

CHAPTER I

INTRODUCTION

1.1 Background of the Study

Beauty Industry especially cosmetic industry in Indonesia has always experience rise in demographic from year to year. According to survey that has been done by Euromonitor, market for beauty and self-care in Indonesia are expected to reach US\$ 6.03 Million in 2019. The data released by Badan Pusat Statistik (BPS), said that the cosmetic industry which includes chemical, pharmacy and traditional medicine sector of industry grows by 9,61% in the year 2021 (Febrinastri, 2022). According the recent data, beauty product sales increased to US\$ 8,46 Million by 2022 (Rahmanita, 2020). Indonesia has the potential to be the second biggest contributor in terms of growth in world skin care usage.

The cosmetic industry in Indonesia has recorded over 913 companies in July 2022, showing increasing number from 819 companies recorded in the year 2021. According to Badan Pengawas Obat and Makanan, there is a rise of 20.6% in the amount of cosmetic industry in Indonesia compared to the year 2021 (Kompas, 2022)

One of the factors that cause cosmetic industry to rise in fame is due to the changes that occur in consumer attitude that is caused by limited amount of social activities during Covid-19 pandemic. Limitation in social activities and interaction causes society to start working from home and having leisure time to self pamper

(Febrinastri, 2022). This shows that new opportunities emerge for cosmetic industry as there are changes in consumer attitude which affect the rise of cosmetic demand.

The chairman of Persatuan Perusahaan Kosmetika Indonesia (Perkosmi) Sancoyo Antarikso said that the milenial generation are assured to be an important part of national cosmetic consumer. Remembering that milenials that has high self awareness, this is also supported by the statement by PT Mustika Ratu Tbk which will strive to create healthier products for consumers. Companies considers this to be in line with the trend of increasing health awareness among consumers which will peak in 2024 (Rini, 2019). So the domestic cosmetics industry targets the millennial segment and one of the efforts made is to produce products that suit the preferences of this generation.

Indonesian people believe that having ideal physic is beautiful, such as having bright and smooth skin, sharp nose, round eyes, and thin face (Novellia, 2021). The truth is that not all Indonesian women has bright skin, but the fact that some have tanned skin, some have bright skin, and some have dark skin (Rizkiyah & Apsari, 2019). Those view causes every women to start racing to have bright skin y using any means including skincare (Savira & Zuhri, 2022). Skincare is a common procedure to protect outer skin by using specific product (Irwanto & Hariantingsih, 2020). Skincare consist of few different types, such as facila wash, serum, moisturizer, sun protection, face mask and etc (Windarti, 2022).

Although Skintific successfully acquire huge market share and manage to position itself in the top 5 for several types of skincare product in Indonesia, but

data still can't be found regarding the success of Skintific in becoming the market leader in the skincare industry. This issue shows that the competition in the beauty industry are competitive and brand needs to constantly be given attention to increase sales of Skintific by understanding the consumer behavior. In the middle of this digital era, consumers tend to use social media as media to obtain information when purchasing a product, making social media into one of the most used media by beauty brand to market their product.

The digital era has served us with numerous amounts of innovation, that has been done by companies in order to stay competitive in the midst of the dynamic consumer behavior. One of the notable form of innovation in the marketing world is by applying live streaming feature in social media to market products directly to consumers (Ayu et al., 2023). According to Azizah et al. (2021), live streaming is considered effective because it can make consumers interested in buying the products that are being marketed. Due to the reasons stated above, e-commerce industry such as Shopee, Tokopedia, and Bukalapak has implemented live streaming feature for consumer to directly make purchase in that moment without having to open more than 1 application, as live streaming feature are only available in social media previously.

One of the social media platform with live streaming features that is in trend in Indonesia is called TikTok. TikTok live was a social media that further improves itself into TikTok Shop in the year 2021. According to data obtain from momentum works, transaction occurred in TikTok Shop during the year 2021 summed up to be US\$ 600 Million, US\$ 4.4 Billion in the year 2022 and US\$ 20

Billion in the year 2023 (Septiani, 2023). Even the e-commerce market share in Southeast Asia, led by Shopee, which is 48.1% in 2022, has the potential to decrease to 46.5% in 2023, where the cause of the decline is TikTok, which in 2022 controls the market by 4.4%. to 13.2% in 2023.

The extraordinary growth of the TikTok Shop is not only a threat to other E-commerce, but the Indonesian government are also affected by the presence of TikTok Shop which could threaten the local economy, through Ministry of Trade regulations of Permendag number 31 of 2023, the closure of TikTok Shop is officially announce in October 4, 2023 (Sandi, 2023). On December 12 2023, TikTok has officially entered into a strategic partnership with PT GoTo Gojek Tokopedia Tbk (GOTO). This strategic partnership was marked by the return of TikTok Shop operations in Indonesia through PT Tokopedia (Binekasari, 2023).

TikTok is currently a social media application due to regulations issued by the Ministry of Trade stated that social media cannot be a place for trade (Sandi, 2023). However, the collaboration between Tiktok and Tokopedia is predicted to bring significant changes to the e-commerce competition, because Tokopedia is currently unable to position itself to be the number 1 marketplace in Indonesia. In 2023, the number of Shopee visitors summed up to 165.8 million visits/month, which is still above Tokopedia's monthly visitor figure of only 109.2 million visits/month (Aditya, 2023).

This research will focus on finding out whether live streaming feature on TikTok social media can influence consumer behavior. This research adopts research conducted by Venciute et al. (2023) who tested the influence of

influencers on consumer behavior with influencer-follower congruence as moderation.

Purchasing behavior is a special, concrete behavior that directly reflects needs, desires and the pursuit of material and spiritual interests (Tao et al., 2022). Purchasing behavior also represent the consumer's desire or interest in purchasing a product. Purchase intention or purchase interest is consumer behavior where consumers have the desire to choose, use and consume or even want a product being offered (Kington et al., 2018). Growing buying interest in consumers is very important for companies because through this interest, sales will be created which will provide input for the company. Purchase intention is closely related to attitudes and preferences towards a brand or product.

Consumer purchasing behavior can be improved through several factors, one of which is currently being used by skincare industry, which is by using influencers or public figures as supporters of the products they offer. Influencer marketing has become one of the most important tools for companies and brands to increase awareness, sales or image strength. Because consumers prefer brands and companies whose images match their true or ideal selves, companies can expect that consumers will tend to prefer influencers with whom they can compare themselves (Venciute et al., 2023). In the context of social media, influencers create content which is then posted on social media for the audience to watch.

Skintific has numerous amount of Influencers such as Sabrina Chairunnisa, Nicholas Saputra and the most famous of beauty influencers is Tasya Farasha . The fit between influencer and brand can also influence purchasing behavior. In general, the influencer chosen is said to have a major influence on the effectiveness of celebrity endorsements (Venciute et al., 2023). Therefore, suitability or congruence between consumers and influencers is very important in influencer marketing and can indicate whether the influencer will be able to promote the product to the target audience in an interesting way (Venciute et al., 2023). By endorsing using an influencer who has appropriate brand-congruence, it is likely that the influencer's audience will also be in line with the brand of a product.

Even though using influencers is considered important in the beauty industry, several aspects of influencers also need to be considered so that the effectiveness of conveying messages to consumers is as desired. Some of these aspects are experience, trustworthiness, and attractiveness. In the context of this research, experience refers to the competencies possessed by the influencer.

Competence is the extent to which a communicator is treated as a legitimate source of statements. Influencers usually have expertise in a particular field and their content is usually aligned with that field (Venciute et al., 2023). Therefore, it is hoped that influencers can be considered as a reliable source of information in shaping the attitudes and behavior of their followers.



Figure 1. 1 Skintific Official Store at TikTok

Sources: TikTok (2024)

Skintific consumer purchasing behavior when Live on Tiktok Shop (Skintific. Official.Store) experienced a decline seen from a decrease in the percentage of sales in 2022-2023 which can be seen below.

Table 1.1 Top Best-Selling Skincare brands in E-Commerce (2022-2023)

Skincare	2022	2023
	53.28	64.8
	44.48	18.7
	40.98	35.9
	38.78	21.3

Sources: Kompas, 2024

Table 1.1 indicates that in 2022 skintific for sales revenue obtained by skintific amounted to 44.48 Billion. However, in 2023 skintific experienced a decrease in sales to 18.7 Billion. Aside from sales, skintific also experienced a decline in 2022, earning it the second company in the top skincare sales to rank 4th in 2023. From this decrease in sales and decrease in skintific ratings, it can be concluded that there is a decrease in consumer purchasing behavior.

Various factors that trigger a decrease in purchasing behavior that is thought to be caused by influencers when live. This is due to many unfavorable reviews related to influencers who are live so that they trigger customers not to checkout on tiktok.

The trigger for the low influencer experience problem is due to the large number of customers who complain and leave negative comments to influencers and then leave skintific live. In fact, various complaints from customers that some influencers currently lack experience in conducting live promotions so that cannot encourage consumer purchasing decisions.

Apart from experience, trustworthiness in influencers is also a factor considered by consumers. Trustworthiness describes how the endorser is honest, trustworthy, and accurate. trust is one of the most important aspects in the relationship between influencers and their audiences, leading to the assumption that influencers will be able to influence consumers only if they trust them (Venciute et al., 2023).

Consumers also consider attractiveness of influencers. Previous research shows that endorser attractiveness is positively related to consumers' purchase intentions and more positive attitudes toward a brand. Although influencers have a huge influence on attitudes and willingness to buy when they are casual on social media and have popularity, they are also often seen as attractive (Venciute et al., 2023). Some influencers on live Skintific in their official accounts at TikTok can be seen from figure 1.2.



Figure 1. 2 Influencer of Skintific at TikTok
Sources: TikTok (2024)

Due to Skintific hiring inexperienced influencers to host TikTok Live sessions, live contents have led to unsatisfactory results. At Skintific Live Content, influencers do not answer all consumer questions politely or using less polite language when answering consumer's questions, so they do not match the predictions that consumers need in terms of satisfactory service. This is causing consumers to switch to other skincare. This action has also put an impact on the TikTok Live atmosphere where positive and engaging atmosphere cannot be created by the influencers which led to the live content being boring. Influencers also lack overall knowledge of Skintific products so that when asked by the audience, influencers have difficulty answering and take time to serve questions because they have to find more information about Skintific product first. The selection of influencers is also considered perfunctory because they don't see their abilities. This can be seen from the vocabulary given is still monotonous and less polite and uses a high tone of voice then in communicating too quickly. As a result, many viewers left live Skintific due to inexperienced influencers.

The trustworthiness of influencers when going live on TikTok is still questionable, as when performing services when live takes place because of the

large number of viewers who ask but do not checkout, so that sometimes triggers emotional influencers so they do not want to provide information sincerely to customers. Influencers did not provide accurate information when answering questions, such as when consumer asked regarding how long does it take for Skintific product Scientific MSH Niacinamide Brightening Moisture Gel can help the skin become brighter, the influencer answer 7 to 10 days when the true information of the product stated that it takes 14 days to start seeing results, where it help brighten the skin, relieve redness, reduce hyperpigmentation and can improve skin elasticity. Influencers also seem dishonest to say discounts for 1 package but when the audience does a sum for each skincare has the same price. This makes customers feel cheated and give bad reviews to recommend other to not buy the product itself.



Figure 1. 3 The Skintific Influencer Promotion Program at TikTok
Sources: TikTok (2024)

Attractiveness for Skintific influencers is still less visible in the figure above which promotions are almost the same, namely discounts on prices adjusting for big days. Influencers do not seem elegant and classy because they promote by shouting. Some influencers also did not present themselves well during the live session, as some are hosting the live session without wearing make up to reflect the beauty that can be achieved after using Skintific. Influencers also tend to put on different styles of make up that can be too bold or much more messy compared to their partner, and also not being professional by only wearing normal t-shirt and shorts while Skintific has their uniform where all influencers wear during their live session. These actions cause consumers to leave the Live with a disgusted feel as they do not find any attraction throughout the session.

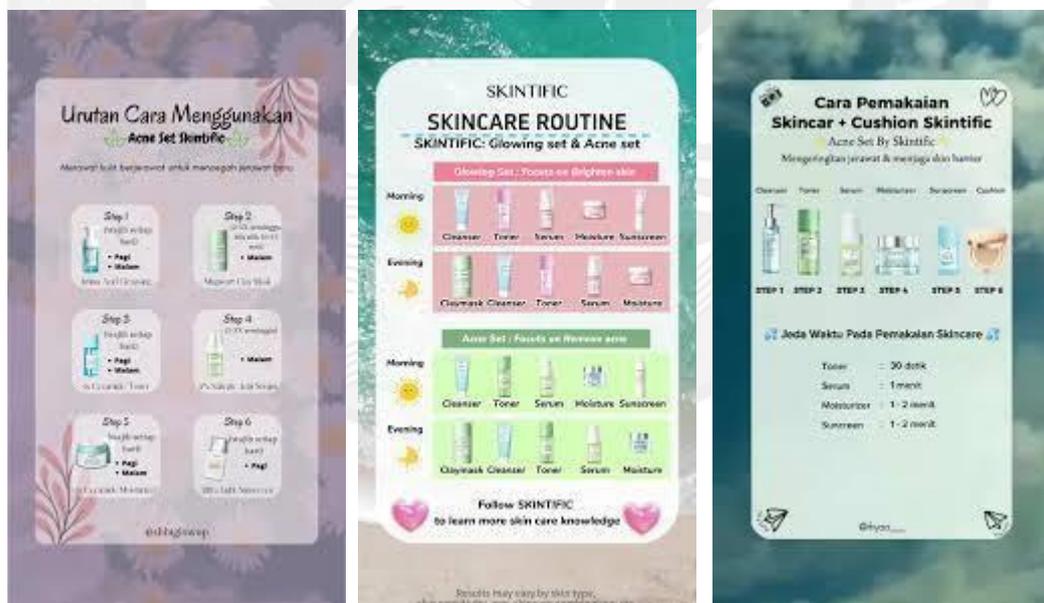


Figure 1. 4 Content for Skintific Influencer promotion Program at TikTok
Sources: TikTok (2024)

The number of influencers only share related content above but less clear and directed because the use of skincare is suitable, and some are not suitable so that it is less useful for consumers because it is only shared in the form of photos about suitable usage procedures and packages from Skintific. This Content is less effective because many consumers are still confused because of the ambiguity of the information shared, therefore making customers feel that the content that is brought up are not useful for them. This phenomenon makes consumers hesitate to make a purchase. The majority of live Tik Tok for skintific influencers are too focused on selling and promoting skincare products, so they are less educational in providing information that has benefits related to maintaining good skin or regarding the product itself. This can conclude that content is less useful when it is Live. This had an impact on the number of viewers who dropped dramatically so that ultimately resulted in Skintific sales on TikTok experiencing a decline.

All the factors above are further pushed because the influencer hired by Skintific to host live sessions in TikTok are less known by the public or they are self-entitled influencer. Customer does not feel any connection between the influencer and themselves, as by recognition of the influencer does not help with consumer to feel attracted to make any purchase, therefore causing the purchase behavior of consumer to change. The purchase behavior of consumers are further worsen by the problems that they have to go through when watching the live content, such as having to watch influencers scream out promotions constantly, having minimum visual aesthetic, delivery of wrong information, unprofessional ethics and etc.

Considering the facts above, this research was conducted to examine the influence of Influencer Trustworthiness, experience, Attractiveness and content usefulness on purchase intention with influencer-follower congruence as a moderating variable. This research will be entitled "**Examining the Effect of Influencers Experience, Trustworthiness, Attractiveness, and Content Usefulness towards Consumer Purchasing Behaviour at Skintific_Id With Follower Congruence as Moderator**".

1.2 Problem Limitation

As the independent variables of this research are Influencer's experience, trustworthiness, attractiveness and influencer content usefulness with a moderating variable of follower congruence towards a dependent variable purchasing behavior, due to limited amount of time and in order to effectively manage with time provided, the only sample data that will be used for the purpose of this research will be people who have ever used TikTok as a social media platform and purchase Skintific product from skintific_id TikTok Live.

1.3 Problem Formulation

Below are the problem formulation in this research:

1. Does the influencer experience on TikTok Live have a positive influence on consumer purchase behavior consumer skincare product brand Skintific?

2. Does Influencer Trustworthiness on TikTok Live have a positive influence on consumer purchase behavior consumer skincare product brand Skintific?
3. Does Attractive Influencers on TikTok Live have a positive influence on consumer purchase behavior consumer skincare product brand Skintific?
4. Does Influencer Content Usefulness on TikTok Live have a positive influence on consumer purchase behavior consumer skincare product brand Skintific?
5. Does influencer-follower congruence on TikTok Live moderate the positive influence of Influencer Experience on consumer purchase behavior consumer skincare product brand Skintific?
6. Does influencer-follower congruence on TikTok Live moderate the positive influence of Influencer Trustworthiness on consumer purchase behavior consumer skincare product brand Skintific?
7. Does influencer-follower congruence on TikTok Live moderate the positive influence of Influencer Attractiveness on consumer purchase behavior consumer skincare product brand Skintific?
8. Does influencer-follower congruence on TikTok Live moderate the positive influence of Influencer Content Usefulness on consumer purchase behavior consumer skincare product brand Skintific?

1.4 Objective of the Research

Below are the objective of this research:

1. To find out whether the influencer experience on Tiktok Live has a positive influence on consumer purchase behavior consumer skincare product brand Skintific.
2. To find out whether Influencer Trustworthiness on Tiktok Live has a positive influence on consumer purchasing behavior consumer skincare product brand Skintific.
3. To find out whether Attractive Influencers on Tiktok Live have a positive influence on consumer purchase behavior consumer skincare product brand Skintific.
4. To find out whether Influencer Content Usefulness on Tiktok Live has a positive influence on consumer purchasing behavior consumer skincare product brand Skintific.
5. To find out whether influencer-follower congruence on Tiktok Live moderates the positive influence of influencer experience on consumer purchase behavior consumer skincare product brand Skintific.
6. To find out whether influencer-follower congruence on Tiktok Live moderates the positive influence of Influencer Trustworthiness on consumer purchase behavior consumer skincare product brand Skintific.
7. To find out whether influencer-follower congruence on Tiktok Live moderates the positive influence of Influencer Attractiveness on

consumer purchase behavior consumer skincare product brand Skintific.

8. To find out whether influencer-follower congruence on Tiktok Live moderates the positive influence of Influencer Content Usefulness on consumer purchase behavior consumer skincare product brand Skintific.

1.5 Benefit of the Research

This research is done to achieve two types of benefits, which are Theoretical Benefit and Practical Benefit. The following are benefits that are aimed to be achieved through this research.

1.5.1 Theoretical Benefit

1. It is hoped that the research results will be useful for developing knowledge regarding purchasing behavior, especially in the skin care industry.
2. This research can be used as consideration for future researchers regarding similar objects that have not been covered in this research

1.5.2 Practical Benefit

1. This research is expected to help companies, especially the managerial team of the Skintific brand, in determining company policies regarding matters related to consumer behavior, such as consumer purchasing behavior.

2. It is hoped that this research can be used as material for companies to consider in developing retention strategies in the years to come.

