

CHAPTER I

INTRODUCTION

1.1 Background of the Study

In this day and age of globalisation, from www.globalpolicy.org (2006), technology has shaped the possibility and even the likelihood of a global culture. The use of the internet, satellites and cable TV are wiping out cultural boundaries. Global entertainment companies have given form to the perceptions and the ideals of ordinary citizens, wherever they live. This spread of values, norms, and culture tends to promote western, particularly American, ideals.

Due to the immense availability of media, the emergence of a new stage of commercial communication has taken place. Companies are constantly finding new ways in which they can communicate with their consumers, in both a conscious level and subconscious level, by surrounding customers with constant brand messages. Eltom (2006) said that at a conscious level the consumer chooses which communications to be interested in. If they are looking for a specific product or service of interest they will selectively perceive relevant brand messages. The battle for a piece of the consumers “mind space” has lead companies to want to associate their brands with desirable and trustworthy celebrities in order to attract consumers’ attention and interest.

In recent years, the amount of celebrities that have launched fragrances in their names or endorsed a fragrance escalated. Celebrities that were formerly associated with the music industry and/or film industry are exposing their presence in the consumer market, particularly the fragrance market. Many celebrities see the multibillion dollar fragrance market as a lucrative way to expand their already famed brand, their name.

McCracken (1989), implied the use of celebrities as means of communication has been commonly utilised in advertising and branding. This is done because it is assumed that celebrities have a powerful effect on the affluence of the brands they endorse. Celebrity endorsement has been defined as: “any individual who enjoys public recognition and who uses this recognition on behalf of a consumer good”. (McCracken, 1989)

The scents of celebrity fragrances are marketed with the celebrity's name being the selling point (money.cnn.com, 2006). Celebrities are taking the opportunities to make full benefits of their fame whilst it lasts, and therefore want consumers to listen to their music, watch their movies, buy garments from their latest launched clothing line and indulge their latest signature perfumes. (www.smh.com.au, 2006).

On the other hand, premium-branded fragrances' industry has been fragmented, due to multiple reasons. Fragrance houses such as the prominent Guerlain, Givenchy, Lancôme, Coty and others have had an intricate time, because of increased competition leading to low fragrance life-spans (www.happi.com, 2005). Fragrance houses are finding creative ways to secure their market shares and boost their sales figures. Expansion strategies such as mergers are common. The US fragrance house Coty has purchased the fragrance business of Anglo-Dutch global consumer oriented company Unilever. The merger gives Coty access to a larger brand portfolio and hence, greater market share (www.cosmeticsdesign-europe.com, 2006). Another strategy fragrance houses have been employing is celebrity endorsement branding. They cooperate with a celebrity and trademark a scent under the celebrity's name. In that sense they can compete with both their classical fragrances (premium branded fragrances) and the more juvenile oriented celebrity endorsed fragrances.

Research statistics in America through www.brandchannel.com (2006) have shown that the use of celebrity advertisement has doubled in the past ten years, which

is statistics related to the consumer goods industry. One in four advert features celebrities as opposed to one in eight in 1995. An increase in the use of celebrities in brand message communication among both non-luxury brands and luxury brands has taken place.

In Indonesia, these days, celebrities and fashion have been spreading like an outbreak (Cosmopolitan Men, 2011). It proves that in the gradual period, Indonesian has the potential to start growing and adapting the globalisation era. Even, on the other hand, Indonesia's economy expanded 6.5 per cent in the fourth quarter to seal the highest full-year growth in 15 years, a rare case of strength in Asia in the face of Europe's debt crisis that suggests the central bank will keep rates steady this week. (gulfnews.com, 2012). "Indonesia is one of the least exposed economies in the region, with a vast domestic market and a relatively small share of exports to GDP, so is anyway insulated from volatility in the global economy," said George Worthington, economist for IFR in Sydney. IFR is a unit of Thomson Reuters. It shows that fragrance industry worldwide has its opportunity to enter Indonesia's market.

Surabaya fragrance market these days are known to be increasing these years (web.metroindonesia.com, 2011). More people in Surabaya city want to aromatised like celebrities and so on they find out that applying fragrances products will empower themselves with self-esteem and image. It is seen that promotions and packages of fragrances products are to be sold more and broader in this city, even with some openings of new department stores with various offerings (Metro, 2012).

1.2 Research Problems

Based on the problem identification that has been explained above, the author could initiate two possible problems, which are:

1. What are the decision-making styles between consumers of “celebrity endorsed fragrances” in comparison to “premium-branded fragrances”?

2. Are there any differences between decision-making styles from consumers of celebrity-endorsed and premium-branded fragrances?

1.3 Research Objectives

With the background in thought it would have interest to examine what celebrity endorsed branding has on consumer decision, the aim of this study is then:

1. To examine decision-making styles from the consumers of celebrity endorsed fragrances in comparison to premium-branded fragrance brands.
2. To analyse whether there are or not difference between decision-making styles from consumers of celebrity-endorsed and premium-branded fragrances.

1.4 Research Contributions

This research has the ability to understand further about the management theories specifically around the variable that has been chosen such as consumer buying behaviour through concrete example from some of the tremendous premium fragrance companies compared to celebrity-named fragrance companies the world. Besides, it is possible that this research can play a role as a reference for studying management knowledge and be observed much further in the future.

Generally, this study about comparing perfumery products and its impact on buying behaviour is not only useful in terms of knowing each one's buying behaviour while having an eye contact to a certain product, but also measures the great benefits that can be achieved for some consumer goods production companies if the companies could improve more on their efforts to get more attention from most consumers as product packaging and design here is often underestimated and considered unimportant for sales and marketing departments.

For the author, conducting this research can possibly increase the knowledge about perfumery products' specifications, advantages, disadvantages, types of perfume suits to which types of consumers as the author here is *one of original perfume product distributors* in Surabaya.

At the end of the day, for Indonesian government, this research will play an important role in increasing foreign exchange reserves if Indonesian domestic/local products have such qualified products like the global fragrance companies have maintained to grab worldwide consumers' attentions. The author is strongly sure that Indonesian's local products could compete greatly to the other foreign products because Indonesian sources of raw materials are nearly infinite compared to the other countries.

1.5 Research Limitations

Variables involved in this research are limited around consumer decision-making styles that will be viewed upon celebrity-endorsed in comparison to premium-branded fragrances. Furthermore, the regional area covered for the survey is limited to the boundaries of Surabaya city. Thus, the reaction and attitudes are subjected to changes according to the needs of the people.

1.6 Research Outline

Chapter I sets up the research problem for the reader. It also provides the background information defining the issue and important terms. It also specifies the research objectives explored in greater detail to contribute to understanding the research problems.

Chapter II summarises the major studies and findings that have been published on the research topic and how this study contributes or adds to what has already been studied. This chapter also states a clear description of the theory that is

going to apply to the research problem, an explanation of why it is relevant, and how the modelling efforts address the hypothesis to be tested.

Chapter III explains the detailed technical and scientific activities which include the research design, sampling plan, instrumentation, statistical tools, and treatment of the data.

Chapter IV organises a logical presentation of the findings that address the research questions, and focus on how these key findings relate back to the theory and prior researches presented at the beginning of the study.

Chapter V outlines the implications, conclusions and recommendations supposed to advance the study of the research topic by its theoretical, methodological, or substantive contributions.