

CHAPTER 1

INTRODUCTION

1.1 Background

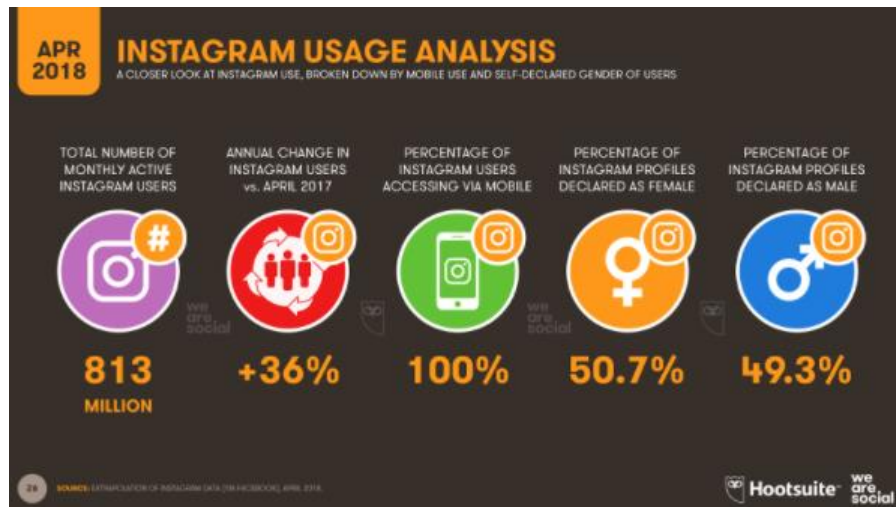
The advancement of technology is something we cannot avoid in this life, because technological advances will run along with the advancement of science, this progress provides many conveniences, as well as new ways of carrying out people activities, Shaqiri (2015). One of the technological developments is internet technology that has a big impact in our life, all the types of activities can be facilitated by internet technology stated by Super user (2017). Super user also stated that internet technology makes people able socialize by using the internet that connects humans to the internet system makes the world narrower, because all information can easily quickly spread through network technology. Barhatov et al (2018) Change even occurs in almost all areas of daily life. Starting from shopping, ordering food, ordering taxis, maps with routes, discussing, earning income, doing business or even romantic activities now supported by technology and the internet.

In now era, internet Social networks can give access to the user to interact via virtual by creating and sharing content. According to Pertiwi (2018) the latest research conducted by We Are Social and Hootsuite it was revealed that Indonesians are very fond of visiting social media. It is recorded, at least there are now approximately 130 million Indonesian people who are active on various social media and the average Indonesian spends three hours 23 minutes a day accessing social media.

Based on Theomark (2018) and Foreman (2017) Social media consists of many types and categories including search engine (Google, Yahoo, Gigablast, Ask,etc), e-mail (Gmail, Yahoo, Hotmail etc), social network such as (Facebook, Twitter, Weibo, Naver, LinkedIn, Kaskus, Path, Pinterest, Blog, Tumblr, Face Time, Skype, etc), photo-sharing (Instagram, flickr, foursquare, etc), video-sharing (YouTube, Vine, Instagram,etc), instant messaging (Whatsapp, Line, BeeTalk, etc). From the various types above, there are only a few media in Indonesia that can be a favorite in society. One of them is Instagram. as the most effective platform social media to boost business.

Instagram was created by Kevin Systrom and Mike Krieger, and launched in 6th October 2010, Instagram is the Application that have almost all the feature in other application such as photo-sharing, video-sharing and social networking service that enables its users to take pictures and videos, and share them on a variety of social networking platforms, such as Facebook, Twitter, Tumblr and Flickr, Cleland (2018). The service rapidly gained popularity, with over 100 million active users since April 2012 and now in June 2018 Instagram announced on Wednesday it had reached 1 billion active users for the first time ever, the statement was taken from Hartmans and Price (2018).

The following picture describe the Instagram usage analysis, the picture consist of the data of instagram use, Broken by mobile use and self-declared gender of users.



Picture 1.1
Instagram usage analysis

Source : *wearesocial.com 2018*

From the picture we can see that there are many people use Instagram as their social media. Ads on Instagram or better known as Insta Ads, are often become the promotional weapons for online business in Indonesia. The business users can target based on age, location, gender, interest and there are still many more specific things provided in advertising through Instagram (Instagram.com).



Picture 1.2
e-commerce spend by category

Source: *wearesocial.com 2018*

Based on product categories, E Commerce activities in Indonesia are still dominated by the fashion segment and Beauty / beauty, followed by Electronics and media tools, personal care, furniture, etc. Therefore, to advertise the products we have to concerned to create awareness about the product was offered to persuade towards buying. We also need people who are competent in supporting the products we sell. People who are competent to endorse products on Instagram called celebgram or Celebrity Instagram Maharani and totoatmojo (2015). The Celebrity Instagram become one of the way to promote goods on instagram, A company will pay a celebgram for doing an endorsement to their product so the costumer have an intention to purchase, Setiawan et al.,(2017). Setiawan et al also stated that Celebrity endorsers at social media instagram are different because the characteristic of media instagram allows anybody can be a celebrity endorser not only artist famous as on conventional media, Instagram has made a change of content uploaded by users. The photos previously posted by users are mostly personal moments but now we can spread our business products to get the market by upload the picture and give the good caption and mostly a girl put an interest to come seeing their celebrity endorser who use the cosmetic product so that it looks more attractive, Maharani and Totoatmojo (2015).

Now many beauty and fashion products are holding a celebgram for their marketin, they have a strong attractive and impressive power to pursue the audience either by their likeliness, attractiveness, expertise, trustworthiness or by their congruency with brand which leads in creation of strong brand image and value in viewers' minds stated by Setiawan et al,(2017).

Narendra and alifahmi (2017) defined celebrity endorsement as any individual who enjoys public recognition and who as uses this recognition in behalf of a consumer goods by appearing with it in an advertisement. Companies use the image of celebrities in order to increase the brand awareness as well as their sales.

Here the researcher look to a famous Celebgram with its expertise in reviewing and giving endorsements about the products it uses. Sarah ayu, Tasya Farasya, and Suhay salim. Those people very popular among women and have thousands of Followers who follow their updates both in insta story and on daily Instagram feeds. Maharani and Totoatmojo (2015) said that The celebrity instagram will review products that come and try them directly into their own faces as proof of the same product, they also sort products that have a good quality so that they still get the trust of their followers, of course the sellers are not will lose if entrust the product to celebgram. By continuing to work as a creator both on Instagram unti l now Sarah Ayu has 524k followers, Tasya Farasya has 1,3M followers and Suhay Halim has 479k followers, they followers will continues to grow every day (Instagram, 2018). With so many followers they have, on their Instagram channel they have made various types of videos that are taken one of them is the video about Make up, In the video they make a review of cosmetis product and give the recommendation toward the product, by that expertise of review and have the attractiveness to catch the follower, the consumer will have an intention to buy the same product as them, Maharani and Totoatmojo (2015).

There are various cosmetic products to refine and beautify the face such as foundation, concealer, BB cream, highlighter, moisturizer, face mask etc. The choice of a face makeup tool pays attention to the type of skin whether your skin is dry, medium or oily. The celebgram endorse any brand cosmetics such as Make Over, Wardah, NYX and many current popular cosmetics, usually they make content on Youtube, but considering that now a days instagram also become popular, they use insta stories and feeds photo for endorsement, Prasetya (2016)

From the video or picture that Celebgram update can build Brand Image in consumer mind. Brand image represents the overall perception of the brand. According to Li (2017) Brand image is a brand concept that is owned by consumers, which means that most subjective phenomena and perceptions are formed through consumer interpretation, both reasoned and emotional. When a brand image has been built and getting a positive image can be beneficial to continue to develop the product so that it can have a better impact for the future and can be remembered in the minds of consumers. So from Consumer's perspective toward the brand image, Interest prospective buyers will of course be influenced by many factors that are the credibility of endorsers (attractiveness, expertise, and trustworthiness) stated by Narendra and Alifahmi (2017). Not only based on brand image and how great the celebgram review the product, but the Price also effect the purchase intention, Lien et al.,(2015) This price can be define as how consumers consider the price of the product and its ability to buy the product and many of good quality of product has a high price, while half of them has a normal price. This research will prove it.

Based on the background above, the researcher is interested to do research with the title : **“Instagram Purchase Intention – The influence of Celebrity Credibility Endorsement, Brand Image and Price”**

1.2 Problem Statement

The research question are built as follows :

1. How does the Celebgram’s Credibility Endorsement (Attractiveness, Trustworthiness and Expertise) influence Purchase intention to a cosmetics product at Andalas University student ?
2. How does the Brand Image influence Purchase intention to a cosmetics product at Andalas University student ?
3. How does the Price influence Purchase intention to a cosmetics product at Andalas University student ?

1.3 Research Objectives

Based on the problem statement above, the objectives of this research are :

1. To analyze the influence of Celebgram’s Credibility Endorsement (Attractiveness, Trustworthiness, and expertise) on Purchase intention to a cosmetics product at Andalas University student.
2. To analyze the influence of Brand Image on Purchase intention to a cosmetics product at Andalas University student.
3. To analyze the influence of Price on Purchase intention to cosmetics product at Andalas University student.

1.4 Research Contribution

1. For Academics

This research can be a reference source and can provide contribute to the development of studies on marketing and can used as a reference in future research on the same theme.

2. Contribution to Companies

This research is expected to be a matter of consideration and input for companies in setting policies and strategies in the field marketing for business development and expect to be useful for the company to use celebrity instagram credibility endorsement (Attractiveness, trustworthiness, expertise) brand image and price that can influence the Purchase intention.

3. For other parties

This research can be used to apply science owned in assessing a problem in the field in accordance with the knowledge learned and add to knowledge especially regarding marketing activities.

4. Contribution to Researcher

This Research as a tool to practice the theories that have been obtained during the course so the writer can add practical knowledge of the problems faced by company. This research also as one of the evidence that the researcher has learned in learning process, especially about Celebrity credibility endorsement (Attractiveness, trustworthiness, expertise), Brand image, Price and Purchase intention theories.

1.5 Scope of Research

The scope of the Research will focus on Celebrity credibility Instagram Endorsement that have three dimension which are Attractiveness of celebgram endorsement, Expertise of celebgram endorsement and trustworthiness of celebgram endorsement, Brand Image, and Price as independent variables and consumer's purchase intention as the dependent variable. The object of this research are females students who are still attending lecture process at Andalas University, have an instagram account and have been seen a celebrity instagram reviewing a cosmetics product.

1.6 Outline of Research

In order to make easier and make moderate the following of content, reseacher divide into five chapter, that are :

CHAPTER 1 : INTRODUCTION

That contains about backgroud of the research, problem statement, objectives of the research, contribution of the research, Scope of the research and outline of the research.

CHAPTER II : LITERATURE REVIEW

In Literature review chapter, it contains description of theoritical variables that include the theories that support and underlines the variables used in the reserach and framework

CHAPTER III : RESEARCH METHODOLOGY

This chapter will explain about the methodology that researcher use to dicuss about research design, data collection method, population and sample, operational of variables, data processing, data anaysis method and data analysis.

CHAPTER IV : RESULT AND DISCUSSION

Explain about the result of analyzing the Celebgram or Celebrity instagram credibility endorsement (Attractiveness, trustworthiness, expertise), Brand Image and Price on purchase intention to a cosmetics product.

CHAPTER V : CONCLUSION, LIMITATION, IMPLICATION AND RECOMMENDATION OF RESEARCH

This is the last chapter of research, it explain about the conclusion, limitation of the research, implication of the research and reccommendation for the further research.

