

CHAPTER I

INTRODUCTION

1.1 Background

With the last decade marked by, among other influences, the spread of new technologies that positively transform how traditional tobacco industries operate and increased tobacco control efforts around the world, there has been significant changes in tobacco consumption behavior globally. Vaping or e-smoking has undergone an explosive worldwide rise, particularly in the younger population and among former cigarette smokers in search of a less harmful alternative. According to the World Health Organization (WHO, 2023), Since 2018, there has been a significant increase in the global e-cigarette market size, growing from 7.806 billion USD in 2015 to 22.349 billion USD in 2022. In the last five years, between 2018 and 2022, the disposable e-cigarette market saw a 116% increase, with over 550,000 different products contributing to 22% of the total global e-cigarette market. The findings from the WHO are supported by research from Tomasz Jerzynski et al., which states that the number of e-cigarette users worldwide in 2021 was 82 million and is expected to increase each year, as shown in the image below (Jerzyński & Stimson, 2023).



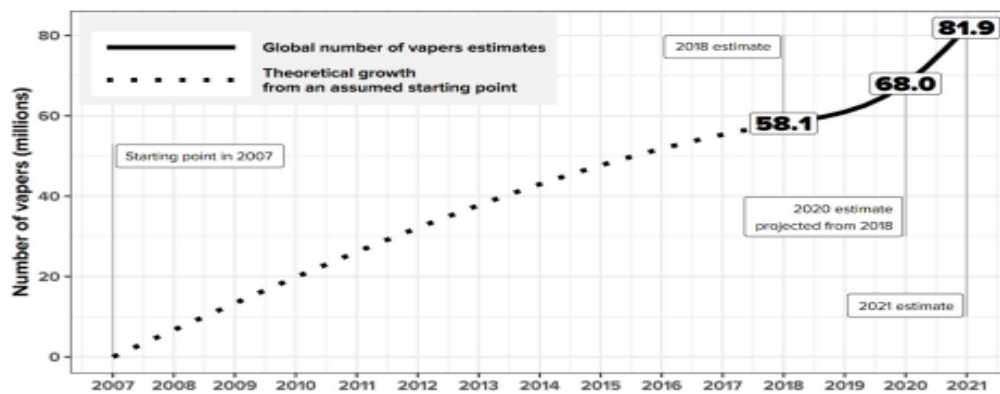


Figure 1 Global Vape Users

Source : (Jerzyński & Stimson, 2023)

Steven Zauderer also conducted similar research and found that the estimated number of e-cigarette users in 2021 was 55 million, with an annual increase of 38% from 2013 to 2021 (Steven Zauderer, 2025).

The conclusion regarding the global number of e-cigarette users, based on findings from WHO, Jerzynski et al., and Steven Zauderer, shows a significant increase in e-cigarette use worldwide. According to the WHO report, the global e-cigarette market has grown substantially since 2018, with the market size increasing from 7.806 billion USD in 2015 to 22.349 billion USD in 2022. In the past five years (2018–2022), the disposable e-cigarette market grew by 116%, accounting for 22% of the total global market.

Research by Tomasz Jerzynski et al. estimates that the number of global e-cigarette users reached 82 million in 2021, and this number is expected to continue increasing annually. Meanwhile, Steven Zauderer estimates that there were about 55 million e-cigarette users worldwide in 2021, with an annual growth rate of 38% from 2013 to 2021.

Overall, these three sources indicate that the number of global e-cigarette users has been growing rapidly, even though there are differences in the

estimated total number of users reported by each study. All of these findings suggest that e-cigarette use is becoming more popular and is expected to continue to grow in the future.

Vape industry has aroused as a great source of revenue in the world economy. The global vape market has huge potential-according to Euromonitor International data, the worldwide vape market exceeded 19 billion USD in 2023 and 23 billion USD in 2023, with a projected figure closer to 59 billion USD in 2023. And this is indicative of the fast growth potential of the vape market, and that it probably continues to grow. Below is the growth data (Euromonitor, 2023).

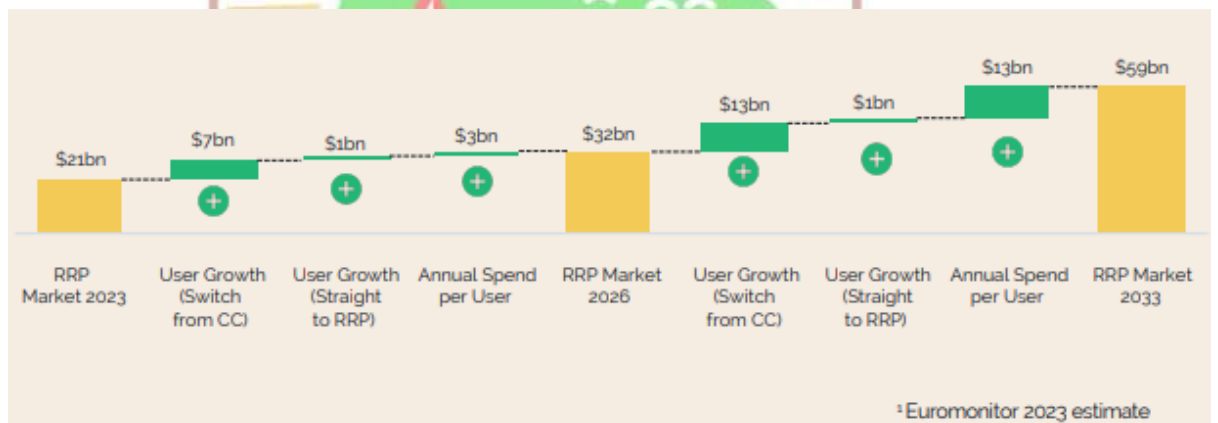


Figure 2 Global Vape Market
 Source : (PLXSUR, 2024)

According to Euromonitor data, e-cigarettes were worth 595 million USD in 2019 in six Southeast Asian countries. This market requires season-by-season knowledge, and once the offseason is over, players get plugged into any role on the team that keeps or extends the winning streak. Conversely, Brunei, Cambodia, Singapore, and Thailand did not report e-cigarette sales, and data was unavailable for Laos and Myanmar (Euromonitor, 2020).

Despite being the least populous of the countries listed, Malaysia hosts the largest e-cigarette market. In Malaysia, the demand for e-cigarettes experienced an almost fivefold growth rate, between 106 million USD in 2012 and 514 million USD in 2015, before declining to 229 million USD in 2016. This indicates a drastic decrease likely due to the nicotine-containing e-liquids ban in 2015; the Malaysian National Fatwa Council declared that e-cigarettes were “haram” (forbidden) and vaping bans in several states in Malaysia between 2015-2016. Nevertheless, this regulatory shift is not expected to harm Malaysia's e-cigarette market, which is forecasted to remain stable at approximately 260 million USD annually throughout the 2020 (Euromonitor, 2020).

While still limited in significant markets, e-cigarette companies see huge potential in Indonesia, the Philippines and Vietnam because of their large populations. The Indonesian e-cigarette market started seeing consistent growth in 2015 and is projected to become the largest in Southeast Asia by 2021. While smaller, the markets in the Philippines and Vietnam have been growing steadily since 2013 and are projected to continue growing well into the 2020s end. The e-cigarette market in Taiwan and Hong Kong is expected to remain relatively small (Euromonitor, 2020).

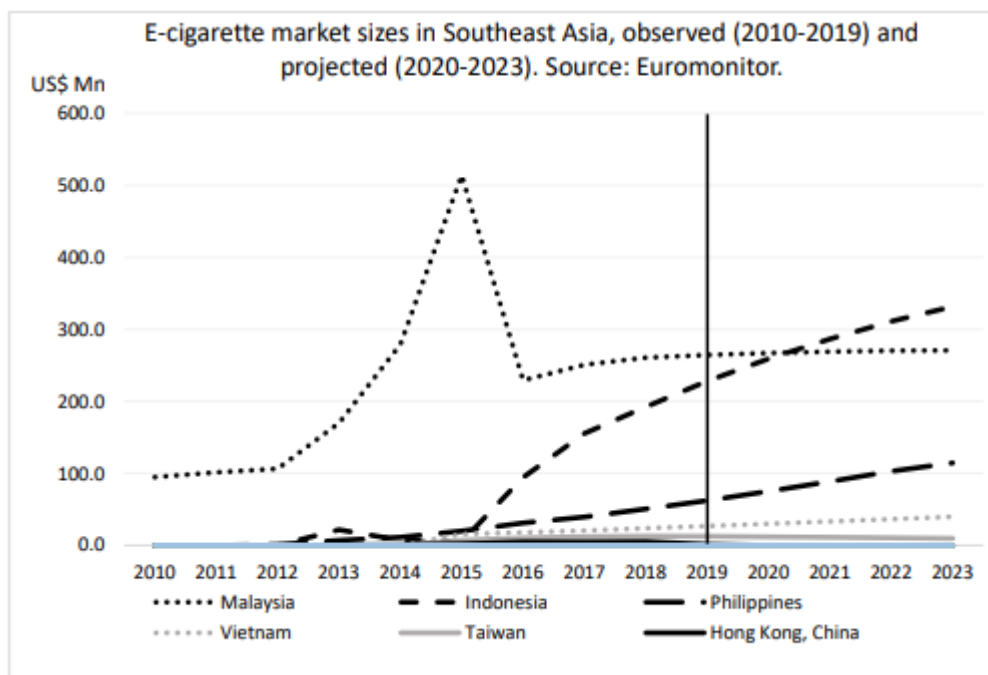


Figure 2 Southeast Asia E-Cigarette (Vape) Market

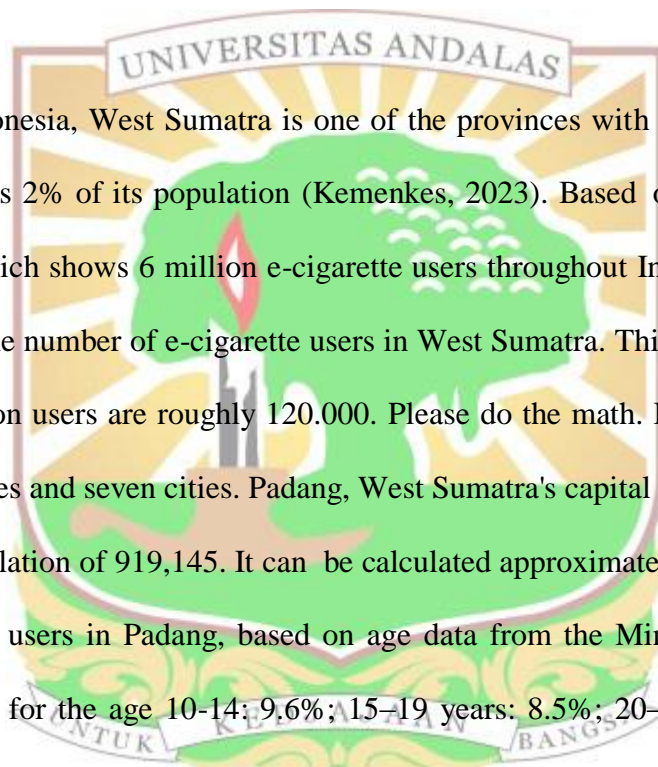
Source : (van der Eijk et al., 2022)

According to Global Adult Tobacco Survey (GATS, 2021), the prevalence of individuals aged over 15 years in Indonesia who do or have regularly used e-cigarettes has increased from 0.3% (480,000 people) in 2011 to 3.0% (6.6 million people) by 2021. The percentage of e-cigarette users who are students aged 11–19 years old in Indonesia was 2.8%. According to the age data of e-cigarette users from the Ministry of Health, e-cigarette usage rates are 9.6% for ages 10–14, 8.5% for ages 15–19, 8.7% for ages 20–24, 6.2% for ages 25–29, 3.9% for ages 30–34, 2.2% for ages 35–39, 1.7% for ages 40–44, 0.9% for ages 45–49, 0.5% for ages 50–54, 0.4% for ages 55–59, 0.4% for ages 60–64, and 0.3% for ages 65 and up (Kemenkes, 2023). These e-cigarette users are generally more educated, urban, and male and female e-cigarette users are nearly on par. The most numerous percentage of e-cigarette use in Indonesia belongs to Yogyakarta (9.6%), East Kalimantan (8.1%), Bali (8.6%), DKI

Jakarta (6.3%), South Kalimantan (4.5%), and West Sumatra (2%) (Kemenkes, 2023).

From the analysis graph provided by Industry why the e-cigarette market is estimated to exceed 300 million in 2023 in Indonesia according to Euromonitor, the trade value of e-cigarettes in Indonesia in 2023 is 354.81 million USD, with 6 million users, recorded by the Ministry of Industry. It shows how there is great potential for e-cigarette companies in the Indonesian market.

In Indonesia, West Sumatra is one of the provinces with e-cigarette users as much as 2% of its population (Kemenkes, 2023). Based on data from the GATS, which shows 6 million e-cigarette users throughout Indonesia, we can estimate the number of e-cigarette users in West Sumatra. This means that 2% of 6 million users are roughly 120,000. Please do the math. It is divided into 12 regencies and seven cities. Padang, West Sumatra's capital and largest city, has a population of 919,145. It can be calculated approximately the amount of e-cigarette users in Padang, based on age data from the Ministry of Health, suggesting for the age 10-14: 9.6%; 15-19 years: 8.5%; 20-24 years: 8.7%; 25-29 years: 6.2%; 30-34 years: 3.9%; 35-39 years: 2.2%; 40-44 years: 1.7%; 45-49 years: 0.9%; 50-54 years: 0.5%; 55-59 years: 0.4%; 60-64 years: 0.4%; 65 years and over: 0.3% (Kemenkes, 2023). Padang population: 10-14 years = 72179, 15-19 years = 71869, 20-24 years = 76204, 25-29 years = 81332, 30-34 years = 78453, 35-39 years = 70682, 40-44 years = 63330, 45-49 years = 59451, 50-54 years = 54838, 55-59 years = 46351, 60-64 years



= 37114, over 65 = 58659 (BPS Kota Padang, 2022). Therefore, based on these figures, we can estimate e-cigarette users in Padang as many as 31,721.

Various sources go over the monthly vaping compared to cigarette cost. According to the FOOM website (Rifda Arum Adhi Pangesti, 2025), the monthly costs for vaping are priced from IDR 150,000 to IDR 300,000, while conventional cigarettes can be up to IDR 600,000 to IDR 900,000 per month, depending on the level of consumption. According to Vapemagz, which also offers a monthly cost estimation, MOD-type vapes cost IDR 300,000-350,000, while POD-type vapes cost around IDR 180,000 to IDR 250,000. On the other hand, the consumption of ordinary cigarettes at the pace of one pack daily (IDR 25,000) costs about IDR 750,000/ month (Magz Vape, 2022). From both of these references, the average number of e-cigarette users spend every month is about IDR 270,000. While the monthly cost of smoking a cigarette is around IDR 750,000, it is much greater than the price we have paid for this vapour. The cost savings from this make vaping a cheaper option, facilitating a changeover to the product from regular cigarettes, especially among economically-aware customers, particularly in urban centres.

. With the potential number of users up to 31,721 people and the average expenditure per user reaching IDR 270,000 a month, the likely market value of e-cigarettes in Padang City is estimated to reach IDR 8,564,670,000 (8.56 billion IDR) per month.

Table 1 List of Vape Shop in Padang City

| No | Name | Address |
|----|-------------------------------------|--------------------------|
| 1 | Agan Vapor Store (Toko Vape Padang) | Jl. Dr. Wahidin No. 19 A |
| 2 | Beli Vape Padang (by: KVP) | Jl. Dr. Sutomo |
| 3 | Beli Vape Padang (Cab. Kalawi) | Jl. Kp. Kalawi |

| | | |
|----|--|--|
| 4 | Beli Vape Padang 3 (Cab. Siteba) | Jl. Raya Siteba |
| 5 | Fast Vape Padang 2 (Cabang Pasar Baru) | Jl. Dr. Moh. Hatta |
| 6 | Kedai Vape Padang | Jl. Azizi No. 13 |
| 7 | Kedai Vape Padang 2 (Lubeg) | Jl. Dr. Sutomo No. 32 |
| 8 | Kedai Vape Padang 3 (Ampang) | Jl. Raya Ampang |
| 9 | Kedai Vape Padang 4 (Anduring) | Jl. Dr. Moh. Hatta No. 10-27 |
| 10 | Miss Vape 69 | Jl. Purus V |
| 11 | Ohm Vape Padang (by: KVP) | Jl. Thamrin No. 64, Ganting Parak Gadang |
| 12 | Padang Vape Store | Jl. Purus II No. 5 |
| 13 | Tongkrongan Vape Padang (by: KVP) | Jl. Raya Bandar Buat |
| 14 | Twin Vape Store | Jl. Sisingamangaraja No. 24 A |
| 15 | Vape Addict Padang | Jl. Dr. Moh. Hatta No. 44 |
| 16 | Vape Padang Seven 777 | Jl. Jend. A. Yani No. 42-32 |
| 17 | Vapreon Vapestore | Jl. Gajah Mada No. 20 |
| 18 | Vaporate Store A Yani | Jl. Jend. A. Yani No. 38 |
| 19 | Vaporate Store Gunung Pangilun | Depan Parkiran G-Sport Center |
| 20 | 17.vapehouse 1 | Jl. Alai Tim. No. 58 |

Source: Google Maps (2025)

Based on the search conducted through Google Maps and verified by field observation, data were obtained regarding the number of vape stores operating in Padang City. Table 1 shows that there are a total of 20 vape stores spread across several districts in Padang. This data provides an initial overview of the distribution of vape businesses in urban areas.

The e-cigarette product that was most purchased in Padang City was FOOM. FOOM is an e-cigarette brand manufactured by PT Foom Lab Global, a firm based in Indonesia since November 2019 (Ruth Meliana, 2024). FOOM's Vision and Mission are to support adult smokers in switching to nicotine consumption in a reduced-risk way (Riyan Nurul Hakim, 2024). FOOM tiene a complete line of products, including liquid, pod devices, and cartridges. FOOM also worked with Weird Genius, an electronic music group

from Indonesia. FOOM allows you a choice of colours like wild purple, space grey, brilliant gold, absolute black, and shocking pink for its devices.

FOOM (Forget Old Method of Smoking), founded by Teguh B Ariwibowo (Riyan Nurul Hakim, 2024). has become one of Indonesia's leading electronic cigarette brands. With a vision to help adult smokers switch to safer nicotine consumption, FOOM collaborates with trusted local manufacturers to deliver high-quality products.

The device features a sleek design and attractive color options such as wild purple, space grey, brilliant gold, absolute black, and shocking pink. Regarding technical specifications, the FOOM Pod has an 11W power output, a 580 mAh battery, a 2ml cartridge capacity, a USB-C charging port, and X LED Lights. Additional features include two cartridge options (prefilled and refillable, which can be refilled up to 6 times), a leak prevention system, mesh coils for flavor variation, and ceramic coils for an optimal vaping experience

During the early stage of the preliminary interview, I also interviewed Kedai Vape Padang. Kedai Vape Padang in Padang City has three branches spread across various corners of Padang City. So it is not surprising that Kedai Vape Padang is the retail store in Padang City with the most significant sales. Based on data obtained from the Owner of Kedai Vape Padang in Padang City, in 2022 Kedai Vape Padang controlled 14% of sales; in 2023 controlled 18% of sales; and in 2024 controlled 23% of Foom product sales in Padang City (Verandi, 2025). This means that Kedai Vape Padang is the place most targeted by consumers in making decisions to purchase Foom products, which can provide additional information that would be very useful for completing

this thesis. During this preliminary interview, I gained insights into the sales of FOOM products, analysed FOOM's competitors, and surveyed 50 consumers to extract more profound thoughts on market trends and consumer preferences.

Based on total sales during 2022, which totalled Rp1,212,650,360.00, FOOM was able to capture 30% of the e-cigarette market (Verandi, 2025). FOOM's achievement of such a sales volume shows its competitive strength in the regional market and end-users approval of its product quality. In addition, an internal survey of 50 respondents also aligns with this data, showing 68% of respondents opting for FOOM. Durability and good packaging are the most significant reasons consumers prefer these products.

Table 2 Total Sales Foom Product Kedai Vape Padang

| No | Year | Total |
|----|--------------|------------------|
| 1. | 2022 | Rp.287,274,130 |
| 2. | 2023 | Rp.391,750,830 |
| 3. | 2024 | Rp.533,625,400 |
| 4. | TOTAL | Rp.1,212,650.360 |

Source: Kedai Vape Padang (2025)

In addition to the nicotine concentration, another aspect influencing consumers' preference for e-cigarettes is the choice of flavours (WHO, 2023). Unlike other nicotine and tobacco products, e-cigarettes come in a vast array of flavours. It sells flavours, including but not limited to tobacco, fruit, desserts, coffee, candy, etc., that are extremely attractive to adult consumers and young people. Some e-cigarette flavours can even disguise the harshness

of nicotine, making them easier to tolerate, especially for teenagers who are experimenting with these products for the first time. E-cigarettes not only offer an alternative product for adult smokers, but they also feature a range of enticing flavours that entice young people to experiment and demand to continue using them, leading to prolonged use and contributing towards the global tobacco epidemic.

Adult smoking patterns in e-cigarette use are shaped not only by the persistent smokers among them but also by nicotine dependency, harm perception, price, and sociodemographic traits. Factors that significantly influence in Indonesia include nicotine addiction, the ability to use e-cigarettes in locations where smoking is banned, the belief that e-cigarettes are less dangerous than regular cigarettes, and their lower price compared to tobacco cigarettes (Nadia Rahmani & Indawati, 2024). In the USA, e-cigarette use is higher among younger, male, and less-educated groups and varies by state (Kava et al., 2020). In South Korea, e-cigarette use among adult smokers is associated with higher educational attainment and is more prevalent among males and younger age groups (Lee et al., 2020). Switching from traditional to electronic cigarettes causes a decrease in exposure to harmful compounds and improvements in cardiovascular risk factors, according to a study on the use of a second-generation electrically heated cigarette smoking system (Roethig et al., 2008). Social influences and perceptions also play a key role-e-cigarettes are often considered more socially acceptable than traditional cigarettes, even as doubts about their safety and effectiveness as smoking cessation aids persist (Wilson et al., 2021). Moreover, smoking behaviours are

influenced by income, neighbourhood deprivation, and employment status, with poorer social conditions generally related to higher smoking risk (Blakely et al., 2013). These factors, such as the use of e-cigarettes among adult smokers, emphasize the individuality of the situation while also reflecting the social and economic implications of where the use stands, demonstrating the complexities and providing an area for intervention.

Factors (product features, social forces, psychological, and demographic factors) that affect the decision to buy e-cigarettes Flavor is the primary factor, such as the extent to which confectionery and fruit flavors can serve a function for young adults who frequently vape (Baker et al., 2021). Another central aspect that defines what brand to choose is the price and taste (Lavery et al., 2016). Social influences, including peer pressure and subjective norms, heavily influence the early stages of vaping attitudes, which also influences purchase decisions (Diah et al., 2023).

With the rise of Foom product sales in Padang City, there are indeed threats that can hamper the development of the e-cigarette industry, namely the regulations that are getting tougher related to e-cigarettes. The Indonesian government intends to impose increased taxes on e-cigarette products, which can increase prices and weaken consumer purchasing power, thus preventing the market's growth.

Through the Finance Minister, the Indonesian government has issued Regulation of the Minister of Finance (PMK) Number 143 of 2023 concerning the Procedures for Levying, Deducting, and Payment of Tobacco Taxes. A

10% tax on e-cigarettes was imposed based on the applicable excise tariff (Regulation of the Minister of Finance of the Republic of Indonesia Number 143 of 2023 on the Procedures for Collecting, Deducting, and Paying Tobacco Taxes, 2023). The regulation will be applied to smoking, including e-cigarettes, and support public services in the regions. This tax is part of a transitional period that started with the taxation of e-cigarettes in mid-2018. This policy is based on fiscal equity considerations and efforts to curb the consumption of excise goods that can hurt public health, the Ministry of Finance said. The excise tax on e-cigarettes has also increased by an average of 15% every year, meaning that the price of products will further increase and deprive consumers of their purchasing power, which may limit market growth (Tempo, 2024). According to data from the Ministry of Finance, the excise revenue of US\$1.75 trillion (in 2023) from e-cigarettes was only about 1% of the total tobacco excise revenue, which indicates the opportunity for additional revenue from taxes beyond these in the future (Ray Farandy, 2024).

The analysis of e-cigarette regulations is increasing. The trend towards greater severity in regulations affects those products that fail to keep up with these changes, leaving a need for a strong marketing strategy and effective policies to maintain market share. One way of boosting sales is to use tricks that influence consumer purchase decisions--this factor is key in a competitive market. The present study reviews varieties of e-cigarette products and other items sold in the Vape Shops in Padang City. It will focus on the influence of three independent variables: brand image, packaging, and product quality. Brand image has been chosen because consumers regard the image and

reputation of a brand as being able to influence significant trust in both the product and commitment to it.

On the other hand, packaging is the first cookie the eyes see; therefore, it plays a preeminent role in whether people notice and feel good about your product. Product quality is another critically important variable that reflects the voice of consumer satisfaction and how long it can continue to be used. The purchase decision is the dependent variable because it represents the result of consumer decision-making processes regarding finding or buying vape products. Now, we have our dependent variable--the purchase decisions made by consumers who come in contact with these three variables.

This study examines the **Decision to Purchase FOOM products in Padang City; through the variables of Brand image, Packaging, and Product Quality**. In such a competitive market, it is essential to understand the effect of these three factors on consumer perception both before purchase and afterwards, as well as their purchasing decisions at any given moment. When the interaction among these factors is grasped, companies can pick up resistance points, promote outside regulation and foster their development. This is particularly true for the now-growing e-cigarette industry: understanding environmental concerns--e.g. pressures exerted on one side by big Tobacco yet rarely documented elsewhere in any form-is a rallying cry entrepreneurs cannot pass up!

1.2 Problem Statement

Referring to the description given previously, the researcher formulated the problem that is the focus of this research as follows:

1. How does brand image influence consumers' purchasing decisions for Foom products in Padang City?
2. How does packaging influence consumers' purchasing decisions regarding Foom products in Padang City?
3. How does product quality influence customer purchasing decisions regarding Foom products among consumers in Padang City?

1.3 Research purposes

The researcher aims to achieve the results in this research by referring to the problem formulation described previously, and this aim can be interpreted as follows.

1. To determine the influence of Brand Image on Foom Product Purchase Decisions among customers in Padang City.
2. To find out the influence of packaging on the purchase decision of Foom products among customers in Kota Padang.
3. To determine the influence of product quality on purchasing decisions for foom products among customers in Padang City.

1.4 Research Contribution

This research aims to contribute to various parties. Thus, here are some of the benefits expected from the results of this research:

1. Academic Benefits

This research is expected to foster understanding and knowledge about marketing management. It contributes to the writing of several thoughts about the influence of brand image, packaging, and product quality on customer purchasing decisions. This research aims to provide

basic data regarding whether brand image, packaging, and product quality are fundamental in customer purchasing choices. In addition, it is hoped that this research can contribute to the progress of science and ultimately become a reference for advanced researchers.

2. Practical Benefits

- a. For the Foom Brand, research regarding this research is also expected to benefit PT. Foom Lab Global features administrations and other comparative businesses in discerning which promotional methodologies are more successful and efficient in advancing purchasing decisions. This question is also being planned to benefit the company PT Foom Lab Global and provide data input, creating trades now and in the future.
- b. For the General Public, this research is expected to be an open source of data to determine how much the Foom brand has developed promotional procedures for its customers and as a reference in obtaining choices.

1.5 Research Scope

In order to obtain a more directed and systematic study, this research limits the area of analysis only on factors that affect the purchasing decision of Foom products in the administrative region of the city of Padang. The parameters in this study comprises brand image which is the consumer perception and association to Foom brand, packaging as the visual and functional aspects of the product packaging, and product quality as the intrinsic and extrinsic product characteristics.

The delimitations of this research are filtered based on previous empirical studies relevant and meets the criteria so that this research can be used as a basis to draw conclusions from the formulated hypotheses. These variables were chosen because they are crucial factors that may affect the consumer decision-making process in buying Foom products in the market of the city of Padang.

This study uses a quantitative method with explanatory approach in analyzing the causal relationship of independent variables (brand image, packaging and product quality) to dependent variables (purchasing decisions). In the hope that the directed research can obtain specific results as a beneficial contribution to consumer behaviour regarding Foom products specifically in Padang City.

1.6 Research Systematics

This research is organized into five interrelated chapters, with the following systematics:

CHAPTER I: INTRODUCTION

This chapter outlines the initial basis for the research, which includes the background of the problem that identifies research phenomena and gaps, the formulation of the problem that is the focus of the study, the research objectives to be achieved, the benefits of the research both theoretically and practically, the scope of the research that limits the scope of the study, as well as the systematic writing that describes the research organization comprehensively.

CHAPTER II: LITERATURE REVIEW

This chapter presents the theoretical foundation that forms the basis of the research argument, including a literature review regarding brand image, packaging, product quality, and purchasing decisions. In addition, this chapter contains relevant previous research, a framework that describes the logical flow of research, and the development of hypotheses tested in this research.

CHAPTER III: RESEARCH METHODS

This chapter describes the operational design of the research, including the type of research, population and sampling techniques, operational definitions and measurement of variables, types and sources of data, data collection methods, and data analysis techniques used to test research hypotheses. The choice of method is adjusted to the research's characteristics and objectives to ensure the results' validity and reliability.

CHAPTER IV: RESULTS AND DISCUSSION

This chapter presents the results of comprehensive data analysis, including respondent characteristics, research instrument testing results, descriptive statistical analysis, classical assumption testing, regression analysis results, and hypothesis testing. The discussion of research results is linked to theory and previous research to provide an in-depth interpretation of the findings.

CHAPTER V: CLOSING

This chapter summarizes the main research findings in the form of conclusions that answer the problem formulation, presents theoretical and

practical implications of the research results, identifies research limitations, and provides recommendations for further research and related parties based on the results of the analysis that has been carried out. This systematics is equipped with a bibliography containing references used in the study and attachments supporting the research data's completeness.

