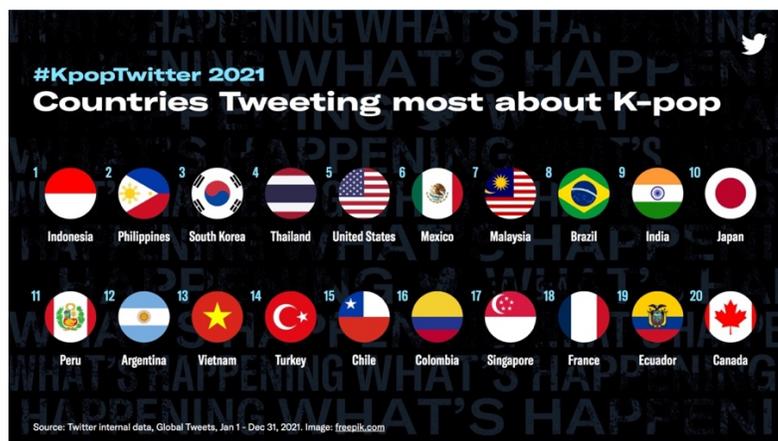


Figure 1-1 Countries Tweeting Most About K-pop
Source: blog.twitter.com

With a tremendous 7.8 billion global Tweets in 2021, #KpopTwitter outperformed the previous best of 6.7 billion Tweets in 2020. #KpopTwitter dialogues got more diversified and robust in 2021, with a remarkable 16% rise in Tweet volume internationally. For the second consecutive year, Indonesia is at the top of the list of countries with the most K-pop Tweets. While this was going on, the top 10 countries included the Philippines, South Korea, Thailand, the United States, Mexico, Malaysia, Brazil, India, and Japan.

A brand is made up of a name, word, sign, symbol, or any combination of these that aims to convey the distinctive advantages that a business can offer consumers through a particular good or service in terms of qualities, worth, and culture (Kotler, 1997). According to Keller (2008), one crucial function of a brand is to help consumers recognize a company's goods and services and tell them apart from those of rivals. K-pop groups are a brand.

NCT, like every other group, draws a crowd in the form of musical works as well as diverse goods. In fact, quoting from Pertiwi (2013), K-pop fans are interested in more than just the music; they are also interested in souvenirs or trinkets relating to their favourite idol group. Buying idol-related merchandise and attending performances is one way for fans to show their support for their idols (Pertiwi, 2013). Photocards are a common collectible item, and they are in high demand among collectors. The rivalry in photocard collecting is exhibited through a collection profile in social media, primarily on Twitter, which is particularly often used to showcase their collection. Twitter has a phrase called "sbt" which stands

for sell, trade, and buy. Having an SBT account is solely not to do the activities of its abbreviation, but also to make friends with other collectors.

Photocards are among the most collectible items, and they are equally as important as albums. Additionally, this is a way to maintain and deepen the sense of community and belonging among K-pop fans (Galloway, 2020). It is indeed a mystery whose photocard will be included when a fan buys a K-pop album, and it could not match the member they prefer. In order to gather the ultimate bias, the processes of exchange, sale, and purchase of these products are therefore encouraged. Additionally, since there is a preservationist attitude toward the photocards, the process of keeping them safe also serves to solidify the emotional bond formed between the group and the fan (Heinich, 2010).

In fact, among Indonesian collectors, each photocard gets its own label to allow an easier memory. Quoting from Kotler and Keller (2015), branding is a way of combining products and services with the power of a brand. Forming and defining a brand in the eyes of customers is the process of branding, which gives meaning to a particular business, organization, line of goods, or service. In this way, the name given to the photocards by fans is a real-life form of branding.

1.2. Research Problem

Numerous empirical research found that product branding increases product sales. Several studies have discovered that a consumer's perception of the price that has been established for an item has a considerable impact on the consumer's

intention to purchase the product (Wilson, 2022; Zhu et al., 2018). According to research by Rizwan Qaiser and Asad Afzal (2018), brand loyalty significantly influences purchase intention. They sought to look into how brand loyalty affected consumers' purchasing intentions in the auto business, therefore they applied statistical approaches to get a significant result after confirming its dependability through regression.

Nonetheless, Vitor Azari (2020) found out that branding does not directly impact purchase intention. Kapantouw and Mandey (2015) research also shows that attitude has no significant and positive influence on purchasing intention, and Wattimena et al (2012) show that cognitive and affective variables, including consumer attitudes, have no significant and positive influence on purchasing intention.

According to the preceding paragraph, there is a difference between two results, whether there is an influence and vice versa. This is where the gap lies. Hence, the research question would be “is there an influence of brand loyalty and price perception on NCT photocard purchase intention, particularly in Indonesian NCT sell-buy-trade community?”

1.3. Research Objective

Ascertain the influence of brand loyalty and price perception on NCT photocard purchase intention within NCT sell-buy-trade community.

1.4. Research Significance

1.4.1. Theoretical

This research is intended to aid the advancement of Communication Science, particularly branding, by increasing positioning in the study of theory reasoned action (TRA), either through event explanation or data analysis.

1.4.2. Practical

This research is expected to provide benefits for people in the sell-buy-trade (sbt) area, K-pop fans, as well as people in general. In fact, a strong brand for the learning function is an excellent approach to foster companionship among students. People become ambassadors for their learning as a result of this camaraderie, fuelling the marketing engine to spread their message even more.

1.4.3. Social

This research is intended to provide information and knowledge to the public in understanding the influence of brand loyalty and price perception on purchase intention.

1.5. Theoretical Framework

1.5.1. State of the Art

There have been several research with a related concept that has been conducted in the past. The ones that will be mentioned in this part further down are the chosen journals.

First, quantitative research was conducted by Lim Ying San, Ng Tuan Hock, Lim Pei Yin which was published in 2020. About 200 relevant surveys were gathered, and analysis of the data reveals that attitudes about Korean media and Korean celebrities have an impact on customers' intention to make purchases. The findings of this study demonstrate how consumer perceptions of Korean entertainment media and Korean celebrities influence Generation Y's inclination to buy Korean goods. However, among Malaysia's Generation Y, there is no correlation between social impact and the inclination to buy a Korean product.

Second, conducted research entitled "The Influence of Customer Expectations, Customer Loyalty, Customer Satisfaction and Customer Brand Loyalty on Customer Purchasing Intentions: A Case Study of K-POP Fans in Thailand" by Adisak Suvittawat in 2021. The literature review made an effort to understand K-Pop fans' diverse purchase intentions. A quantitative paper-based survey instrument was created by the researcher. Following the ontologies, epistemologies, and procedures defined by Decrop, the instrument was pretested (2004). The researchers conducted interviews with the attendees of K-Pop events, and the results

were recorded using paper-based instruments in the form of a questionnaire. In terms of theoretical and practical implications, the 431 Thai respondents offered valuable insights into the purchasing intentions of Thai K-Pop enthusiasts. Findings showed that customers were quite happy with the artists, and they showed a high level of brand loyalty to the goods that the K-Pop groups promoted. The Korean performers lived up to the fans' expectations, allowing them to remain devoted to their favourite boy or girl group.

Third, the concept of brand loyalty is reframed using the theory of reasoned action. The theory of reasoned action states that attitudes toward purchases and subjective norms serve as the antecedents of purchasing behaviour. The estimation and assessment of brand loyalty will be more precise and consistent over time if the antecedents of buying behaviour are taken into account. By adopting the idea of reasoned action, the research intends to unify three dimensions of brand loyalty and investigate the links among many of behavioural brand loyalty.

Fourth, conducted research entitled “The Influence of Price on Purchase Intentions: Comparative Study between Cognitive, Sensory, and Neurophysiological Experiments” by Gabriel R.D. Levrini and Mirela Jeffman dos Santos in 2021. The study exposes individuals to a blind test of the three items using neuromarketing methods and procedures (quantitative and qualitative), and then asks them to discuss their sensory

impressions of the aroma, emotions, and texture of the products. Researchers examined consumers' reactions when they introduced price and brand name variables using facial electromyography (EMG) and eye-tracker devices, comparing unconscious and cognitive responses in the process. The results demonstrated that when new variables were revealed, an unconscious decision may be altered. The findings suggest how aware price variation was the main factor influencing consumers intention to make a purchase.

Fifth, conducted research entitled "Impact of Brand Loyalty in Assessing Purchase Intentions of a Customer: A Study of Automobile Industry in South Asian Perspective" by Rizwan Qaiser Danish and Asad Afzal Humayon in 2018. The study aims to determine the impact of brand recognition, brand awareness, price, and brand quality on the brand loyalty of the product of automobiles. This is followed by an examination of the impact of brand loyalty on the intention to buy the product, particularly in Southeast Asia. After utilizing various statistical techniques to examine the data (287 respondents), it was discovered that brand awareness, name, and quality have a direct and favourable impact on the brand loyalty of the product, and that brand loyalty also has a favourable impact on the product's purchase intention.

In keeping with the previous five journals, price perception and brand loyalty have a big impact on purchase intention. Not to mention, this study

can benefit from the theories that were used in the publications. The theory of reasoned action is used to reinterpret the idea of brand loyalty. According to the idea of reasoned action, attitudes toward purchases and arbitrary standards work as the precursors to consumer behaviour.

1.5.2. Research Paradigm

The positivistic paradigm is the research paradigm raised in this study because it recognizes that problems can be categorised and that there is a single reality that connects problems to causal realities. The positivist paradigm is the one applied in this study to comprehend cause-and-effect relationships between variables (Leslie, 2003:55). The positivist paradigm will choose a variable for this research.

1.5.3. Brand Loyalty

Brand loyalty, according to Aaker (2015), is a tie between a customer and a brand. This metric provides insight into whether a client is inclined to switch to a competitor's brand if the latter is determined to be superior in terms of pricing or other factors. Brand loyalty, according to Schiffman and Kanuk (2009), is also a customer preference that results in recurrent purchases from the same brand for particular goods with particular service categories. Furthermore, quoting from Agraval and Siddharth (2010), a

customer is seen to be brand loyal when they consistently make a conscious or unconscious repurchase with that specific brand because they believe the brand is providing them with the proper product features and the necessary degree of quality. To determine whether a customer is loyal or disloyal, both W.M. Ruvini M. Weerasinghe and Anuradha Peramunugamage (2014) found out that brand loyalty can be measured by the following indicators:

- Brand repurchase in similar context
- Brand repurchase in case of price increase
- Brand repurchase in case of distribution decrease
- Brand recommendation

1.5.4. Price Perception

Price perception, as described by Peter and Olson (2008), refers to how customers understand and interpret pricing information. Buyers frequently have a range of acceptable prices. People won't want to purchase a product if the price is too high, and if it is too low, they will question the product's quality (Cooper, 1969, in Dodds et al., 1991). No matter how expensive or inexpensive the items or services are, if they may benefit the client, they will forego a financial benefit to buy the goods or services (Zeithaml, 1988). In this case, quoting from Rai and Narwal (2022), consumers' view

that such price given for a product is worthy and met their expectations will reinforce their desire to buy the product. On the other hand, consumers' perception that its price chosen for a product was too low will likely reduce their intention to finally purchase the product. The following are the indicators, according to Kotler (2016):

- Product price affordability
- Price match with product quality
- Product price competitiveness
- Price match with product benefits

1.5.5. Purchase Intention

Purchase Intention, according to Kotler & Keller (2009:137), is consumer behaviour that manifests in response to items that suggest the client wants to make a purchase. This description illustrates the reaction of someone who speaks for customers who might, will, plan, or are willing to purchase a good. Consumers exhibit purchase intention when they react in a way that demonstrates their desire, interest, and readiness to choose products and make purchases. Studies in the past (Pi, Liao, Liu, & Lee, 2011; Pavlou & Geven, 2004) have shown that purchase intention accurately captures customers' actual purchasing behaviour as well as their

propensity to complete other transactions in the future. Purchase intention can be measured through:

- Desire to purchase
- Interest in finding information
- Plan to purchase in the near future
- Tendency to choose certain item as the main preference instead of other

1.5.6. The Influence of Brand Loyalty and Price Perception on Purchase Intention

Two crucial claims were made by Lutz (1991) that form the foundation of the theory of reasoned action. At the outset, measuring one's attitude toward engaging in a behaviour—rather than just their overall attitude toward the object—is important in order to predict their propensity to make a purchase. According to the TRA model, there are three components to unit brand loyalty. Each of the three factors influences a consumer's loyalty or disloyalty. For instance, even if a consumer is opposed to buying a particular brand, the consumer may still do so. In this situation, their behaviour is loyal despite their disloyal attitude.

According to Sheth (1968), who bases his definition of brand loyalty on its behavioural component, "brand loyalty is a function of a brand's relative

frequency of purchase in both time-independent and time-dependent scenarios.” Day (1969) says that behavioural and attitude-based criteria should both be used to assess loyalty (composite brand loyalty). The two most critical components of brand loyalty, attitude and behaviour, which have been thoroughly studied in the field of consumer behaviour, can be derived from the conceptual and operational definition of brand loyalty.

The probability that a person will act in a given way under certain circumstances, regardless of whether they actually do. The idea of reasoned action focuses on an individual’s attitude toward an activity, as well as the subjective norms of prominent people and the people in their immediate environment that may potentially impact such attitudes (Ryan and Bonfield, 1975). One’s view of the beliefs held by parents, friends, partners, acquaintances, and co-workers affects one’s subjective norms. This has a big impact on how individuals are persuaded to perceive conduct and viewpoints. In this regard, someone may be influenced by the presence of NCT in a group or culture.

This theory can be proven using the concept of price perception. The second variable used and integrated in this study is price perception, and it has the potential to influence consumers’ or individuals’ intentions to engage in specific behaviours. As opposed to the perceived price, which can be interpreted as consumers’ judgement of whether or not the price established for particular products was acceptable (Zhu et al.,2018). The

likelihood that customers in this situation will ultimately choose to purchase cheaper, non-official photocards rather than the official is likely to be lower (or eventually reduce) if they are unable to discover sufficient explanations for why they should purchase the official photocard.

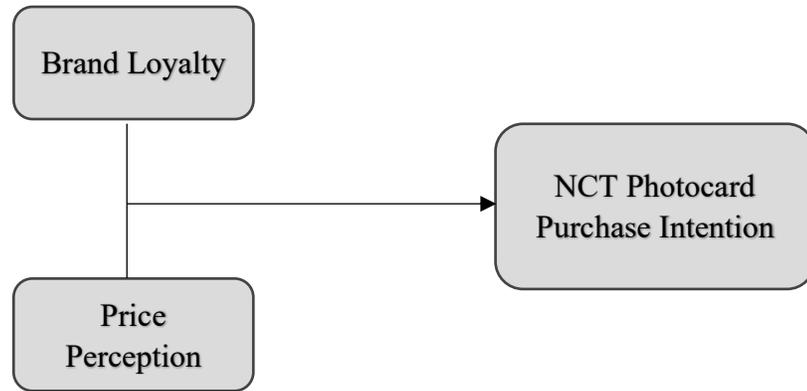
According to TRA model, if people evaluate the suggested behaviour as positive (attitude) and if they think others want them to perform the behaviour (subjective norm), this results in a higher intention (motivation) and they are more likely to perform the behaviour (Matthew J. Mimiaga, et al., 2009). In this sense, if NCTzen believes that purchasing NCT photocard equals being loyal to NCT and believe that it is worth it, others also want them to do so, this results in a higher intention and are more likely to perform the behaviour. Behaviour in this case is the NCT photocard purchase intention.

Consumer behaviour and Theory of Reasoned Action (TRA) are strongly related. One is responsible for their own consumer behaviour. Consumer behaviour is essentially impacted by internal and external elements within the consumer, according to Utama and Rochman's (2013) argument. These elements have an impact on consumer sentiments and purchasing intentions. However, due to its drawbacks and broad reach, this theory cannot adequately explain all variables in this study. Since norms can frequently be reframed as attitudes and vice versa, there is a high possibility of confusion between the two. Another limitation is the

presumption that once someone decides to act, they will be unrestricted in their actions.

Previous findings with the same results can be used to strengthen the theory for this research. Based on empirical research, “learning advantage, consideration advantage, and choice advantage” modulate the relationship between brand loyalty and purchase intentions (Hoeffler & Keller, 2003). Variable brand awareness, perceived quality, and brand loyalty have been proven to influence purchase intention, in accordance to research by Sidik Budiono et al. from the year 2021. After a study was conducted, the researcher’s final hypothesis—that “brand loyalty has a significant positive direct effect on purchase intention”—was also accepted (Rizwan et al., 2018).

According to Rai and Narwal (2022), price perception influences purchasing intention favourably. According to Natasha Bunga Arindaputri and Singgih Santoso (2022), price perception, business image, and digital marketing promotion activities have significant and favourable effects on purchase intention. Any sensible consumer's assessment of prices will differ. Consumers determine the low or high price level of the market based on their experiences with products or services. Certain consumers compare the costs incurred to the gains achieved. While a high perceived price discourages buyers from buying a goods. Therefore, consumers’ price level perception can influences their purchase intention (Cakici & Tekeli, 2022).



**Figure 1.5-6
Hypothesis Diagram**

1.6.Hypothesis

Hence, based on the aforementioned premises, brand loyalty and price perception influence purchase intention (H_a).

1.7.Conceptual Definition

1.7.1. Brand Loyalty

Brand loyalty is “a favourable attitude toward, and consistent purchasing of, a particular brand,” according to Wilkie (1994). As a result, in this circumstance, NCT brand loyalty refers to a condition in which fans favour NCT above other groups.

1.7.2. Price Perception

The perception of a product's pricing determines whether it is pricey or affordable (Erevelles, Roy, and Vargo, 1999). According to Erickson and Johansen (1985), customers must make a sacrifice in order to gain from the goods or services they buy. Hence, the state in which fans see a photocard's pricing as high, low, or fair is referred to as price perception, and it ultimately affects whether or not they are willing to purchase the aforementioned goods.

1.7.3. Purchase Intention

Purchase intention is a condition in which a customer expresses their interest, desire, and readiness to make a purchase of a product.

1.8. Operational Definition

1.8.1. Brand Loyalty

Brand loyalty of NCT can be measured by the following indicators:

1. NCT repurchase in similar context
2. NCT repurchase in case of price increase
3. NCT repurchase in case of distribution decrease
4. NCT recommendation

1.8.2. Price Perception

The price perception of NCT photocard can be measured by the following indicators:

1. NCT photocard price affordability
2. Price match with NCT photocard quality
3. NCT photocard price competitiveness
4. Price match with NCT photocard benefits

1.8.3. Purchase Intention

1. Desire to purchase NCT photocard
2. Interest in finding information about NCT photocard
3. Willingness to purchase NCT photocard
4. Plan to purchase NCT photocard in the near future
5. Tendency to choose NCT photocards as the main preference instead of other group

1.9 Research Methodology

1.9.1. Research Type

The author of this study employed an explanatory research methodology. Explanatory research methods describe the connections between one variable and another. This research aims to explain the influence between three variables consisting of brand loyalty (X1) and price perception (X2) as the independent variables along with purchase intention as the dependent variable (Y).

1.9.2. Population

Mike Baglietto (2020) discovered that K-Pop celebrities are having unexpected effects on Zoomers (Gen Z) and other demographics. He identified three key outcomes:

- 1) Gen Z listeners are two times more likely to be repeat listeners than Millennials;
- 2) 42% of older Gen Z (aged 17-23) already earn money;
- 3) Gen Z was found to be spending 4 hours and 15 minutes per day on their devices.

Hence, this target demographic for this study is Generation Z aged 17 to 23 who is into NCT.

1.9.3. Sampling

1.9.3.1. Sampling Technique

The sampling technique used is non-probability sampling with accidental sampling technique. This is due to the fact that the number of Generation Z aged 17 to 23 years in Indonesia who is a fan of NCT is unknown.

1.9.3.2. Sample Size

The sample size of the population for this research is 100 respondents. According to Roscoe (1975: 150), the proper sample size is between 30 and 500.

1.9.4. Data Types and Sources

Primary is used in this research. When a researcher conducts surveys, the respondents are the source of the data. The data collected from each respondent can be referred to as primary data.

1.9.5 Research Instrument and Data Collection Techniques

1.9.5.1. Instruments

Self-administered questionnaires were used as a data gathering tool in this study. If the researcher is certain of the variables to be measured and what the respondent should expect, the questionnaire is an effective data gathering tool.

1.9.5.2. Technique of Collecting Data

Self-administered data collection was performed in this study, which implies that researchers distributed questionnaires for participants to complete.

1.9.7. Data Processing

Three stages will be followed by the data used in this investigation and the data processing methods employed:

- 1) Editing

Ensuring there are no missing or inaccurate responses by reviewing the questionnaire after the respondent has finished filling it out.

2) Scoring

Give a value in the form of numbers in your response to the question to help researchers obtain quantitative data for the submission of hypotheses.

3) Tabulating

The information or outcome of the respondent's response is categorised by type.

1.9.8. Data Analysis Technique

The analytical technique used in this study is the multiple linear regression method as it tests the analysis that was done to demonstrate the influence between two variables (x and y). Gary Smith (2015) stated that regression models are commonly used to describe complicated events, particularly in the field of: (1) humanities; (2) social sciences, and; (3) natural sciences. Multiple regression model will therefore be employed in this study. Multiple regression is a statistical approach that has the ability to examine the relationship between a single dependent

variable and a number of independent variables, quoting from Andrew W. Moore et al. (2006).