

CHAPTER I

INTRODUCTION

1.1 Research Background

In the modern era with technological advances as it is today, many companies are vying to improve their products. Including in terms of sensitivity to consumer needs today. For now, companies are also required to be more reactive to changes and needs that occur in society. Judging from the convenience, practicality, and concern of today's society to maintain healthy skin. No wonder now that skin care products have become a necessity for everyone, especially millennial people who pay more attention to appearance. According to more market research, the global skincare market is expected to reach \$179 billion by 2022, with a compound annual growth rate (CAGR) of 4.7% from 2016 to 2022 (Lee et al., 2019).

There are thousands of different types of skincare products on the market, but millennials are thought to be more picky, personalized, and customized in what they choose. Millennials grew up with a lot of options, so they look for a wide range of products and think that having so many options are their birthright. This made millennials less traditional than other generations in the things they bought. Civelek and Ertemel (2018), they looked at the fact that millennials are more likely to buy than other age groups.

There is a lot of competition between companies to make skin care products that people want and need. Including the development of local products for skin care

products in Indonesia. In the same way that the global cosmetics market has grown in recent years, Indonesia has also grown a lot. In 2020, Indonesian cosmetics were worth USD 784.9 thousand, which is 1.5% more than what they were worth in 2019. (Atase Perdagangan KBRI Tokyo, 2021). Based on information from the Central Insights Organization (BPS) in 2020, the development of the sedate, chemical, and pharmaceutical businesses has developed by 5.59%. The advertise development for makeup in Indonesia in 2021 will increment by 7% 2021. Many domestic products have been innovating and trying to develop product quality in this skin care. It can be seen from the following graph.



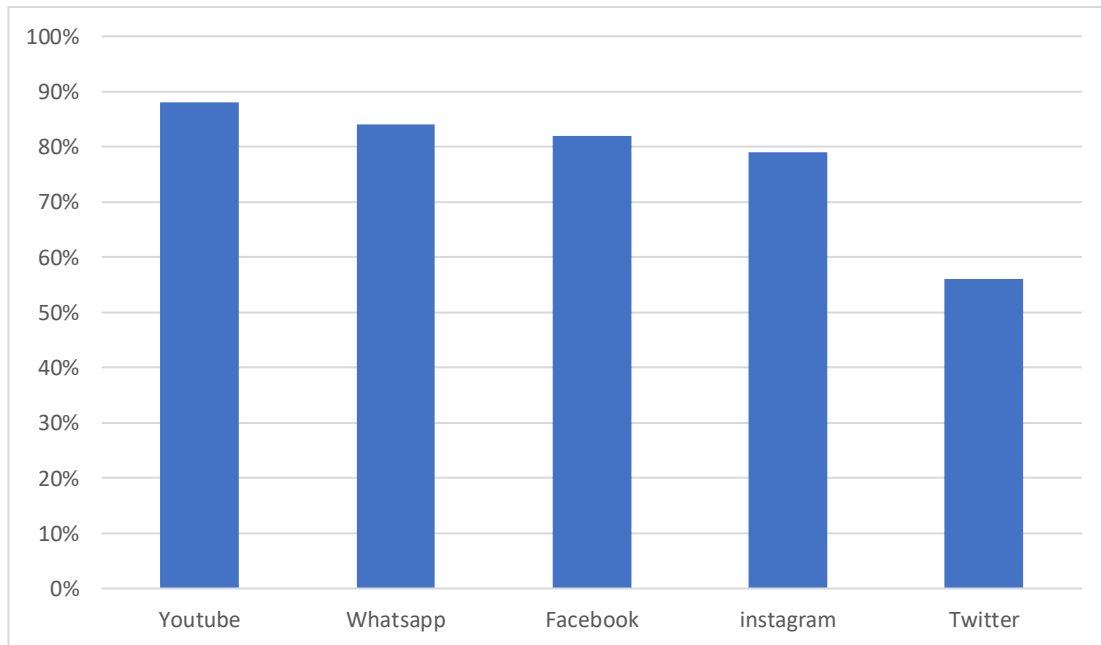
Source: Kompas (2021)

Figure 1.1 Top 10 Best Selling Local Indonesian Skin Care Brands in E-Commerce

Competition from several of these products is very competitive between consumers by showing their respective advantages. By prioritizing the quality of local skincare products that are no less good than international standard products. For the course of its products, the company is also competing in marketing its products, one of which is Somethinc. Somethinc is a local beauty brand that was only established a year in 2019 but since its launch it has received a lot of attention and positive response from various parties. This is mainly because Somethinc uses active ingredients that are very safe and suitable for the skin of the Indonesian people at a very affordable price, but still with good quality.

About 65% of teens use social media to find and choose beauty products in this day and age. According to the Indonesia Digital Report 2020, about 93% of people who use the internet in Indonesia have looked for products online, and 88% of people who use the internet have bought things online (Kemp, 2021). From this information, we can see how important digital marketing is for online businesses, like using social media. In recent years, social media has become a common way for companies to communicate about their marketing activities. So, as the largest country in Southeast Asia, Indonesia has about 150 million active social media users, or 56% of its total population. Most of these users are between the ages of 18 and 34 (Kemp, 2019). Part of it is happening now, especially through social media on the Internet. Social media is one way that people have more chances to promote the products they are selling. It can

be seen from the graph that the most widely used social media data in Indonesia.



Sources: We Are Social (2020)

Figure 1.2 Most-used Social Media Platforms in Indonesia

From the data graph, it can be seen that Somethinc utilizes every social media platform that is most widely used in Indonesia to develop their target market by using the same account name, Somethinc Official. Some of the social media used, namely Instagram, Youtube, Facebook, Whatsapp, Twitter and TikTok, Somethinc's marketing communication strategies and use of social media to get the word out about products and sell them. Somethinc sells its products by sharing information about them on a number of social media sites. TikTok is one of the social media sites that Something uses. According to a survey by Devita (2020), Somethinc is the most popular hashtag

on TikTok, with 57.3 million views. When people use a social media platform, one of the things they think about is the content they share with their followers.

Moreover, Somethinc, in this case, is aggressively using its social media to market in order to increase audience buying interest by sharing interesting and (Riyanto, 2022) informative content that is conveyed to @somethincofficial followers, as well as very consistent interactions with their followers. It can be seen from some of the social media that are most attached to the community, such as Instagram, which has 1.3 million followers and the most from TikTok, with 1.8 million followers. Marketing with social media may be a backbone for each company to be able to pull in the consideration of buyers both through social media and social systems to showcase the company's products and services. Social media can be thought of as an online application, platform, or mass media tool that helps people communicate, work together, or share information. It can also help a business make sales, get new customers, and keep old ones (Bilgin, 2018).

Social media marketing is one way that successful businesses reach online customers (Elaydi, 2018). This marketing movement will empower consumer to select items that target showcasing to other buyers online. What distinguishes Somethinc products from other local brand products is seen from the website they provide which on the Somethinc website also has Live Chat with bots and Somethinc admins. Somethinc is one of the local brands that implements digital marketing well. With more than 1 million followers, they advertise their business on social media platforms. Somethinc is the only local product that makes the market for overseas products bigger

by offering free shipping overseas. Something the only one from local products that expands the market for overseas by providing free shipping service abroad. For this research, we focused on Something products for skin care, where reviews from people's experiences are very useful in marketing here.

Electronic Word of Mouth (EWOM) is a very important part of marketing and getting people to think about buying the right product. We all have different skin conditions, and with Electronic Word of Mouth (EWOM), consumers can change the information they get from EWOM itself to fit their needs. According to Devkant Kala and VD.S. Chaubey (2018), a marketer should use Electronic Word of Mouth (EWOM) to make a brand more well-known, which will influence a consumer's decision to buy. V With the growth of the Internet, customers can now talk to each other and share information about products and services. This is known as "electronic word of mouth." In addition to coming up with new ways to market online through social media and Electronic Word of Mouth (EWOM), companies need to pay more attention to what the community wants.

How do companies market a product to attract consumers to buy? One thing that can be utilized to pull in consumers is to advertise items employing a Brand Ambassador, which is able include an open figure who is as of now in request by the open, both in advertising and on social media. Smith et al. (2018) looked at what brand ambassadors mean and why they work with an organization, as well as what they think about when representing and sharing content for an organization. Influencers usually work for a company for a short time and on their own, but brand ambassadors have

more formal, long-term relationships with brands or companies (Smith et al., 2018). The products marketed are in the form of skin care products which can directly influence consumers to be interested in choosing products. It is also possible that many local skincare products use Brand Ambassadors from abroad to increase the attractiveness of their consumers. Including products from Somethinc that use Brand Ambassadors from abroad and within the country to attract the attention of consumers. The brand ambassadors used by Somethinc here are both from domestic public figures such as Syahrini, Sabrina as well as from abroad Han So Hee and NCT Dream. For local artists, there is Syahrini. Syahrini is an Indonesian singer and actress.



Sources: kumparanwomen (2022)

Figure 1.3 Syahrini

Coinciding with the launch of Diaman Phyto Stem Cell Serum, Somethinc introduced Syahrini as its brand ambassador. At this moment, Somethinc also won the MURI record for launching Menara Serum. The Serum Tower with a height of 6 meters masterpiece featuring the entire range of innovative serums from Something. That way Somethinc can strengthen its position as a market leader through this program titled Serum Wonderland (Kumparanwomen, 2022).

The use of South Korean artists as skin care star ambassadors, has become a trend in recent years, sparking debate among the local community. Several times seeing local skincare products using South Korean artists as their star ambassadors, it can be said that South Korea is a country with very good beauty products. In addition, one of the reasons why local product owners believe in using an external brand ambassador is that they see market consumers who are enthusiastic about their chosen star ambassador. As ambassador marketing is a person's use to represent a brand (Kumparan, 2022).

An interesting way of marketing from Somethinc to introduce their other products is by providing several bundle kit packages according to the skin needs of consumers. Which is where consumers can choose a package that suits their skin and at a lower price than the price of the product unit here. Somethinc gives the name of each package, namely Skin Solver. Not only for brand ambassadors, Somethinc also gives a Korean look through its product packages, namely Somethinc Skin Solver Korean Glass Skin Kit. Which from natural ingredients directs consumers to get Korean glowing healthy skin.

Consumer considerations in choosing local products with existing marketing competition are the main target of every local skincare company. The purchase intention of consumers or customers to buy this product is important to predict buying behavior. These considerations and consumer purchase intentions are called consumer purchase intentions. According to Athapaththu and Kulathunga (2018), the last step in online transactions is the decision to use the site and buy things from it. So, the intention to buy something online is a very important part of how people act online. Raza et al (2014) in Athapaththu and Kulathunga (2018) say that "purchase intention" is a condition between the customer and the seller when the customer is ready to buy something from the seller. It also suggests that you buy the product from other places.

Related to the development of skincare that is very excited today for the millennial generation. Judging from the local brands that are increasingly emerging and continue to experience growth as explained a little earlier. As well as an awfully quick computerized impact on customers. So that in this study it is very suitable to be analyzed for future research developments and the increasing number of local skincare brands in Indonesia, one of which is the Somethinc product. Somethinc is one of the local brands for skincare which is included within the best 3 best local skincare at this time.

The millennial generation is close to digital influence. Millennials in this study have a social society that is literate and adapted to technology, they are more likely to use or utilize technology in their daily lives, including for shopping activities. The run of birth a long time for the millennial era itself is from the year of birth 1982 – 2000

(Fishman, 2016). Ann Fishman says that millennials (people born between 1982 and 2000) are digital natives who make and consume a lot of online content. Millennials use many different types of social media, digital video, and mobile devices, all of which are important to them. They are influenced more than any other generation by people who have a lot of power. Before buying something, most millennials do a lot of research online. Online reviews can make a difference. Millennials see themselves as victims, so they expect companies to sell them products and services that will help them achieve their goals, live out their dreams, and make their lives better. Blair (2017) says that the term "millennial" refers to people who were born between 1981 and 2002. Digital media have replaced traditional media, and Forbes.com said in June 2017 that they have Nielsen data showing that less than 2% of millennials watch TV (Ehlers, 2017).

We will see the impact of what interface are considered by consumers in needing a product through this decently wide target of millennial consumers. Therefore, it is interesting to study to analyze the interest of millennial consumers towards local skin care products in Indonesia, especially Somethinc skin care products. In the midst of a lot of competition for skincare products, both local and foreign products. This think about points to recognize and contribute to the concept of the relationship between social media marketing, Electronic Word of Mouth (EWOM), and brand ambassador on customer purchase intention for local Indonesian skin care products, to be specific Somethinc. With the research target of millennials in the city of Padang. This study chose Padang as the target area in the study because the number

of millennial people as the object of this study ranks the highest or the most for its population in the city of Padang. Judging from the data from the Statistics of Padang Municipality, which was most recently updated for 2020.

Table 1.1
Total Population by Age Group of Padang city in 2020

Age (Year)	Number of People		Total	%
	Male	Female		
0-4	39609	37459	77068	8,47
5-9	37344	35838	73182	8,05
10-14	38578	36007	74585	8,20
15-19	37569	34888	72457	7,97
20-24	39755	37643	77398	8,51
25-29	41001	40193	81194	8,93
30-34	39192	38053	77245	8,49
35-39	35273	34059	69332	7,62
40-44	31225	30954	62179	6,84
45-49	28368	29410	57778	6,35
50-54	25707	27540	53247	5,85
55-59	21549	22932	44481	4,89
60-64	17315	18120	35435	3,89
65-69	12027	13213	25240	2,77
70-74	6393	7414	13807	1,51
75+	5424	8988	14412	1,58
Total	456329	452711	909040	100

Source: Statistics of Padang Municipality (2020)

In the statistical table above, it can be seen that the millennial age population is the most so that the research target market for this research is appropriate. Therefore, it is appropriate that the scope of research in this study is millennial consumers of Somethinc's local skincare products in Padang.

1.2 Problem Statement

1. How does social media marketing effect consumer purchase intention of Indonesian local skincare product Somethinc in Padang?
2. How does Electronic Word of Mouth (EWOM) effect consumer purchase intention of Indonesian local skincare product Somethinc in Padang?
3. How does a brand ambassador effect consumer purchase intention of Indonesian local skincare product Somethinc in Padang?

1.3 Research Objective

1. To analyze the effect of social media marketing on consumer purchase intention of Indonesian local skincare product Somethinc in Padang
2. To analyze the effect of Electronic Word of Mouth (EWOM) on consumer purchase intention of Indonesian local skincare product Somethinc in Padang
3. To analyze the effect of brand ambassador on consumer purchase intention of Indonesian local skincare product Somethinc in Padang

1.4 Research Contribution

The goal of this study's results and contributions is to help researchers learn more about the effects of social media marketing, Electronic Word of Mouth (EWOM), and brand ambassadors on consumers' intentions to buy. Then it becomes a reference

for companies in improving and developing their marketing strategies to increase consumer purchase intention. It can also be used as a reference and insight for the community as their consideration in assessing local companies.

1.5 Scope of Research

The scope of the research will focus on social media marketing, Electronic Word of Mouth (EWOM), and brand ambassadors as independent variables. Consumer purchase intention as a dependent variable. The object of this investigate could be a millennial customer of Somethinc's neighborhood skincare items in Padang, West Sumatra.

1.6 Outline of Research

To assist get it in inquire about, the structure of this investigate is as takes after:

CHAPTER I: INTRODUCTION

This early on segment, clarifies how the foundation and detailing of the issue will be talked about. The problem here is limited to identifying the factors that influence perceived risk to understand their effect on consumer purchasing power. The nitty gritty clarification is given within the setting of the target market (millennial consumers who use local skincare products Somethinc). The points and benefits of the investigate are moreover recognized in this in conjunction with the structure of the inquire about.

CHAPTER II: LITERATURE REVIEW

This section gives a conceptual and systematic overview of the variables, as well as hypotheses that support each variable used for analysis and a framework for making research questions.

CHAPTER III: RESEARCH METHODS

In the research methodology section, it is used as part of presenting the object of research, namely the population and sample used, the source of the data obtained, techniques in data collection, and techniques in analysis.

CHAPTER IV: DATA ANALYSIS AND CONCLUSION

In this chapter, we talk about the results of the quantitative stage. It is a discussion of the characteristics of the respondents, the answers they gave, and the results of analyzing the data and talking about them.

CHAPTER V: CLOSING

The last chapter is the conclusion of the research, along with its most important results. We look at how research has been put into theory and practice. The idea, the limits of the research, and the suggestion are all brought up in the context of doing more research in the same area.

