

CHAPTER I INTRODUCTION

I.1 Background

The fashion industry in Indonesia is currently developing rapidly. According to Statista (2021), since 2017 fashion sales in Indonesia have increased significantly and are predicted to continue to increase until 2025. There are 3 sub-sectors of the creative economy industry that provide the largest contribution to the value of exports and Indonesia's Gross Domestic Product (GDP), namely the culinary, fashion, and crafts sub-sector. Fashion is one of the sub-sectors that occupies the second largest position and has contributed to the GDP of the Creative Economy as much as 17% with an export value of 11,964 million US dollars (Badan Ekonomi Kreatif RI, 2020). The fashion industry has a positive impact on the development of the Indonesian economy. This development was also followed by the revival of local products in Indonesia (Bekraf, 2020).

One of the industrial sectors participating in the rise of fashion products is the local bag industry. The development of creative industries, including the local bag industry, creates many interesting ideas about local products that offer better quality than imported products (Alfarizi, 2022). Even the quality of local craftsmen is often used to support imported brands. It can be seen from the number of entrepreneurs who have started to establish a quality local bag business at an affordable price. This phenomenon triggers intense competition in terms of quality and consumer needs in Indonesia, because local brands better understand the domestic market and meet the fashion needs of many people (Virdhani, 2021). This is supported by the increasing market demand in the fashion sector, which increased by 8% in 2019 (Deloitte, 2019). One of the brands that participates in producing local bag products is Bling It On.

Bling It On is a local brand from Bandung established in June 2019. According to the owner of Bling It On, "Bling It On" has the same meaning as sparkling and is used to describe glamorous things. Bling It On focuses on producing shoulder bags with unique bag models such as the design of animal print patterns and flower print patterns. The products also have materials that are made of faux fur, suede,

corduroy, and synthetic leather. These characteristics make Bling It On different from other brands.

When Bling It On was established in early 2019, the sales activities only used social media Instagram. Then in the middle of 2019, Bling It On has decided to expand their business by opening the stores in three major cities in Indonesia, namely at Happy Go Lucky (HGL) Bandung, Pasaraya Blok M Jakarta, and Happy Go Lucky (HGL) Makassar. Afterward in 2020, Bling It On started selling its products in Indonesian marketplaces (e-commerce), such as Shopee, Tokopedia, Pomelo, and Zalora. In the same year, Bling It On also developed a website which is used as an alternative online sales platform. Based on those sales activities, Bling It On currently has two sales systems, namely online sales and offline sales.

The existence of these two sales media makes the target income and actual income from Bling It On has no significant deviation. Bling It On is currently targeting an income of Rp 40,000,000 - Rp 45,000,000 per month. In achieving its target income, Bling It On carries out various marketing activities on online and offline platforms namely through social media and offline stores. According to the results of an interview with the owner of Bling It On (2021), stated that Bling It On income is still less stable because in several months it still does not meet the revenue target. The following is data on product revenue at Bling It On online and offline from January 2020 to October 2021.

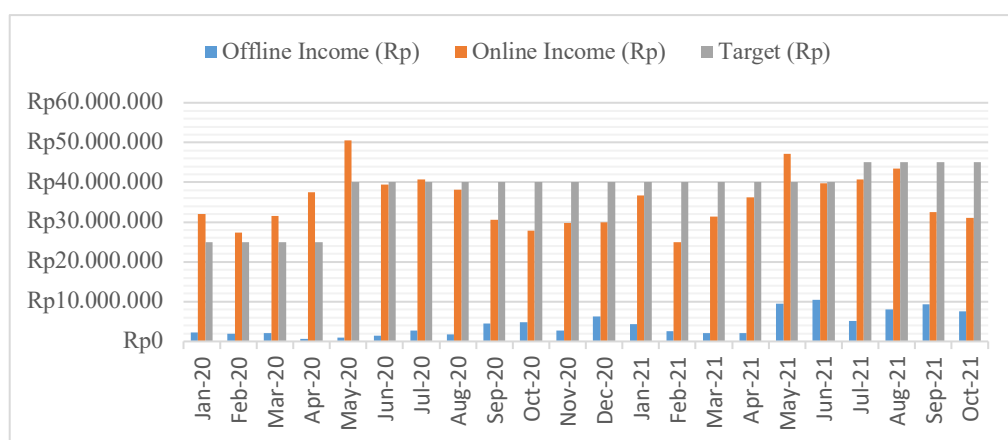


Figure I. 1 Product Revenue Data at Bling It On

(Source: Bling It On Internal Data, 2021)

Figure I.1 is the graph of the Bling It On's income from the online and offline bag sales every month. It can be seen that the percentage of achieving online income is 93%, while the achievement of offline income is only 7%. So, online sales provide greater target achievement than offline sales. Furthermore, the income results in these two sales systems also have a significant difference between the revenue target and the actual monthly revenue. Because there were more than six months of online income for Bling It On products that did not meet the target achievement. Hence, the sales of Bling It On products are unstable or fluctuating.

The first thing to do is to make observations to determine the quality of Bling It On products based on the assessments of consumers who have purchased and used Bling It On bag products on e-marketplaces. The following is a product quality survey obtained through the Bling It On e-marketplace and is shown in Table I.1.

Table I. 1 Bling It On Online Store Rating

(Source: Shopee Indonesia)

Bling It On - Online Store Rating			
4.9 / 5 (821 Buyer)			
Berry Fluffy Bag	Color Series Fluffy Bag	Checkered Bag	Safari Vintage Bag
4.9 / 5	4.9 / 5	4.9 / 5	4.8 / 5

The Bling It On product quality survey was conducted to review consumer reviews of those who had purchased Bling It On products. This survey was obtained from Shopee as an e-marketplace used by Bling It On. Based on the results of the review, it was found that the rating of the Bling It On online store was at a value of 4.9/5 and the average rating on several product variants was 4.9/5. This assessment is generated from customer feedback stating that the product has very good quality, the product material used is very good, the bag design is unique and attractive, and the product price is affordable. Therefore, it can be stated that the Bling It On product can be accepted in the market because of the proven customer satisfaction and no need for deep improvement on the product.

Hence, the existence of not achieving sales targets can be caused by several things that are not maximized by Bling It On. Starting from brand awareness and low social media engagement rate, ineffective human resource management (HRM), even inaccurate market research. So, it is necessary to make further observations using fishbone diagrams to identify the root causes of the problems that resulted in the fluctuating income of Bling It On. The following is a fishbone diagram for Bling It On shown in Figure 1.2.

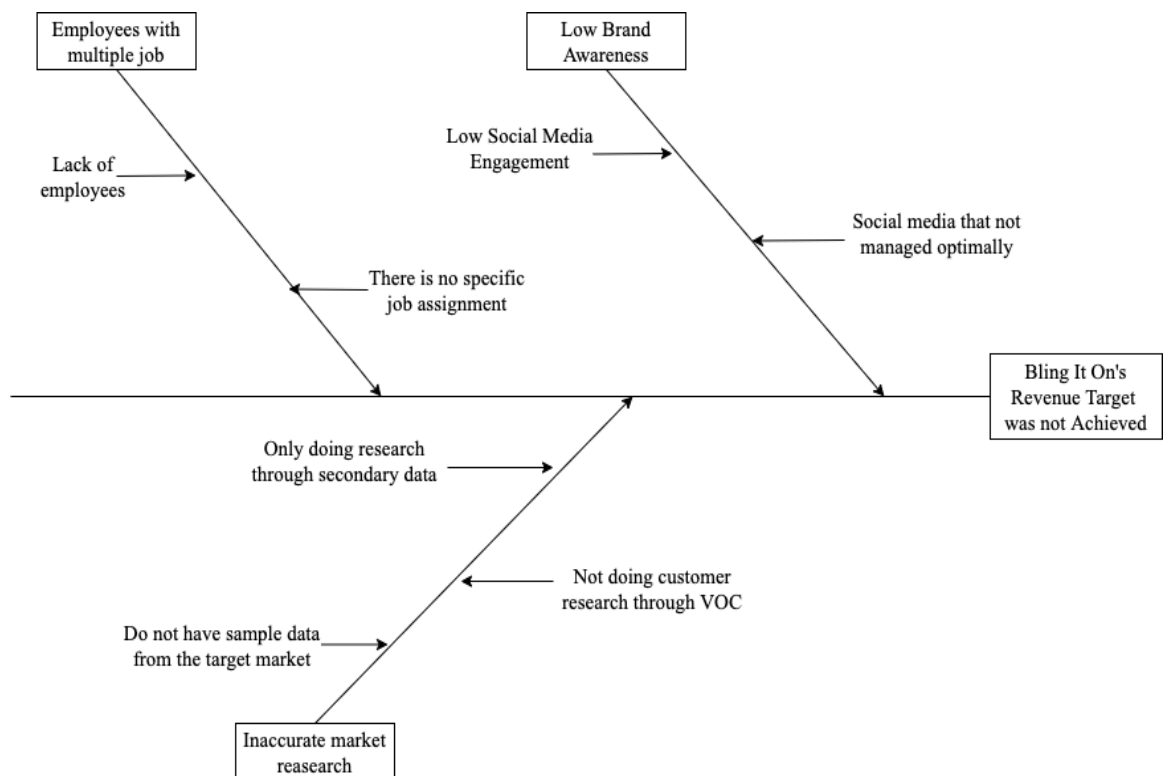


Figure I. 2 Fishbone Diagram

The fishbone diagram above shows the root cause of the problem which is divided into three problems, namely employees with multiple jobs, low brand awareness, and inaccurate market research. The problems experienced by Bling It On are based on the results of interviews with the owner of Bling It On and supported by observations made by the author. Aspects of the problems that have been identified are factors that cause Bling It On's revenue to not reach the predetermined target. And it is necessary to identify solutions to fix the problems, so Bling It On's income can increase and achieve the target.

I.2 Alternative Solution

The following is a table of alternative solutions and potentials that can be done to solve the Bling It On problems.

Table I. 2 Alternative Solution

No	Root of the Problem	Potential Solutions
1	Employees with multiple jobs	Designing effective human resource planning strategies to achieve competitive advantage.
2	Low brand awareness	Designing online marketing communication programs to improve Bling It On's social media.
3	Inaccurate market research	Market research planning on Bling It On's products.

Table I.2 shows the root problems that have been identified from the results of the fishbone diagram, so each problem has a potential solution that can be done to overcome the problems in Bling It On. Furthermore, a range of assessments will be given with a value scale of 1 to 5 with the following meaning:

- Score 1: Strongly Disagree
- Score 2: Disagree
- Score 3: Neutral
- Score 4: Agree
- Score 5: Strongly Agree

The solution implementation assessment scale is carried out to find out the best solution to overcome the problems that will be implemented in this Final Year Project. Determination of the best solution to the problem is obtained from the largest total value for all parameters, which is relatively easy, affordable, has a significant impact, and the process is faster to implement. The scoring for each potential solution was also discussed with Bling It On to determine its ability to make some improvements. Table I.3 shows the results of the assessment scale for implementing solutions to the Bling It On problem related to unstable (fluctuating) income.

Table I. 3 Solution Implementation Rating Scale

No	Potential Solutions	Solution Considerations				Total
		Relatively Easy	Affordable	Significant Impact	Faster to Implement	
1	Designing an effective HR planning strategy to achieve competitive advantage.	2	3	3	2	10
2	Designing online marketing communication program to improve Bling It On's social media.	4	4	5	4	17
3	Market research planning on Bling It On's products.	3	3	4	3	13

Table I.3 shows the potential solutions that have been identified based on the parameters of the solution considerations; each potential solution is assessed according to the results to be achieved. From the assessment results, it is found that the solution for designing an online marketing communication program on Bling It On's social media with the root cause of low brand awareness has the highest total value compared to other solutions, which is 17. The consideration of the chosen solution is based on the ease of carrying out the design, a process that requires low cost, has a significant impact, and the process requires a relatively short time to implement. This design will be used to solve the problem of income that does not reach the target experienced by Bling It On. By optimizing the use of social media through improving effective marketing communications, it is hoped that it can solve the problem of low brand awareness which in turn can help Bling It On to increase revenue and achieve the predetermined target.

Based on the results of research by Poulis and Rizomyliotis (2018), the level of brand awareness can be shown through the social media of a brand. Therefore, a preliminary survey was conducted to strengthen the alleged problems faced by Bling It On, and this research only focuses on social media platforms. Because of the rapid development of technology, the use of social media has become a new trend in the mass communication process (Yoni, Pascasrani, & Joni, 2017). Marketing communication through social media offers various effective platforms to increase awareness of a brand easily and cheaply. By combining social media with marketing, it can support marketing performance along with the development of technology and information. The use of social media in marketing helps the

process of communicating with the larger community which is impossible to achieve if only using traditional advertising channels (Untari & Fajariana, 2018).

The main social media used by Bling It On as a marketing communication platform with the aim of increasing sales both online and offline as well as building customer relationships is Instagram. In Indonesia, most local brands use Instagram as their main marketing platform (Aprilya, 2017). Social media Instagram has become a popular platform because of the increasing number of users and the characteristics of an increasingly attractive visual context (Virtanen, Björk, & Sjöström, 2017). The number of Instagram accounts that have started marketing their products is proof that Instagram is the social media chosen by companies to carry out marketing, branding, customer relationships, and attract potential consumers. By making posts and online store displays on Instagram accounts that are attractive, it is believed that Instagram can stimulate and raise perceptions of consumers or audiences (Banjaransari, 2018). By taking advantage of Instagram's features, local brands can introduce, interact, build trust, convey messages, and promote their products to potential customers in a cheaper and more effective way (Kurniawan, 2017).

Therefore, a preliminary survey was conducted to find out how well the "Bling It On" brand is recognized by its target market. In conducting the preliminary survey, there were 35 respondents who were women and active Instagram users consisting of students and workers aged between 18 to 30 years with middle to upper-middle class spread across several big cities in Indonesia.

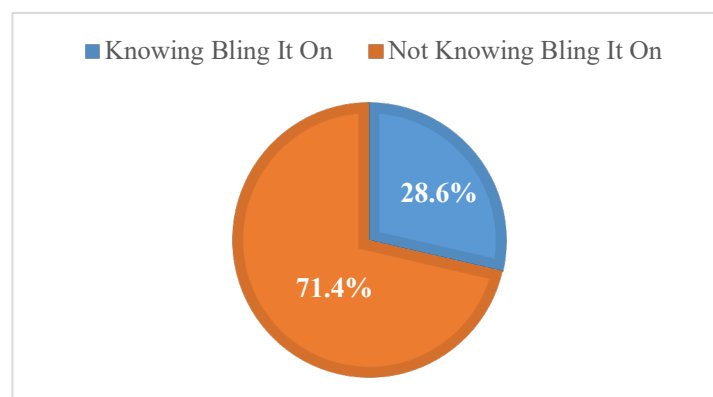


Figure I. 3 Bling It On's Brand Awareness
(Source: Preliminary Survey with 35 respondents)

Figure I.3 shows that the number of respondents who know about Bling It On is still quite low, which is only 28.6%. So it is proven that Bling It On has not succeeded in doing brand recognition effectively. Meanwhile if companies use a well-managed Instagram, it will affect the effectiveness of brand awareness. As the main marketing communication platform, Bling It On Instagram has a big role to increase brand awareness. And the low level of Bling It On brand awareness can be influenced by inappropriate social media management. To prove this, a preliminary survey was conducted using a third party, namely the analytical social mediablade.com and igblade.com to find out the engagement rate, social media index, and Instagram analytical history on Bling It On Instagram. The results of the engagement rate on Bling It On Instagram can be seen in Figure I.4.

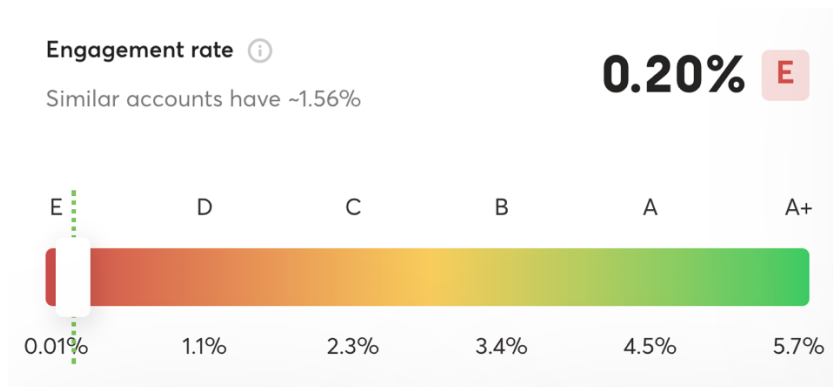


Figure I. 4 Engagement Rate on Bling It On Instagram
(Source: igblade.com)

Based on Figure I.4, the engagement rate (ER) on Bling It On Instagram is 0.20% and the engagement index is E (very bad). Engagement calculations on igblade.com are based on the average level of followers engaged with Bling It On Instagram posts in the last 180 days. Engagement rate is commonly used as a standard metric to measure content performance on Instagram by measuring audience engagement on each content. The number of likes, comments, and saves greatly affect the engagement rate of an account. The engagement rate can affect consumer brand awareness, because the more consumers interact, the public's knowledge of a brand will increase. Based on the Engagement Rate Industry Standard Indonesia (2021), Bling It On Instagram which has around 25 - 50K followers, should have an average engagement rate of 3.83%. So, it can be proven

that the Engagement Rate of Bling It On is still very low. In addition, the social media index on Bling It On Instagram obtained through analytical social mediablade.com as a third party. The Social Media Index is the total value of the visual representation of the Social Blade Rank, based on the data of follower rank, following rank, engagement rank, and media rank. The following are the results of the social media index on Bling It On Instagram.

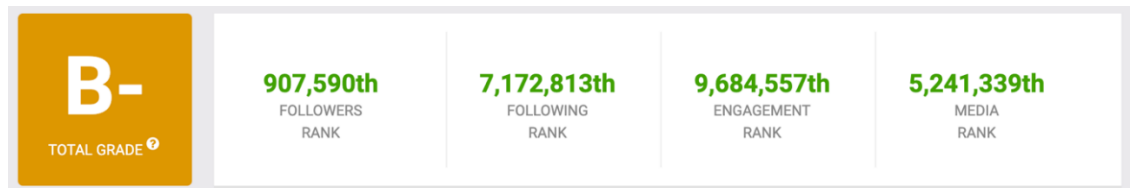


Figure I. 5 Social Media Index on Bling It On
(Source: socialblade.com)

Based on Figure I.5, the social media index on Bling It On Instagram has a total grade B-. This shows that Bling It On is still not enough in managing Instagram. Instagram analytical history is also obtained regarding monthly follower data for the last 1 year. The results of the data obtained can be seen in Figure I.6.

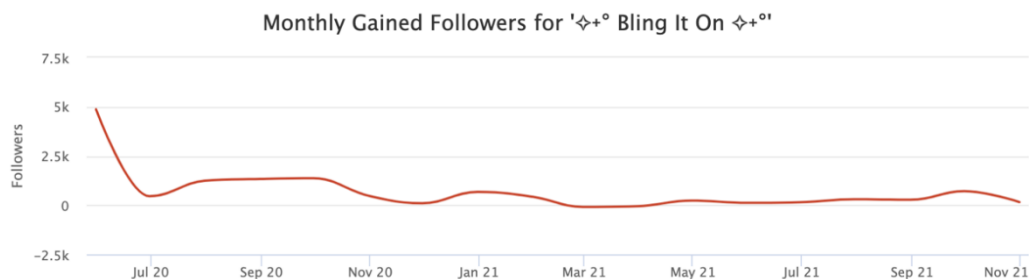


Figure I. 6 Average monthly followers of Bling It On Instagram
(Source: socialblade.com)

Based on the monthly average follower data on Instagram, it can be seen that Bling It On Instagram has decreased the number of followers since June 2020. However, after that month, Bling It On Instagram experienced an increase in the number of followers although it was still less stable. And it can be seen that for the last three months, since September 2021, Bling It On Instagram has experienced a significant decrease in the number of followers. This shows that Bling It On's

marketing communication program is still less effective in attracting new consumers, so that the Bling It On brand awareness is still quite low.

The low brand awareness of Instagram for a brand can be caused by influence or pressure from other competitors. Therefore, an observation was made to compare the quality of Bling It On Instagram with more successful companies to find out the position of Bling It On among other competitors. The selection of three competitors is determined based on local brands that have best practices in using Instagram as the main marketing communication platform. It is also selected based on the number of Instagram followers, engagement rate, social media index, and brand that sells fashion products. The following is the quality comparison of Bling It On Instagram with Thenblank, Merche, and CRSL.

Table I. 4 Bling It On Competitors Comparison
(Source: igblade.com)

Brand	Instagram Account	Number of Followers	Engagement Rate	Social Media Index
Then Blank	@thenblank	787K	3,28%	A
Merche	@merche.id	529K	2,65%	B+
CRSL	@crsl.store	483K	3,04%	B+
Bling It On	@blingit.on	44.4K	0,20%	B-

Based on Table I.4, Bling It On is in the lowest position compared to other competitors. Bling It On has the lowest followers, which is only around 44,400 followers compared to other competitors who have more than 450,000 followers. As well as the engagement rate, Bling It On has the lowest percentage rate compared to other competitors. Engagement rate relates to audience engagement in the form of interactions such as likes, comments, shares, or saves. And for the social media index which is assessed based on the number of followers, number of followers, engagement rank, and media rank, Bling It On is in the lowest index compared to other competitors, namely B-. So it can be said that Bling It On has the lowest quality of Instagram and the number of followers which shows that Bling It On has low brand awareness compared to other competitors.

Therefore, to find the cause of the low level of brand awareness and Instagram quality, a further preliminary survey was conducted by doing in-depth interviews with 10 respondents who are active Instagram users, have or often bought local bag products similar to Bling It On products, and the followers of Bling It On Instagram or other competitors. The purpose of this interview is to find out the weaknesses of Bling It On Instagram which caused some of the problems mentioned earlier.

Table I. 5 In-Depth Interview for Bling It On Instagram

No	Instagram Criteria	Percentage
1	Feed on Instagram that are less attractive.	80%
2	Feed on Instagram that are less varied.	90%
3	Less upload frequency in Feed Instagram.	60%
4	Less upload frequency in Instagram Story.	50%
5	Instagram Stories that are less informative.	20%
6	Caption that is less informative.	90%
7	Captions that do not match the content uploaded.	30%
8	Less use of hashtags in Captions.	40%
9	Instagram Profile contain incomplete information.	10%

Table I.5 shows the results of in-depth interviews regarding the weaknesses of Bling It On Instagram. From criteria that have been determined, it was found that the Instagram criteria that get the most complaints from respondents are Instagram Feed that are less varied and Captions that are less informative. And the criteria for Bling It On Instagram, which are already good enough, is an Instagram Profile because it is quite informative.

Based on the data that has been obtained, namely sales revenue data, survey results to respondents, analytical media, and comparisons with competitors, it proves that the problem occurs because the use of Bling It On Instagram is not optimal which results in low brand awareness. This statement is proven by measuring

engagement rate, increasing number of followers, and other factors that will be investigated further. So, this research will focus on the Instagram platform, because Instagram has an important meaning for Bling It On as the marketing communication tools that are used for marketing activities. Because Bling It On Instagram has a role in increasing brand awareness in order to introduce Bling It On products and build the company's reputation to potential customers. Therefore, it is necessary to design improvements of marketing communication online for Bling It On Instagram by considering the criteria that must be considered.

I.3 Problem Formulation

Based on research conducted by Passos and Haddad (2013), the Benchmarking method aims to help companies make improvements and close the gap between how they are currently performing and the best performance obtained after comparing them with their best competitors. The results of this Benchmarking method will produce benchmark indicators and key performance indicators that can help companies to improve their performance. The Analytical Hierarchy Process (AHP) can help to prioritize the various options available by utilizing several criteria (Susila & Munadi, 2007). Thus, this final year project will use the benchmarking method and AHP decision-making tool to design an online marketing communication program to improve Bling It On's social media.

Based on the background that has been explained, the description of the problem formulation in this final year project is as follows:

1. What are the criteria and sub criteria that need to be considered on Bling It On Instagram?
2. Which benchmark partners for Bling It On fit each Instagram criterion?
3. What is the gap between Bling It On Instagram and benchmark partners?
4. What are the right recommendations for improving Instagram to increase Bling It On's brand awareness?

I.4 Research Objectives

Based on the formulation of the problem that has been described, the objectives of this final year project are as follows:

1. Identify the criteria and sub criteria that need to be considered on Bling It On Instagram.
2. Identify a benchmark partner for Bling It On that fits each Instagram criterion.
3. Identify the gaps between Bling It On Instagram and benchmark partners.
4. Formulate appropriate recommendations for improvements on Instagram to increase Bling It On's brand awareness.

I.5 Research Benefits

The benefits that will be achieved in this research are:

1. The results of this final year project provide information to Bling It On regarding the weaknesses of the marketing communication program that has been implemented.
2. The results of this final year project provide recommendations for the design of Instagram improvements to Bling It On based on priority criteria and sub-criteria.
3. The results of this final year project can increase awareness of customer attraction to the Bling It On products.
4. The results of this final year project are expected to increase social media engagement on Bling It On Instagram.
5. The results of this final year project can be a reference for further research, especially research on online marketing communication design programs through Instagram.

I.6 Organization of Writing

This research has a systematic approach which will be described as follows:

Chapter I Introduction

This chapter contains a description of the problems faced by Bling It On as an introduction to this Final Year Project. It also discusses the background of the problem, problem solutions with various preliminary surveys, determination of problem formulations that aim to solve problems by creating an integrated system, the benefits of the Final Year Project, and writing systematics.

Chapter II Literature Review

This chapter contains literature that is relevant or in accordance with the problem based on the results of reference books/research/other references that can be used to design and solve problems. It is clarified by selecting the method through a comparison of the methods that will be used in this Final Year Project.

Chapter III Methodology of Design

This chapter describes the steps carried out in this Final Year Project in detail, including: data collection stage; the stage of designing an integrated system consisting of questionnaire design, data processing, to the formulation of the design results; the stage of validation and evaluation of the design results; and the last stage of conclusions and suggestions in the context of designing an integrated system for problem solving.

Chapter IV Integrated System Design

This chapter contains all activities in the context of designing an integrated system for problem solving. Activities consist of collecting and processing data, determining specifications or standards for the results of the design, testing the results of data processing through consistency testing, formulating the results of integrated system designs, and verifying the results of the design.

Chapter V Validation and Evaluation of the Recommended Design

In this chapter, an analysis of the verified design results is carried out. In addition, this chapter also contains validation of the results of the solution to prove that the results have actually resolved the problem in accordance with the objectives of the Final Year Project. The design plan (implementation proposal) is also used in this chapter in order to find out the Final Year Project results can be applied to the Final Year Project and the company.

Chapter VI Conclusions and Suggestions

In this chapter, the conclusions of the problem solving carried out and the answers to the formulation of the problems in the introduction are explained. Suggestions of solutions are also given in this chapter for the next Final Year Project.