

## CHAPTER I

### INTRODUCTION

#### 1.1 Background Of Study

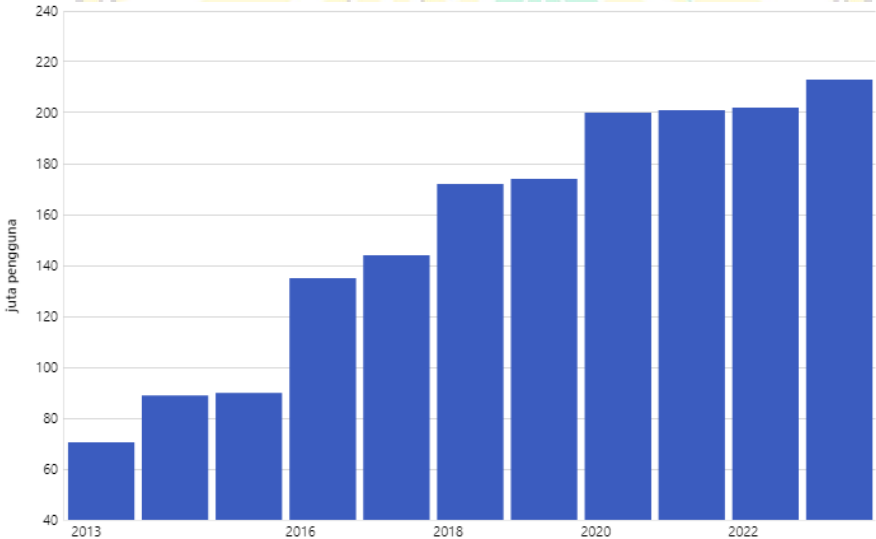
The development of technology and information that is more increase and up to date make change for countries in the world now, one of them in Indonesia. The improvement of the internet led to changes in culture and lifestyle in a more modern way. With a culture and lifestyle that different from the millennial generation who live in an era of practicality and the influence of internet is quite large, making business actors use the internet to carry out business strategies in order to compete with other business actors.

According to the data released by We Are Social as social media users grew by 190 million over the past year, to reach a total of 4.74 billion at the start of October 2022. That global total has increased by 4.2 percent over the past 12 months, and social media users now equate to 59.3 percent of the world's total population. From these data, it can be concluded that more than half of the world's population uses the internet.

Among them, Electronic Word-of-Mouth (E-WoM), used mostly by vloggers (video bloggers), enables its users to review products and express their opinions on social media. Therefore, E-WoM has gradually become an important source of information for consumers, which influences their purchasing decisions. YouTube, a

video sharing platform affiliated with Google, is a popular social media with tons of users. One of its most appealing and popular communities is Beauty Blogger, where beauty vloggers create and upload videos about beauty products. This study explored the impact of YouTube beauty vlogger on the attitude of Indonesian women towards locally made cosmetics and their willingness to purchase them.

Social media are web-based technology and social platform that involve social, personal and technological factors, which have triggered the development and evolution of website-based communities. Moreover, relevant web-based applications have also become the mainstream media for value creation and information exchange. The proliferation, convenience, and immediacy of social media have attracted many enterprises to adopt social media as a marketing trick.



**figure 1. 1 Number of Internet User in Indonesia**

**Source : databooks.co.id**

From the data below it can be seen that the growth of internet users in Indonesia continues to grow from year to year, but in the last five years (2018-2022) internet users are growing so rapidly. From the data above it can be seen that the growth of internet users in Indonesia continues to grow from year to year, but in the last five years (2012-2017) internet users have grown so rapidly. From the results of a survey conducted by the <https://databoks.katadata.co.id/> It is known that trend of the number of internet users in Indonesia has continued to increase in the last five years.

As the time develop, a country's openness to the influx of unfamiliar foreign products can affect the use of a product. This leads to a decrease in people's love for local products, thus changing consumers' purchasing patterns from local products to foreign products due to easy access to products in the market. According to Fauzi and Asri (2020), ethnocentrism is a concept that links people's habits in general to a group as the centre of everything, interprets other social units from the assumptions of one's own group, and tends not to accept people who are culturally different or different. Products from outside without knowing about them can have an impact on the use of a product. This makes people less fond of local products, changing consumers' buying patterns from local to foreign products due to the ease of accessing products in the market. According to Fauzi and Asri (2020), ethnocentrism is a concept that links people's habits in general to a group as the centre of everything, interprets other social units from the assumptions of one's own group, and tends to not accept people who are culturally different or justify without considering culturally similar to oneself.

According to Fauzi and Asri (2020), the level of ethnocentrism of each individual or consumer varies, not the same, so the high and low levels of ethnocentrism possessed by consumers can have an influence on consumer attitudes and expectations to make purchases or not to make purchases of foreign products.

Related to consumer choice of local or foreign products, consumers can be distinguished based on their tendency to accept various products made abroad and consumers who tend to reject foreign products, known as consumer ethnocentrism. In summary, ethnocentrism is the tendency to view and have the assumption that the cultural group is the best. As well as creating and fostering a sense of love and loyalty to domestic products. With a sense of love for domestic products will unwittingly create jobs, and increase domestic economic growth, besides that it can increase domestic income.

According to Shimp and Sharma (1987), who found that consumers ethnocentric consumers feel that buying foreign products is a mistake because it harms the local economy. Apart from the ethnocentrism that influences purchasing decisions,

consumers usually seek out more information about the quality of the product being purchased and more information about the product being purchased.

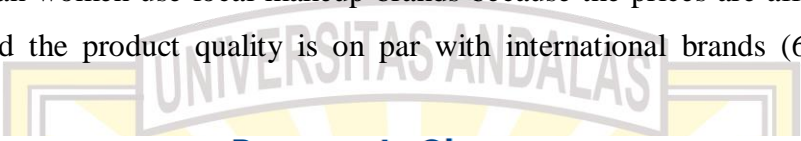
The Indonesian government is trying to promote the love of local products. In the 1980s, the I Love Indonesian Products movement was born. But in the current era of globalisation, a love of local products is not enough. enough, a movement to use local

products is needed to create jobs, boost the growth of the national economy and increase the country's income. In fact, the love for domestically made products influences consumer choice, so ethnocentrism influences consumer choice. Or it can be said that ethnocentrism is involved in the consumer decision-making process. With the high development of internet use in Indonesia, it is a great opportunity for business people to be able to market and promote their products more easily. One of the rapidly growing business industries is the cosmetics industry. Cosmetics according to their uses are divided into two parts, the first is cosmetics for skin care or skincare cosmetics which functions to treat and maintain the cleanliness of facial skin and the second is makeup or decorative cosmetics (make-up) which is used to make up and cover defects in the skin so as to produce a beautiful appearance.

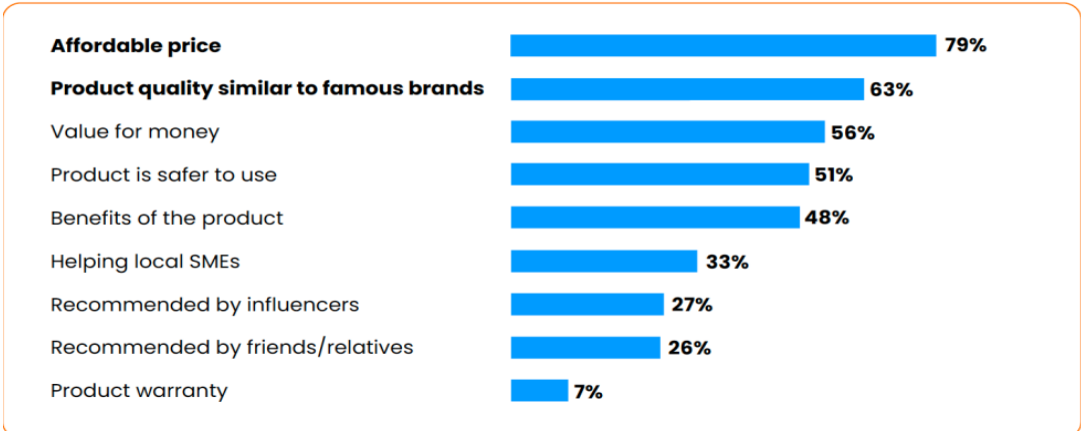
According to the data in Cekindo.com web explanation that The Indonesian cosmetics industry remains strong and attractive to domestic and foreign investors. Indonesia's cosmetics sector is growing steadily, this can be seen from the incredible sales growth of 11.99% in 2017, contributing IDR 19 trillion (USD 1.4 billion). This figure is higher than the average growth rate of the cosmetics sector in the previous six years, which was 10%. With this amount, Indonesia can become a potential market for beauty industry entrepreneurs both from abroad and within the country (Amalia, 2017)

The increase in the cosmetics market industry in Indonesia is due to the high consumer buying intention for cosmetics, and it cannot be separated from where these

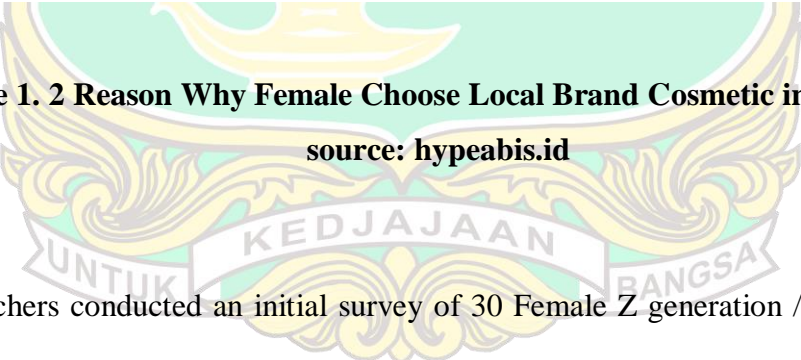
cosmetic products come from. Country of origin (COO) is the image of a product that is influenced by the country of origin of the product (Dinata et al, 2015). The products offered have “made in” information which is where the product was produced (Nurcahyo & Welsa, 2017). Quoting Populix's latest survey entitled Unveiling Indonesian Beauty & Dietary Lifestyle, it is known that almost 90 percent of Indonesian women use local makeup brands because the prices are affordable (79 percent) and the product quality is on par with international brands (63 percent).



**Reasons to Choose**



**figure 1. 2 Reason Why Female Choose Local Brand Cosmetic in Indonesia**  
 source: hypeabis.id



Researchers conducted an initial survey of 30 Female Z generation /Gen Z who were respondents to strengthen the problems in this study. When conducting the initial survey, the researcher conducted a survey using indirect questionnaire method with respondents by Google form samples. From these results it was found that 17 respondents or 55% of the majority of respondents tended to say their country of

origin was their reason for buying cosmetics. In general, they think that the country of origin of a product such as cosmetics from Indonesia will be a measure of the quality of the product. And another 13 respondents or 45% of respondents thought that in buying cosmetics, the country of origin was not their main reason but their reasons for buying cosmetics were the appropriate price, the suitability of the formula on facial skin, reviews by beauty vloggers and incidentally in recent years. lots of local products that have good reviews, and so on

**Table 1. 1 Popular local cosmetic brand in Indonesia**

No	Brand	Percent (%)
1	Wardah	48
2	Emina	40
3	Make Over	22
4	Somethinc	29
5	Purbasari	15
6	Y.O.U	14
7	Dear Me Beauty	11
8	Sariayu	11
9	Luxcrime	11
10	Mustika Ratu	10

Source [databoks.katadata.co.id](http://databoks.katadata.co.id) (2022)

From the table above it can be seen that there are many local cosmetic brands spread across Indonesia and are quite popular. Cosmetics from Indonesia prefer to use ingredients that have been tested for quality and are in accordance with the needs of Indonesian skin, so this makes local brands different and special from other cosmetic products, packaging is more attractive, and the popularity of Beauty Blogger Indonesia and social media gives strong influence on the beauty industry globally,

and the price is cheaper when compared to cosmetic products from the US , Korea or Europe.

In addition to the country of origin factor, another factor that influences consumer purchase intentions is the existence of a beauty vlogger's review of cosmetic products including cosmetic products from Indonesia. Vloggers are a group of people who use digital platforms to voice consumer opinions, one of which is about beauty. Millennials choose vloggers to get sincere and honest opinions, not sweet, manipulative expressions (Bachdar, 2017). With the existence of YouTube, the existence of beauty vloggers has become very popular with 1,783,935 videos uploaded to YouTube accumulating more than 43.5 billion views in total over the last decade in Wright (2017).

According to Coursaris & Osch (2016) in the beauty industry, beauty vloggers have influenced consumers over the past few years, and have also been recognized by the business world. The increasing number of beauty vloggers to review cosmetics is because cosmetic products are products that require further explanation about how to use and use them. According to Fred (2015) in his research, it was explained that the trust and ability of a vlogger in reviewing a product increases consumers' desire to buy the product. Beauty Vlogger can influence purchase intention because there is information that consumers want or are looking for as a consideration for choosing a product. Several Indonesian beauty vloggers who often review local cosmetics include Tasya Farasya, Suhay Salim, Nanda Arsyinta, Rachel Gordad (Serlina, 2018).



According to in Sokol (2017) the beauty vlogger phenomenon has attracted the attention of beauty brand companies to work with beauty vloggers to promote their products through social media, especially Youtube. Their belief in using beauty vloggers is not without reason, because 97% of the conversation about the world of beauty on YouTube takes place on the official beauty vloggers' channel (Bachdar, 2017).

Quoted from Dailymail.co.uk, Pixability a platform company video marketing in collaboration with Youtube conducted a survey about vloggers who often upload beauty guides to Youtube. The survey stated that 61% of women would see beauty guide videos uploaded by beauty vloggers on Youtube and 38% of women said they would buy the products shown in the videos they saw (Ratnaningsih, 2016).

Product Involvement is one of the variables that is considered to influence consumer purchase intention towards cosmetics from Indonesia. Product involvement is generally defined as the consumer's perception of the level of personal relationship with a product in Quaster and Lim (2003) Involvement is related to motivation to obtain information, prior knowledge with the ability to process information about a product (Celsi and Olson, 1988; Petty and Cacioppo, 1984) in (Lin, Wu, & Chen, 2013). Product involvement in local cosmetics makes this cosmetic much in demand by women.

From the phenomena that have been described, it can be seen that consumers purchase intention towards local cosmetics can be said to be quite high. Purchase intention defined by Saxena (2011) is the intention to buy a product in the future, after obtaining the desired information about the product. Interest means that someone does not have or actually buy, but someone has the desire to buy.

Based on the background that has been described, the researchers conducted research on "The Effect of Country of Origin, Ethnocentrism, Beauty Vlogger Review and Product Involvement on Purchase Intention for Cosmetics from Indonesia (Study on Gen Z and Millennial n Padang West Sumatra)".

## **1.2 Problem Statement**

Based on the background that has been described, the problem can be formulated as follows:

1. How country of origin influence on purchase intention cosmetics from Indonesia/ Local Brand ?
2. How Ethnocentrism on purchase intention cosmetics from Indonesia/ Local Brand ?
3. How beauty vlogger review influence the purchase intention of cosmetics from Indonesia/Local Brand?
4. How product involvement affect the purchase intention of cosmetics from Indonesia/Local Brand?

### **1.3 Research Purpose**

Based on the formulation of the problem above, the purpose of this study is:

1. To analyse the effect of country of origin on the purchase intention of cosmetics from Indonesia
2. To analyse the effect of Ethnocentrism on purchase intention of cosmetics from Indonesia
3. To analyse the effect of beauty vlogger reviews on purchase intention of cosmetics from Indonesia
4. To analyse the effect of product involvement on the purchase intention of cosmetics from Indonesia

### **1.4 Contribution Of Research**

The benefits of this research can be seen :

#### **1. Practical Benefits**

The practical benefit of this research is that it can provide an overview and insight for business people to find out how much influence a product's country of origin, beauty vlogger review and product involvement have in attracting the purchase intention of cosmetics from Indonesia.

#### **2. Theoretical Benefits**

This research is expected to provide and add insight and knowledge related to the variables studied, namely country of origin, beauty vlogger review, product involvement and purchase intention. Then this research can be used as a reference and add information to other researchers.

### **1.5 Scope of Discussion**

To prevent the discussion from expanding in this study, the authors raise the issues to be discussed, namely country of origin, beauty vlogger review and product involvement in the purchase intention of cosmetics from Indonesia. The research location for sampling will be carried out on active undergraduate students at the Faculty of Economics, Andalas University.

### **1.6 Systematics Writing of Thesis**

#### **CHAPTER 1 : INTRODUCTION**

Exploring the research background, research problem, research objectives, contribution of research and scope of discussion and systematic structure of thesis.

#### **CHAPTER 2 : LITERATURE REVIEW**

This chapter explains the description of variable and its indicator used by exploring the theories, then generate the hypothesis considered refers to result of previous study and conceptual framework that explain relationship of each variable.

### **CHAPTER 3 : RESEARCH METHODS**

This chapter explain what kind of research method will be used, data collection method that will be used, operational definitions of variable and data analysis technique used in order to get the result

### **CHAPTER 4 : RESULT AND ANALYSIS**

This chapter contains the characteristic of respondent, descriptive analysis, data collection and result of research.

### **CHAPTER 5 : CONCLUSION**

This chapter explain the conclusion based on the research result, result implementation implementation, future research recommendation.

