

CHAPTER 1

INTRODUCTION

1.1 Background of the Study

In this modern world, the term online business is common. Online business is one of the industries with so much potential since people want practicability and simpler ways to fulfill their daily needs. People worldwide, including Indonesia, have already joined this trend, where people prefer online business to anything else. For the moment, an online business also provides people with secondary needs, such as clothing, gadgets, and beauty products, and fundamental needs, such as food and drinks (Khadka et al., 2017).

One of the ways to run an online business is through social media. Initially, social media was the site to socialize and interact with people worldwide. As time goes by, the use of social media is expanding. They are used for advertising products and services from many brands, including Loukals_, a store selling all kinds of donuts. Loukals_ produces donuts in unique sizes and flavors, such as chocolate, cheese, peanut, and Oreo drizzle.

Considering that Indonesian people are the most active people on social media, the role of social media as an online business platform is beyond great if used wisely. According to Wright and Hinson (2009), social media has had a staggering impact on

public relations since the first weblogs or blogs appeared more than a dozen years ago. Through the development of forums, message boards, photo sharing, podcasts, search engine marketing, video sharing, social and professional networks, and microblogging websites, this has continued and expanded into a variety of different forms, including text, images, audio, and video. Social media, at this moment, has become an alternative to promote certain products, as it can be more flexible and organic. A total of social media followers is acknowledged as a key predictor of the number of likes and comments a new post may receive, and the large audience that a brand may reach organically through its postings is the organic side of this marketing (Schultz, 2017; Aydin, 2020). In applying the online business on social media, Loukals_ uses Instagram as its main platform to display and advertise its products.

Instagram has many benefits, namely, for building and developing a brand. The logarithm of Instagram now becomes a critical part of social media marketing. Handayani et al. (2020) mentioned that the logarithm of Instagram is based on the intensity of the content uploading; the more consistent and frequently an account posts content, the more it can be seen by a wider audience. Moreover, it is easier for the business owner to interact with their customers through their social media so that a bounding relationship can be built and the awareness of the product is increased.

Similar studies have been done previously regarding Instagram marketing. Untari and Fajariana (2018), in their study, mentioned the strategies done by Subur Batik in

order to increase the sales of batik through social media. Subur Batik, with its marketing strategies using Instagram, was able to increase its sales five times in 2018 from the previous sales of 770 units in 2017.

In the context of Loukals, a good promotion technique is needed to make consumers know the brand and products and engage as many consumers as possible. One of the ways that could be used to get in the competition and to create brand awareness is to have a promotion and implant the products from customers' perspectives. The promotion Loukals_ does is by using Instagram to advertise their products to the local people. Therefore, the author decided to write a thesis titled "The Promotion Strategy of Loukals_Donut Store through Instagram."

1.2 Field of Study

The field of study is the creative industry, especially social media marketing.

1.3 Scope of Study

This research focuses on the promotion strategy of Loukals_ products, namely donuts through Instagram to increase sales using the online marketing theory of Chaffey (2015).

1.4 Research Question

The problems the author wants to answer in this research are:

1. What are Loukals_ Donut Store's product promotion strategy?

2. What are the advantages of using Instagram as a medium to promote a product?

1.5 Objective of the Study

The objectives of this study are to achieve these objectives:

1. To investigate the implementation of Loukals_ Donut Store's product promotion strategy through Instagram.
2. To determine the advantages of using Instagram as a medium to promote a product.

1.6 Significance of the Study

This research is expected to contribute positively to Englishpreneurship Study Program, especially related to promotional strategies. It is hoped that the results of this research can be used as a source for further research. The researcher hopes this research's results can be one of the references for company management, especially in the field of promotional strategies to increase sales. It can also contribute to marketing activities to achieve profitable customer acquisition and retention.

1.7 Definition of Terms

1. Loukals_ Donut Store

Loukals is a product that sells food, especially donuts, with various flavors. This product was established in 2020 and is located in Semarang. Loukals_'s target market

is young people aged 5-17 years. Loukals_ is categorized as an online business because it uses social media (Instagram) to run its business.

2. Promotion

Promotion is the main key to a product reaching the purchase target. According to Kotler and Armstrong (2008), as cited by Maddinsyah (2020), promotion is an activity that communicates the benefits of the product and persuades customers to buy the product. Various promotional tools are designed to increase sales volume in promotional activities. Another definition of promotion is a short-term incentive to entice people to try or buy a product (Scriven et al., 2017).

3. Strategy

A strategy is a guideline for decision-making based on market scope, growth rate, competitive advantage, and synergy (Athapaththu, 2016). Strategy is the formulation of an organization's basic long-term goals and objectives, the implementation of the course of action, and the allocation of necessary resources for carrying out these goals.

4. Instagram

Instagram is a free app that is used as a social media. It debuted in October 2010 and the main feature allows users to process and share photos and videos within the app (Hu, 2014)