

CHAPTER I

INTRODUCTION

1.1 Background Information

The beauty industry in Indonesia is facing rapid growth, as contemporary society provides convenience and practical ways to support appearance, which is the use of cosmetics. Both men and women nowadays are taking care of their looks and well-being, doing various kinds of treatments all over the body. Based on the data released by the Central Bureau of Statistics, the beauty industry in Indonesia is projected to have an increase of 7% in 2021, while in the previous year, the beauty industry had an increase of 5.59% (Adisty, 2022). The data shows that there is a significant growth in the Indonesian beauty industry from year to year even with the pandemic of Covid-19 and projected to keep growing in the following year. For the sake of beauty, people tend to spend a lot of money to purchase cosmetics products. The huge opportunity to grow made the Indonesian local cosmetics products entering the market, competing with imported cosmetics with good quality and affordable price. The local business generally has stronger capabilities in detecting and assessing trends within the local markets, enabling them to rapidly create and implement competitive strategies. Local cosmetic businesses can present reduced costs due to the minimized transportation cost and tax, which will attract more customers in the home country. Moreover, targeting middle class segmentation for cosmetics is attractive as the customers are relatively price insensitive (Ferdinand & Ciptono, 2022). Besides the price being the top driver,

quality and trust were also the most important considerations in driving the purchasing decisions. The customers will choose a product that not only has an affordable price but a big brand name and worthiness.

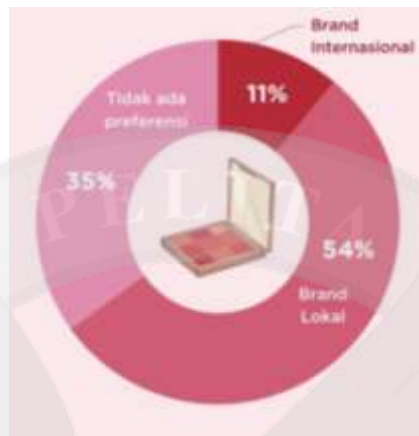


Figure 1. 1 Indonesian Consumers' Preference on Cosmetics

Source: <https://databoks.katadata.co.id/infografik/2022/09/19/kebanyakan-perempuan-indonesia-lebih-suka-pakai-kosmetik-lokal> (2023)

As seen from figure 1.1 above, a survey conducted by Populix shows that among 500 women surveyed, 54% prefer Indonesian local products, while 11% respondents prefer international brands, and 35% respondents did not prefer cosmetic brands. The data shows that consumers are more interested in Indonesian local products than imported products. With the relatable products and affordable price, consumers are starting to appreciate local products due to the quality being the same or even better than the international products.

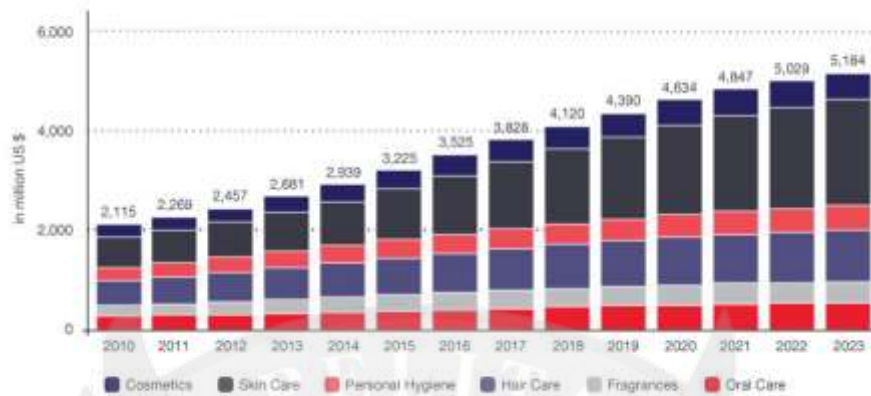


Figure 1. 2 Growth of Indonesian Cosmetic Industry

Source: <https://technobusiness.id/insight/spire-insights/2020/10/30/spire-insight-potensi-pasar-kosmetik-indonesia/> (2023)

As seen from figure 1.2 above, there is significant growth in the Indonesian cosmetic industry. Even with the Covid-19 pandemic in 2020, Indonesian Drug and Food Control Agency stated that the pandemic is not an obstacle for the beauty industry to grow, with an increase in cosmetics companies by 20.6% from 2021 to 2022 (Aditya, 2023). With that being said, the competition in the beauty industry is tight and competitive. Every company has to try harder to be at the top of competition by designing effective marketing strategies, including efforts to find new customers and retain existing customers (Rahmaniar, et al., 2022). With the emergence of cosmetics companies in Indonesia, retaining existing consumers is not that easy as there are a lot of cosmetics products that come up to the market and any changes of the customer preferences could occur any time. The cosmetics companies will have similarities and differences both in terms of product and price, making customers have a wide choice of products. For example, when a cosmetic brand innovates and launches a new product that does not exist in the market, another company will do something similar. Moreover, if the enthusiasm is great

and the product becomes viral, there will be several companies trying to make a similar product and even with better innovation. As there is intense competition in the industry, every business owner should have the right strategy to stay competitive in the market, building a strong brand image to drive the consumer purchase intention.

There is enough evidence to prove that the beauty industry is rapidly growing and competitive, where more companies are involved in fulfilling the needs and desires of consumers. The purchasing intention of cosmetics now changes from only desire to needs and lifestyle as people are becoming more concerned about looks and well-being. With the high demand of cosmetics, the beauty industry is full of international and Indonesian established companies as well as new entrants. Business owners now have to work hard to create a strong brand image in order to survive in the industry and to always be in the top of mind whenever people are making a purchasing intention.

Among many cosmetics brands both international and Indonesian, this research will focus on an Indonesian beauty brand called “Secondate”. Launched their first product in 2020, the brand now has launched 9 products with various shades by the year of 2023 (Secondate, 2023). The brand itself focuses on selling the product online through e-commerce or website and has no offline store until now. In social media, the owner doing the marketing focuses on creating campaigns by collaborating with different brands and influencers while also building brand image.

Besides the rapid growth of the beauty industry, Indonesian internet users have also been growing rapidly and impacted the growth of social media. According to the data from We Are Social (2023), out of 276 million of Indonesia's total population, 213 million people are active internet users, and 167 million people are active social media users. The data shows that 60% of the total population are active social media users. The high amount of social media users in Indonesia are increasing from year to year as people start to learn about the use of the internet and social media, as well as the ability to access and engage the information in it. During 2020, the Covid-19 pandemic is happening worldwide, making people in Indonesia are suggested to stay at home. This phenomenon has led to a significant increase in the number of internet and social media users, making the internet users increase by 14.8% from 2019 to 2020 (Haryanto, 2023). According to the data, the main reasons for using the internet are to find information, find new ideas or inspirations, and stay in touch with friends and family. In the era where the technology is developed, the internet users can easily access any information and communicate with other users through social media applications (Harahap & Adeni, 2020).

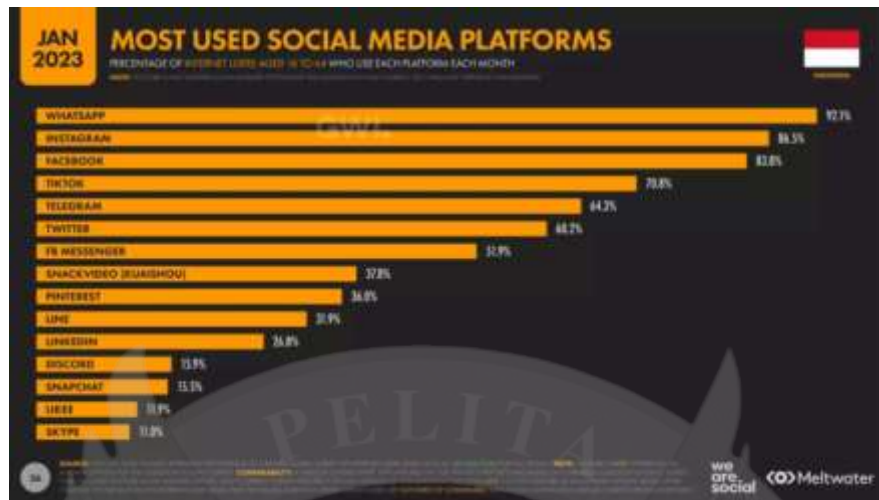


Figure 1. 3 Most Used Social Media Platforms

Source: <https://datareportal.com/reports/digital-2023-indonesia> (2023)

As seen from figure 1.3 above, Whatsapp, Instagram, and Facebook are the most used social media platforms in Indonesia with the total users being 92.1%, 86.5%, and 83.8% of the total population. With the popularity and huge audience of social media, it can not only provide information and entertainment, but also generate new job opportunities. Starting by posting and sharing content in social media such as Whatsapp, Instagram, or Facebook, people could become an influencer for others. According to Arora, et al. (2019), social media platforms are used not only for communication among individuals but also for various aspects of the business sector which includes decision making process, brand promotions, brand marketing, brand and product creation, and many more. Looking at the opportunity, many firms are taking the advantage of social media to extend their geographic reach to the consumers, making it a marketing platform.

This research will use the social media Instagram to discuss further. With the high number of users, Instagram has become one of the largest platforms for the users to share content through pictures and short videos. The content shared by the

users is not only for sharing and entertainment purposes, but also promotional purposes. There are a lot of businesses that made an account on Instagram to promote their products or services. However, it is challenging for new entrant's to reach a wider audience and to build a brand image. The business has to establish a good strategy to build the brand image and increase the consumer's purchase intention, which one of the strategies is to do the endorsement on social media influencers. The social media influencers are the ones who have large numbers of followers across one or more social media platforms and have an influence on their followers (Lou & Yuan, 2019). By doing the endorsement, a brand is transferring the positive image and characteristics of the influencers onto the brand, triggering the consumers' intention to purchase the endorsed product or services (Schouten, et al., 2020). There are many influencers in Indonesia, starting from the small to the big ones, which will help the business create the brand image to a wider audience and attract the audience to have a purchase intention towards the business. As the Indonesian online consumers rely so much on the influencers, businesses are realizing that influencer marketing has a huge opportunity and start investing their marketing budget on it (Taslaud, 2023). One of the brands that utilizes the use of social media to do the marketing and selling is the object of this research, which is Secondate Beauty. From the first time the brand launched its product, there were no offline stores at all. The brand has been selling the product through their website or e-commerce, while also engaging in influencer marketing and creating social media campaigns for promotion.

According to Lou & Yuan (2019), social media influencers are not the same as celebrities or public figures. Social media influencers are the regular people who have become online celebrities by creating and posting content on social media. Each influencer has his or her own expertise in specific areas such as travel, food, lifestyle, beauty, or fashion. However, with the huge audience that the influencers have, the popularity of influencers and celebrities are almost the same. The content made by influencers is perceived to have more organic, authentic, and direct engagement with the potential customers compared to brand-generated advertisement. With that being said, the potential customer will consider the influencers are easier to reach, relatable, and trustworthy rather than celebrity.

In order for influencer marketing to succeed, businesses should understand how to choose the right influencer, as it impacts the brand image and purchase intention. Working with the wrong influencer will be a waste of investment. The credibility of an influencer is the most essential to an advertising effectiveness, as the influencers add value to a brand (Lee & Kim, 2020). It is important to use highly credible influences to help the consumers have a positive attitude towards the brand. In the situation where consumers view the recommendations from the influencers as not authentic and biased, the level of credibility decreases.

One of the influencers that have done a lot of endorsement is Titan Tyra. Titan Tyra is an Indonesian influencer based in Jakarta, with more than 787 thousand active followers. As seen on the figure 1.4 below is the profile of Titan's Instagram.

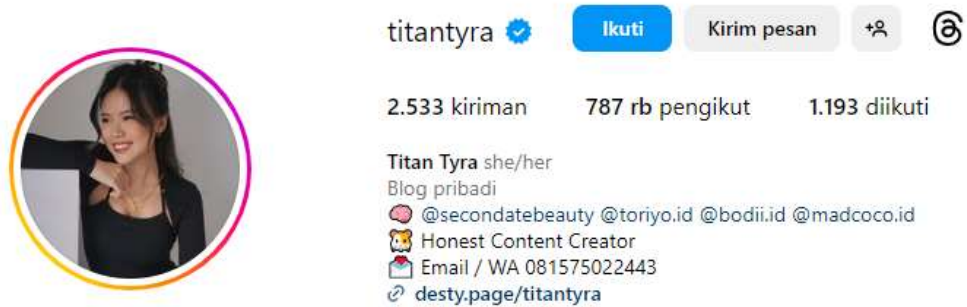


Figure 1. 4 Titan Tyra Instagram Profile

Source: Titan Tyra's Instagram (2023)

Titan Tyra is one of the Indonesian influencers who has credibility as an influencer, looking at the various brands that trusted Titan to represent the brand. As a content creator, Titan makes content about lifestyle, beauty, fashion, and comedy, which all of the content is packed as a picture or short video with an aesthetic and attractive visual. Starting as a beauty vlogger in 2008, Titan is known as an expert in makeup for her passion in sharing beauty tips and lifestyle. There are several brands that have endorsed Titan, most of the brand is related to beauty and fashion. One of the brands that have endorsed Titan is Secondate Beauty. As the influencers for Secondate, Titan frequently posts content about the brand as seen in figure 1.5 below.

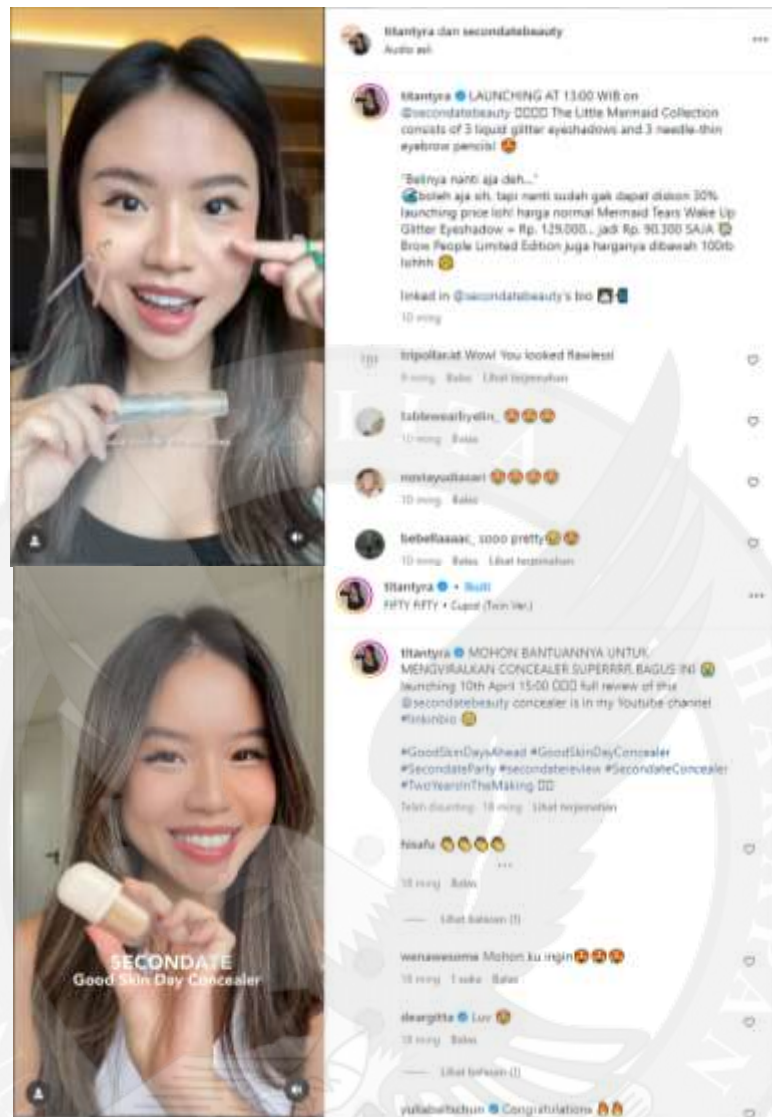


Figure 1. 5 Influencer Titan Tyra Endorsed by Secondate Beauty

Source: Titan Tyra's Instagram (2023)

The other influencer that has done a lot of endorsement is Kiara Leswara. Kiara Leswara is an influencer based in Jakarta, Indonesia, with more than 310 thousand of active followers. As seen on Figure 6 below is the profile of Kiara's Instagram.

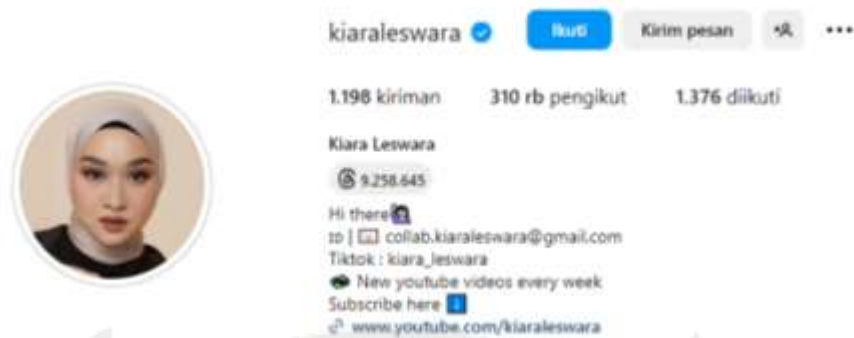


Figure 1. 6 Kiara Leswara Instagram Profile

Source: Kiara Leswara Instagram (2023)

Kiara Leswara is one of the beauty influencers in Indonesia that are known for her credibility in reviewing beauty products and her signature natural look. Starting in 2013, Kiara frequently posts content about makeup tutorials and beauty tips on YouTube, as well as hijab tutorials and her lifestyle. Over time, Kiara has become active on several social media platforms including Instagram. All the content produced by Kiara is packed as a picture or short video with aesthetically pleasing and clean visuals. Despite receiving numerous brand endorsements, Kiara is highly selective when it comes to collaborating with brands. One of the brands that have endorsed Kiara is Secondate Beauty. As the influencers of Secondate Beauty, Kiara often posts about Secondate Beauty's products into her daily life, and often features them in her posts, as seen on the figure below.



Figure 1. 7 Influencer Kiara Leswara Endorsed by Secondate Beauty

Source: Kiara Leswara Instagram (2023)

Titan Tyra and Kiara Leswara are both Secondate Beauty's influencers. Both influencers have been known for the honest review of a product and aesthetically pleasing content. However, they surely have different characteristics such as attractiveness, expertise, and trustworthiness in endorsing Secondate Beauty's product. Both of the influencers have different ways of promoting Secondate Beauty's products, as well as the audience. Titan Tyra with her oriental beauty has a modern, glamor, yet fresh look on her makeup, and Kiara with her Indonesian beauty has a clean, natural, yet bold look on her makeup. With two different aesthetics of the influencers, consumers have an option to either be influenced by Titan's endorsement or Kiara's endorsement. Moreover, with the various range of skin colors among the Indonesian people, these two influencers are the best representative that could attract consumers.

Even though the brand Secondate Beauty has already endorsed several influencers such as Titan Tyra and Kiara Leswara, the brand also has shortcomings in terms of strategy to be able to create the brand image and to gain the consumers' purchase intention due to several factors. For example, the packaging that could leak the product, the product that does not match the picture, the bad formula of the product, or many more factors that make negative consumers perception towards the brand. With the negative perception from the consumers, it could lead to a decrease in consumers' purchasing intention as the consumers prefer to purchase from the brands with better brand image than Secondate Beauty. Nevertheless, there are differences in consumer perceptions about the products whether it is negative or positive. The consumer perception which is formed through both expectations and product experiences contributes to the brand image in the minds of consumers. Moreover, the product's ability to fulfill consumer needs as well as features, specifications, product aesthetics, and other indicators perceived by consumers can be a strong factor that contributes in providing insights into the brand image of Secondate Beauty. The creation of a brand image from the customers impacting the consumer purchase intention (Rijadi & Hidayat, 2019).

According to Tsabitah & Anggraeni (2021), brand image is the consumers' belief, idea, and impression towards a brand. As the overall cognition of the brand, a brand image is formed on certain information and the brand's past experience. According to Rachmy (2019), brand image is an impression that is formed in the mind of consumers that differentiate a brand from its competitors. Therefore, based

on the definition, a good brand image is crucial and important for a brand, especially a beauty brand, as it could impact the consumers' perception towards the brand.

According to Hutapea (2019), purchase intention refers to the tendency of individual intentions related to a specific brand, where the attitude serves as an evaluation of immediate responses to certain stimuli. Before making a purchase, consumers develop a purchase intention which involves deciding to either buy or not buy a product. Not only that the potential consumer can look at the reviews from the consumer, the repurchasing interest from a satisfied consumer are also considered as purchasing intentions. With all of the reasons stated above, the authors decided to make the purchase intention become the dependent variable in this research.

In order for the brand Secondate Beauty to achieve the goals of a positive brand image and consumer purchase intention, the brand must implement a strategic approach and pay attention to several factors, especially in the field of influencer marketing. According to Wiedmann & Mettenheim (2020), the essential quality that an influencer must have is credibility, and the three requirements of credibility in the source credibility model which are the attractiveness, expertise, and trustworthiness, are applicable to influencers. When an influencer is attractive in promoting Secondate Beauty, as well as having an expertise in the product and trustworthiness, the audience of the influencer will have a positive brand image towards the brand, which will lead to the purchase intention. Nevertheless, there are several beauty brands that can not survive the competition in the beauty industry, causing the brand to go bankrupt. To make sure that the business is still continuing

and making profit, the brand should pay more attention to creating a positive brand image and elevating the consumers' purchase intention.

Table 1.1 Comparison of Indonesian Local Beauty Brand

No.	Brand's Name	Year	Rating on Sociolla	Price Range
1.	Secondate Beauty	2020	4.6	Rp95,000 - Rp289,000
2.	Mother of Pearl	2021	4.7	Rp109,000 - Rp369,000
3.	Rose All Day	2017	4.7	Rp45,000 - Rp249,000

Source: Sociolla.com (2023)

Mother of Pearl and Rose All Day are Indonesian beauty brands founded in 2021 and 2017, which is 2 of many competitors of Secondate Beauty in the beauty industry. As seen on table 1.1, Secondate Beauty has the lowest rating amongst the competitors. Rose All Day was founded in 2017 and has 4.7 rating on Sociolla, Secondate Beauty founded in 2020 and has 4.6 rating on Sociolla, and Mother of Pearl founded in 2021 and has 4.7 rating on Sociolla. All of these brands were founded in different years; however, the product ratings are almost the same. The data shows that despite being established for three years by 2023, the brand Secondate Beauty has yet to surpass or even match the rating of the brand Mother of Pearl. With the tight competition in the Indonesian beauty industry, it is important for Secondate Beauty to establish a positive brand image. The competition among beauty brands today has led to consumer behavior that always wants to try new products from new brands in order to get satisfaction, more benefits, and satisfy curiosity (Rijadi & Hidayat, 2019). The brand Secondate Beauty has to strongly maintain the positive brand image to prevent the consumer

switching to the competitor brands. By the time Secondate Beauty has a strong brand image among the market, every time a person thinks about a beauty brand, Secondate Beauty will be on the top of mind.

Prior studies have applied the source credibility model to understand the influence of social media influencers on the purchase intention (Weismueller, et al., 2020). Based on the studies, the credibility concept played an essential role in the marketing fields and impacting the social media marketing value. According to Al Farraj, et al, (2021), attractiveness refers to a set of positive associations linked to an individual and encompasses physical attractiveness as well as characteristics such as personality, expertise refers to the perception that the influencer possesses sufficient knowledge, experience, or skills to promote the product, and trustworthiness refers to the honesty, integrity, and credibility that the influencers possess.

Each influencer has different attractiveness, expertise, and trustworthiness. The social media influencers' attractiveness tends to increase persuasion, which affects the brand image and consumer purchase intention (Kim & Park, 2023). In this society, social media users prefer to see something based on its outward appearance, which is the attractive influencers. When an influencer is attractive, the consumers can have a good first impression, which becomes a valuable source of information when the advertised product is related to the influencers' appeal. As seen in various advertisements, there are only attractive individuals shown, in order to attract the customers to try the product. Moreover, in the beauty industry, every woman wants to look attractive by using makeup. When the brand Secondate

Beauty endorses attractive influencers, it speaks the message that using the brand can enhance one's attractiveness. By exclusively collaborating with attractive influencers, Secondate Beauty could establish a positive brand image, potentially influencing consumers' purchase intentions. The attractiveness of social media influencers Titan Tyra and Kiara Leswara can be seen in the comment section of their social media on the figure below. It can be seen that on the figure 1.8, Titan Tyra's comment section is full of her audience admiring and saying that she is pretty. In the figure 1.9, it can be seen that Kiara Leswara's comment section is full of her audience saying that she is beautiful and good-looking.

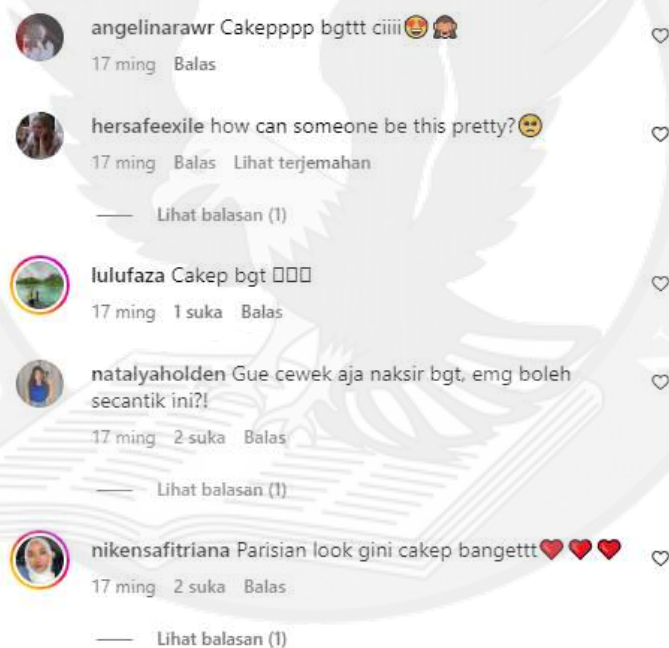


Figure 1. 8 Attractiveness of Titan Tyra

Source: Titan Tyra Instagram (2023)



Figure 1. 9 Attractiveness of Kiara Leswara

Source: Kiara Leswara Instagram (2023)

According to Wang & Scheinbaum (2018), expertise is defined as the degree of perceived understanding, skills, and knowledge that the endorser has. An endorsers' expertise is similar to the qualification of the source, which directly influences the level of conviction required to persuade consumers to purchase the endorsed products. When the influencers have a high level of expertise, the consumer will be more likely to be persuaded by the message on the advertisement. Consumers are more willing to have a purchase intention of a product or service that is endorsed by influencers who have certain levels of knowledge and experience regarding the brand, products, or services. In the beauty industry, the consumers tend to do research about the product before purchasing and carefully look at what the cosmetics can give to the customers, considering the potential

sensitivity of their skin. When an influencer is expert in presenting the product, consumers will find the advertisement useful which could lead to the purchase intention. Moreover, if the influencer is an expert in the beauty industry, the endorsement could lead to a strong brand image. For example, when Secondate Beauty's product is endorsed by an expert makeup influencer in Indonesia, the brand will have a positive brand image as the audience have assumed that the influencers are experienced. The expertise of social media influencers Titan Tyra and Kiara Leswara can be seen in their social media on the figure below. In the figure 1.10, it can be seen that Titan Tyra is engaging with her audience who asks a question, and Titan clearly explains the tips and tricks that are useful for her audience. In the figure 1.11, it can be seen that Kiara Leswara is explaining about the benefits of the products that she used.



Figure 1. 10 Expertise of Titan Tyra

Source: Titan Tyra Instagram (2023)



Figure 1. 11Expertise of Kiara Leswara

Source: Kiara Leswara Instagram (2023)

According to Purwanto (2021), trustworthiness of influencers is related to honesty and a good intention that reflects caring for the followers. Trustworthiness plays a considerable role in driving the consumers' purchase intention, as well as the brand image. In order for the customers to perceive an influencer as trustworthy, a strong emotional connection between the influencer and the followers is necessary. When an influencer is perceived as reliable, the followers tend to believe all the information shared by the influencers. In an industry crowded with numerous beauty brands, influencers often receive endorsement from multiple brands. Influencers are expected to present only positive information about the endorsed products or services. However, there are some influencers claiming that they give honest reviews of the product by politely saying the weakness of a product, or even not taking the opportunity to collaborate at all. Therefore, it is important for

Secondate Beauty to endorse influencers who offer a trusted review, as the endorsement can reshape the consumers' perception about the brand. By delivering honest and modestly stated information, consumers' will have a positive brand image towards Secondate Beauty, which could increase the likelihood of purchase intention. Nevertheless, the trustworthiness of social media influencers Titan Tyra and Kiara Leswara can be seen on their social media contents who are showing real proof of products that they used. In the figure 1.12 below, it can be seen that Titan Tyra is showing real proof of the use of a product, and so is Kiara Leswara. In the figure 1.13 below, Kiara Leswara is showing the testimony of a beauty product that could reduce her facial problems, equipped with the time information of using the products.



Figure 1. 12 Trustworthiness of Titan Tyra

Source: Titan Tyra Instagram (2023)



Figure 1. 13 Trustworthiness of Kiara Leswara

Source: Kiara Leswara Instagram (2023)

Therefore, the author decided to find out if the social media influencers' attractiveness, expertise, and trustworthiness could influence the Secondate Beauty's brand image and purchase intention. The author will conduct the final result of this research in the form of a thesis with the title "**The Influence of Social Media Influencers Attractiveness, Expertise, and Trustworthiness towards Brand Image and Purchase Intention at Secondate Beauty in Medan**".

1.2 Problem Limitation

Due to the limited time and resources that the authors' have, the authors have decided to determine the limitation of the problem as follows:

1. This research will focus on several variables such as attractiveness, expertise, and trustworthiness as the independent variable, with the brand image and purchase intention as the dependent variable.
2. The data of this research is gathered from Secondate, focusing on Medan.
3. The data used in examining the research model is going to be collected through questionnaire distribution using Google Form, that is designed based on the research object.
4. The samples that are going to be analyzed are limited to certain criteria, which are both male and female from 18 to 50 years old, living in Medan, have familiarity with the influencer Titan Tyra or Kiara Leswara, have purchased from Secondate at least 2 times in the last 1 year, and follow Secondate Instagram account.

1.3 Problem Formulation

1. Does the attractiveness of Titan Tyra significantly influence Secondate Beauty's brand image in Medan?
2. Does the attractiveness of Kiara Leswara significantly influence Secondate Beauty's brand image in Medan?
3. Does the expertise of Titan Tyra significantly influence Secondate Beauty's brand image in Medan?
4. Does the expertise of Kiara Leswara significantly influence Secondate Beauty's brand image in Medan?

5. Does the trustworthiness of Titan Tyra significantly influence Secondate Beauty's brand image in Medan?
6. Does the trustworthiness of Kiara Leswara significantly influence Secondate Beauty's brand image in Medan?
7. Does Secondate Beauty's brand image significantly influence the purchase intention of Titan Tyra's audience in Medan?
8. Does Secondate Beauty's brand image significantly influence the purchase intention of Kiara Leswara's audience in Medan?

1.4 Objective of the Research

1. To determine whether the attractiveness of Titan Tyra significantly influences Secondate Beauty's brand image in Medan.
2. To determine whether the attractiveness of Kiara Leswara significantly influences Secondate Beauty's brand image in Medan.
3. To determine whether the expertise of Titan Tyra significantly influences Secondate Beauty's brand image in Medan.
4. To determine whether the expertise of Kiara Leswara significantly influences Secondate Beauty's brand image in Medan.
5. To determine whether the trustworthiness of Titan Tyra significantly influences Secondate Beauty's brand image in Medan.
6. To determine whether the trustworthiness of Kiara Leswara significantly influences Secondate Beauty's brand image in Medan.

7. To determine whether Secondate Beauty's brand image significantly influences the purchase intention of Titan Tyra's audience in Medan.
8. To determine whether Secondate Beauty's brand image significantly influences the purchase intention of Kiara Leswara's audience in Medan.

1.5 Benefit of the Research

1.5.1 Theoretical Benefit

The theoretical benefit of the research is expected to provide more comprehension and knowledge on the influence of attractiveness, expertise, and trustworthiness towards brand image and purchase intention on Secondate Beauty in Medan. By the end of the research, the authors' expected to gain more knowledge related to the theories regarding the variable of attractiveness, expertise, trustworthiness, brand image, purchase intention, and the potential relationship or other knowledge that might appear among the variables.

1.5.2 Practical Benefit

Besides the theoretical benefit, this research will also provide benefits to the practical side. For the brand Secondate Beauty, it is expected to provide additional information and material for consideration in making decisions related to the attractiveness, expertise, and trustworthiness, so that in the future, the results of this research can help the brand with high levels of brand image and purchase intention.

For the writer, it is to gain more knowledge and build on new insights regarding the attractiveness, expertise, and trustworthiness towards brand image and purchase intention, and how the variables influenced each other.

For the readers and the other researchers, this research is expected to be a reference to conduct a new study with a similar, relevant, and updated topic that is related to the variables such as attractiveness, expertise, trustworthiness, brand image, and purchase intention.

