

# CHAPTER I

## INTRODUCTION

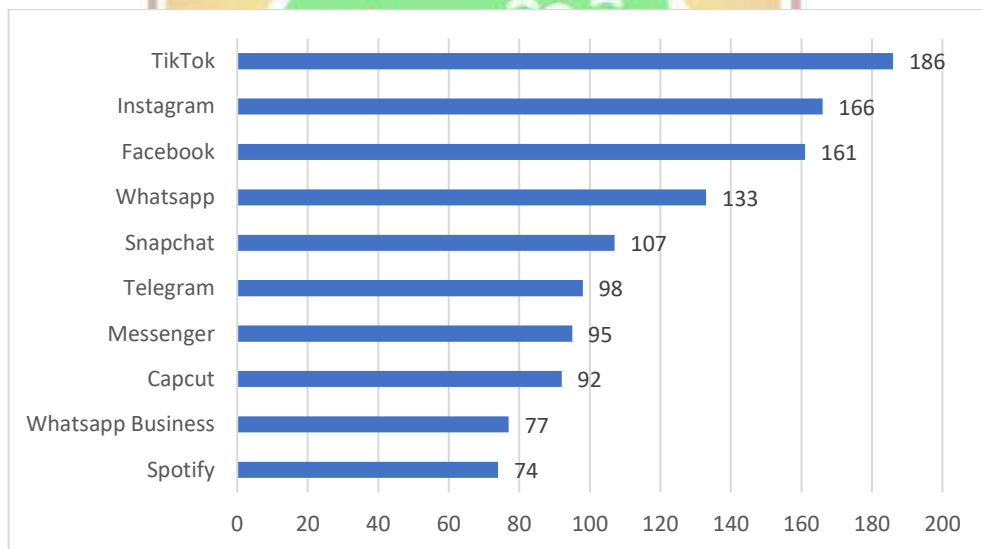
### 1.1 Research Background

In this modern era, technology runs human lives. People can't seem to function without their smartphones, tablets, and computers. Technology has exploded in the market in a very short period of time, and many people now cannot imagine their lives without it. The presence of technology is very useful in facilitating people's lives, especially technological advances in the internet field. Social media is a web-based technology that makes it easy for people to create, disseminate, and exchange information in communication and social networks (Lee et al., 2015). According to Kemp (2020) through a page published by Data Reportal in February 2020, it shows that active social media users in Indonesia have reached 160 million or 59% of the total population. Meanwhile, mobile social media users (gadgets) have reached 142 million or around 50% of the population.

With the increasing number of internet users in Indonesia, there are many applications that are used as information search media, one of which is the TikTok application. TikTok is a mobile media application from China that has the main objective "for short format mobile videos" (TikTok, 2020). TikTok provides features that allow users to edit with effects, filters, text, music, crop, and make slow or fast motion in a very simple and easy to understand. TikTok itself is a platform that is used as a medium for channeling hobbies and creativity by uploading videos made by them to the TikTok homepage which is often also called FYP or for your page.

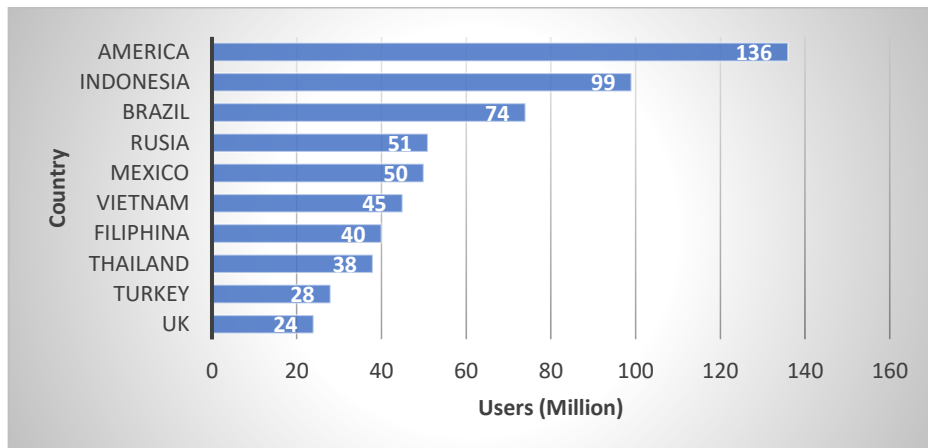
TikTok has reached a new level of popularity throughout 2022. This is quoted from analytics platform Sensor Tower (2022) which says that TikTok is experiencing significant growth globally on the App Store and Google Play with more than 3.5 billion users having downloaded the social video app TikTok from ByteDance. TikTok became the top app with worldwide downloads in Q1 2022.

In Q2 2022, TikTok once again become the most downloaded app, TikTok has been downloaded more than 186 million times, marking the eighth time in the previous ten quarters that it has maintained the top spot. No app has had more downloads than TikTok since early 2018.



**Figure 1.1 : Top Apps Download 2022**  
**Source: Sensor Tower (2022)**

Indonesia has the second most TikTok users after America, based on data from Statista April 2022, there are 99 million monthly active TikTok users from Indonesia aged 18 years and over (66% female users and 34% male users) in the first quarter of 2022. As a result, Indonesia ranks second in terms of active users, with an average of 23.1 hours spent on TikTok per month.



**Figure 1.2 Top 10 TikTok Users by Country**

**Source: Statista (2022)**

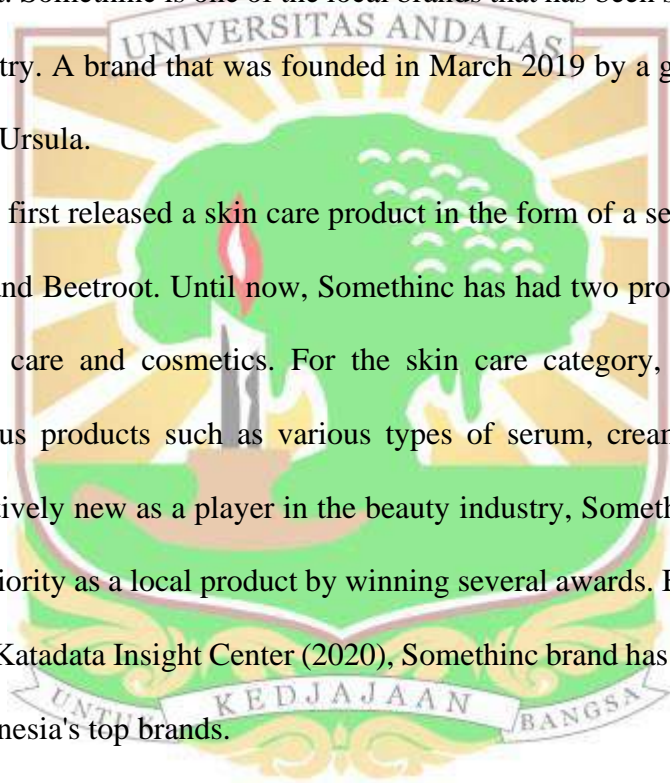
The massive number of TikTok users in various countries, including Indonesia itself, creates opportunities and creates business potential for some people. The content on TikTok that women are most interested in is about beauty. Based on research conducted by the Think with Google website in 2021 Year in Search Report Indonesia: Insight for Brands in 2021, keyword searches related to beauty and self-care increased by 50%. Quoting from the news source Antaranews.com (Gareta, 2021), Gati Wibawaningsih as Director General of Small, Medium and Multifarious Industries (IKMA) of the Ministry of Industry, stated that in 2020 the cosmetic industry sector will increase by 9.39%.

The results of a survey conducted by Populix in 2021, proves that online shopping activities are still dominated by generation Z and the millennial generation with 79% dominated by women. According to Databoks from the Jakpat survey (2021) skincare users by women reached 93% more than men who recorded only 68%. According to DataIndonesia.id (2022) there is total data as much as 72% of women use skincare products facial cleansing soap, as many as 52% of women use facial moisturizer, 50% use facial serum, 49% use sunscreen, and 49% of women

use night cream. Meanwhile, 37% of male use facial cleansing soap, 14% use day cream and acne treatment, as much as 9% use cleansing oil and micellar water.

Indonesia has a large market share in the beauty industry, especially in skin care. According to Euromonitor International's The Future of Skincare report, Indonesia is the world's second largest contributor to the growth of skin care. One of the skin care products that market through TikTok content is the Somethinc beauty product. Somethinc is one of the local brands that has been successful in the skincare industry. A brand that was founded in March 2019 by a great Indonesian woman, Irene Ursula.

Somethinc first released a skin care product in the form of a serum made from Niacinamide and Beetroot. Until now, Somethinc has had two product categories, namely facial care and cosmetics. For the skin care category, Somethinc has released various products such as various types of serum, cream, and essence. Although relatively new as a player in the beauty industry, Somethinc was able to show its superiority as a local product by winning several awards. Based on survey conducted by Katadata Insight Center (2020), Somethinc brand has made it into the top 50 of Indonesia's top brands.



**Table 1.1**  
**Top 50 Indonesian Local Brands**

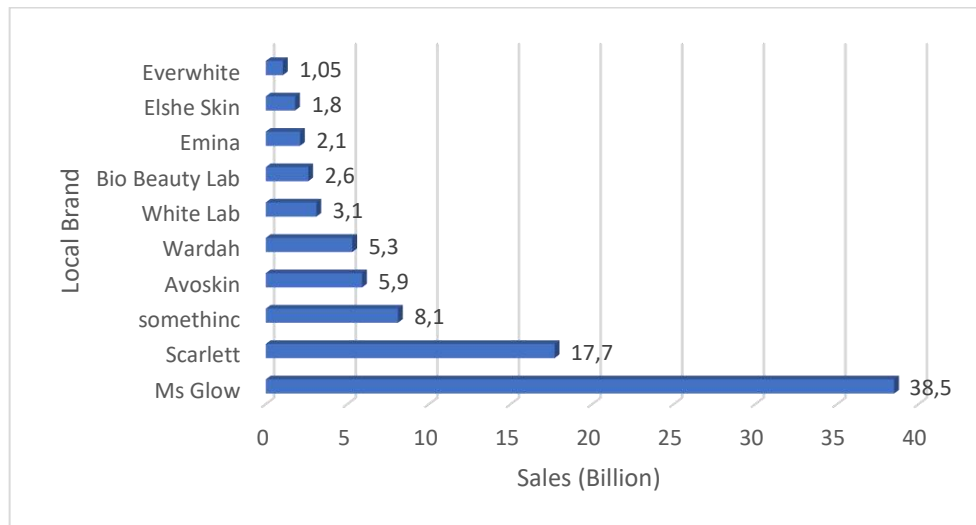
Category	Local Brand
<b>Food and Drink</b>	Indomie, Indofood, aqua, Tango, ABC, Garudafood, Nabati, Sariwangi.
<b>Skin Care &amp; Cosmetics</b>	Wardah, Viva, Emina, Purbasari, Somethinc , Avoskin, Citra, Marcks'
<b>Electronic</b>	Polytron, Cosmos, Miyako, Maspion Group, Mito, Sanken., axioo, Zyrex.
<b>Shoes and Sandals</b>	Eiger, Ventela, Compass, Swallow, Ardies, Specs, New Eagle, Buccheri.
<b>Clothes</b>	3second, Erigo, Nevada, Cardinal, Rabbani, Greenlight, Thenblank.
<b>Medicines &amp; Multivitamins</b>	Tolak Angin, Sidomuncul, Anatangin, Madu TJ, Kuku Bima, Cap Lang, Jamu Jago, Nyonya Meneer.
<b>Toiletries Products</b>	Ciptadent, Marina, Natur, Nuvo, My Baby, Minyak Tawon, Casablanka.

*Source: Katadata Insight Center (2020)*

Based on the survey, reviews were found for all of its product lines, both make-up and skincare, as well as a high customer repurchase rate. It is not surprising that Somethinc brand is immediately included in the top 50 top brands in Indonesia, on a par with big brands such as Indomie, Aqua, Maspion, and other big brands.

In 2021, Somethinc was awarded the Local Brand of The Year title from Female Daily, the largest fashion and beauty information media site in Indonesia. Based on data from Kompas (2021) in February 2021, Somethinc took third place in the category of the 10 best-selling local skincare brands in the online marketplace with total sales of 8.1 billion Rupiah. In May 2021, the results of data on Kompas (2021) showed that Somethinc was in the 3rd position in the category of Top 5 Facial Care Brands in Indonesian E-Commerce with sales above 10 Billion Rupiah with total sales reaching 22.45 Billion Rupiah.





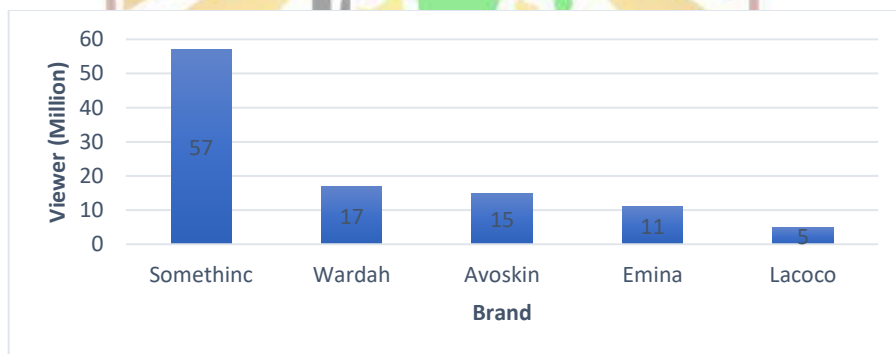
**Figure 1.3: Top 10 Best Seller Skincare Local Brand**  
**Source : Kompas (2021)**

The reason for choosing Somethinc as the object of this research, apart from the fact that the brand achieved total sales reaching up to 8.1 billion Rupiah and placed third based on the information in Figure 1.3, Somethinc has also become one of the most popular brands a local beauty that is included in the Top 50 Indonesian Local Brands in 2020 according to Katadata Insight Center (2020). Based on the table 1.1 above, only a few local beauty brands are included in the prestigious list. Some of these brands are Wardah, Viva, Emina, Martha Tilaar Group, Purbasari, Scarlett, Makeover, and Avoskin who are known to have been in the Indonesian beauty industry for a long time. While Somethinc made it into the list when Somethinc was only one year old. This gives an indication that the brand can compete with big brands that first had a name in Indonesia. It's not impossible, Somethinc can dominate the Indonesian skincare and make-up product market in the next few years. Then further, based on the survey, it was also found that almost perfect reviews for all product lines, both make-up and Somethic skincare products. This

achievement certainly grabs the attention of beauty product lovers in the country (topreneur.id, 2021).

Based on these achievements, it is not surprising that something is one of the local beauty brands that has gained tremendous popularity from their phenomenal product launches and has advantages and special place in the hearts of Indonesian beauty lovers. Only established for about three years, Somethinc has launched hundreds of products in their skincare and make-up line (Somethinc, 2022).

According to an iPrice survey in 2021, Somethinc beauty products are the top-ranked local skincare products with the most views on the TikTok application, reaching 57.3 million views. 11 Followed by Wardah products, which are in second place, getting a total of 17.1 million views and Avoskin in third place with 15 million views.



**Figure 1.4: Top 5 most viewer Local Skincare Brands on TikTok**  
Source : iPrice (2021)

When compared to Wardah and Avoskin, Somethinc is unique, which a local skincare brand that can be said to be new, which was founded in 2019 but is aggressive in carrying out its marketing strategy through TikTok social media well enough to get a lot of attention from a wide audience and become a popular skincare brand in Indonesia.

Content marketing is a marketing strategy that involves planning, distributing, and creating content with the goal of attracting the right target audience and encouraging them to become customers. Whereas content marketing has two major goals: attracting an audience and encouraging that audience to become customers. Content marketing carried out by a business can influence a person's thinking, which in turn influences the thoughts of others before they make a purchase decision (Gunelius, 2011).

Based on figure 1.5 there are a variety of video content on the somethinc account with 1.9M followers and 24.8M total number of likes. Somethinc distributes video content that contains new product introductions, product advantages, product usage tips and product experience from consumers.



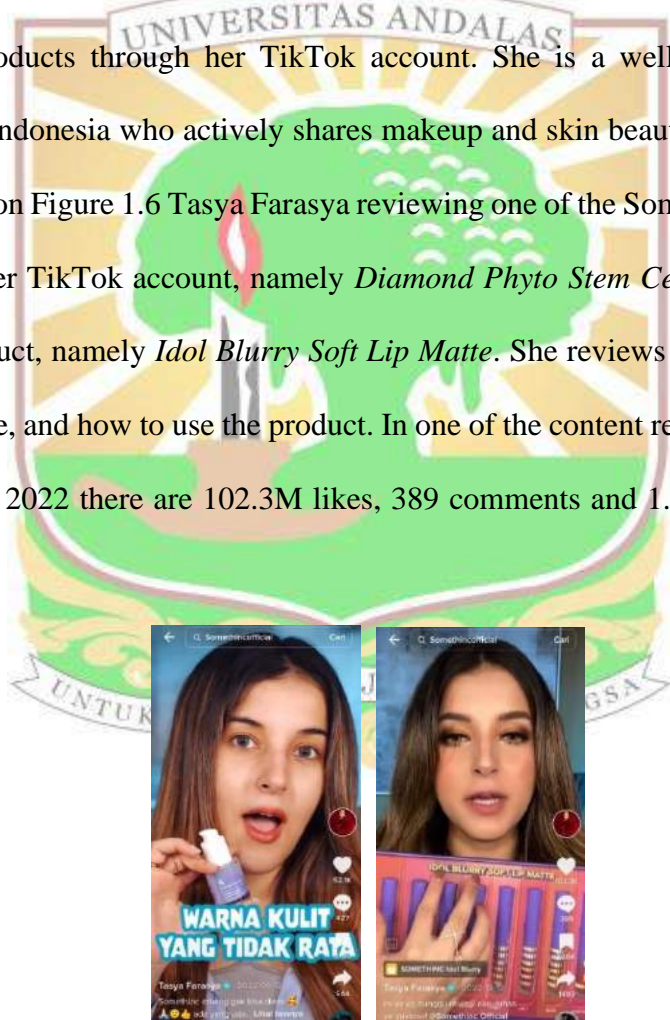
**Figure 1.5: Content Marketing of Somethinc**  
**Source : Somethinc Official TikTok Account (2023)**

Celebrity endorsement is a form of digital marketing strategy in today's modern era using an influencer marketing strategy. The content of celebrity endorsement on TikTok certainly has an influence on their followers, one of which is the decision to buy beauty products. Video reviews conducted by celebrity on a beauty product can lead to the opinions of potential consumers and increase the interest and



confidence of potential consumers in buying a certain product (Ananda & Wandebori, 2016). The ability of celebrity to provide reviews, product-related explanations, and the advantages of the product being reviewed will indirectly lead consumers to a purchase decision.

To increase the number of sales, Somethinc often works with well-known artists as celebrity endorsers for their products, such as Tasya Farasya, Suhay Salim, Dilla Jaidi and Rachel Goddard. Tasya Farasya is an example of a celebrity who reviews Somethinc products through her TikTok account. She is a well-known beauty influencer in Indonesia who actively shares makeup and skin beauty tips on social media. Based on Figure 1.6 Tasya Farasya reviewing one of the Somethinc skincare products on her TikTok account, namely *Diamond Phyto Stem Cell Serum*, and a cosmetic product, namely *Idol Blurry Soft Lip Matte*. She reviews the ingredients, product texture, and how to use the product. In one of the content reviews posted in December, 12 2022 there are 102.3M likes, 389 comments and 1.493 users share the content.



**Figure 1.6: Tasya Farasya Reviewing Somethinc Products**  
Source : Tasya Farasya's TikTok Account (2023)

Apart from using interesting video content, Somethinc carries out a marketing strategy using live streaming features or live streaming sales on TikTok Live to promote their products. TikTok Live are considered powerful and effective in attracting new customers and increasing sales transactions. Through the TikTok Live feature, sellers can display interesting and interactive content directly, such as product reviews, unboxing, and ongoing product discount promos. Sellers can also interact and answer questions from followers directly. In this way, the interaction between sellers and potential buyers feels closer. The sales system that is carried out with Live streaming video can generate trust in customers, that the products they buy are guaranteed of product quality and also affordable prices, so that potential buyers can trust and have no doubts about buying products.

Based on figure 1.7 the official account somethinc is doing a live streaming on TikTok with 681 viewers and 5.0M likes by reviewing products and holding flash sales to attract customers.



**Figure 1.7: TikTok Live Streaming of Somethinc products**  
**Source : Somethinc Official TikTok Account (2022)**

TikTok Live Streaming has several advantages, TikTok live can reach a wider audience, because TikTok has a random algorithm where merchants' live broadcasts can appear on the homepage of the user's TikTok account without being asked when combing content for the application's content. Based on a survey by the Logistics company Ninja Express (2022) of 316 merchants in Indonesia which aims to understand the phenomenon of shopping using live streaming, the result is that around 27.5% of Indonesian users use TikTok as a live selling medium, then Shopee Live (26.5%), followed by Lazada Live (20.1%) and Instagram Live (12.2%).

Consumer purchase decisions for a product are basically related to consumer behavior. Consumer behavior is the most important element in business activities that need to be understood by companies, because companies do not know what is in the minds of consumers before, during, and after purchasing a product. This is done in order to achieve company goals.

Based on the background described above, the writer interested in conducting further research on the factors that influence purchase decisions for skincare products with the title The Influence of Celebrity Endorser, Live Streaming Marketing, and Content Marketing on Purchase Decisions of Somethinc beauty product on TikTok.

## 1.2 Problem Statement

1. How does celebrity endorser effect on purchase decision of Somethinc beauty product on TikTok?
2. How does live streaming marketing effect on purchase decision of Somethinc beauty product on TikTok?
3. How does content marketing effect on purchase decision of Somethinc beauty product on TikTok?

## 1.3 Research Objective

1. To analyze the effect of celebrity endorser on purchase decision of Somethinc beauty product on TikTok.
2. To analyze the effect of live streaming marketing on purchase decision of Somethinc beauty product on TikTok.
3. To analyze the effect of content marketing on purchase decision of Somethinc beauty product on TikTok.





## 1.4 Research Benefit

### 1. Theoretical Benefit

The results of this study are expected to enrich theories and concepts that support the development of marketing management science, especially knowledge about the effect of celebrity endorser, live streaming marketing and content marketing on purchase decision of something beauty product.

### 2. Practical Benefit

This research is expected to provide information to companies about how much influence celebrity endorser, live streaming marketing and content marketing have on the purchase decision of Skincare Something through the TikTok app. So that it can be input and consideration for companies in determining marketing strategies in the future.

## 1.5 Scope of The Research

The scope of this study is the writer focused on the effect of celebrity endorser, live streaming marketing, and content marketing through TikTok App on purchase decision of something beauty product. This study is limited only to millennials of Padang City, West Sumatera. Millennials are a generation born in the digital era, they communicate using instant messaging and social media. Millennials can easily access the internet and social media including the viral TikTok application. Therefore, the writer choose millennials who have TikTok account as respondent of this study.



## **1.6 Outline of Research**

### **CHAPTER I: INTRODUCTION**

This chapter presents the background of the study, the problem statement and goal, research purpose and objectives, research questions, and research's scope.

### **CHAPTER II: LITERATURE REVIEW**

This chapter provides a review of the literature pertinent to the study. The chapter starts with the discussion of each variables, the dimension and indicator of each variables, the previous research that used in this study, followed discussion on hypothesis and research framework.

### **CHAPTER III: RESEARCH METHODOLOGY**

This chapter explain about the research design used in this study, population and samples, operational definition and measurement of research variables, sources and technique for data collection and technique for analyzing data.

### **CHAPTER IV: RESULT AND DISCUSSION**

This chapter describes the analysis of data Presentation, interpretation of results and software product analysis, followed by a discussion of the research findings. The findings relate to the research questions that guided the study. Data were analyzed to identify, describe and explore the relationship between celebrity endorser, live streaming marketing, and content marketing on purchase decision.

### **CHAPTER V: CLOSING**

This chapter is conclusion of the research, the implication of the study, the limitation and the recommendation for the future research.