CHAPTER 2
LITERATURE REVIEW

2.1   Marketing

According to Kotler & Keller (2012), marketing is how to identify and meet human needs and social needs. One of the simplest definitions of marketing is "meeting profitable needs", that is how to turn a need into a profitable business opportunity. Marketing is a human activity to satisfy the needs and also the desire through a process of exchange according to Manmohan Joshi in the book Essentials of Marketing (2012). Kotler and Armstrong (2012) also stated that marketing is a process of working with the target market to realize potential exchanges with the intention of satisfying human needs and wants, building profitable relationships and understanding customer needs, provide superior value, set prices, distribute, and promote them effectively, so the product will sell more easily. Based on the definition, authors can conclude that marketing is a process of identifying human and social needs by working with the target market through building profitable relationships and understanding customer needs, provide superior value, so the product will sell more easily.

2.2   Marketing Strategy

Kotler and Armstrong (2014) define marketing strategy as "the grand design to achieve an objective" in other words, marketing strategy is the overall plan to achieve organizational goals. According to Peter (2008, p. 263), Marketing strategy is a design, implementation, and control of the plan in influencing change to achieve company goals, usually designed to improve customer opportunity to have good thoughts and feelings about products, services, brands they will buy repeatedly. According to Kotler & Keller (2009, p. 93), marketing strategy is a set of objectives, policies, and rules that serve as guidelines in a certain period of time for a company's marketing activity as reactions from changing environmental conditions and competitive conditions. The marketing strategy limits its rationale, its goals in a target market and concerns the marketing of the expenditure, as well as its competition. From the definitions above, the authors can conclude that marketing

strategy is a plan of design, implementation, and control objectives, policies, and rules as a guideline for a company's marketing activities to achieve company goals.

2.3   Marketing Mix

According to Zeithaml (2010) marketing mix consists of 4 points, there are:

1. Product: goods or services that can be offered to consumers to satisfy consumers' desires.

2. Price: the price offered or given to the consumer is the value of a product itself that has been calculated the cost of making the goods until the sale of the goods.

3. Place: the means of making offers available to customers at the right time and place.

4. Promotion: marketing activities that make potential customers, partners and public aware and interested in business offerings.

2.4   Social Media

According to Chris Brogan (2010) Social media is a brand new set of verbal exchange and collaboration gear that allow many kinds of interactions that had been previously no longer to be had to the individuals. Mondry (Mondry, 2008) also mention social media as a media using the internet, online media based on technology, character flexible, potentially interactive and can work both privately and publicly. On the other hand, Philip Keller and Kevin (Philip Kotler K. L., 2012) define social media as a way for consumers to share textual content, pictures, audio, and video information with each other or a company and vice versa. Based on the definitions, authors can conclude that social media is one of medium on the internet to exchange information in a form of pictures, audio, video, and text between individuals or organizations and can work both privately and publicly.

2.5   Social Media Marketing

Social media marketing is any form of marketing directly or indirectly used to build awareness, recognition, recollection, and action against a brand, business, product, person, or other thing packaged using tools on social web, such as blogging, micro blogging, social networking, social bookmarking, and content sharing

(Gunelius, 2011) Social media marketing is the way companies and organizations nonprofit uses social media effectively to build relationships through trust, useful content, help, and authority. (Varinder Taprial, 2012) Social media marketing is any form of online advertising use cultural context in social community, including social network, virtual worlds, social news sites, and social opinion-sharing sites, to bring together branding and communication goals. (Tuten, 2008). From the definition above, authors can conclude that social media marketing is any form of online advertising on social sites to build relationships and awareness against a brand, business, product, person, etc.

2.6   Dimensions of Social Media Marketing

Social media marketing uses social media as its marketing channel, so we can use the characteristics of social media as the measurement dimension. According to Abu-Rumman in *The Impact of Social Media Marketing on Brand Equity: An Empirical Study on Mobile Service Providers in Jordan.* (2014), *social media has the following characteristics.*

1. **Online Communities**: A company or business can use social media to build a community for a product or business that is on offer. Where a group can create loyalty and encourage business development

2. **Interaction**: Using social networks can create interactions by using up-to-date broadcasting, and consumers can easily get information

3. **Sharing of Content**: This sharing Dimensions are used as a medium of information exchange, distribution, and content through social media, for example: messaging features.

4. **Accessibility:** social media can be accessed easily with a relatively cheap cost and not even spend money in its use. Besides social media also does not require the skills or knowledge to access the site

5. **Credibility**: It's how to create and convey a clear message to the consumer, build credibility on what the company is up to and try to build an emotional relationship with the target market, motivate the purchase and encourage consumer loyalty. Besides social media is a platform for a business and can connect with customers directly on a large scale and increase trust and respond to suggestions or criticism from consumers

2.7   Purchase Intention

Mentally and psychologically, consumers have a long process who ultimately decided to buy the product. According to Kotler and Keller (Philip Kotler K. K., Marketing Management, 2012) the buying process is all their experience in learning, choosing, using, even disposing of a product, that is their experience in understand, choose, use, or even dispose of the product. according to Kotler (Kotler, Principles oof Marketing, 2016) the definition of Purchase Intention is consumer behavior when the consumer is stimulated by external factors and comes along to decide on purchases based on their personal characteristics and processes decision making. Authors can conclude that purchase intention is consumer behavior in buying process to understand, choose, and use products of their own personal characteristic and process decision making.

2.8   Purchase Intention Dimension

According to Sari and Kusuma in *"Does Luxury Brand Perception Matter In Purchase Intention? A Comparison between a Japanese Brand and a German Brand",* the dimensions that make up the buying interest are as follows:

1. **Likely:** Purchase intentions begin with the emergence of consumer desire to buy against a product after getting stimuli made by the company through various marketing activities.
2. **Probable:** The stage where consumers consider about the possibility that consumers will make a purchase in the future.
3. **Definitely:** The final stage of the buying process is where prospective customers will definitely make a purchase of products offered by the company in the near future.

2.9   Word of Mouth

According to Kotler and Armstrong (2014, p. 158), Word of Mouth can have a strong impact on consumer purchase intention. The words and recommendations of trusted friends, co-workers and other consumers tend to be more credible than those from commercial sources, such as advertising or salespeople. Lupiyoadi (2009, p. 238) stated that word of mouth is a form of promotion in the form of recommendation from mouth to mouth about goodness in a product. Word of mouth

is a communication made by consumers who have made a purchase and telling the experience about the product or service to others so indirectly the consumer has made a promotion that can attract other consumers who listen to the conversation. According to Sumardy, Marlin Silviana and Melina Melone (2011, p. 67), word of mouth is the behavior of customers providing information to other customers or C2C (consumer to consumer).

From the above definition authors can conclude that word of mouth communication is a form of conversation about a product, between people, in which there is a message conveyed that is sometimes not recognized by the information giver or by the recipient of the information.

2.10 Electronic Word of Mouth (E-WOM)

According to Henning-Thurau et al. (2013, pp. 460-476) says Electronic Word of Mouth is a negative or positive statement made by actual, potential or consumer consumers of a product or company where this information is available to people or institutions via Internet media. Jungho Bae (2013, pp. 61-78) ,stated eWOM as an easy form of communication that has anonymity, as well as freedom from the restrictions imposed by space and time. eWOM can bring different results according to the suggestion used.

2.11 Dimension of Word of Mouth

Based on research from Chinho Lin, at al in *Electronics Word of Mouth: The Moderating Roles of Product Involvement and Brand Image* E-Word of Mouth is divided into three dimensions, namely: E-Word of Mouth Quality, E-Word of Mouth Quantity, and Sender's Expertise.

1. *E-Word of Mouth Quality*: refers to the persuasive power of comments embedded in a message containing information. Purchasing decisions can be based on several criteria or requirements that can meet the needs of those who can generate buying interest based on the quality of the information they are addressing. Therefore, it is important for companies to determine consumer perceptions about the quality of information as an element to assess their potential purchases.

2. *E-Word of Mouth Quantity*: refers to the number of comments on a post in the internet. The popularity of the product is determined by the quantity of online comments because it is considered to represent the quality and performance of a product. Consumers also need references that reinforce their confidence in the products they buy so they can reduce the risk and feelings of making a mistake in shopping.

3. *Sender's Expertise:* It is considered that their expertise of making comments or reviews on a product may entice consumers to have an interest that culminates in purchasing decisions.

The difference between Social Media Marketing and E-WOM is Social Media Marketing is a place or medium that can be used to build desire for customer to buy a specific product through social media where as E-WOM is communication between users in social media, in this research, a communication about products/service whether positive or negative.

2.12 Museum

Museum is an institution dedicated to the general public. The museum functions to collect, maintain, and present and preserve the cultural heritage of the community for the purpose of study, research and leisure or entertainment. (D., 2009)

According to *Peraturan Pemerintah RI No. 19 Tahun 1995* museum is an institution, storage, care, security and utilization of material evidence of human culture and the environment and its environment in order to support efforts to protect and preserve the nation's cultural wealth.

Museum definition stated by International Council of Museum (OCIM) is a fixed, non-profit organization, serving the community and its development, open to the public, obtaining, caring for, connecting and displaying artifacts of human identity and the environment for the purpose of study, education and recreation.

2.13   Functions of Museum

Based on *Pedoman Museum Indonesia* (Museum, 2008), the museum has the task of storing, maintaining, securing and utilizing the museum's collection of cultural heritage objects. Thus the museum has two major functions:

1. As a place of conservation, the museum should carry out the following activities:
    a. **Storage**: includes collection of objects to collections, collection records, numbering systems and collection arrangements.
    b. **Maintenance**: includes activities to prevent and cope with damage to the collection.
    c. **Security**: includes safeguards to safeguard the collection from harassment or damage by natural and man-made factors.

2. As a source of information, museums carry out utilization activities through research and presentation.
    a. Research is conducted to develop national culture, science and technology.
    b. Presentation should still take into account aspects of preservation and security.

2.14   Types of Museum

Type of museum based on the collection owned, which there are two types: (D., 2009)
    a. **Public Museum**: a museum whose collection consists of a collection of human material and / or environmental evidence relating to various branches of art, disciplines and technology.
    b. **Specialty museums**: museums whose collections consist of a collection of human or environmental material evidence relating to one branch of art, a branch of science or a branch of technology.

The type of museum based on its position, there are three types: (D., 2009)
    a. **National Museum**: a museum whose collection consists of a collection of objects originating, representing and relating to material evidence of humans and / or their environment from all regions of Indonesia of national value.

b. **Provincial Museum**: a museum whose collection consists of a collection of objects originating, representing and relating to the material evidence of man and or his environment from the province where the museum is located.

c. **Local Museum**: a museum whose collection consists of a collection of objects originating, representing and relating to the material evidence of humans and / or the environment of the county or municipality where the museum is located.

2.15 Framework
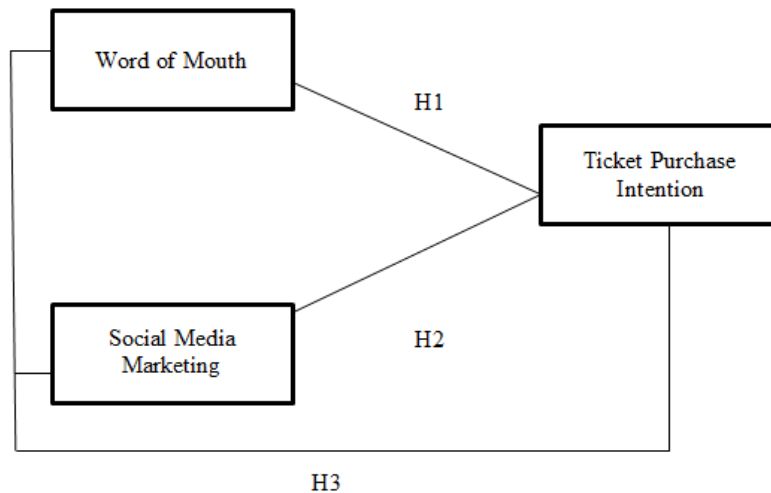
Figure 2.1 Framework

2.16 Hypothesis

Hypothesis 1

Ho: There is no direct effect of word of e –word of mouth dimensions on Purchase Intention.

Ha: There is a direct effect of word of e –word of mouth dimensions on Purchase Intention.

Hypothesis 2

Ho: There is no direct effect of Social Media Marketing dimensions in Purchase Intention

Ha: there is a direct effect of Social Media Marketing dimensions in
   Purchase Intention

Hypothesis 3

Ho: There is no direct effect of   Promotion Strategy dimensions in Purchase Intention

Ha: There is a direct effect of   Promotion Strategy dimensions in Purchase Intention

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