

CHAPTER 1

INTRODUCTION

1.1 Object Review

1.1.1 Whiskas



Figure 1.1 Whiskas Logo

Source: Whiskas (2024)

Whiskas has been at the forefront of cat food production since 1958, continuously enhancing and ensuring the quality of its nutritional offerings. Over the years, the brand has maintained a steadfast commitment to provide the best possible care for cats, focusing on their health and happiness. With a deep understanding of feline nutrition, Whiskas has developed a range of products that cater to the specific needs of cats at every stage of their lives. One of Whiskas's key strengths lies in its collaboration with WALTHAM®, a globally recognized institution for developing pet food products. This partnership ensures that every Whiskas product undergoes thorough research and scrutiny to meet the nutritional requirements of cats at different life stages (Whiskas Indonesia, 2024).

Another distinguishing feature of Whiskas is its focus on providing a delightful cat dining experience. The brand's recipes are not only nutritionally complete and balanced but also boast delicious flavors that cats love. This

commitment to taste and nutrition is reflected in Whiskas's recognition among cat owners, with 9 out of 10 cats reportedly enjoying Whiskas Pouch based on trials with variations of Mackerel Fish with 120 consumers in Thailand. Whiskas's unwavering dedication to feline health and satisfaction has made it a trusted choice for cat owners (Whiskas Indonesia, 2024).

1.1.2 Shopee



Figure 1.2 Shopee Logo

Source: Shopee (2024)

Launched in 2015, Shopee is one of the world's most recognizable and popular brands, providing tens of millions of consumers daily with an easy, secure, fast, and enjoyable online shopping experience. The platform offers a wide product assortment, supported by integrated payments and seamless fulfillment services, tailored to meet the unique needs of each market in which it operates. Shopee is committed to helping brands and sellers succeed in e-commerce, leveraging the transformative power of technology to connect buyers and sellers within one community. Shopee aspires to make online shopping accessible, easy, and enjoyable for all users across the region. In 2022, Shopee was ranked the top e-commerce brand in YouGov's "Best Global Brands" and fifth overall, cementing its status as a leading global e-commerce platform (Sea Limited, 2024; Shopee, 2024).

1.2 Research Background

Word of mouth (WOM), as a marketing concept that began in the 1950s, refers to person-to-person communication about a brand, product, service, or organization, where the receiver perceives the communicator as non-commercial (Ismagilova et al., 2017b; Liu et al., 2024). As the world races forward, development touches every aspect of life and the environment, leading to significant shifts in how people live. Communication styles, once reliant on direct interactions, letters, and newspapers, are now dominated by the Internet. This digitalization has birthed the existence of EWOM, which refers to consumers' positive or negative statements about goods or services shared with a large audience online (Khan et al., 2023; Liu et al., 2024). According to AJ Marketing (2023), word of mouth is the fourth most common source of brand discovery in Indonesia, highlighting its importance in digital marketing within the country.

This trend towards digitalization is also evident in the shopping sector, particularly noticeable in Indonesia since the early 1990s, fundamentally changing how transactions are conducted. Traditional shopping trips have given way to online applications, simplifying access and streamlining processes (Richan, 2024). Online shopping refers to buying and selling products and services through the Internet in e-commerce (Turban et al., 2017). Indonesians are very familiar with e-commerce, with Bank Indonesia predicting a 2.8% growth in online sales value to IDR 487 trillion in 2024 and a further 3.3% increase in 2025 (Anggela, 2024). A Kompas R&D survey found that 92% of respondents prefer marketplaces for online transactions, with social media (5.4%), instant messaging (2.2%), and websites (0.4%) trailing far behind, likely due to the wider variety of goods, competitive pricing, and abundance of discounts offered by marketplaces (Kompas, 2023). Marketplaces, as defined by Zuhriyah (2024), are platforms that empower sellers to operate independently, offering users the advantage of comparing prices and product features from various vendors before making a purchase.

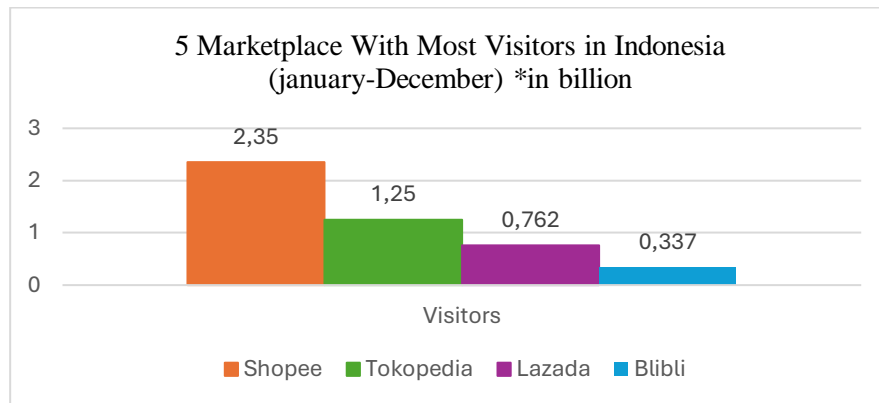


Figure 1.3 Top Four Marketplaces in Indonesia

Source: Databoks (2023)

Similarweb data reveals Shopee's dominance in Indonesian Marketplace throughout 2023. The platform raked in a staggering 2.3 billion visits, significantly outpacing competitors. Tokopedia secured a solid second place with 1.2 billion visits, followed by Lazada at 762.4 million visits. BliBli and Bukalapak also captured a notable share of the market, recording 337.4 million and 168.2 million visits respectively. Apart from winning in terms of quantity, the Shopee site also achieved the highest growth rate in visits. Throughout January-December 2023, the number of visits to the Shopee site increased by 41.39% (Ahdiat, 2024).

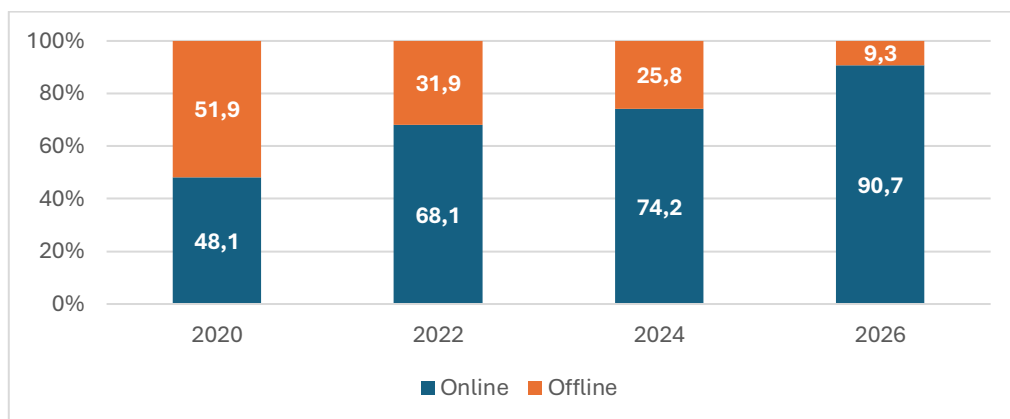


Figure 1.4 Pet Food Online and Offline Sales in Indonesia

Source: Statista (2024)

The rise of the pet food industry in Indonesia is experiencing significant growth, according to data from Euromonitor International 2022. The Compound

Annual Growth Rate (CAGR) of the pet food industry in Indonesia reached 24.7% from 2016 to 2021, with a market value of USD 370.6 million in 2021. This growth makes Indonesia the second-largest pet food market in ASEAN after Thailand (Cacaflyindonesia, 2023). Additionally, technological advancements that facilitate buying and selling activities have driven the shift from traditional to online shopping, which is also happening in Indonesia's pet food industry. According to Statista's data in Figure 1.4, sales of pet food on online shopping platforms increased by 26.1 percent from 2020 to 2024 and are expected to continue growing, eventually capturing 90.7% of the pet food market in Indonesia. The growth of the pet food business in Indonesia is driven by several factors, such as the increasing number of pet owners, with 45% of Indonesians owning pets during the pandemic, rising awareness of the importance of pet health and welfare, and the increasing availability of pet food products in the market (Cacaflyindonesia, 2023).

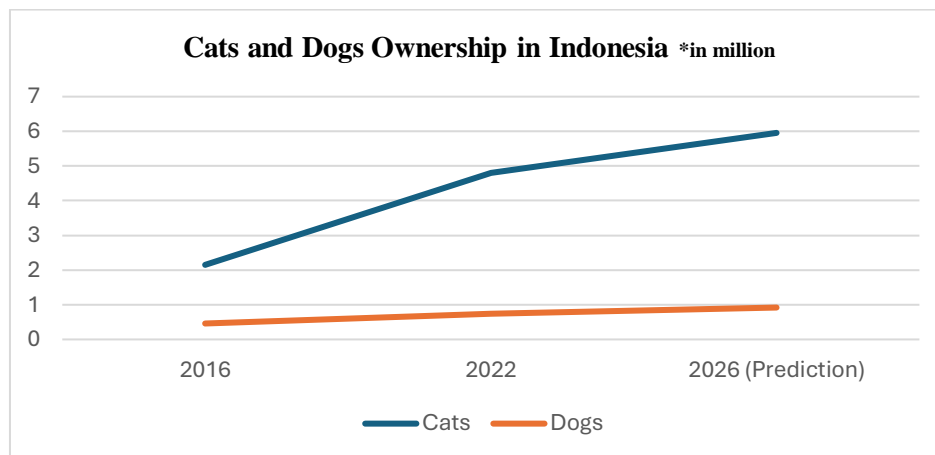


Figure 1.5 Indonesia Cat and Dog Ownership

Source: Prasetyo (2023)

Speaking of pet ownership in Indonesia, cats are the most widely kept pets according to data from Euromonitor International in 2022, Euromonitor recorded that there were 4.80 million cats owned by the Indonesian population, a significant increase from 2.15 million in 2016. This cat population far surpasses dog ownership, which stood at only 737,400 in 2022. Surveys further underscore this trend, revealing that six out of 10 households in Indonesia have pets from

various types of fauna. Of the types, the pets most owned by the Indonesian public are cats, followed by birds, fish, and dogs (Prasetyo, 2023).

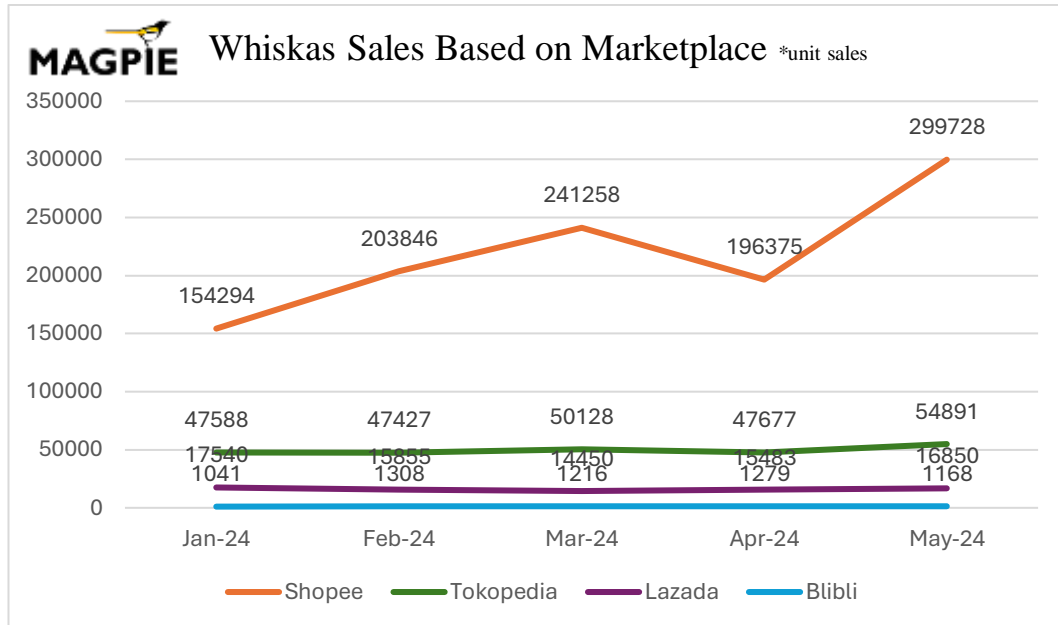


Figure 1.6 Whiskas Sales in Marketplaces

Source: Magpie, (2024)

According to Mordor Intelligence (2024), cats hold the largest market share in Indonesia, commanding 66% of the pet food industry. Besides having the largest market share, cats also represent the fastest-growing segment. As cats are the primary pets adopted in the country, their higher demand for commercial pet food, including snacks and specialty foods, boosts market share. With the increasing cat ownership rate, consumer demand for commercial cat food, including wet food and cat treats, drives the growth of this segment in Indonesia.

Speaking of cat food in Indonesia, Whiskas is the number one cat food brand based on the Top Brand Award 2023, maintaining this top position since 2015 (Top Brand Award, 2023). Based on data from Magpie (2024) in figure 1.6, Shopee is the marketplace with the highest unit sales of Whiskas during YTD-May 2024. In May alone, Shopee sold 299 thousand Whiskas products, followed by Tokopedia with 54 thousand, and Lazada with 16 thousand units sold. As the marketplace with the highest Whiskas sales, Shopee also provides several features that support the continuity of EWOM on its platform. Shopee has a review feature

that allows buyers to leave reviews and ratings. In addition to product reviews, Shopee's latest feature, Shopee Video, aims to provide a place for users to socialize through videos. Users can watch videos as viewers and create videos as creators. This concept aligns with the explanation of EWOM by Babić Rosario et al. (2016), stating that EWOM involves the exchange of knowledge through the internet via feedback, comments, blog posts, likes, pins, photographs, reviews, and video testimonials.



Figure 1.7 Whiskas Review

Source: Shopee (2024)

Historically, the company's efforts centered on making customers satisfied. This affected how involved and interested customers became. When customer happiness increases, more customers willingly share their online shopping experiences with others. People commonly refer to this as electronic word-of-mouth or EWOM (Thakur, 2019). In modern times, EWOM holds significant importance in online shopping. Customers pay close attention to what others think, and this can affect online shopping motivation (Dwiputra et al., 2021). Marketing involves word-of-mouth (WOM), which means people tell others about products, services, or companies. Electronic word-of-mouth (EWOM) happens when people share information online through comments, blog posts, likes, pictures, reviews, and videos (Babić Rosario et al., 2016).

With electronic word-of-mouth activities, as shown in figure 1.7 above, it can be seen that the content being shared is information or reviews about Whiskas products uploaded by Whiskas customers. Electronic word-of-mouth (EWOM)

plays a crucial role in influencing purchase intention in the Marketplace. Research by Farzin & Fattahi (2018) highlights this phenomenon, demonstrating that consumers find EWOM to be more credible, empathetic, and relevant compared to traditional marketing messages from companies. This aligns with the findings from Winarno & Indrawati (2022) on "Sunday Bowl," where positive online feedback and customer reviews were shown to significantly impact purchasing decisions and increase the likelihood of purchase intention.



Figure 1.8 Pet Food Brand Index

Source: Top Brand Award (2023)

According to P. Kotler et al. (2021), brand equity can be assessed through various measures such as customer awareness, market share, total number of customers, perceived quality, and customer loyalty. These measures are in line with the methodology used in the Top Brand Award index, which includes three key metrics: Mind Share, Market Share, and Commitment Share. Mind Share refers to the first brand that comes to mind when a product category is mentioned, Market Share indicates the last brand used or consumed in a repeat purchase cycle, and Commitment Share represents the respondent's intention to use or consume the brand again in the future (Top Brand Award, 2022). Despite Whiskas' continued dominance as the top brand in the cat food category in Indonesia, recent market data suggests a potential decline in its brand index over the past three years (2021-2023). The brand index for Whiskas has shown a

decrease of 4.5% during this period. In contrast, competitors like Friskies have experienced a slight upward trend, with an increase of 7.7% in their brand index over the same period (Top Brand Award, 2023). This shift indicates a changing landscape in the Indonesian cat food market, with Whiskas facing challenges in maintaining its market position amidst increasing competition.

Based on the phenomenon explained above, EWOM drives as an aspect in purchasing intentions because customers might easily accept other people's views in the form of EWOM, especially in the marketplace with the most Whiskas sales, namely Shopee. The transition of sales to online shopping makes purchasing easier, including pet food. Cats, as the most common pet in Indonesia, making the cat food sector control 60.6% of the pet food sector. Whiskas, as the main leader in cat food which has won the Top Brand Award from 2015-2023, experienced a decline in its index amidst increasingly fierce competition. Therefore, it is interesting to theoretically examine how the relationship between EWOM and purchase intention, especially Whiskas cat food products, is mediated by brand equity to understand behavior of Whiskas customer's on Shopee platform.

1.3 Problem Formulation

The transition to online shopping has led to a rise in the online buying of pet food and cat food products on Shopee. Despite its continued dominance in the Indonesian cat food market, Whiskas has faced a decline in its brand index over the last three years, indicating possible threats to its market standing. Research by Khan et al. (2023) underscores the importance of recognizing brand equity as a mediator between electronic word-of-mouth (EWOM) and purchase intention. This insight is pivotal for Whiskas to address these challenges effectively and sustain its competitiveness in the dynamic market landscape.

In academic context, as highlighted by Winarno & Indrawati (2022) in their study on "Sunday Bowl," positive online feedback and reviews significantly influence purchasing decisions, increasing the likelihood of purchase intention. However, as this study focuses on a different brand and product category, namely Whiskas and cat food, further evidence specific to Whiskas' purchase intention is necessary. Which will be carried out through this study titled "The Effect of

EWOM on Purchase Intention Mediated by Brand Equity of Whiskas on Shopee”. From the stated problem formulation, the author formulates the following research questions:

1. How much is the rate of EWOM and brand equity of Whiskas product based on respondent?
2. How much is the purchase intention of respondent toward Whiskas product?
3. Does EWOM influence purchase intention of respondent toward Whiskas product?
4. Does EWOM influence brand equity of respondent toward Whiskas product?
5. Does brand equity influence purchase intention of respondent toward Whiskas product?
6. Does EWOM influence purchase intention towards Whiskas product through brand equity as a mediating variable?

1.4 Research Objective

1. To find out the rate of EWOM and purchase intention towards Whiskas product based on the respondent.
2. To determine the purchase intention of respondent toward Whiskas product.
3. To find out whether EWOM have any influence on purchase intention of respondent toward Whiskas product.
4. To find out whether EWOM have any influence on brand equity of respondent toward Whiskas product.
5. To find out whether brand equity have any influence on purchase intention of respondent toward Whiskas product.
6. To find out whether EWOM influence purchase intention towards Whiskas product through brand equity as a mediating variable.

1.5 Scope of The Study

This study investigates the influence of electronic word-of-mouth (EWOM) of Shopee on the purchase intention of Whiskas cat food in Indonesia,

with brand equity as a mediating variable. The research will focus on the following aspects:

- a) The target population will be people who own cats or have an interest with cats in Indonesia. They should be familiar with the Whiskas brand, actively use the Shopee online platform, and be between 17 and 54 years old.
- b) Data will be collected through surveys or online questionnaires distributed to the target population.
- c) In this study, the independent variables consist of electronic word of mouth, with brand equity serving as the mediating variable and purchase intention as the dependent variable.

1.6 Research Benefits

Hence, the author anticipates that this study is hoped to yield various advantages, such as:

1.6.1 Theoretical Benefits

This research titled "The Effect of EWOM on Purchase Intention with Brand Equity as The Mediating Role: A Study of Whiskas Cat Food Brand on Shopee Platform" delves into the theoretical aspects of EWOM's role in brand equity. It examines how online reviews in Shopee specifically influence purchase intention of Whiskas cat food. This can contribute to the existing knowledge of EWOM's impact within the pet food industry while also exploring the potential mediating effect of brand equity on the relationship between EWOM and purchase intention. Understanding how EWOM shapes brand perception (Whiskas's case) can provide valuable insights into consumer behavior and purchase intentions.

1.6.2 Practical Benefits

The research offers practical implications for Whiskas and other pet food brands in Indonesia's digital marketing landscape. By examining how online conversations influence brand equity, the findings can guide Whiskas in developing strategies that leverage EWOM in marketplace especially Shopee to foster positive online sentiment and strengthen brand perception among cat

owners. Similarly, other pet food brands can use this research to understand the interplay between EWOM, brand equity, and purchase intention. This knowledge can help them develop respondent-driven approaches to enhance their online presence and build stronger brand equity among pet owners.

1.7 The Systematics of Mini-Thesis Writing

a. Chapter 1: Introduction

In this initial chapter, will delve into the research's background and problem statement. This section will cover aspects such as the research context, company profile, problem formulation, research questions, research objectives, and anticipated research benefits.

b. Chapter 2: Literature Review

The second chapter will revolve around an extensive exploration of the theories underpinning each variable in this research. This section will encompass research theories, prior studies, the research framework, and the formulation of research hypotheses.

c. Chapter 3: Research Methodology

This chapter, outline the research methods employed, which include detailing the research's characteristics, operationalization of variables and their measurement, scale usage, research stages, population and sampling considerations, data collection techniques, and an examination of validity and reliability. Additionally, elucidate the chosen data analysis approach.

d. Chapter 4: Research Findings and Analysis

This chapter will present the solutions to the research problem formulated earlier and provide a comprehensive analysis of the research outcomesvid

e. Chapter 5: Conclusions and Recommendations

The final chapter will consolidate the study's findings, addressing the research questions, and culminate in the presentation of conclusions. Furthermore, it will offer insights into the practical implications of the research and suggest recommendations for future endeavors.