

# CHAPTER I

## INTRODUCTION

### 1.1 Background of the Problem

The rise of fast food and beverages has created a promising business trend in the food and beverage industry. Revenue in the food market is expected to reach US\$5,892.00 million by 2023 (Statista Ecommerce Food Indonesia, 2023). The expansion of franchising has contributed to potential growth in the food and beverage industry, facilitating the introduction of innovative products and methods to create superior food in Indonesia (Fcfibreglass, 2023). The emergence of trends, especially among young people who prefer fast food and trends, makes the food and beverage industry a broad target market. The growth of the food and beverage industry is characterized by the emergence of unique cafes with distinctive, comfortable, and visually appealing concepts (Ministry of Industry of the Republic of Indonesia, 2019).

Food and beverages play an important role in attracting consumer attention. Affection encourages the creation of a closer relationship with consumers, thus making the brand more recognizable (Palazón et al., 2015). The strong relationship established with consumers provides an emotional connection that continues to increase due to consumer interaction. This influence describes consumers who like a brand, reflected through their attention and preference for a brand (Cheung et al., 2021). Consumers' positive emotional connection with a brand can generate long-term benefits for business development (Choi & Choi, 2014).

A better understanding of activation is essential for marketers. Activation refers to the engagement of consumer behaviour that comes from a relationship (Oliveira & Fernandes, 2022). Activation fosters customer loyalty by creating an emotional bond with a brand. It can build positive relationships between consumers and brands to increase profits (Harrigan et al., 2017). Therefore, investigating activation in food and beverages is very important.

Understanding overall brand equity is very important for marketers. Brand equity drives consumer knowledge about a brand (He & Li, 2011). The value consumers perceive can increase and promote brand awareness (Schivinski & Dabrowski, 2015). Overall, brand equity has been studied in the context of global and local brands (Roy & Chau, 2011). Previous research on overall brand equity has not focused on the food and beverage context (Ali & Alqudah, 2022; Verma, 2021).

Brand awareness requires further discussion. Brand awareness is a consumer's understanding of a brand stored in memory and involves brand-related judgments (Du et al., 2022). The first step in brand awareness is to show consumer commitment to a brand (Kim et al., 2018). One way to measure brand awareness is by branding through certain products or services. Thus, brand awareness remains alive in customers' minds and can attract purchases for the brand (Abou-Shouk & Soliman, 2021).

This study examines how affection impacts activation and, subsequently, both overall brand equity and brand awareness. In addition, this study examines activation acting as a mediating factor in the relationship between affection and general brand equity and between affection and brand awareness. This research has both theoretical and practical significance. Theoretically, research on affection, activation, general brand equity, and brand awareness still needs to be improved in the food and beverage industry (Kent et al., 2019). Practically, this research can assist marketers in understanding consumer preferences and building emotional relationships with consumers, thus enabling the creation of effective marketing strategies (Ali & Alqudah, 2022).

## **1.2 Formulation of the Problem**

Based on the background of the problem above, the problem formulation in this research is :

1. Does affection significantly influence activation?
2. Does activation significantly affect overall brand equity?
3. Does activation significantly affect brand awareness?
4. Does activation mediate affection towards overall brand equity?
5. Does activation mediate affection towards brand awareness?

## **1.3 Research Objectives**

Based on the background of the problem above, the problem formulations in this study are:

1. To analyze the significance of the influence of affection on activation.

2. To analyze the significance of the influence of activation on overall brand equity.
3. To analyze the significance of the influence of activation on brand awareness.
4. To analyze the significance of the influence of activation mediating the influence on overall brand equity.
5. To analyze the significance of the influence of activation mediating the influence on brand awareness.

#### **1.4 Research Contributions**

By achieving the research objectives, the expected research results will be able to provide the following benefits:

1. For Researchers

The results of this study can provide insight for researchers regarding the role of managers in increasing understanding and attracting consumer interest in Excelso.

2. For Readers

The results of this study are expected to provide benefits from the effect of a good brand image to increase consumer knowledge of the Excelso brand.

3. For Excelso Products

The results of this study are expected to contribute ideas to Excelso marketing from a marketing improvement point of view.

4. For University of Hayam Wuruk Perbanas Surabaya

I hope this research can be published in scientific articles and additional references about food and beverage at Excelso to enrich the management field, especially marketing management.

## **1.5 Systematization of Writing**

To facilitate the work in outline regarding the influence of affection, overall brand equity, and brand awareness through mediation activation, which is the content of this writing, the structure and series of each chapter are described as follows:

### **CHAPTER I: INTRODUCTION**

This chapter contains the background of the problem, problem formulation, research objectives, research benefits, and systematics of research writing.

### **CHAPTER II: THEORETICAL FOUNDATION**

This chapter contains a literature review on the research object, the framework of thought, and the social work perspective on research.

### **CHAPTER III: RESEARCH METHOD**

This chapter contains research design, research limitations, variable identification, operational definitions, sampling techniques, and measurement scales, which are the contents of this chapter.

### **CHAPTER VI: DESCRIPTION OF RESEARCH SUBJECTS AND DATA ANALYSIS**

This chapter describes the research subjects, data analysis, and discussion.

### **CHAPTER V: CONCLUSIONS, LIMITATIONS, AND SUGGESTIONS**

This chapter describes conclusions, research limitations, and suggestions.