

CHAPTER I

PREFACE

1.1. Background

Advances and developments in technology, especially telecommunications, information and multimedia have a major impact on changes in social relationships because of their flexibility and telematics' ability to incorporate aspects of human life. The number of people using the internet in Indonesia is steadily increasing.

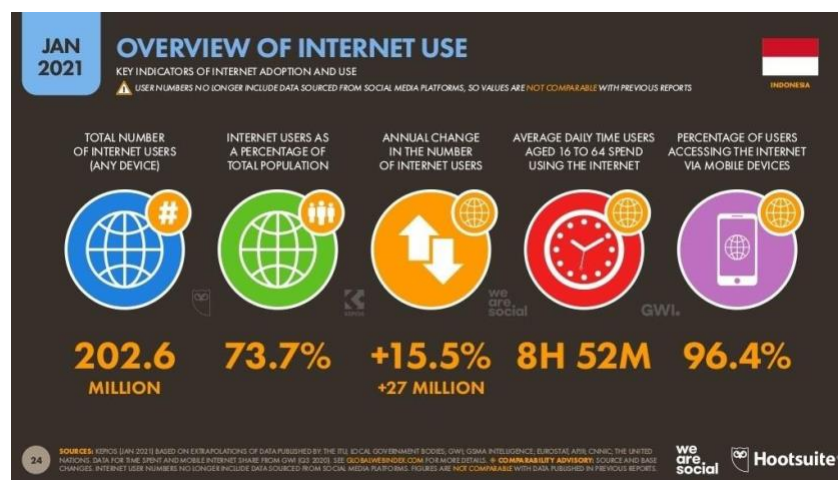


Figure 1.1. Overview of Internet Use (Source: WeAreSocial.com, 2021)

Based on the We Are Social and Hootsuite data above, Indonesia's Internet users increased by 27 million (+ 16%) between 2020 and 2021 to a total of 202.6 million. This happens because numerous activities, such as working from home, remote learning, and shopping, are done online. The pandemic has increased people's access to the internet. The internet is growing rapidly and becoming an important part of modern society. As a means of exchanging information and communication, the internet presents various facilities. One of the conveniences obtained is effectiveness and time efficiency in shopping. Online shopping has become a culture of modern society. From the data

obtained by Indonesia Digital Landscape, approximately 40% of internet users have done online shopping for products and services.

Humans have high mobility so that the world of commerce has high demands to be able to provide services and goods quickly on demand. Ecommerce is now a convenient and cost-effective option for consumers. E-commerce is a term invented by Shahriari, S., Shahriari, M., and Ggheiji, S. (2015) where they defined it as purchasing a product or service over internet.

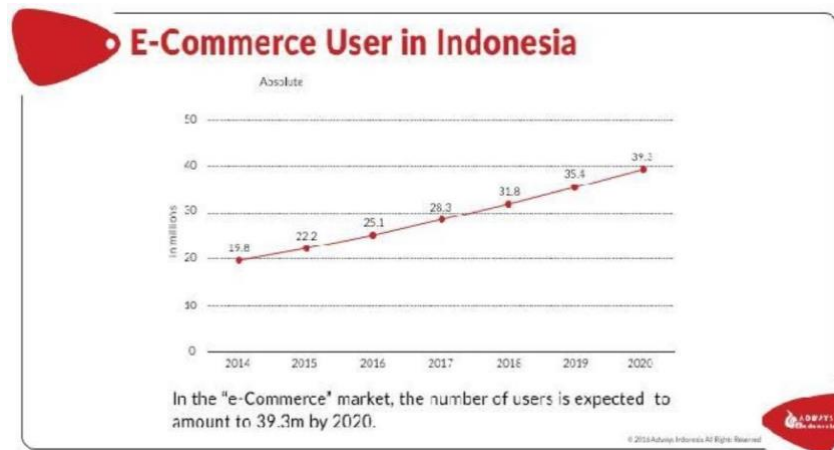


Figure 1.2. E-Commerce User in Indonesia (Source: Statista.com, 2017)

Nowadays, there are many e-commerce platforms (Source: 5 e-commerce Indonesia paling banyak dikunjungi menurut data. Populix. (2022, April 21). Retrieved June 13, 2022, from <https://info.populix.co/articles/ecommerce-indonesia/> . The platform is unlimited and reaches all groups. In recent years, people must be very familiar with the term e-commerce or online shopping. In Indonesia, the growth of e-commerce is also quite rapid, to the point where people's purchasing behaviors are shifting toward electronic or online shopping, which introduces additional opportunities. The number of e-commerce users in

Indonesia continues to rise, according to the above data from Statista.com, the number of e-commerce users and market revenue rises every year. In 2017, there were 28.3 million e-commerce users, with a significant increase of 39.3 million by 2020.

Technology and the internet also had the greatest impact on the younger generation. They spend a lot of time on the internet (Source: Pew Research Center. (2020, May 30). Social Media and young adults. Pew Research Center: Internet, Science & Tech. Retrieved June 13, 2022, from <https://www.pewresearch.org/internet/2010/02/03/social-media-and-young-adults/>). Nowadays, young adults choose to communicate, study, have fun, and even develop relationships online. It's no secret that they enjoy buying online as well. This is exactly the case with today's generation of kids. Youths or Young Adults described by The World Health Organization as adolescents are young people from 10 to 24 years old.

Meanwhile, The United Nations defines the term youth as 15-24 years of age. Young adults have challenges and milestones that are distinct from those faced by adolescents and adults in terms of psychosocial development. They must make the transition from school to career goal, from parental supervision to personal responsibility, from living with parents to establishing their own families and many adult behaviors.

Based on the research conducted by We Are Social and Hootsuite on January 2021 in order to find the total number of people within each age group, from the total population of 275 million people, the highest percentage, 77.5% or approximately 213.200.000 of the population are aged 13 and above then followed by 69.1% or 190.100.000 of the population aged 18 and above. These data shows that the highest population in Indonesia are still considered as youths or young adults. Because the

highest percentage of citizens in Indonesia are considered as youths, another research was also conducted by We Are Social and Hootsuite in January 2021 to know the percentage of internet users in each group that made an online purchase in the past month. The data shows that the age of young adults, which are 16-24 years old, did a high percentage of purchasing a product online in the past month with a percentage of 84.8%.

Based on the information stated above, it is undeniable that Indonesian citizens, particularly young-adults, enjoy online shopping, particularly through e-commerce platforms. Online shopping in e-commerce platform introduces the public to practical, safer and more profitable shopping methods. There are lots of e-commerce in Indonesia, one of the well-known e-commerce is Shopee. Shopee is a subsidiary of the Sea Group, first launched in 2015. Shopee is an online marketplace application that allows customers to buy and sell items on mobile phone quickly and easily. As a part of Sea Group, Shopee has a goal to improve the quality of life for consumers and small entrepreneurs for the better with the help of technology. Besides that, Shopee also has a diverse selection of products ranging from fashion to everyday necessities and is available as a mobile application to make it easier for users to do online purchasing activities without needing to utilize a computer device. Shopee makes a variety of efforts to increase the number of users and visitors, including conducting marketing communication activities such as providing free shipping promos, collaborating with influencers, collaborating with public figures as brand ambassadors, and using sales advertisements to attract the public. Shopee also includes features that make online transaction easier for customers such as *ShopeePay* feature, which allows users to transact cashless in the Shopee app or at offline merchants, as well as the *Shopee Pay Later* method, which allows users to buy

things in advance and pay at the end of the month, based to certain terms and conditions. Shopee, not wanting to be left behind, also launched *Shopee Food*, an online food ordering and purchasing service.

TOP BRAND GEN-Z INDEX 2021

ONLINE SHOPPING

BRAND	TBI 2021	
Shopee.com	52.9%	TOP
Lazada.co.id	23.7%	TOP
Blibli.com	5.7%	
Tokopedia.com	4.8%	
Zalora.co.id	3.0%	

* Kategori online dan offline

Figure 1.3. Top Brand Gen-Z Index 2021

(Source: *Topbrand-award.com, 2021*)

According to the research conducted by *topbrand-award.com*, Shopee is the top e-commerce brand in the Top Brand Gen-Z index 2021 with a percentage of 52.9%. The top brand index includes top of mind-awareness (the brand that respondents first mentioned when naming a product category), last used brand (last used / consumed brand), and future intent. There are two parameters. base. (Brands that users want to use / consume in the future). Based on the data shown above, it can be seen that Shopee ranks first, which is then followed by Tokopedia in second place with a significant difference of 29.2% at a percentage of 23.7%.

Table 1.1. E-commerce Brand Equity Ranks Conducted by SnapCart

CATEGORY		
BRAND	(PERCENTAGE OF USERS)	
	TOP OF MIND	LAST USED
SHOPEE	75%	87%

TOKOPEDIA	18%	46%
LAZADA	5%	20%

(Source: SnapCart, 2021)

Another study was also conducted by SnapCart where the results of the study showed that Shopee was the most remembered and most used e-commerce by most people. Shopee is top of mind for 75 %, followed by Tokopedia (18%) and Lazada (5%). Furthermore, 87 % respondents said that Shopee was the e-commerce platform they had used in the previous three months, making Shopee the e-commerce platform with the most users during that time period. Meanwhile, Tokopedia is used by 46% of respondents, while Lazada is used by 20% of respondents.

The market is becoming more expansive, and the competition is becoming more intense where each player is competing for the market. Of course, a strong marketing strategy is required in order to direct consumers to make purchases and produce revenue for e-commerce businesses. One of the strategies to produce a strong marketing is by having a strong brand equity. Brand equity is defined by Kotler and Armstrong (2016) as the differential effect of knowing the brand name on a measure of the brand's ability to capture consumer preferences and loyalty. Meanwhile, according to Kotler and Keller (2013), brand equity is the value added to products and services. According to Aaker, the dimensions of brand equity are brand awareness, brand loyalty, brand associations and perceived quality.

Shopee's marketing communication has become one of its most crucial components. Most people are familiar with the Baby Shark song from 2020 which was a hit and went viral. This was one of Shopee's promotional content materials at the time, and it

succeeded in quickly familiarizing everyone with the platform because of the song's tone is easy to remember, therefore it can effectively raise brand awareness. According to the brand management literature, brand awareness is one of the most essential variables that define a brand's strength and hence contribute to its competitive advantage (Urbanek, 2002). Sasmita and Suki (2015) and Macdonald et al. (2000) stated that brand awareness is important to encourage repeated buying behavior among consumers. It was demonstrated in this way that Shopee was able to win as the platform with the best commercials in 2017 and made Shopee won an award from the *Bright Awards Indonesia*. Shopee's other strategy for attracting more customers is to be bold enough to give massive discounts to its customers. One of the most interesting promotions is the free shipping offer, which comes with a few requirements that buyers consider still acceptable. This pleases potential customers' interest because they won't have to worry about shipping fees any longer. Not only that, yet Shopee also takes the risk of guaranteeing the lowest costs to customers in order to compete with other companies.



Figure 1.4. Shopee's and Tokopedia's Youtube Advertisement

(Source: Shopee's and Tokopedia's Official Youtube Account, 2021)

Until now, advertising has remained a relatively important factor for a brand in attracting consumers, as proven by reports

and statistical data compiled by a digital marketing expert who stated that, aside from using search engines, people still prefer television advertisements and social media advertisements. Consumers are persuaded to recognize television advertising through brand ambassadors who attract attention, create appropriate taglines to illustrate product characteristics, colorful logos, and catchy jingles. The more appealing an attribute are, the faster it will increase a company's brand equity. From the advertisements and jingles owned by the two largest e-commerce sites in Indonesia, namely Shopee and Tokopedia, it can be seen that the number of viewers for *Shopee's 9.9 Super Shopping Day Midnight Sale* advertisement is much higher than the advertisement of *Waktu Indonesia Belanja x BTS* owned by Tokopedia. Shopee managed to get 12M views on its official YouTube channel (Source: YouTube. (2021, September 8). *Promo bombastis di shopee 9.9 super shopping day midnight sale | 9 september jam 00:00 - 02:00 wib!* YouTube. Retrieved June 13, 2022, from https://www.youtube.com/watch?v=mvrG_9zx174) meanwhile Tokopedia only got 3M views (Source: *Tokopedia x BTS : Waktu Indonesia belanja!* YouTube. (2021, September 18). Retrieved June 13, 2022, from <https://youtu.be/hNOfYFInUxY>). This proves that Indonesian consumers are more aware of Shopee and its advertisements. There are several brand ambassadors (Source: *Inilah Daftar Brand ambassador Shopee Dari Tahun Ke tahun.* Ginee. (2021, October 24). Retrieved June 13, 2022, from <https://ginee.com/id/insights/daftar-brand-ambassador-shopee/>) used by Shopee to advertise and increase brand awareness such as well-known Indonesian artists, namely Syahrini, Prilly Latuconsina, Didi Kempot (Alm), Amanda Manopo and Arya Saloka, Joe Taslim, leading Korean girl groups Blackpink, Red Velvet, ITZY, GFriend, Secret Number and Korean boy group

GOT7 and NCT 127 to legendary moviestar Jackie Chan.

In addition to using brand ambassadors to strengthen brand equity, Shopee also uses taglines to strengthen product identity because taglines can stimulate listeners or readers to always remember the advertised product. The time for delivering the tagline is limited to only a few seconds, so the role of the tagline becomes so important in a product. The use of taglines is a common thing and many companies do (Brahmbhatt & Vyas, 2013). Shopee uses the tagline "*Gratis Ongkir*" which is a sentence that is very easy for customers to remember, if a customer hears the term -gratis ongkir, the first e-commerce that will pop into customers' minds is Shopee. However, online shopping sites other than Shopee such as Tokopedia also apply free shipping even though it is not the tagline. This can be a competition between Shopee and other e-commerces, which could lead to customer's brand loyalty. Aaker (1991) defines brand loyalty as a customer's devotion to a brand.

The next strategy that Shopee does to increase its brand equity is their logo. An attractive and unique logo stands as a media strategy to convey information that can attract consumers' attention. As a result, a logo can be viewed of as a brand-management tool that is used in a very well process to build brand equity, customer commitment, and increased competitiveness. The logo has long been regarded as the foundation of corporate identity as a visual representation of the company (Foroudi et al. 2017; van Riel and Balmer 1997). Companies that always prioritize branding will carry their identity as well as possible. One of the main identities of the company is a logo (Brahmbhatt & Vyas, 2013). With a logo, people can recognize the company well through its visuals. Visually attractive logos can be seen in terms of color, writing and shapes that make you recognize them. Shopee has an attractive logo with a picture of a shopping bag

which indicates that Shopee is an app for online shopping. The orange color as the basis used can add enthusiasm, attraction and happiness for customers so that people will realize that the orange logo belongs to Shopee.

The last strategy used by Shopee to increase its brand equity is to use advertising jingle as a medium for conveying information, advertising messages that are displayed using music. A jingle is a short song type of music used in advertisements to create consumer relationship with the company. The jingle is made up of musical phrases and meaning which then promote and place the product being advertised, typically through advertising slogans to reinforce brand identity (Pooja & Utkarsh Jain, 2016). Jingle becomes a strong influence to make advertisements stick to consumers' memories. Shopee is one of the most active in terms of releasing advertising variations, constantly innovating to generate content that can go viral by ensuring that the content is familiar to everyone, approachable, and straightforward without having to think about it. Shopee uses the Baby Shark song as their jingle that is re-packaged by changing the lyrics of the song from "baby shark do do do do" into "di Shopee pi pi pi pi pi" and adding some dance variation as a characteristic that can be directly recognized and remembered by the public. In order to maintain its position as the leader of the e-commerce market in Indonesia, the strategy that Shopee can use is to maximize its brand equity. Because the brand identifies the service produced as well as to distinguish it from the products offered by similar companies. Consumers tend to stick with a preferred brand after committing to it in order to prevent switching costs (Jeon, 2017). One of the most important benefits of an established brand is the brand engagement associated with its loyal customers. Consumers consider brand equity when making a purchase decision, as it can

affect the perception of a product or service by consumers who are perceived to be of higher quality than other products. Customers have a customer-based brand equity if they are brand-savvy, positive, strong, and have a clear relationship (Keller in Sherman, et.al.2015). This demonstrates that brand and customer portfolios are intangible marketing assets that assist businesses in generating profits due to their effect on competitive advantage (Romero & Yague, 2016).

Besides having well-known brand ambassadors, Shopee also invests heavily in advertising and marketing in order to achieve top rank. According to the statistics below, Shopee's marketing budget increased from 2017 to 2020, consistently outspending Tokopedia in terms of advertising. In 2017, Shopee spent 291 million rupiahs, falling short of Tokopedia's 431 million rupiahs. However, in 2018, Shopee took the lead and outranked Tokopedia in terms of spending, which increased from 922 million rupiahs in 2018 to 1,7 trillion rupiahs in 2020. These statistics indicate that Shopee has a strong brand equity position.

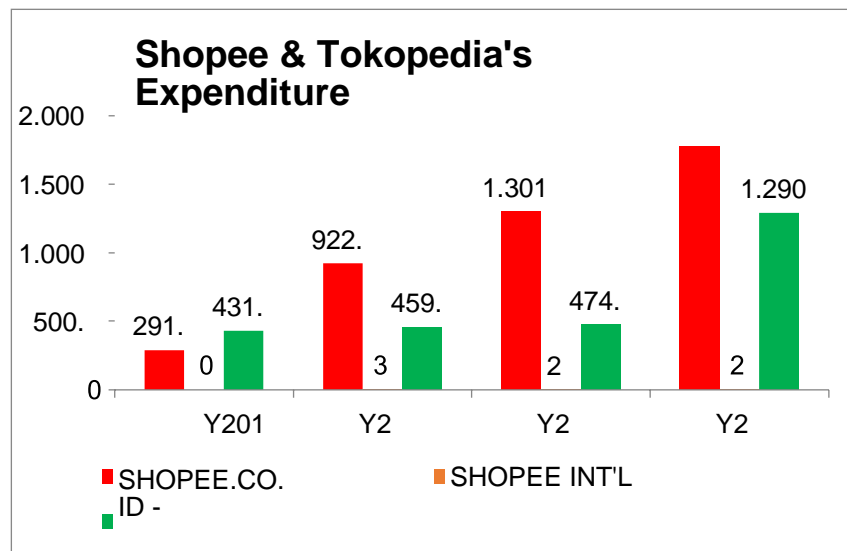


Figure 1.5: Shopee & Tokopedia's Expenditure Chart

(Source: Nielsen Media Research; data spending in trillion rupiah)

Shopee has also carried out many marketing activities (Source: EcomEye. (2021, September 11). *Shopee marketing strategy*. Asia

eCommerce Trends. Retrieved June 13, 2022, from <https://ecomeye.com/shopee-marketing-strategy/>) to increase brand equity which made Shopee won the first place in the research conducted by Top Brand Index in 2021. However, even though Shopee has carried out various marketing strategies by advertising in various media, using various brand ambassadors and collaborating with many K-Pop artists and also spending a very high budget for advertising, Shopee has not gotten first rank in the level of customer's satisfaction for Indonesian e-commerce category. Jajak Pendapat (Jakpat) Special Report for the first quarter of 2021, entitled Indonesia e-Commerce Trends 2021 research finds out that Tokopedia surpasses Shopee in terms of customer satisfaction. In general, consumer satisfaction is so high in Indonesian e-commerce that the difference in points between a number of e-commerce applications are very small. Tokopedia ranks first with a score of 4.53, followed by Shopee with a score of 4.47, Blibli (4.21) and Lazada (4,20). Aside from the survey results, Jakpat Special Report also shows consumer's considerations when choosing e-commerce as a shopping destination. Among the many factors, it turns out that promos reigns first in terms of consumer preferences (65%). This research shows that Tokopedia becomes the e-commerce platform with the highest customer satisfaction.

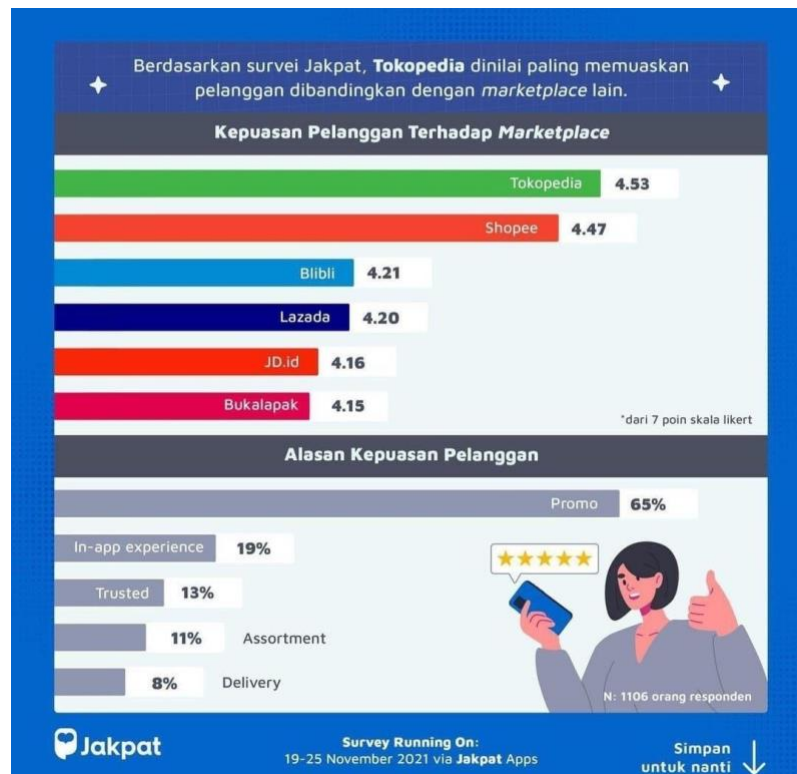


Figure 1.7: Jakpat Special Report Survey Q1 2021, “Indonesia e-Commerce Trends 2021”

(Source: Marketing.co.id, 2021)

Based on the data presented above, it can be seen that Shopee was outranked by Tokopedia in the terms of e-commerce customer satisfaction based on 7 scoring scales such as promos, in-app experience, trusted assortment and delivery. This indicates that although Shopee has a strong brand equity, its app doesn't have as much level of customer satisfaction. Therefore, the question that arises from this situation is whether there is any relationship between Shopee's brand awareness, brand association and perceived quality towards Shopee's customer satisfaction in Indonesian young-adults. Despite having completed many of branding activities and earned first place in the Top Brand Index Gen-Z and Snapcart, Shopee is placed second in terms of customer's satisfaction by Jajak Pendapat (Jakpat).

Therefore, the focus of this study is to determine whether there is a relationship between Shopee's brand awareness, brand

association and perceived quality towards Shopee's customer satisfaction among Indonesian young-adults.

1.2. Problem Statement

In Indonesia, the e-commerce market is highly competitive right now. Shopee is one of the companies that keeps the competition thriving. Shopee has several promotional strategies to increase their brand equity, which are by increasing brand awareness, brand association and perceived quality. Shopee launched a marketing promotion strategy in the form of Shopee's iconic campaign every month from January such as 1.1 to December 12.12. One of the successful campaigns was Super Shopping Day in the 12th of December or widely known as 12.12 and also the birthday date of Shopee as well, in which Shopee collaborated with a popular Indonesian artist, Joe Taslim as brand ambassadors to increase brand equity among customers. Shopee 12.12 Super Shopping Day advertisements are broadcast on various national television channels and are also broadcasted online via Shopee's official Youtube channel. This advertisement got 9,5M views. Before that, Shopee also produces lots of commercial advertisement and did lots of collaboration with many K-Pop artists such as ITZY, Secret Number, Twice, Red velvet, Treasure, NCT 127 and the lattes with TXT. All of their online concerts were watched by more than 100K views.

Besides having well-known brand ambassadors, ear-catching jingle and tagline, eye-catching logo design, Shopee also invests heavily in advertising and marketing in order to achieve top rank. Despite having completed many of these activities and earned first place in the Top Brand Index Gen-Z and Snapcart, Shopee is placed second in terms of customer's satisfaction by Jajak Pendapat (Jakpat).

Therefore, the focus of this study is to determine whether there is a relationship between Shopee's brand awareness, brand association, and perceived quality among Indonesian young-adults.

1.3. Objective

The objective or the aim of this research are:

1.3.1. Describing the relationship between Shopee's brand awareness and customer satisfaction.

1.3.2. Describing the relationship between Shopee's brand association and customer satisfaction.

1.3.3. Describing the relationship between Shopee's perceived quality and customer satisfaction.

1.3.4. Describing the relationship between Shopee's brand awareness, brand association, perceived quality towards Shopee's customers satisfaction in Indonesian young adults.

1.4. Research Significance

1.4.1. Theoretical Contribution

This current data contributes in giving the most update theory of brand equity which is focused on brand awareness, brand association and perceived quality and also verifies the theories implemented in the research, which are Aaker and Keller's brand equity and consumer satisfaction theories, both of which are critical in the study of marketing communications.

1.4.2. Practical Contribution

This current data can be used as a reference source for Shopee and other e-commerce industry in strengthening their brand equity and also increasing consumer satisfaction.

1.4.3. Social Contribution

This current data informs potential buyers on the importance of significance of brand awareness, brand association and perceived quality in influencing people's satisfaction, as well as how the components represent each other. Potential buyers will learn from this result that most of the time buyers bought

something because it is reliable and because it is easy to remember, not because the quality the product perceive.

1.5. Theoretical Framework

1.5.1. Research Paradigm

The paradigm is, at its core, an effort to seek or justify the truth. Concepts, theoretical frameworks, and research methods are all organized in this book. This research uses positivistic paradigm, which has a function to conduct research on a particular population. The use of the positivistic paradigm is done to explain the causal relationship between variables. Kuhn (2014) observed that paradigms connect a scientific method for a long time, typically decades or longer. The paradigm used is the positivistic paradigm. According to Neuman (2014), positivism considers social science research to be fundamentally similar to natural science research, based on the assumption that social reality is made up of objective facts. This research finds the relationship between Shopee's brand awareness, brand association and perceived quality towards Shopee's customer satisfaction in Indonesian young-adults.

1.5.2. State of The Art

1.5.2.1. *The Influence of Brand Awareness and Brand Image on Brand Equity – An Empirical Study of Logistics Service Providers* written by Świtała, Marcin & Bilińska-Reformat, Katarzyna & Reformat, Beata & Gamrot, Wojciech in 2018. The findings of a study on Keller's brand equity ideas are presented in this journal. The main purpose of this research was studying the relationship between brand awareness, brand image and brand equity. Research information was collected from both secondary and primary sources. This survey has a sample of 100 companies ordering logistics services. The data collected in this way was statistically evaluated using a structural equation model.

Looking at the structural equation model course, we can see that there is a positive but weak relationship between brand awareness, brand image and brand value. Bootstrap simulations for calculating confidence intervals show that this change in the strength of the effect is not statistically significant. The difference between the author's research and this research is that this research focuses on brand awareness and brand image towards brand equity, and has a research object that focuses on logistics service providers, whereas the author's research focuses on e-commerce Shopee. Furthermore, the author's study focuses on young adults in Indonesia.

1.5.2.2. *The Influence of Brand Equity of E-Commerce Business on Customer Satisfaction; A Study of Makassar City Resident.* A research conducted by Syarief Qayum Suaib in 2016. The focus of this research is to see how brand loyalty, perceived quality, brand awareness, and brand relevance impact consumer satisfaction of e-commerce enterprises in Makassar. That is to say. Purposive sampling was used to select 125 people for this study. According to the results of the survey, brand loyalty, perceived quality, brand awareness, and brand relevance all, in part and at the same time, had a significant impact on customer satisfaction. As a result, the study's findings reveal that the most important factor influencing customer satisfaction is brand awareness. The results of the survey have a positive impact on potential customers, maintaining and maximizing brand loyalty, perceived quality, brand awareness, and brand associations to develop marketing strategies for companies and other stakeholders. Designed to achieve customer satisfaction that can be used with. This study is similar to the author's in terms of the research focus, namely brand equity and consumer satisfaction, as well as the research object, namely e-commerce. The author's research, on the other hand, focuses on one particular e-

commerce platform, Shopee, as well as a specific research subject, Indonesian young adults.

1.5.2.3. *How to Manage Customer Satisfaction through Brand Association and Perceived Value Strategy* by Vonny Susanti, Ujang Sumarwan, Megawati Simanjuntak, Eva Z Yusuf written in 2019. This journal is identifying whether perceived quality or brand association has a greater influence on customer satisfaction. By understanding the influencer, the seller is able to determine which policies and implications should be addressed in order to maintain and even increase customer loyalty. To ensure a correlation between the constructs, this empirical study applies a quantitative technique using a PLS software. According to the study, brand association is a critical determining element in consumer happiness. Brand connections have a greater effect on satisfaction than perceived value. From the customer's perspective, salesperson personality has a greater impact on brand connections than brand image. The author's research in the focus of research, namely brand association, perceived quality, and customer satisfaction, is similar to this study. However, the author's study has a focus, notably in the sphere of e-commerce, with a focus on Indonesian young adults who use Shopee.

1.5.2.4. *Brand Trust and Brand Loyalty, An Empirical Study in Indonesian Consumer* by Anton A. Setyawan, Kussudiyarsana, Imronudin written on 2015. The impact of brand reputation, predictability, satisfaction, empathy, experience, trust in the firm, and ability on brand loyalty is investigated in this study. Trust in the brand serves as a mitigating factor. Data for this study were gathered using a non-random sampling strategy (convenient sampling). For this investigation, a total of 109 participants were tested. Only two characteristics, customer trust in a firm and brand satisfaction, have a substantial impact on brand loyalty, according to the findings. This study is similar to the author's

research in terms of the focus of research, which is brand equity, however this study focuses on brand trust and loyalty, whereas the author focuses on brand awareness, brand association, and perceived quality. Furthermore, while this study has a research object that focuses on Indonesian cellular phone users, the author has chosen to focus on Shopee consumer satisfaction among Indonesian young adults.

1.5.2.5. *The Effect of Brand Equity on Customer Satisfaction: An Empirical Study Based on David Aaker's Brand Equity Model* written by Zoyia Tanveer and Rab Nawaz Lodhi in 2016. The purpose of this study is to look into the link between brand awareness, perceived quality, brand association, and customer satisfaction. Based on the convenience sample approach, 75 people that are the consumer of branded shoes in Pakistan were selected as respondents in this study. For this study, a sample size of 87 was determined, and 75 respondents provided acceptable data. In this study, Aaker's (1991) brand equity model is applied. This brand equity model has four dimensions: brand loyalty, brand association, brand awareness, and perceived quality. The replies were gathered using closed-format questions. This study indicates that the three dimensions— perceived quality, brand awareness, and brand association—have a positive influence on brand equity, which in turn has a significant impact on customer satisfaction in the context of the branded shoes market in Pakistan. This study shares certain similarities with the author's research in terms of the study's focus, which is on brand equity and customer satisfaction. However, this study's research object is branded shoe customers in Pakistan, whereas the author aims to research Shopee user satisfaction among Indonesian young adults.

The primary difference between these research and the author's is that the author's main objective is to determine the relationship between brand awareness, brand association, and perceived quality in relation to customer satisfaction, with a focus on the e-commerce platform Shopee, particularly among Indonesian young adults.

Table 1.2. Theoretical Framework

No	Title	Focus of Research	Object of research	Theoretical Framework	Methods
1	The Influence of Brand Awareness and Brand Image on Brand Equity – An Empirical Study of Logistics Service Providers	Brand awareness and brand image towards brand equity	Logistic service provides	Brand Equity	Quantitative
2	The Influence of Brand Equity of E-Commerce Business on Customer Satisfaction; A Study of Makassar City Resident	Brand equity and consumer satisfaction	E-commerce business	Brand equity and customer satisfaction	Quantitative
3	How to Manage Customer Satisfaction through Brand Association and Perceived Value Strategy	Customer satisfaction, brand association, perceived quality	Chemical industry	Brand equity and consumer satisfaction	Quantitative

4	Brand Trust and Brand Loyalty, An Empirical Study in Indonesian Consumer	Brand equity	Indonesian consumer	Brand equity	Quantitative
5	The Effect of Brand Equity on Customer Satisfaction: An Empirical Study Based on David Aaker's Brand Equity Model	Brand equity and customer satisfaction	Branded shoes customer in Pakistan	Brand equity and customer satisfaction	Quantitative

(Source: Data compiled by the author)

The five studies mentioned above have a lot of similarities with the author's research, particularly when it comes to discussing brand equity. The main variable of the research, brand awareness, brand association and perceived quality towards customer's satisfaction, the research objective, Shopee, and the research subject, Indonesian young adults, are the differences between each research and the author's research.

1.5.3. Description of Variables

1.5.3.1. Brand Awareness

Almost all brand equity models acknowledge awareness as a critical aspect (Aaker 1991, Kapferer 1991, Keller 1992, Agarwal and Rao 1996, Krishnan 1996, Na, Marshall and Keller 1999, Mackay2001). Keller (2003) defines brand awareness as "the ability of a customer to remember and recognize a brand." Aaker (1996) distinguishes cognition from memory, as well as some higher states of awareness (Aaker1991). "Brand

Dominance,” “Brand Understanding,” and “Brand Opinion” are all terms used to describe a brand's position in people's minds. Brand awareness is critical for new and specialized brands, according to Aaker (1996). Recalls and top of mind are more sensitive and important for well-known companies. Incorporating your brand's knowledge and perspectives aids in brand remember. The Y & R and Total Research programs employ the same indicators. According to Aaker, brand awareness must come before brand association. **Consumers awareness is important for the brand and the company, that's why the first-awareness from a consumer really matters (Washburn and Plank, 2002).**

Brand awareness influences consumers' repetitive buying behavior (Sasmita & Suki, 2015; Macdonald et al., 2000). In addition to brand awareness, people associate a brand with a particular product. The goal is to create and maintain power in the minds of consumers (Aaker, 1996). According to previous researches, brand awareness has a affects brand image in a positive way. The more brand conscious people are, the easier it is to build a positive brand image (Hyun & Kim, 2011; Yang & Petersen, 2004).

According to a research that focuses on brand management, one of the most important factors that could determine a brand's strength is the brand awareness itself. For that, making sure that brand awareness fulfills the standard becomes more important for business these days. Brand awareness is the most basic form of brand knowledge that requires at least informed brand name or structural awareness. The most basic and important limitation of brand search is the consumer's ability to identify and remember brands in different situations. The most essential aim of the company is to have a strong brand since it influences not only short-term sales but also

long-term profitability. Therefore, the goal of a professional brand management team is to add new products and create a brand that can last for decades. Kapferer et al., 2004; Keller et al., 2003). Both Aaker and Keller's customer-based brand equity models deal with customer impressions and ratings of the brand.

There are several factors that influence a consumer's brand awareness, including:

1. Name

A brand's name is the first thing that draws a consumer's attention to it. Consumers will be persuaded to purchase a product if the company has an appealing brand name.

2. Advertising

A well-executed advertisement also aids the company in increasing brand recognition. People are constantly influenced by advertisements. An appealing TV commercial will bring in more customers, and one satisfied customer will spread the word about the company (Word of Mouth). The celebrity who promotes the brand is a significant aspect of the product's promotion. Because well-known figures serve as brand ambassadors, people are drawn to a brand.

3. Promotions & sales

Sales and promotions also help to increase brand recognition. Companies market their brands in a variety of ways, including giving away a free gift, providing free samples, bundling their product with another well-known product from their own brand, and collaborating with another company.

4. 1st mover advantage

Customers will remember a company's first introduction of a new product to the market for a long time. People will remember this company as the one who first introduced this

product. They will also compare the original brand to the market's successor brands.

“People or organizations who consume services or commodities.” Consumers are an essential component of the economic system since they pay for the goods and services produced. Insufficient customer demand discourages producers and impacts the economy.

Aaker's (1996) brand awareness theory is known as the brand awareness pyramid, which can be seen in the figure below:

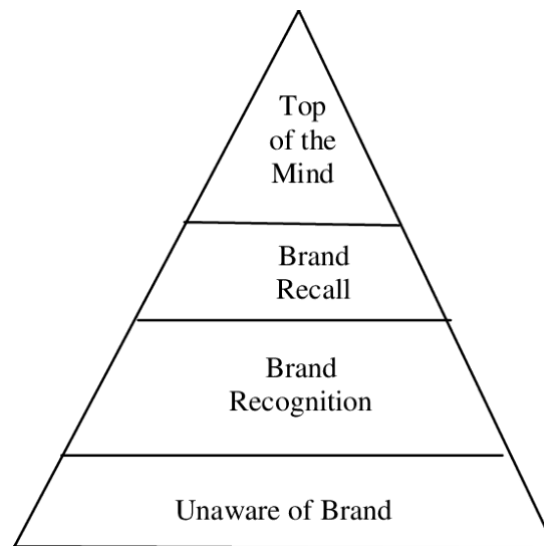


Figure 1.8. Brand Awareness Pyramid

(Source: Aaker, 1996)

1. Unaware of the brand: consumers are unfamiliar with the brand.
2. Brand recognition: Low brand awareness, which is critical when a customer chooses a brand throughout the buying process.
3. A brand recall: brand rebranding that does not require support because it is different from the implementation task.
4. Top of mind: The first brand to be remembered when asking consumers about a category of products that they can spontaneously recall without assistance is in the foreground.

1.5.3.2. Brand Association

A brand association is defined as “something associated in memory with just a brand” (Aaker, 1991). Aaker (1991) also stated that a brand association has a degree of strength, and the connection to a brand (from the association) is stronger when it is founded on multiple experiences or exposures to communications, and when it is supported by a network of other ties. Brand associations may also represent product attributes. Furthermore, brand association would offer customers with a purchasing rationale since most brand associations are tied to brand qualities, the target consumer market, and the advantages that consumers require, forming the foundation of brand loyalty and consumer purchase choices (Len, Cind& Lynn 2007).

According to Chen’s (2001) brand association typology, the two most commonly cited types are product associations and organizational affiliations. Furthermore, Aaker (1991) proposed that brand associations might bring value to customers by giving them a cause to buy the brand and by instilling good attitudes/feelings in them. **According to Rio et al. (2001), brand associations are an important component in the establishment and management of brand equity. High brand equity implies that consumers have significant favorable connections with the brand in this aspect.**

Organizational associations are beneficial partnerships that exist between customers and companies. This is based on the notion that a favorable connection will have the desired effect on consumer attitudes and behavior towards the brand. This is thought to be more successful than relying on the popularity of a particular product (Aaker, 2012). Foroudi, Jin, Gupta, Foroudi, and Kitchen (2018) demonstrated a positive link between brand association and brand loyalty, as did Romaniuk and Nenycz-Thiel (2013), Severi and Ling (2013), Maderer, Holtbrugge, and

Woodland (2016), and Foroudi, Jin, Gupta, Foroudi and Kitchen (2018). **The more the brand association, the greater the consumer's liking and loyalty to the brand.**

Because most brand associations are tied to brand attributes, the target consumer market, and the advantages that customers require, they constitute the foundation of brand loyalty and consumers' purchase intentions (Len et al., 2007). As a result, brand association is extremely significant in customers' purchasing decisions (Boisvert and Burton, 2011).

Associations related with a brand are often related with a variety of things; in other words, there are many different sorts of associations that may be associated with a brand. According to (Aaker D., 1997), there are 11 types of associations, including the following:

a. Product attribute

The most common positioning method is to associate a product's attributes or characteristics. Creating these linkages is beneficial because, if the attribute is relevant, the association may be easily converted into reasons to purchase a brand.

b. Intangible attribute

An intangible factor is a generic property that encapsulates a group of objective attributes, such as perceived quality, technological progress, or perceived value.

c. Benefits for consumers

Consumers benefit from most product attributes, so there is a connection between consumers and producers.

d. Relative price

Brand evaluation for a certain usage or application.

e. Usage or application

This method connects the brand to a specific user or application.

f. User or consumer

This strategy connects the brand to a certain sort of product user or consumer.

g. Famous people or audience

Associating a well-known person or artist with a brand might help convey the brand's strong associations with well-known people.

h. Lifestyle or personality

Brand customers with similar personalities and lifestyle features may be used to stimulate the identification of a brand with a lifestyle.

i. Product class

Associating a brand according to its product class.

j. Services of competitors or competitors

Knowing the competition and trying to match or even outperform the competition.

k. Country or geographic area

Country associations can be complex and important when countries are trying to develop a global strategy.

1.5.3.3 Perceived Quality

Another important element of brand equity is perceived quality (Aaker, 1991). According to Aaker (1991), perceived quality is "the consumer's assessment of the overall quality or superiority of a product or service in relation to its intended purpose, relative to alternatives." It's a competitive necessity, and many companies have turned customer-driven quality into a strategic weapon today. They build customer satisfaction and value by consistently and profitably meeting their customers' quality standards and preferences. Kotler (2000) emphasizes the close relationship between product and service quality, customer happiness, and firm profitability. According to Boulding et al. (1993), "quality is directly determined by perception." Perceived quality has a significant influence on purchase decisions. If

customers' perceived quality improves after utilizing the goods or service, so will their buy intent (Rust and Oliver, 1994). Perceived quality is associated with brand equity and is one of its aspects (Aaker, 1991; Kamakura and Russell, 1993; Feldwick, 1996; Motameni and Shahrokhi, 1998; and Yoo et al., 2000). Perceived quality also means the consumer's evaluation of superior

product or service performance when compared to other similar items (Zeithaml, 1998; SNOJ et al., 2004). The terms perceived quality and perceived value are frequently used interchangeably. Both represent customer assessments of goods or services. However, the breadth of each is fundamentally different. **Perceived value has a broader definition that includes customers' evaluations of overall product and service performance based on their own experiences (Zeithaml, 1998).**

Grewal, Krishnan, Baker, and Borin (1998) discovered that perceived quality is the primary determinant of perceived value. Prior research has demonstrated a favorable association between perceived quality and brand loyalty (Baker; Crompton, 2000) and brand purchase intention (Grewal; Monroe; Krishnan, 1998; Bao; Bao; Sheng, 2011; Calvo-Porrall; Lèvy-Mangin, 2017; Foroudi et al., 2018).

Previous empirical research demonstrated a lack of consistency and understanding on which dimensions should be utilized to evaluate perceived quality. A variety of dimensions are used in every business and type of product and service. There are several attributes used to measure perceived quality according to Garvin (1984) that suits this research, such as:

1. Performance
2. Reliability
3. Features

4. Conformance and durability
5. Serviceability
6. Aesthetics

Furthermore, Zethaml (1988) discovered that performance is the primary predictor of perceived quality.

1.5.3.4. Customers' Satisfaction

According to Keller and Lehman (2006), customer satisfaction increases the willingness to pay for the product or service and also increases brand loyalty. According to Chen and Tseng (2010), strong brand boosts customer's trust for purchasing a product. Researches prove that there is substantial relationship between brand equity and customer satisfaction.

According to Oliver (1997), satisfaction is "the overall psychological state that results when the emotion around unconfirmed expectations is combined with earlier sentiments about the consumer experience." Consumer satisfaction is critical for long-term corporate performance and is one of the most extensively investigated themes in marketing (Pappu & Quester, 2006). This is also significant in terms of a company's economic performance.

Consumers who make a purchase of a certain commodity generally have already specified expectations pertaining to its quality, purpose, or application. They do not pay for the thing in the physical sense; rather, they pay for the value or what they expect from the commodity. Expectations vary in breadth and might be misleading at times.

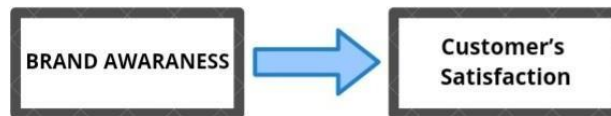
1.5.3.5. The Relationship Between Shopee's Brand Equity and Shopee's Customers Satisfaction

To explain the relationship between Shopee's brand awareness, brand association, perceived quality and consumers' satisfaction, the author uses the *brand equity and consumers*

satisfaction theory proposed by Aaker (1991) Keller (1996). Keller (1993) stated that brand equity is defined as the different effects of brand knowledge on customer reactions to brand marketing. A comprehensive collection of brand-association brands connected to the brand in the consumer's long-term memory is referred to as brand knowledge. The quality which people perceive the brand is defined as brand value (Aaker, 1991). People's opinions of this brand's overall quality over other brands. Customer perception is tied to brand value, which is not an objective metric (Lassar et al. 1995).

It should be noted that when it comes to brand equity, its value varies from perspective to brand owner, customer, or sales channel as a whole (Farquar, 1989). As a result, a multidimensional perspective of brand value sheds light on the process of brand value development, which is based on the connectivity and interaction between the owner of the brand and its represents (customers, suppliers, etc). Aaker (1991) and Keller (2011) define brand equity in the above context as –a brand's assets (resources) and brand-related liabilities, their names and symbols, which boost or diminish the value of a product or service. The business that supports the brand makes it available to other companies and individuals.

According to the theory stated above, if the consumers establishes brand awareness for Shopee, a feeling and a specific attitude towards Shopee will be developed in the minds of customers, and they will have the intention to make a purchase through Shopee and this will develop a feeling of satisfaction. According to Petahiang et al. (2015) research's, the more the brand awareness, the greater the brand trust and buy intention. Chi et al. (2009) revealed that brand awareness characteristics have a substantial influence on purchase intention in another investigation.

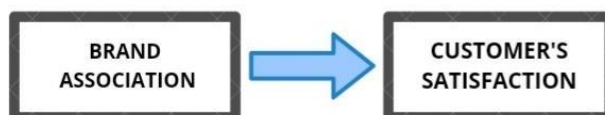


**Figure 1.9. Theoretical Framework
Brand Awareness to
Customer's Satisfaction**

(Source: Data written by the author)

Associations serve as the foundation for purchasing decisions and brand loyalty (Aaker, 1991). Aaker (1996) defined brand awareness as a precursor to brand associations. In order to build a set of associations, a customer must first be aware of the brand (Washburn & Plank, 2002). Brand association is defined as "everything associated with a brand" and is seen as a dimension of brand equity (Aaker, 1991). It has been discovered to give a brand with a distinct benefit (Rio, Vazquez, & Iglesias, 2001). According to Keller (1998), brand association may be formed by associating it with attitudes, traits, and advantages.

Aaker (1991) introduced brand association as a measure of brand equity, which scholars are testing (Yoo et al., 2000; Ye & van Raaij, 2004; Tong & Hawley, 2009; Kumar et al., 2013). Bridges et al. (2000) suggested that strong, positive connections serve to improve the brand and the equity carried into a leverage position if the sorts of associations created with the brand are influenced.



**Figure 1.10. Theoretical Framework
Brand Association to Customer's Satisfaction**

(Source: Data written by the author)

The relationship between perceived quality and

consumers satisfaction could also be explained with consumers satisfaction theory by Aaker (1991) and Keller (1996). Customer satisfaction is seen as a key approach for increasing loyalty and willingness to spend (Keller & Lehmann, 2006; Torres & Tribo, 2011). Researchers discovered a link between consumer satisfaction and brand equity (Aaker, 1991; Keller, 1993; Blackston, 2000; Pappu & Quester, 2006; Chen, 2009; Ha et al., 2010; Torres & Tribo, 2011). Meanwhile, Aaker (1991) defined quality as “the consumer's assessment of the overall quality or excellence of a product or service in relation to its intended purpose, relative to alternatives.” Quality as viewed by the consumer is referred to as 'perceived quality.' In the context of the customer, quality refers to the consumer's impressions of the items, both tangible and intangible. This produces customer satisfaction and value by consistently and profitably matching the customer's quality demands and preferences, and impacts the customer's purchasing choice (Ha, Janda, & Muthaly, 2010).

According to Oliver (1997), satisfaction is "the overall psychological state that results when the emotion around unconfirmed expectations is combined with earlier sentiments about the consumer experience." Consumer satisfaction is critical for long-term corporate performance and is one of the most extensively investigated themes in marketing (Pappu & Quester, 2006). This is also significant in terms of a company's economic performance. Customer satisfaction influences consumer purchasing intentions, resulting in recurrent purchase behavior (Cronin & Taylor, 1992). (LaBarbera & Mazursky, 1983). Marketers view increased customer satisfaction as a primary method for gaining loyalty, increasing willingness to pay, and increasing the customer's lifetime worth to the company (Hogan et al., 2002; Keller & Lehmann, 2006). It is well acknowledged that satisfied customers are less price conscious

and remain loyal to the company for a longer period of time than unsatisfied ones (Dimitriadis, 2006). Customer satisfaction expresses a person's feelings after comparing the performance he perceived to his expectations (Kotler, 2000).

While customer satisfaction is an important component of brand equity, companies usually underdeliver on service. Improving a service aspect may be costly; it sometimes necessitates a significant overhaul of a corporation. Companies, on the other hand, spend a large portion of their money on ensuring customer happiness (Homburg & Giering, 2001). And, once high levels of service delivery have been reached, loyalty may be maintained, resulting in customer loyalty. Customers have a difficult time making a rational judgment of the quality. Quality, according to Boulding et al. (1993), is directly determined by perceptions. According to Zeithaml (1988), perceived quality may be a major influencing element in customer decisions. As a result, it is critical to comprehend the necessary quality qualities in terms of brand equity.

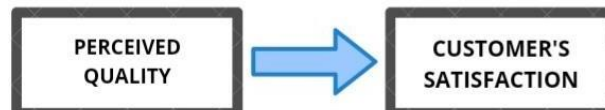


Figure 1.11. Theoretical Framework Perceived Quality to Customer's Satisfaction.

(Source: Data written by the author)

1.6 Hypothesis

Hypothesis formulation from the description above is as follow:

- H1: There is a relationship between Shopee's brand awareness (X1) towards Shopee's customer's satisfaction (Y) in Indonesian Young-adults.

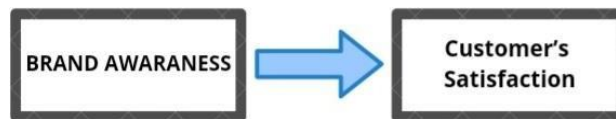


Figure 1.12. Hypothesis

Brand Awaranes to Customer's Satisfaction.

(Source: Data written by the author)

- H2: There is a relationship between Shopee's brand association (X2) towards Shopee's customer's satisfaction (Y) in Indonesian young-adults.

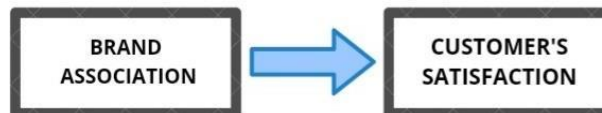


Figure 1.13. Hypothesis

Brand Association to Customer's Satisfaction.

(Source: Data written by the author)

- H3: There is a relationship between Shopee's perceived quality (X3) towards Shopee's customers satisfaction (Y) in Indonesian young-adults.

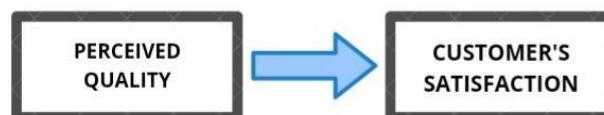


Figure 1.14. Hypothesis

Perceived Quality to Customer's Satisfaction.

(Source: Data written by the author)

- H4: There is a relationship between Shopees brand awareness (X1), Shopee's brand association (X2) and Shopee's perceived quality (X3) towards Shopee's customer's satisfaction (Y) among Indonesian young-adults.

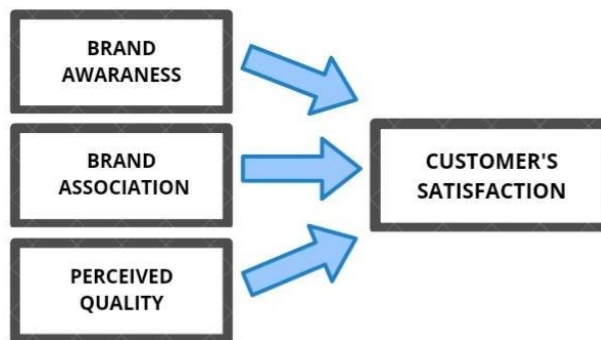


Figure 1.1.5. Hypothesis X1, X2, and X3 to Y
(Source: Data written by the author)

1.7. Conceptual Definition

1.7.1. Shopee's Brand Awareness

Consumer brand awareness while using a digital business or e-commerce platform refers to consumers' ability to recognize and remember a brand simply by looking at something that describes the identity of a brand, such as a color, logo, image, and so on.

1.7.2. Shopee's Brand Association

The mental association formed by a customer between a brand and a notion, image, emotion, experience, person, interest, or activity. This connection can be immediately beneficial or negative, and it has a big influence on purchase decisions.

1.7.3. Shopee's Perceived Quality

The visual, auditory, emotional, and sensory impressions of quality that a customer has of a product, brand, or company.

1.8. Operational Definition

1.8.1. Shopee's Brand Awareness Towards Shopee

The awareness of consumer towards Shopee can be measured using the following indicators:

1. Shopee as the Top-of-mind brand for online shopping.
2. Acquiring the knowledge towards Shopee's brand.

3. Acquiring the knowledge towards Shopee's product service.
4. Acquiring the knowledge towards Shopee's advertisement.
5. Acquiring the knowledge towards Shopee's sales and promotions.

1.8.2. Consumer's Brand Association Towards Shopee

The association of customer towards Shopee can be measured using the following indicators:

1. Having an association that the color orange is identical to Shopee.
2. Having an association that the shopping bag logo belongs to Shopee.
3. Having an association of public figures who are Shopee's brand ambassadors.
4. Having an association of -baby shark tone and Shopee COD jingle-tone is associated with Shopee.
5. Having an association of 1.1 – 12.12 promos are related to Shopee.
6. Having an association with the gratis ongkir tagline is associated with Shopee.
7. Having an association to do online shopping through Shopee.
8. Having an association where purchased items are delivered and received fast when buying through Shopee.
9. Having an association with gaining good online shopping experience is related to Shopee.

1.8.3. Consumer's Perceived Quality Towards Shopee

The consumer's perceived quality towards Shopee can be measured using the following indicators:

1. Having a perception towards Shopee's application performance.
2. Having a perception towards Shopee's reliability.
3. Having a perception towards Shopee's application features.
4. Having a perception towards Shopee's conformance.
5. Having a perception towards Shopee's application service.
6. Having a perception towards Shopee's customer service.
7. Having a perception towards Shopee's aesthetic application features.

1.8.4. Consumer's Satisfaction Towards Shopee

The consumer's satisfaction towards Shopee can be measured using the following indicators:

1. Having a satisfaction towards Shopee's application performance.
2. Having a satisfaction towards Shopee's reliability.
3. Having a satisfaction towards Shopee's application features.
4. Having a satisfaction towards Shopee's conformance.
5. Having a satisfaction towards Shopee's application service.
6. Having a satisfaction towards Shopee's customer service.
7. Having a satisfaction towards Shopee's aesthetic application features.
8. Having an intention to repurchase through Shopee's application.

1.9. Research Method

1.9.1. Research Type

This research is a quantitative research type with an explanatory type of research, which explains the relationship between three independent variables, namely the relationship between Shopee's Brand Awareness (X1), Shopee's Brand Association (X2) and Shopee's Perceived Quality (X3) towards the dependent variable namely Shopee's Customers' Satisfaction (Y).

1.9.2. Population

The population used in this study are men or women aged 15-24 years, living in Indonesia, have been exposed to Shopee's advertisements, are active users of Shopee application, and have made purchases through Shopee in the last 3 months.

The reason the researcher chooses the age between 15-24 years old is because young adults are the largest e-commerce market in Indonesia and are a productive age (Safitri, K. (2020, August 4).

Based on the targets presented above, the number of the selected research population is unknown.

1.9.3. Sampling Techniques

The sampling technique method that is used in this research is non-probability sampling method. Because specific criteria must be satisfied, this technique does not give an equal opportunity for individuals of the population to be selected as sampling.

As Singh (2007) states, the process of determining sampling units based on the population is called sampling. Singh (2007) also found that the process of random selection, that is, the unknown probability of each unit being selected, also excludes the process of random selection. The sampling method used is random sampling and the samples are taken on the fly. In other words, respondents are those who know the researcher and meet the relevant criteria. Lastly, this research needs to have a sample size of more than 30 people to adequately represent the population (Singh, 2007). To accommodate that, the size for this research will be 100 people.

The criteria in this research are: individuals who are in Indonesia, have been exposed to Shopee ads, are active users of the Shopee application, and have made purchases through Shopee in the last 3 months.

1.9.4. Data Types and Sources

Using primary data sources, which are obtained directly from respondents and using secondary data as support obtained through documents such as books, internet, pictures, articles related to research problems.

1.9.5. Data collection technique

The author uses a questionnaire as a collective technique by giving a series of questions to the respondents. The data collection tool used is in the form of a questionnaire, the respondent will fill in each question which includes the

independent and dependent variables.

1.9.6. Data Collection Instrument

1. Editing

The process of examining or reselecting answers from respondents is known as editing. This is done to avoid errors, inconsistencies, lies, and contradictions (Singh, 2007).

2. Coding

Coding means the process of grouping, categorizing, and mapping answers from respondents using specified letters or numerical codes (Singh, 2007).

3. Tabulation

The data obtained in tabular format is displayed in row and column format, giving the reader a clear view of the findings (Singh, 2007). When the tabulation process completes, the data is processed by the next test-level SPSS program.

1.9.7. Data Analysis

The Kendall Tau_b Correlation Test in this study was used to calculate ordinal ranked-data (Singh, 2007). Calculations were performed using the Statistical Product and Service Solution (SPSS) application. Testing on the results of the study to determine whether there is a relationship between variable.