

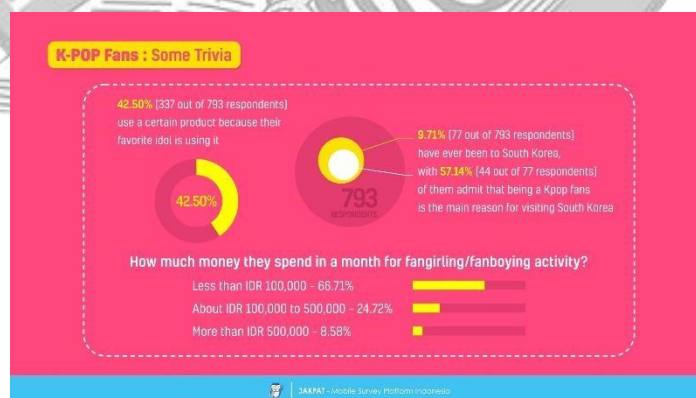
# CHAPTER I

## INTRODUCTION

### I.1. Background of the Problem

A term referring to the popularity of Korean culture and entertainment called *Hallyu*, also known as Korean Wave, first appeared during the mid-1990 century. It encompasses global awareness of different aspects of South Korean culture with the development of digital technologies (Korea Creative Content Agency, 2015). As digital technologies have developed, *hallyu* spreads out across Southeast Asia and other parts of the world over the past several years without difficulties of time and space. A noticeable progress of resisting the obstacles of time and space across the world are the developments of social media, videosharing sites, and smart phones.

A rise of *hallyu* in global popularity and interest has various aspects such as K-pop, K-dramas, and Korean brands in various fields (Ministry of Culture, Sports and Tourism, 2015). K-drama was the first step of *hallyu*'s emerged by broadcasting *Winter Sonata* (2002) around East Asian and Southeast Asian countries. Other K-dramas were also released such as *Full House* (2004), *My Love from the Star* (2013), and so on. Another aspect that is gradually growing is the gathering of K-pop fan base. An evident example to this is Psy's *Gangnam Style* (2012) which brought K-pop to mainstream attention, with other following K-pop idol groups such as BigBang, EXO, BTS, and BlackPink. American political scientist Joseph Nye interprets *hallyu* as "the growing popularity of all things Korean, from fashion and film to music and cuisine" (Nye, 1967, p. 157). It intends that *hallyu* is found not only in K-pop or K-drama, but also in a broader lifestyle sense such as fashion, food, tourism, cosmetics, and home goods (Jeong, 2017).



FigureI.1.1 Survey K-pop fans in Indonesia

(Source: Jakpat Indonesia, 2016)

*Hallyu* in the fields of K-pop, K-fashion, and K-drama, is rapidly growing in Indonesia as well (Fandia, 2016). An Indonesian mobile survey application, called Jakpat, had opened survey towards Indonesian K-pop fans. Jakpat is a mobile

survey application that helps companies and individuals who want to do surveys (Jakpat, 2010). With the application, Jakpat connects survey owners with respondents. Jakpat will send surveys through applications to respondents who meet the specified criteria. Survey respondents are users of the Jakpat application. After working on the survey, respondents will get points to be collected and can be exchanged for rewards provided by Jakpat.

Recently, Jakpat has conducted a survey with 793 respondents in order to see some habit and preferences of K-pop fans in Indonesia. According to the survey, the most thing that Indonesian K-pop fans like is the music, while the second most is the idol. The habit of K-pop fans, according to Jakpat, is that less than half of respondents admit that they use certain products on cosmetics, clothing, or home goods because their favorite idol is using or promoting it. A few of them also admit that they have visited South Korea and being a K-pop fan is their main reason to visit. These data imply that K-pop and idols affect the desire of buying Korean products on the fandom. Due to this, there are various events that are annually held in Jakarta such as K-food fair, K-content expo, K-beauty expo, and so on. These things raise the awareness of *hallyu* more and eliminating the cultural differences by halal mark on K-food.

The eagerness of Indonesians purchasing Korean products are more observable in cosmetics purchase. Indonesian cosmetics consumers are also follow the global trend of increasing preference for natural products, with herbal and organic formulations among the fastest growing segments, particularity in premium products. Since the 2000s, K-dramas have also created a hot trend for Korean culture and Korean cosmetics and skin care products, which gained tremendous popularity in Indonesian market in the recent years with its good reputation in quality, trend, natural ingredients and affordable price. While consumers are looking for natural products, brands such as Etude House, Innisfree, Laneige, Nature Republic, Banila Co, The Saem are most popular in the country.



Figure 1.2 Number of online shoppers in Indonesia  
(Source: Statista, 2019)

Apart from the traditional cosmetics distribution channels such as department stores, drug stores, beauty stores, and Indonesian cosmetic consumers are very advanced and have an appetite in the use of online shopping. Online market is one of the fastest growing channels in Indonesia market (Globalwebindex, 2019). Customer journeys are increasingly becoming more dynamic and interconnected in nature. That is quoted by Holy Theodore, Senior Digital Marketing Strategist, “integrate both marketing and ad technologies to deliver a unique customer experience while delivering the optimal messaging experience to the users” (Theodore, 2013, p. 68). It intends that online consumers are rapidly increasing while Indonesia’s middle-class population is also expanding.



Figure 1.3 “*Produk Asli Korea Diskon Hingga 89%*” advertisement  
(Source: Shopee Official Facebook, 2019)

As online shopping users increase, online shopping malls are increasing as well. One of the biggest online shopping mall, called Shopee, has appointed BlackPink, one of the Korean idols popular in Indonesia, as its first-ever regional brand ambassador. Continuously, they have been promoting the brand itself with Korean idols such as Girlfriend and RedVelvet. Moreover, there are frequent promotions for K-cosmetics with attractive catchy phrase like *Produk Asli Korea Diskon Hingga 89%* on 9 August until December 2019.

## **I.2. Identification of the Problem**

Online market in Indonesia is rapidly growing by the increase of information technology, internet users, social media users, and mobile broadband services. Hence, the brand is easier to approach through the online market than the offline market (Frost&Sullivan, 2018). For that reason, the brand has to be more concern and figure out the characters of online shopping user and online shopping user’s behaviors.

Social media users, in Indonesia, are usually looking for foreign cosmetics or fashion clothing goods from social media and the only way to purchase is through open market. Despite of the open market, Indonesian consumers prefer to use Tokopedia, Lazada, Belibeli, Shopee, Elevenia, Qoo10, and the other online

shopping markets to make a purchase due to the lower cost they offer than open market in social media.

To succeed Korean cosmetic brands in online market in Indonesia, the company has to understand the characteristics of its online shopping users, behavior, and analyze the examples of companies that already succeed in online market in Indonesia. To understand the interests and characters of Indonesian consumers towards Korean products, we need to research Indonesian consumers who has experience making purchase on Korean cosmetic products.

This research will be able to find out purchase intentions and online consumer behaviors towards Korean cosmetics in Shopee online mall. The result of this research will help to understand online consumer behaviors towards Korean cosmetics in Shopee online mall for the company that has plans to open an online market in Indonesia.

### **I.3. Statement of the Problem**

Based on the elaborated facts above, the researcher would like to explore and find the answer to:

1. How purchase intention of Indonesian consumers towards Korean cosmetic products in Shopee online mall are?

### **I.4. Purpose of the Study**

Based on the statement of problem declared, the researcher aims to:

1. To identify the purchase intention of Indonesian consumers towards Korean cosmetics through Shopee online mall

### **I.5. Significance of the Study**

#### **1. For Academic Use**

Through this study, the researcher hopes to add the knowledge and act as a reference for other academicians who wished to do a research with similar topics, especially in understanding of online purchase intention of Korean cosmetic in Indonesia

### **I.6. Organization of the Study**

This research is about the purchase intention towards Korean cosmetics in Shopee online mall with the purpose of exploring how Korean cosmetic brands succeed in online shops in Indonesia.

This research is divided into six chapters which are as follows:

## **CHAPTER I: Introduction**

Chapter one describes about the general background of the researcher deciding to do a research on this problem. Additionally, this chapter will also explain about the identification of the problem, the statement of the problem, the purpose of this research as well as the significance of the research

## **CHAPTER II: Object of Research**

Chapter two will discuss and explain in detail about research objects being researched on. Based on the title of this research, the object of research will be on Indonesian online market and Indonesian online consumers.

## **CHAPTER III: Literature Review**

Chapter three provides a brief description about the concepts that supports this research that also serves as a basis to answer the research questions on chapter one. It contains communication, Integrated Marketing Communication, consumer behavior, online consumer behavior, online consumer characteristics, and purchase intention model.

## **CHAPTER IV: Research Methodology**

Chapter four will explain about the methodology of this research which is a qualitative research. Furthermore, in this chapter, the researcher will explain about the method used to collect, analyze and to process the data as well as explaining the unit of analysis, the participants of this research, and the constraints that this research has.

## **CHAPTER V: Research Findings and Discussion**

Chapter five will be presenting the data obtained and the findings found based on the literature review and data from the field. The result of the analysis will be described in detail to provide a clear picture to answer the research questions in the early chapter.

## **CHAPTER VI: Conclusion and Suggestion**

In this last chapter, the researcher will summarize the research work performed and recommendation. It develops a clear view of the research in the form of conclusion and recommendations.