

CHAPTER I

INTRODUCTION

1.1 Research Background

Over the past few years, the smartphone market witnessed unprecedented technological progress, driving manufacturers to compete fiercely in delivering cutting-edge innovations that captivate consumers and redefine industry standards. Among these features are AI-powered features, military-grade durability, waterproof designs, powerful hardware, fast charging, and foldable screens—innovations that were once niche but are now aggressively promoted as must-have functionalities. Features that were once considered niche have become mainstream selling points, as evidenced by leading brands like Samsung, OPPO, and Huawei aggressively promoting these innovations in flagship devices. (Canalys Newsroom -2024).

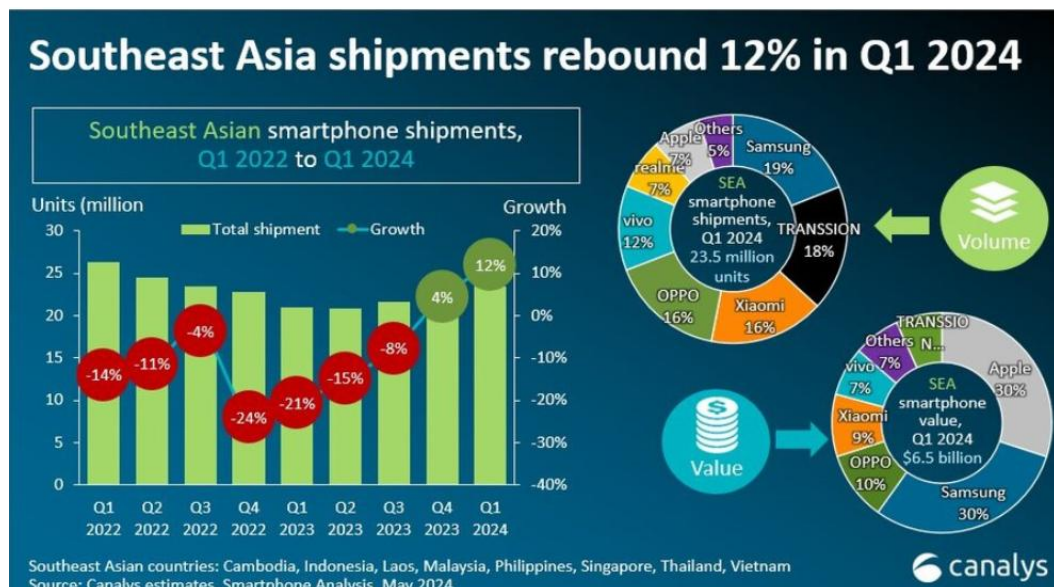


Figure 1.1 Southeast Asian Smartphone Shipment
(Sources: Canalys, 2024)

These technological advancements are no longer just product enhancements, they have become core differentiators in brand positioning and consumer appeal. Also, that innovations have evolved into critical competitive differentiators, simultaneously emerging as central themes in digital marketing strategies designed to engage consumers, particularly through social media platforms and influencer partnerships. Brands now collaborate with influencers and content creators to showcase these features in real-life contexts, often sparking emotional reactions and aspirational desires among online audiences (Andika et al., 2024). As a result, the convergence of technological innovation and emotional marketing tactics has shaped a new era in smartphone consumer behaviour.

In the Indonesian market, this trend is sharply visible. As seen in the figure 1.2, Indonesia ranks among the top five nations with the highest count of active social media users, with over 139 million users as of early 2025 (Social Media Users by Country 2025). Leading smartphone manufacturers, particularly Chinese OEMs such as Xiaomi or Samsung, have systematically capitalized on the digital ecosystem through substantial investments in influencer partnerships and data-driven digital campaigns, transforming their marketing approaches to align with evolving consumer engagement patterns. Brands frequently collaborates with local celebrities, tech reviewers, and lifestyle influencers to promote its latest innovations, such as the famous local Youtuber David from GadgetIn, with nearly 14M Subscribers, which directly receive devices from brands to be tested out and reviewed for a large public. Additionally, brand's user-generated content campaign across Asia, which encouraged users to share

creative photos and videos captured with their smartphones, led to increased brand loyalty and heightened user interaction. Example of this is a global contest, the Xiaomi Imagery Award in Indonesia, which invites anyone with a Xiaomi or Redmi smartphone to share their creative photos and short films.

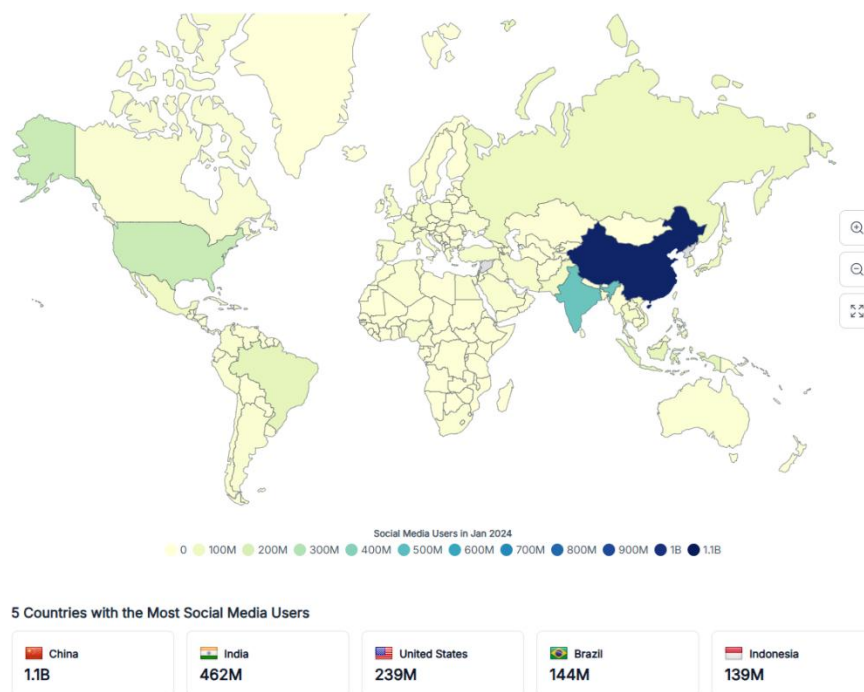


Figure 1.1 Social media users in 2025 (World Population Review 2024)
(Sources: World Population Review, 2024)

This marketing approach has led to a new consumer phenomenon that we call as “Fear of Missing Out”, or abbreviated as FOMO where people feel anxious about the potential of being left out of enjoyable events, including owning or using trendsetting technology. FoMO has been identified as a significant psychological driver influencing consumer behavior in the digital age, particularly in the context of social media and online shopping platforms (Neha & Walia, 2025). According to (Przybylski et al., 2013). FoMO is a psychological construct characterized by the desire to stay continually connected with what others are doing, often resulting in

impulsive or emotionally driven decisions. In the context of smartphone marketing, FoMO is cultivated through content showcasing influencers or peers enjoying new devices, attending exclusive launch events, or benefiting from product features that others might lack.

The 2025 smartphone market is characterized by an intense competitive landscape where brands strive for differentiation through technological innovation, primarily centered around camera systems and on-device Artificial Intelligence (AI). Leading manufacturers showcase distinct, albeit converging, strategic focuses. For instance, brands like Vivo and Xiaomi, with their respective V-series and anticipated 15T series, continue to push the boundaries of mobile photography through advanced camera hardware and sophisticated imaging systems. Concurrently, Google's Pixel 10 series is expected to deepen its integration of AI for computational photography, leveraging software to perfect image capture. Samsung's forthcoming S25 series is poised to expand on its "Galaxy AI" suite, embedding innovative AI functionalities throughout the user experience, while Apple's iPhone 17 is projected to maintain its emphasis on a holistic ecosystem powered by robust performance and durability. However, despite these unique marketing positions, a significant trend of feature homogenization has emerged. Core AI-driven functionalities, such as generative object erasure in photos, intelligent texting assistance, and AI-enhanced camera scene recognition, are rapidly becoming standardized across all major brands. This convergence prompts an investigation into the underlying marketing strategy that encourages this

technological parity and the methods brands employ to establish a unique identity in a saturated market.

Parallel to this market strategy, consumer purchasing decisions, especially among younger Indonesians, are increasingly influenced by social media interactions, encompassing both broad social engagement and targeted influencer marketing (Cube Asia, 2023.) . Studies by Agustin & Amron, 2022, on skincare purchases via TikTok Shop and Solaiman1 & Pangaribuan2 (2024), on online toy store customers affirm the significant direct important role of influencer marketing towards purchase intentions and decisions in Indonesia. Concurrently, the psychological construct of Fear of Missing Out (FOMO) has become a significant influence, with research indicating its role in driving consumer behavior across various e-commerce contexts (A. S. Sampoerna, 2025; Solaiman; Pangaribuan, 2024) .

Despite the growing body of research, a nuanced understanding of these dynamics, particularly for high-involvement products like smartphones with innovative features, reveals distinct research gaps. Firstly, there are conflicting findings regarding the direct impact of digital and influencer marketing on purchase decisions. While Agustin & Amron (2022) and Solaiman & Pangaribuan (2024) report a significant positive direct influence of influencer marketing on buying interest and decisions in Indonesian e-commerce, Hamiarso et al. (2024) found that broader digital marketing had no direct effect on purchasing decisions for Shopee users, though it significantly influenced FOMO. This discrepancy highlights the

need to delineate the specific direct impacts of both social engagement and influencer marketing on the purchase of innovative smartphones.

Secondly, while FOMO's role is increasingly acknowledged, its precise mechanism in the Indonesian smartphone context requires further clarification. Several studies have identified FOMO as a significant mediator. For instance, Hamiarso et al. (2024) found that digital marketing's impact on purchase decisions is channeled through FOMO. Similarly, Solaiman & Pangaribuan (2024) found FOMO to be a key factor that connects influencer marketing with consumer purchase decisions. However, other research, such as Dinh et al. (2023) in a US context, suggests FOMO can also act as a moderator, strengthening the effect of influencer exposure on purchase intention. The present study focuses on FOMO's mediating role, as per the initial thesis direction, but acknowledges the complexity of its influence. The specific mediating effect of FOMO on the distinct pathways from social engagement to smartphone purchase, and from influencer marketing to smartphone purchase, especially for products characterized by innovative features, remains an underexplored area in the Indonesian setting.

Thirdly, the existing literature often examines general e-commerce, specific product categories like skincare or toys, or broader digital marketing strategies. The unique considerations for high-cost, technologically advanced products like smartphones with innovative features, such as larger RAM and Storage options, AI featured functionalities, durability and so-called “military grade” protection, and so on, where consumer decision-making processes are typically more deliberative, warrant a dedicated investigation. The interplay of social influence (both general

social engagement and specific influencer marketing) and the anxiety of FOMO in this particular product domain within the Indonesian cultural and economic context is not yet fully elucidated.

These identified gaps lead to the following research problems: Considering the mixed findings on the direct efficacy of digital and influencer marketing, 1) what is the specific direct influence of social engagement on Indonesian consumers' decisions to purchase smartphones with innovative features? 2) What is the precise direct influence of influencer marketing on Indonesian consumers' decisions to purchase smartphones with innovative features? 3) How does FOMO influences the Purchase Decision of Smartphones with innovative features for Indonesian Consumers? 4) Building on evidence that FOMO mediates the impact of digital and influencer marketing in various contexts, how much does FOMO explain the connection between social engagement and the purchase decision for innovative smartphones in Indonesia? And lastly, 5) how significant is FOMO's mediating effect on the relationship between influencer marketing and the purchase decision for innovative smartphones in Indonesia?

The novelty and contribution of this research are rooted in its specific approach to addressing critical gaps within the existing literature. Firstly, while prior studies present conflicting findings on how digital and influencer marketing affect a consumer's decision to buy, this study provides novelty by disaggregating these stimuli to specifically examine the distinct influences of both social engagement and influencer marketing. Furthermore, a key contribution is the clarification of FOMO's precise mediating mechanism. While research has

identified FOMO as a mediator in various contexts, its specific mediating effect on the distinct pathways from social engagement to smartphone purchase, and from influencer marketing to smartphone purchase, remains an underexplored area in the Indonesian setting. Finally, and most critically, this research distinguishes itself by focusing on a high-involvement product category smartphones with innovative features. This is a significant departure from existing local research that has often centered on general e-commerce or other product categories like skincare or toys, allowing this study to elucidate an interplay of social and psychological factors in a context where consumer decision-making is more deliberative and not yet fully understood.

1.2. Research questions

The primary questions for this study are as follows:

- RQ1: What is the influence of social engagement on Indonesian consumers' decisions to purchase smartphones with innovative features?
- RQ2: What is the influence of influencer marketing on Indonesian consumers' decisions to purchase smartphones with innovative features?
- RQ3: What is the influence of FOMO towards the Purchase Decision of Smartphones with innovative features for Indonesian Consumers?
- RQ4: What is the extent of FOMO mediating the relationship between social engagement and the purchase decision for innovative smartphones in Indonesia?

- RQ5. What is the extent of FOMO mediating the relationship between influencer marketing and the purchase decision for innovative smartphones in Indonesia?

1.3 Research objectives

This study aims to achieve the following:

- To examine the influence of social engagement on the level of Fear of Missing Out (FoMO) among Indonesian consumers.
- To analyze the effect of influencer marketing on the level of FoMO among Indonesian consumers.
- To determine the impact of FoMO on consumer purchase decisions toward smartphones with innovative features.
- To investigate the direct effect of social engagement on consumer purchase decisions toward smartphones with innovative features.
- To assess the direct impact of influencer marketing on consumers' decisions to buy smartphones with innovative features.

1.4. Research benefits

1.4.1 Theoretical Benefits

This research aims to contribute to the academic literature in the following ways:

- Advancing the understanding of consumer behavior by integrating emotional constructs like Fear of Missing Out (FoMO) into the study of high-involvement product purchases, specifically smartphones with innovative features.
- Enriching the literature on digital and emotional marketing, especially in the Indonesian context, by empirically examining how social

engagement and influencer marketing interact with psychological drivers like FoMO.

- Validating and extending existing behavioral theoretical frameworks like the Stimulus-Organism-Response (S-O-R) model, Social Comparison Theory, and Elaboration Likelihood Model (ELM) within the field of smartphone marketing and consumer decision-making.
- Providing a model for future research seeking to investigate the mediating role of FoMO between marketing stimuli (social engagement and influencers) and purchase decisions in digital ecosystems.

1.4.2 Practical Benefits

This research aims to offer the following practical implications:

- For marketing professionals and smartphone brands: The study will offer insights on how FoMO can be ethically and effectively leveraged through social media and influencer strategies to influence consumer purchase decisions.
- For digital marketing agencies and content creators: The results will help identify emotional triggers (such as FoMO) that enhance engagement and conversion, especially among Indonesian Gen Z audiences.
- For smartphone retailers and e-commerce platforms: Understanding the role of FoMO in consumer behaviour will aid in designing more targeted, emotion-driven promotions that can increase purchase intention and brand loyalty.