

CHAPTER I

INTRODUCTION

1.1 Background of the Study

Nowadays, human life is very connected to social media. Social media plays an important role in almost all levels of society. Social media is a digital platform for socializing with each other online without being limited by space and time. The process of sharing information or content can be done by any user with an internet connection, anywhere, at any time. Starting from communication or interaction, sharing information, to searching for information that is currently hot in society which can be in the form of writing, photos, videos. Social media's introduction into modern society has brought about a number of advantages. Social media is quite helpful in erasing distance between people, so it is very effective in shortening time in communication. Social media can be divided into a number of broad categories, such as collaboration services, blog services, social networking services, microblog services, media sharing services, and forum services (Rohadian & Amir, 2019).

One of the social media sectors with high popularity is various media services, one of which is the Instagram application. Instagram is an application for sharing and become a social network platform not only as a personal sharing but also for businesses. Instagram enables users to share photos and videos, as well as share on platforms with its accurate target user positioning. Instagram addresses both user-to-user interactions and user-generated content. Through platform participation, the ability for users to

express their opinions and feelings on Instagram promotes deeper social connections. Furthermore, it fosters and preserves user relationships by providing an abundance of content created by users. Using social media, people can produce, distribute, filter, and disseminate information through discussion and review (Yang, 2021). Recently Instagram is now the most effective social media platform for promoting business. In this new media era, Instagram can be a great opportunity for beauty product businesses to market the product. Using social media and social Internet marketing, business owners can effectively market their products. Social media marketing, which is helpful for influencing customers and making it simple for business owners to promote a product offered, was made possible by social media. Because of the rise in popularity of Instagram in Indonesia, social media accounts for online shops have become more prevalent. Instagram has opened up new opportunities for business people, especially online shops, to innovate in marketing their products, and carry out their marketing strategy. Including do endorser to social media influencer, do advertisement and word of mouth.

According to the We Are Social report, the number of global Instagram users reached 1.32 billion as of January 2023. This number decreased by 10.8% compared to January 2022 (year-on-year/yoy). At the beginning of this year, Indonesia became the country with the 4th largest number of Instagram users in the world, namely 89.15 million users (Annur, 2023). Instagram is a social media site with a strong focus on aesthetics and filtered photos. The setting is perfect for promoting beauty products. Another social networking site that lets users connect with different businesses and organizations, gain followers, and encourage customer social interactions is Instagram (Jin, Muqaddam, & Ryu, 2019).

Instagram's ability to reach a wide audience and its visually appealing features have contributed to the rise in popularity and success of beauty enthusiasts. Brands and companies are increasingly interested in the emergence of beauty enthusiasts who present specific products and brands and offer beauty advice, as these individuals are excellent at increasing sales and spreading the word about new goods and trends on Instagram.

Businesspeople are beginning to abandon traditional marketing models in favor of more modern ones that are faster, more effective, and more efficient by implementing a marketing strategy, specifically digital marketing. Digital marketing has several benefits, including the ability to lower required marketing expenses in addition to being quicker, more effective, and efficient. One digital marketing that can be done is an influencer marketing strategy. Influencer marketing is a technique for advertising products that involves selecting individuals or groups who are regarded as influential in society or in the target consumer segments that will be reached and who are perceived as promotional targets for the company (Rosyadi, 2018). Social media influencers who are enthusiastic about beauty usually collaborate with beauty brands to promote these beauty products. Below in Table 1.1 are social media influencers on Instagram who are experts in the beauty sector in Indonesia who are popular in presenting information related to beauty products.

Table 1.1 Data Social Media Influencer of Beauty Products

No	Name of Beauty Influencer	Followers Instagram	Number of Posts
1	Tasya Farasya	6,3M	2.967
2	Abel Cantika	1M	1.916
3	Angelica Marthin	271K	2.524
4	Ludovica Jessica	96K	1.449
5	Stefany Talita Visa	350K	754
6	Stephanie Rose Widjaja	296K	1.057
7	Monica Amadea	91,4K	1.676
8	Paola Serena Novelli	313K	823

Source: Prepared by the writer (2023)

Additionally, consumers trusted social media influencer recommendations more than recommendations from friends or family, which led to 40% of buyers buying the products the influencers used (Hermanda, Sumarwan, & Tinaprilla, The Effect of Social Media Influencer on Brand Image, Self-Concept, and Purchase Intention, 2019).

Communicating using endorsers can quickly shape the characteristics of a brand and help consumers understand the functions and characteristics of a product. Social media influencer can contribute an impact to the brand or product. For beauty brand, social media influencer is considered appropriate for conveying messages to potential consumer especially the digital savvy which is currently are the generation of Z (Nurhandayani, Syarief, & Najib, 2019). There are various kinds of persuasive messages from influencers: introduction or review products, how to use a product, comparison among some product which offer same function. The point is social media influencer invite their audience to follow in trying the products. As for RADC, LUXCRIME, and ESQA the messages by influencer can be easily delivered and accepted by consumers so that they can lead to consumers to buy the products.

Also, consumers often receive more messages about a product from social media influencers than from companies. Since the internet and social media platform Instagram have grown, customers can now share information and advice or get advice from a wide range of beauty influencers prior to making a purchase (Ho, Phan, & Le-Hoang, 2021). Consumer did further search after seeing online advertising. Some of them will make a direct visit to the store. This phenomenon force RADC, LUXCRIME, and ESQA in a rush to activate their advertising campaign on social media to grab the attention of prospective customers.

Consumers could willingly exchange ideas about the product being discussed through the beauty influencer's comment feeds section. This process can be referred to as word of mouth (WOM), but it is called an electronic word-of-mouth (e-WOM) when

the process is through the internet. Word-of-mouth (WOM) refers to interactions between individuals in which one party learns about noncommercial brands, goods, or services (Mehyar, Saeed, & Baroom, The Impact of Electronic Word of Mouth on Consumers Purchasing Intention, 2020). In other words, sharing and exchanging information about consumption experience. E-WOM is any comment made about a business or product by prospective, current, or past customers that is made available online to a large number of individuals and organizations. Since e-WOM is based on voluntary information provided by users rather than being sponsored by any particular brand, it is more reliable if influencers are trusted based on their reputation. Therefore, companies need to understand the factors that can affect electronic word-of-mouth on purchase intention in beauty product on Instagram. Also, online shop site provides the opportunity for consumers to express (comment/review) their opinions about the product. RADCR, LUXCRIME, and ESQA are local beauty products that use electronic word of mouth marketing communication strategies through social media influencers. (Bellajane, Setyanto, & Salman, 2023). While shaping the purchase intention, many consumers are influenced by these comments and reviews, and adopt a positive or negative attitude for the product. The intention of the customer to buy products and services depends on the amount of information obtained for the products, as well as based on the product review sites.

Thus, the writer was interested in finding the social media influencer, electronic word-of-mouth at social media platform specifically Instagram and how it influences the purchase intention of beauty product. Therefore, the writer decided to conduct research with the title **“Social Media Influencer, Advertising Recognition, and Electronic Word-of-Mouth towards Purchase Intention on Instagram’s Beauty Products”**.

1.2 Problem Limitation

Due to limited period of the research, insight, and knowledge, the research will be some imperfections. The research conducted by the writer will be focusing on social media influencer, advertising recognition, electronic word-of-mouth, and purchase intention. Social media influencer, advertising recognition, and electronic word-of-mouth as the independent variable and purchase intention as the dependent variable. Distribution of questionnaire starts on Friday 3, October 2023 until Friday 10, October 2023 and located in Medan.

1.3 Problem Formulation

Based on the background of the study mentioned above, the problem statement of this final paper in which interests the writer to find out is:

1. Does social media influencer have a positive influence towards purchase intention on Instagram's beauty products?
2. Does advertising recognition have a positive influence towards purchase intention on Instagram's beauty products?
3. Does electronic word-of-mouth have a positive influence towards purchase intention on Instagram's beauty products?
4. Do social media influencer, advertising recognition, and electronic word-of-mouth have a positive influence towards purchase intention on Instagram's beauty products?

1.4 Objective of the Research

Based on the problem formulation the objectives of this research are:

1. To determine the positive influence of social media influencer towards purchase intention on Instagram's beauty product.
2. To determine the positive influence of advertising recognition towards purchase intention on Instagram's beauty product.
3. To determine the positive influence of electronic word-of-mouth towards purchase intention on Instagram's beauty product.
4. To determine the positive influence of social media influencer, advertising recognition, and electronic word-of-mouth towards purchase intention on Instagram's beauty products.

1.5 Benefit of the Research

From this research, the writer hopes that this research has the benefits that are divided into theoretical and practical benefits. They are as follows.

1.5.1 Theoretical Benefit

- a. This research is hoped to be able to provide knowledge for the readers.
- b. Become a support which can be used for further research regarding the same topic.
- c. This research enables writer to gain knowledge of social media influencer correlates with customer purchase intention on social media platform (Instagram).

1.5.2 Practical Benefit

- a. This research hopefully could help to give an idea to increase customer purchase intention on Instagram.
- b. This research hopefully will be useful for the other researchers who are interested in research using the same theory.
- c. For the company of beauty products in Indonesia, the results of this study is hopefully could help to give an idea to increase customer purchase intention on Instagram's beauty product.

