

# CHAPTER I

## INTRODUCTION

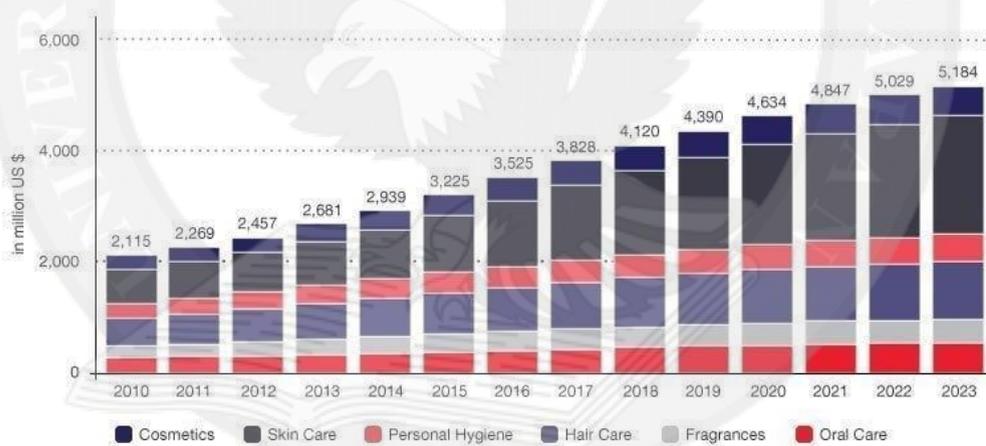
### 1.1 Background of the Study

The entire world is facing unprecedented global health challenges as a result of the COVID-19 pandemic. Since then, the most valuable thing to safeguard has been one's health. The government has consistently recommended wearing masks due to the increasing number of infections over time. While using masks is one way to protect yourself, it also has adverse effects because it moistens the facial skin from the cheeks to the lower chin, increasing the chance of acne breakouts. Not to mention, it is critical to take care of the skin in this circumstance to maintain it healthy, as the skin is the body's outermost organ, acting as a barrier against foreign substances such as pollutants. When skin is exposed to excessive pollution, it can soon get damaged. The same message was conveyed by many medical specialists, particularly dermatologists, who emphasize the critical nature of skin care during a pandemic in this pandemic era. This is further supported by the use of sunscreen to protect the skin against various diseases produced by UV light, the primary cause of skin cancer (Widiastuti & Chozanah, 2019).

As a result of medical advice and numerous social media posts, this instills in the Indonesian populace an appreciation for personal beauty, particularly facial care. Although the pandemic has a significant impact on economic turmoil, this does not appear to be a problem for developing countries such as Indonesia, as stated by the Investment Coordinating Board (BKPM), as Indonesia's economic

growth increased to 7.07 percent on an annual basis in the second quarter of 2021(<https://www.bkpm.go.id/en/>, retrieved in 2021). Thus, this demonstrates that the Indonesian people are more capable of purchasing and meeting their requirements, whether primary, secondary, or even tertiary, such as skin care through the use of a variety of skincare products.

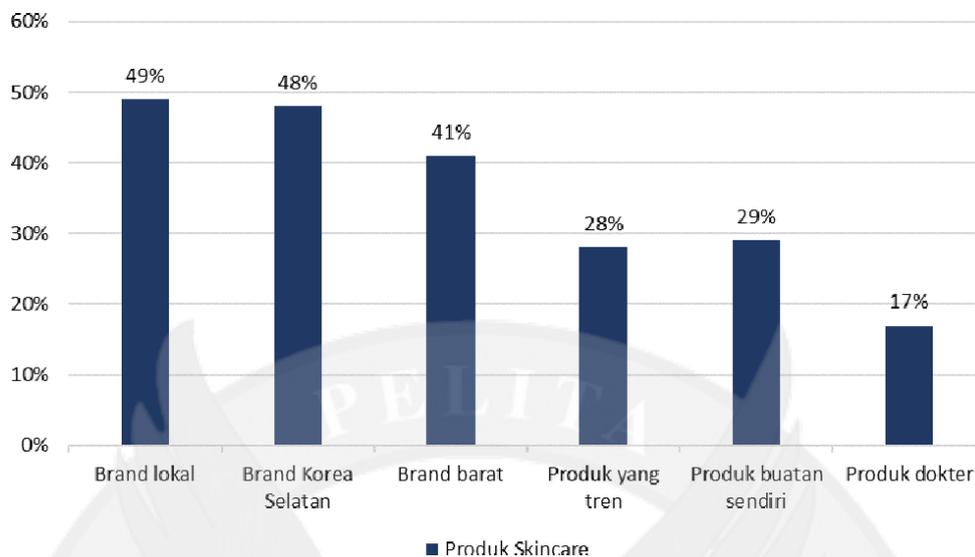
This purchase decision can be seen in the rise of market share data for the Indonesian cosmetics industry from 2010 to 2023, which demonstrates that the usage of skincare for skin care is one of the most popular and is always increasing skincare (<https://technobusiness.id/insight/spire-insights/2020/10/30/spire-insight-potensi-pasar-kosmetik-indonesia/>, retrieved in 2020, 30 Oct).



**Figure 1. 1. Cosmetic Market Value Growth in Indonesia 2010-2023**

Source: <https://technobusiness.id/insight/spire-insights/2020/10/30/spire-insight-potensi-pasar-kosmetik-indonesia/>,2020

In Indonesia, a variety of skincare products and brands are available, giving consumers the option of using local brands, western brands, South Korean brands, or products produced by doctors, as illustrated in the accompanying chart.



**Figure 1.2 Percentage of Most Used Skincare**

Source: <https://review.bukalapak.com/beauty/>, 2018

According to the data above, local brand is one percent more attractive than other South Korean brands, demonstrating that Indonesians are increasingly appreciative of and supportive of local brands (Ginanti,2018). This, however, means that competition in this space is intensifying, as numerous brands continue to fight to expand their product offerings and win the hearts of consumers. While skincare is vital for every woman in contemporary society, men are beginning to grasp how to pamper and protect their skin in order to retain its radiance.

By observing the enthusiasm of the male market share who also utilizes skincare, Somethinc seizes this chance to make cosmetic goods suitable for both genders while also paying attention to the ingredients and income of the Indonesian people in order to create inexpensive premium products. Somethinc, a local skincare brand founded in 2019 by Irene Ursula, has won the hearts of Indonesian consumers and expanded to numerous countries, including Singapore and Malaysia

(Fimela,2020). The reason for this increase is that research and development efforts have been successful in focusing on product quality and affordability in order to appeal to a broad audience.

According to Fetrizen & Aziz (2019), a person's purchasing behaviour, which involves problem identification, information search, evaluation of purchasing options, purchase decisions, and post-purchase, is referred to as a purchase decision.

Nadila & Usman (2020), stating that product quality is one of the most influential variables in a consumer's buying decision, since product quality is necessary to meet and exceed consumer demands and expectations, resulting in purchasing satisfaction. The quality of a product is determined by the variables that contribute to its ability to meet consumer needs (wants), sustain customer satisfaction, and remain defect-free. Additionally, when consumers make a purchase decision, they consider pricing; if the price is out of line with the product's quality, they will reconsider and explore for alternatives.

As per consumer feedback from female daily and official Shopee Something, there are product quality issues that have resulted in dissatisfied consumers. Apart from consumers, the unsatisfied moment occurs when the writer becomes overexcited to try the products and discovers that the products irritate the skin barrier, resulting in increased breakouts, which is inconvenient. This issue will cause consumers to refrain from repurchasing owing to the product's poor quality, and also, disgruntled consumers may inform others about their experiences, prompting others to hesitate purchasing this product.

**FEMALE DAILY** Search

CATEGORY FEED PRODUCT MATCHES

**Jojoe**  
25 - 29  
Combination,  
Medium, War

16 Jul 2020

★★★★★  
Jojoe doesn't recommend this product!

coba produk ini karena review nya bagus dan hype, but turns out setelah kasih waktu coba selama 4 minggu menurut aku product ini overrated. in my experience, produk ini bikin breakout parah, tidak ada efek melembabkan, dark spot and tired skin juga ga kelihatan, jadi di aku, produk ini tidak bisa deliver claim nya. ada fragrance yang

**FEMALE DAILY** Search

CATEGORY FEED PRODUCT MATCHES

2 3

**inaisti**  
25 - 29  
Combination,  
Medium Light,  
Warm

02 Aug 2021

★★★★★  
inaisti doesn't recommend this product!

Sebagai pecinta brand Somethinc dengan pedenya aku beli yang 5% kemasan besar 40 ml karena sepercaya itu bakal cocok (karena dulu sangat cocok dengan formulasi pertama). Hari pertama pakai terasa gatal dan muncul bibit jerawat yg merah, awalnya positif thinking mungkin kulitku memang sedang rewel. Lanjut. Setelah pakai 2x jerawat bertambah banyak, masih positif thinking akibat pakai masker medis setiap hari T\_T. Setelah pemakaian ketiga kulit tidak kunjung membaik malah tambah parah, disitu aku notice ada bibit\* jerawat memdem yang keras sepertiya jerawat batu T\_T. Mulai dari sini aku stop penggunaan. Kecewa karena gak nyangka aja bakal ga cocok :(

Usage Period : **Less than 1 week**

**FEMALE DAILY** Search

CATEGORY FEED PRODUCT MATCHES

Filter | Sort by: **Lowest Rating**

**Dhini**  
19 - 24  
Dry, Medium D  
ark, Warm

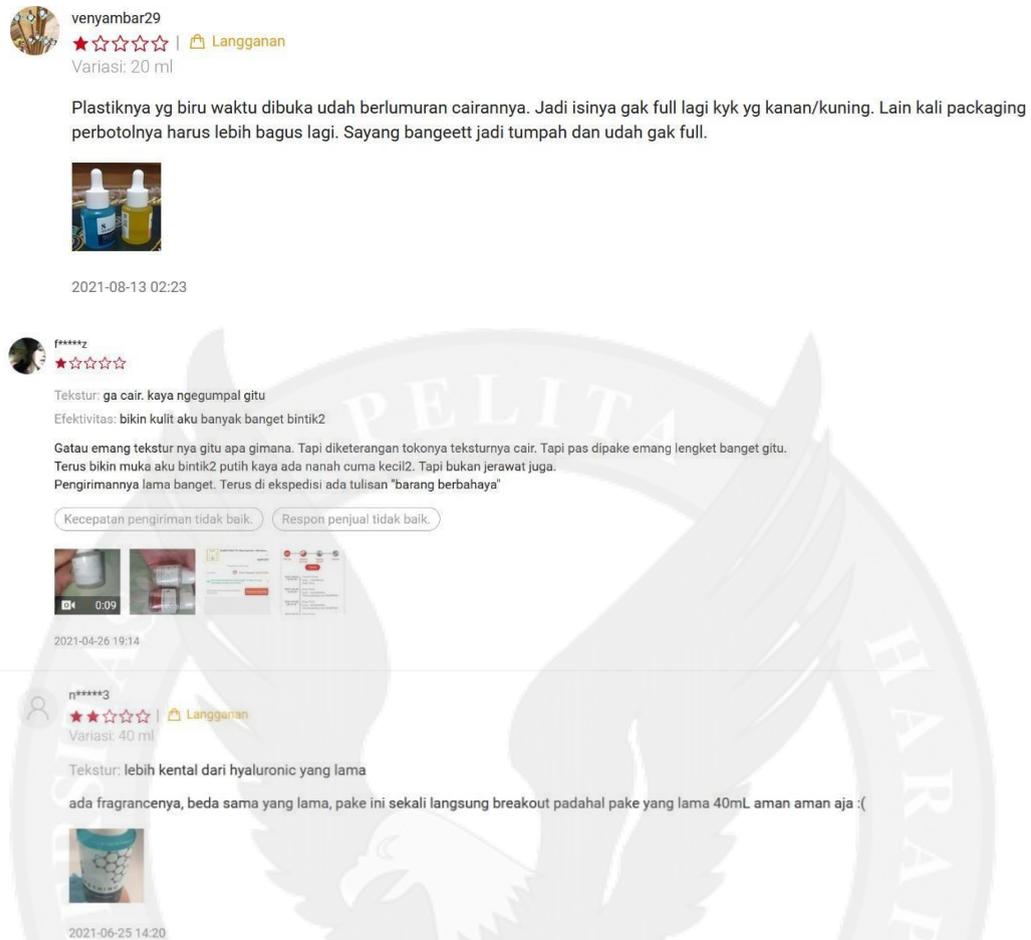
25 May 2021

★★★★★  
Dhini doesn't recommend this product!

Nyoba pake, cuman rasanya langsung gatal banget, khususnya di bagian cheekbone sama area rahang. Awalnya dikira gapapa, cuman gara2 nyamuk ato apalah karena emang se-excited itu sama produk ini. Tapi terus 2 hari kemudian ngeliat ada merah2 di bagian pipi, dan muncul beruntusan kecil-kecil. Langsung stop pemakaiannya, kan. Beberapa hari kemudian langsung calm lagi wajahnya. Kayaknya emang aku alergi sama salah satu bahannya atau gimana, tapi yang pasti ga akan repurchase sih.

Usage Period : **Less than 1 week**  
Purchase Point : **Shopee**

**Figure 1. 4. Review from Somethinc Consumer**  
Source: Female Daily (2020)



**Figure 1.5 Review from Something consumer**  
Source: Official Shopee Something (2021)

From the female daily reviews, the writer chose the lowest ranking to observe consumer complaints and continued to Shopee reviews with a 2-star rating and 1-star rating, as the writer observed that the 3 and 4 star rating is more likely to complain about late deliveries and services from Something, while the 2-star rating and 1-star rating indicate dissatisfaction with the product quality. People care about the quality of their products because of their popularity, thus if there are a lot of negative reviews from consumers, it will have a significant effect on Something.

Additionally, there is an issue that should be addressed is one of cost. There are competitors who are in the same field as Somethinc but sell at a lower price, and additional research indicates that the other's two brands are the top 1 and 2 selling in e-commerce on the Top 10 Best Selling Skincare Brands in e-commerce. Additionally, the writer has included a table of price comparisons.

**Table 1.2 Table of Price Comparison**

Price comparison			
	Somethinc	Scarlett Whitening	MS Glow
Facial Wash	Rp.99,000	Rp.75,000	Rp.60,000
Face serum	Rp.89,000- Rp.155,000	Rp.75,000	Rp.60,000
Moisturizer	Rp.129,000-Rp.249,000	Rp.75,000	Rp.150,000
Face mask	Rp.89,000	Rp.75,000	Rp.125,000

Source: Prepared by the writer (2022)

The instances above illustrate a number of the challenges that are now afflicting the business. As a result, it is vital for someone to act to rectify these issues and limit the possibility of the same issue recurring in the future, potentially hurting consumers' purchase decisions.

Consumer purchasing decisions are an important feature to study since they can benefit the company, in this example Something Inc, by assisting marketers in building future sales strategies by paying attention to price and product quality. Given contradictory study findings. As a result, the title of this research is "**The Influence of Price and Product Quality on Consumers' Purchase Decisions of Somethinc.**"

## **1.2 Problem Limitation**

Based on the background and identification of problems described previously, the scope of this research will be limited to the following:

1. The research will focus on the Price (P) and Product Quality (PQ) as independent variables, whilst Consumer's Purchase Decision (CPD) as a dependent variable.
2. This research will only include Somethinc's consumers between the ages of 18 and 60 who reside in Medan and have ever purchased Somethinc products.
3. Due to time and budget constraints, the research was conducted online, with data collected from respondents through the use of online distributed questionnaires.
4. Indicators for price are based on price affordability, price reliability with product quality, price consistency with benefits and price relevance with pricing competitiveness (Korowa et al, 2018).
5. Indicators for product quality are based on the performance, durability, features, reliability, aesthetics, service quality and perceived quality (Sari, 2021).
6. Indicators for consumers' purchase decision involves the product stability, habit of purchased, recommending others, and repurchase the products (Senggetang et al.,2019).
7. The respondent will be limited to 180 respondents who are Somethinc consumers.

### **1.3 Problem Formulation**

According to the study's background, the following are the research problems that this study seeks to address:

1. Does Price (P) significantly influence the Consumer's Purchase Decision (CPD) at Somethinc?
2. Does Product Quality (PQ) significantly influence the Consumer's Purchase Decision (CPD) at Somethinc?
3. Do Price (P) and Product Quality (PQ) simultaneously influence the Consumer's Purchase Decision (CPD) at Somethinc?

### **1.4 Objective of the Research**

Based on the aforementioned research problems, this research attempted to accomplish the following objectives:

1. To identify whether Price (P) significant influence the Consumer's Purchase Decision (CPD) at Somethinc.
2. To understand whether Product Quality (PQ) significant influence the Consumer's Purchase Decision (CPD) at Somethinc.
3. To find out whether Price (P) and Product Quality (PQ) simultaneously influence the Consumer's Purchase Decision (CPD) at Somethinc.

### **1.5 Benefit of the Research**

#### **1.5.1 Theoretical Benefit**

By conducting this research, the writer anticipates that future scholars interested in the same subject will readily be able to locate and improve on the information contained in this study. On the other hand, the writer can assert that this research is a significant accomplishment because it provides fresh information regarding the influence of price and product quality on consumer purchasing decisions.

### 1.5.2 Practical Benefit

The following are the anticipated practical benefits of this research:

1. **For the writer**, this research enables to get fresh knowledge and analysis of the influence of pricing and product quality on a consumer's purchasing decision in a real-world scenario.
2. **For marketers**, this research provides additional insight into the factors that should be considered when developing a more effective pricing strategy and improving the quality of products that may affect a consumer's purchase decision.
3. **For future research**, this research may serve as a model for other studies of a similar nature.