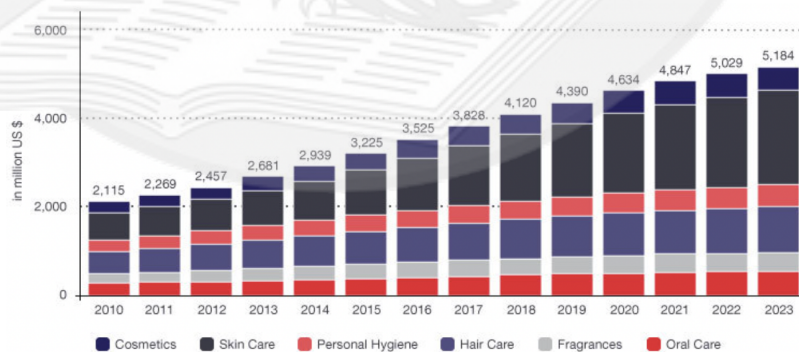


# CHAPTER I

## INTRODUCTION

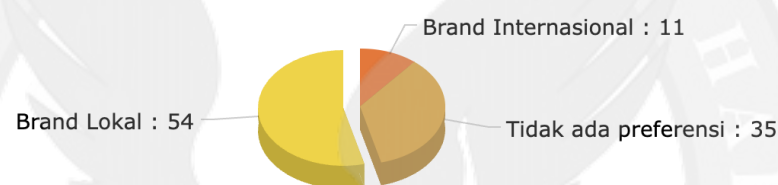
### 1.1 Background of the Study

Competition in the business world is getting tighter occasionally, which makes some companies must improve their product quality to stand out within the industry. Many companies in Indonesia highlight that one of the competitive markets is the cosmetics industry, which consistently growth every single year. This is clearly a competitive challenge because there are many firms capable of developing products similarly to fulfil specific customer needs. According to Statista's report, the cosmetics industry is predicted to grow around 4.59% annually (CAGR 2023-2028). The Central Statistics Agency in 2021 also stated that the beauty industry in Indonesia witnessed a growth of 9.61%, and the National Agency of Drug and Food Control (BPOM) noted a 20.6% increase in the number of companies in the cosmetic industry by the end of 2022, totalling 913 companies.



**Figure 1.1 Growth of Cosmetics in Indonesia**  
Source: TechnoBusiness (2020)

The figure above states the continual evolution of cosmetics in Indonesia as seen by improvements in many product categories such as cosmetics, skincare, personal hygiene, hair care, fragrance, and oral care. This data is not only reflecting an increase within the industry but also suggests that the skincare and beauty industry in Indonesia will continue to innovate, as an essential daily product for its customers. With this, most businesses are discovering their greatest prospects to become industry market leaders, by generating various types of new and creative products.



**Figure 1.2 Local and International Brand Interest in Indonesia**

Source: Katadata (2022)

On the other hand, according to the Katadata survey conducted in 2022, the consumer preference in Indonesia for using local cosmetic brands is notably substantial, standing at 54%. In comparison, other categories such as international brands accounted for 11% of the preference. This allows for the development of local brands since the usage of domestic products supports the local businesses, generates employment, and boost the country's economy.

PIXY Cosmetics is a brand managed by PT Mandom Indonesia Tbk, which is a part of Mandom Corporation in Japan, which was formed in 1969. PIXY Cosmetics offers a wide selection of products that properly meet the demands of Indonesian beauty enthusiasts. Much like other renowned brands such as Viva,

Revlon, Wardah, Mustika Ratu, Oriflame, Make Over, and Maybelline, PIXY Cosmetics also known as one of the brands that runs in this industry mainly producing cosmetics and skincare products. Their product lines are divided into four categories: base makeup, decorative, skincare, and wellness. Where it includes face powder, foundation, lip products, facial cleanser, moisturizer, and so on. Even though PIXY Cosmetics is one of the well-known cosmetics brands in Indonesia, it still faces significant difficulties in leading the Indonesian cosmetics industry.

Consumers' purchase intention, particularly in product selection, include selecting brands that align with their needs. Where product innovation is driven by rivalry among various brands, resulting in the production of offers that appeal to consumer preferences and interests. Purchase intention is the desire for consumers to buy as measured by the desire or possibility to make a purchase. The inclination to buy arises when it is stimulated by something that captivates them or generates a new sense of enjoyment from personal interest (Pramesti & Rahanatha, 2019).

Top Brand Award is a prestigious recognition in the Indonesian business landscape. This annual event serves as a standard of excellence by recognizing businesses that have continuously proved their ability to gain the trust of local Indonesian customers. The Top Brand Index has been conducted independently by Frontier Research since 2000. The Top Brand Award is a form of appreciation and recognition for brands in the TOP category as an indication of excellent performance in the Indonesian market. This award also symbolizes the consumer preference of loyalty on their targeted audience. Winning the award shows a commitment to showing quality and maintaining their position as industry leaders.

The Top Brand Index parameter measurements also can be seen from the results of a direct survey of customers in certain brands from various categories. The first parameter is top of mind, where it indicates the extent to which brand power dominates the mind of customers (mind share). The second parameter is last usage, as the brand used by the respondent currently or latest use (last use). The last parameter is the future intention, which indicates the respondent's loyalty to a product or service of a brand that they want to use in the future (commitment share) (top brand-award, 2023).

**Table 1.1 Top Brand Index PIXY Cosmetics (2019-2023)**

No.	Product	Year				
		2019	2020	2021	2022	2023
1	Lipstick	6.0%	5.4%	5.6%	2.8%	3.60%
2	Face Loose Powder	5.2%	5.2%	5.0%	-	4.2%
3	Face Compact Powder	10.1%	10.8%	10.8%	11.4%	8.10%

Source: Top Brand Index (2023), Prepared by writer (2023)

The table above shown about the top brand index score of PIXY Cosmetics products which seems to fluctuate in some years. It can be seen from the number of market share that seems unstable, especially in face compact powder products that decreased from 11.4% to 8.10% in 2022 to 2023. Knowing that Top Brand Award is given to a brand that has criteria of index above 10%, PIXY Cosmetics seems to not be included in the TOP category. Based on its parameters, the Top Brand Index also indicates that there is buying interest in the future. Thus, it can be concluded that PIXY Cosmetics has recently faced a decline in purchase intention.

Internet users are now starting to find information about specific products and brands online, which can persuade them based on their knowledge of those products or brands. Content marketing as a process of executing digital marketing by creating relevant content consistently, as an approach that involves presenting a marketing strategy through captivating and suitable content that aligns with its target audience, without being constrained by time limitations (Rahman, 2019). This method is widely used by global cosmetic companies as well as local cosmetics companies in Indonesia, as a cosmetic brand, so this strategy influences purchase intention (Purwanto and Sahetapy, 2022).

In PIXY Cosmetics' Instagram account, it has shown a variety of content such as product information, beauty tips, makeup tutorials, and so on. PIXY Cosmetics also offers a variety of content with appealing visuals like graphic-based content which make the whole page unique and attractive. Regrettably, PIXY Cosmetics' contents seem to lack on the frequency of posting where they are only post at least once a week, this will certainly cause PIXY Cosmetics to be forgotten by the audiences. Meanwhile, they can present several contents a week to increase engagement and traffic in their account. The content in PIXY Cosmetics also not giving a specific value to the customers, the contents are lack on following trends such as simple make up look, Korean inspired make up look, and other make up trends that can matches the Indonesian beauty standard, which can fulfil the needs of their customers and gives insight for customers' knowledge. PIXY Cosmetics contents also are so much in common, which may lead to not having any recall from the content that has been made by them. PIXY Cosmetics usually only talked about

one product monthly, they should be able to create more varied content by showing some of their beauty products as a value and to deliver that PIXY is here to complete the customers' beauty needs. Furthermore, PIXY Cosmetics also used some words that seems impractical like "*Terjual tiap 4,3 detik di Indonesia*" for their Two-Way Cake Face Powder and "Just in 1 Spray" for their Aqua Protecting Mist products. Which can lead to a hard-selling marketing that seems promising but looks impossible.

Another factor that affects the consumers' purchase intention is brand image. Brand image is known as the impression that given by the consumers towards a brand or product of the company produces. The brand image is also reflected by associations of variables of the brand that can be easily memorized by the consumer (Arif, 2019). Consumers tend to buy something based on their perception of the product where it can be obtained from the past experiences as references to cover the positive symbolic meaning, consumers' good perception, and practical function within the brand itself.

Table 1.2 Comparison of Top Brand Index Phase 2 (2023)

Product Category	Comparison of Top Brand Index Category Self Care Products Phase 2 (2023)				
	Lipstick	Wardah 26.00% (TOP)	Maybelline 19.30% (TOP)	Pixy Cosmetics 6.30%	Revlon 3.60%
Face Loose Powder	Wardah 19.30% (TOP)	Marcks 17.70% (TOP)	Make Over 11.20%	Pixy Cosmetics 4.20%	Sariayu 3.80%
Face Compact Powder	Wardah 23.60% (TOP)	Make Over 11.30% (TOP)	Pixy Cosmetics 8.10%	Maybelline 7.80%	Viva 5.60%
Face Moisturizer	Garnier 20.80% (TOP)	Pond's 16.40% (TOP)	Wardah 15.30%	Citra 6.20%	Nivea 3.30%
Lip Gloss	Maybelline 19.60% (TOP)	Wardah 13.80% (TOP)	La Tulipe 10.30% (TOP)	Oriflame 6.10%	Sariayu 5.40%
Mascara	Maybelline 44.80% (TOP)	Wardah 11.60% (TOP)	La Tulipe 8.50%	Mirabela 3.10%	Oriflame 3.10%
Blush On	Maybelline 27.60% (TOP)	Wardah 14.20% (TOP)	La Tulipe 8.60%	Revlon 6.70%	Oriflame 3.30%
Eyeliner	Maybelline 35.00% (TOP)	La Tullipe 12.80% (TOP)	Wardah 12.20% (TOP)	Revlon 6.30%	Oriflame 5.60%
Eyebrow Pencil	Viva 32.70% (TOP)	Maybelline 16.00% (TOP)	Wardah 7.90%	La Tulipe 5.70%	Revlon 5.40%
Foundation	Revlon 24.10% (TOP)	Wardah 13.80% (TOP)	LOreal 12.60% (TOP)	La Tulipe 10.90%	Make Up For Ever 8.20%

Source: Top Brand Index (2023), Modified by writer (2023)

The following table also shows that PIXY Cosmetics are included in the Top Brand Awards in the top 5 categories of lipsticks, face loose powder, and compact powder, while the other products from PIXY Cosmetics are not concluded. However, these Top Brand Awards of certain PIXY Cosmetics products also not included in the TOP Brand ranking since the number of brand index is not surpassed more than 10%. Furthermore, the table above also shown that PIXY Cosmetics products are not passed the top of mind in certain product categories, where it can be said that the brand image in PIXY Cosmetics is still insufficient.

Previous research by Patrisia & Nugrahani (2021) "*Pengaruh Rebranding Terhadap Brand Image PIXY*", the rebranding in PIXY Cosmetics has had a positive impact. Where this rebranding is expected to build a positive and good image in PIXY Cosmetics. However, according to Table 1.2 about the Top Brand Index that has been compared with the other brands in certain categories, it can be said that the brand image is facing a problem. PIXY Cosmetics products are only included in three categories such as lipsticks, face loose powder, and face compact powder. Even that PIXY Cosmetics have a lot of various make up products, this brand is still not in the top of the mind of the customers. Thus, even though they have rebranded, PIXY Cosmetics seems unable to compete with other brands.

Apart from that, product quality is also a consideration for a business to remain standout in marketing its products. Through a good brand reputation, it must be complemented by good quality as well as a high selling point within a brand. In producing good quality products, a brand will be committed to maintaining their products to continue good sales in the market. Product quality has the ability of a product to take advantage of its functions such as durability, determination, attribution, and value, as a benchmark or guide used by the company in maintaining the quality of a product. Product quality refers to the overall aspects of a product or service that align with both obvious and implied requirements (Ely, 2021). Additionally, it encompasses the features and attributes impacting the contentment of consumers regarding the product's excellence (Rosyidi, 2020). Producing good quality products, especially cosmetics will capture the mind of customers to create awareness within the brand itself.



On the other hand, PIXY Cosmetics products quality falls short of expectation. In terms of durability, their famous compact face powders could break easily. This will make the customers to think twice before they purchase the compact face powder. Other than that, several customers review also stated that PIXY Cosmetics has an outstanding cosmetics formulation. PIXY Cosmetics claimed that their lip products have lightweight and comfortable texture, non-drying, glide smoothly, and so on. However, their lip products still found to have a texture that could dry quickly. Followed up by their mascara products, it claimed that the mascara is waterproof and long lasting. Nonetheless, the mascara could be too liquid, easily clump, easily smudge, even if give side effects like loss of eyelashes from the use of their mascara.

Considering the problems that have been stated above, the writer is interested in analysing **“The Influence of Content Marketing, Brand Image, and Product Quality on PIXY Cosmetics Customers Purchase Intention in Medan”**.

## **1.2 Problem Limitation**

To minimize the potential for inaccurate results from the research, the writer will implement a limitation. This limitation is based on the backgrounds and problems that have been discussed previously. The expectation is to find a focus point to ensure that the readers can receive the information and solutions provided. The brand that will be discussed is PIXY Cosmetics under the company of PT Mandom Indonesia Tbk, with a large business channel across Indonesia. In this

research, the customers that based in Medan will be the focus. The writer will be focusing on Content Marketing, Brand Image, and Product Quality of PIXY Cosmetics as the independent variable with the influence on customers' Purchase Intention on the dependent variable.

### **1.3 Problem Formulation**

Based on the research of the company, the writer has listed down some questions for this study:

- a. Does content marketing have partial influence on PIXY Cosmetics customers purchase intention in Medan?
- b. Does brand image have partial influence on PIXY Cosmetics customers purchase intention in Medan?
- c. Does product quality have partial influence on PIXY Cosmetics customers purchase intention in Medan?
- d. Do content marketing, brand image, and product quality simultaneously influence the PIXY Cosmetics customers purchase intention in Medan?

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

The objectives of this study are:

- a. To explain whether content marketing has partial influence on PIXY Cosmetics customers purchase intention in Medan
- b. To define whether brand image has partial influence on PIXY Cosmetics customers purchase intention in Medan

- c. To evaluate whether product quality has partial influence on PIXY Cosmetics customers purchase intention in Medan
- d. To discover whether content marketing, brand image, and product quality simultaneously influence the PIXY Cosmetics customers purchase intention in Medan

## **1.5 Benefit of the Research**

There are two types of benefits in the research of The Influence of Content Marketing, Brand Image, and Product Quality on Purchase Intention at PIXY Cosmetics in Medan, such as:

### **1.5.1 Theoretical Benefit**

The primary objective of this research is to assess the potential influence of content marketing, brand image, and product quality on customers' purchase intention. The primary objective of this research is to enhance comprehension of content marketing theory, brand image, and product quality, purchase intention and the interrelationships among these variables.

### **1.5.2 Practical Benefit**

The practical benefit of this research is:

- a. For the company, the result of this research is expected to be helpful and useful for the company as a guide in implementing or understanding the influence of the title on purchase intention in PIXY Cosmetics.

- b. For the writer, this research will provide a lot of new variety of insight and knowledge about content marketing, brand image, product quality, and purchase intention.
- c. For the researchers, this research is expected to be the reference for those who would like to gain new insight from content marketing, brand image, product quality, and purchase intention.

