

CHAPTER I

INTRODUCTION

1.1 Background of Study

A customer's purchasing decisions represent one of the final stages in the broader purchasing process. This stage is crucial because it culminates in the consumer commitment to purchasing a particular product or engaging with a specific service (Cyrek, 2024). Throughout this process, consumers have typically engaged in various activities, such as recognizing their needs, gathering information, evaluating alternatives, and weighing the benefits and drawbacks of different options. A consumer's choice to make a purchase is shaped by a variety of factors, each contributing to their final decision. Ultimately, this decision reflects the consumer's evaluation of which product or service most effectively meets their specific needs while providing the highest perceived value.

Right now, lots of people are buying baby stuff online because there's a big market for products for moms and kids. The demand for baby products, both globally and even in Indonesia, has significantly risen due to the increasing number of young parents. Johnson's Baby, a well-known brand in baby skin and hair care products, has seen a shift in consumer behavior, particularly with the growing reliance on e-commerce platforms. However, in the Indonesian market, Johnson's Baby has faced challenges such as negative eWOM surrounding its baby powder product, especially related to concerns over product safety, and shifting consumer preferences towards alternative brands.

Table 1.1 Global Baby Care Sales

Year	Global Baby Care Sales (in Billions USD)
2019	USD 214.13 billion
2020	USD 225.47 billion
2021	USD 235.15 billion
2022	USD 245.83 billion
2023	USD 256.51 billion

Source: Precious Business Insight, Baby product Market (2024)

The market global for baby products was valued at approximately USD 14.8 billion and is expected to grow at a compound annual growth rate (CAGR) of 5.6% between 2024 and 2030, reaching USD 20.0 billion. This growth is being fueled by industrial advancements and a growing middle-class population in various emerging regions. The increasing shift in consumer lifestyles towards convenience, particularly in these areas, has significantly driven up the demand for baby products. Moreover, heightened consumer awareness about child health is further boosting sales and aiding market growth. However, the market expansion is hindered by the limited penetration of these products in developing countries.

And then, here are the sales figures for Johnson & Johnson's baby care products from 2019 to 2023:

Table 1.2 Johnson's Baby Care Sales

Year	Johnson's Baby Care Sales (in Billions USD)
2019	USD 1.43 Billion
2020	USD 1.39 Billion
2021	USD 1.35 Billion
2022	USD 1.29 Billion
2023	USD 1.26 Billion

Source: Statista.com (2024)

From Statista.com sources, Johnson & Johnson's global baby care sales saw a significant decline from \$1.43 billion in 2019 to \$1.26 billion in 2023, driven by strategic decisions and market dynamics. The early impact of shifting consumer preferences and competitive pressures saw sales drop to \$1.39 billion in 2020 and \$1.35 billion in 2021, with growing concerns over the safety of talcum-based baby

powder affecting market share. By 2022, sales fell to \$1.29 billion amid legal challenges and public scrutiny over product safety, culminating in the cessation of talcum-based baby powder sales in 2023. This move, intended to address health concerns and legal issues, further impacted sales, underscoring the importance of consumer trust, regulatory environments, and corporate decisions on market performance.

Word-of-mouth is defined in the dictionary as a way of sharing information verbally. Essentially, it refers to the spoken words one person uses to convey information to another (Suzanne, 2023). Electronic Word of Mouth is the digital transformation of traditional Word of Mouth, moving from offline to online platforms due to advancements in communication technology and the internet (Riadi, 2023).

A major challenge linked to electronic word-of-mouth (eWOM) is its inherently organic and uncontrollable character. In today's digital landscape, consumer reviews and testimonials can circulate widely and at a remarkable speed, whether they are favorable or critical. Positive reviews typically enhance a brand's reputation and reinforce customer trust; however, negative feedback can severely tarnish the brand's image. The rapid spread of information on social media, review websites, and other digital platforms means that brands are increasingly susceptible to sudden, unpredictable changes in public sentiment, making it difficult to manage their reputation effectively in real time.



Figure 1. 1 Johnson's eWOM
Sources: Tiktok (2024)

In the case of Johnson's Baby powder in Indonesia that shown in Figure 1.1, the company faced widespread negative eWOM due to controversies surrounding, which was suspected of containing harmful ingredients and causing health issues. This negative publicity gained significant traction in the media and online, leading to a damaged reputation and decreased consumer trust. As a result, many Indonesia parents began to avoid Johnson & Johnson's baby powder, opting for alternative products perceived as safer.

In addition to product recalls, Johnson & Johnson became involved in numerous lawsuits from consumers claiming harm from their products. These lawsuits further tarnished the company's brand, and despite various measures taken to address the issue, restoring consumer trust remains a significant challenge.

Bad eWOM about Johnson's Baby Products had several significant impacts. Firstly, it created a ripple effect, where one negative comment or review often led to others, amplifying the overall negative sentiment. Consumers who had never experienced issues with the products themselves began to question their safety based on the reviews of others, which undermined the brand's credibility and trust in Indonesia.

Additionally, the rapid spread of negative information has fueled a psychological effect called the "availability heuristic." This cognitive bias implies that people often place undue importance on information that is immediately accessible to them. When prospective customers came across numerous negative reviews of Johnson's Baby Products, these reviews became the most prominent and accessible information in their minds. As a result, potential buyers tended to overemphasize this negative feedback, allowing it to heavily influence their purchasing decisions, sometimes beyond what the actual quality or safety concerns might warrant.

According to Indeed (2023), The extent to which a product meets consumer needs, functions as intended, and adheres to industry standards is known as product quality. In evaluating product quality, business take into account various factors, such as whether the product addresses a problem, operates efficiently, or aligns with the customers' requirements. Product quality is determined by customer needs, requirements, and perceptions, which can differ based on market conditions, advertising, pricing, and individual preferences (Caramela, 2024).

These are some of the negative reviews that have been widely shared regarding Johnson & Johnson's baby powder product quality.

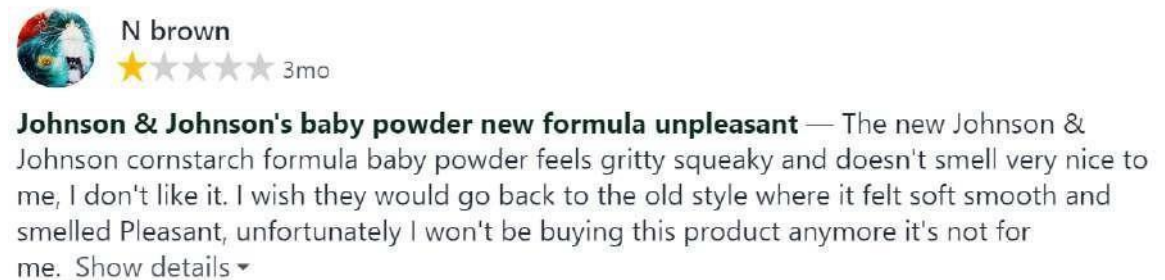


Figure 1. 2 Johnson's Baby Product Quality

Source: Soco Website (2024)



Figure 1. 3 Johnson's Baby Product Quality

Source: Review Female Daily (2024)

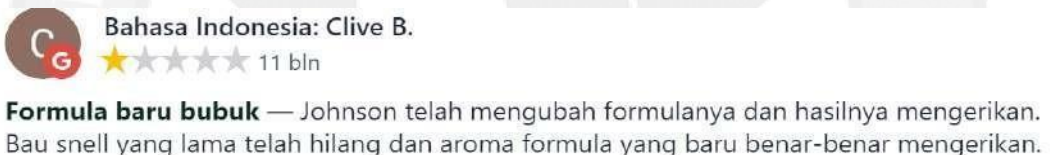


Figure 1. 4 Johnson's Baby Product Quality

Source: Shopee (2024)

For Johnson's Baby product quality in Indonesia, there have been reports indicating that some babies have experienced skin reactions such as irritation or rashes after using the new cornstarch-based Johnson & Johnson baby powder. This is a stark contrast to the previous talc-based version, which did not seem to cause such issues for many users. Parents in Indonesia have expressed significant concern and disappointment over these adverse reactions, as they rely on baby products to be gentle and safe for their infants' sensitive skin. The shift in formula has left many questioning the safety and efficacy of the new product, leading to a decline in post-purchase decision towards the brand.

Many customers in Indonesia expressed significant dissatisfaction with the changes in the scent of Johnson & Johnson's baby powder. Previously, the talc-based version of the product was known for its distinctive and pleasant fragrance, which many users associated with a cooling and refreshing effect. However, after switching to a cornstarch-based formula, the product no longer provides the same sensory experience. This change has not only disappointed long-time users but has also diminished the product's appeal to new customers seeking that classic Johnson & Johnson scent. Some users even said that Johnson sales will be skyrocket if they bring back the old scent.

In addition to the scent, the texture of the baby powder has also been a major point of contention. The cornstarch replacement has been described by several users as less pleasing to apply, with some even calling it cakey. This change in texture makes the product less effective and less comfortable to use, particularly on sensitive baby skin. The dissatisfaction with the product's texture has led many former loyal customers to discontinue its use, contributing to a decline in sales and market share.

Furthermore, mislabelling issues have added to the negative perception of Johnson & Johnson's baby powder. Many customers have reported instances where products advertised as fragrance-free were found to contain scents. This inconsistency has eroded trust in the brand, as consumers feel they cannot rely on the product labels to accurately reflect the contents. Such mislabelling not only frustrates customers but also raises concerns about the company's quality control processes and commitment to transparency.

Additionally, several Indonesia customers have voiced frustration over the inability to return or exchange products that did not meet their expectations.

According to Boyter (2023), A brand's or individual's social media presence is determined by their posts and actions on social media platforms. Businesses and people should have a strong online presence in order to engage with others, spread awareness, and highlight their unique selling points. The purpose of social media presence is to enhance brand recognition through establishing a uniform and easily identifiable brand image across multiple platforms (Lab, 2021).

Social media has become into an essential tool for establishing and preserving client relationships. Delivering pertinent and interesting content consistently is the main challenge here. Every social media site has unique dynamics and trends, and these frequently shift quickly. Changes in algorithms or platform policies can impact how a brand interacts with its audience. Additionally, social media carries high exposure risks; one mistake or controversy can quickly escalate into a serious brand crisis.

In the context of social media management in Indonesia, delayed responses to criticism and complaints, as well as low engagement with customers, can significantly harm the Johnson & Johnson company. When a company is unresponsive to issues that arise on social media, it can create the impression that the company does not care or prioritize consumer needs. This not only has the potential to damage existing customer relationships but also hinders efforts to build a positive image in the public eye.

On the company's social media channels in Indonesia, a deficiency of educational material can likewise have an adverse impact on follower interest and engagement. It is frequently difficult to draw in and keep followers when content is uninformative or does not add value. During fierce competition in the digital realm, educational content can be key to building deeper connections with audiences, enhancing engagement, and establishing a reputation as a valuable source of information.

Lastly, the decline in "views" and engagement demonstrated by @johnsonsbaby_id Instagram videos underscores the need for a thorough evaluation of content strategies and interactions with followers, even though their followers are quite big. The company must adapt to the evolving dynamics of social media, identify follower needs and interests of Indonesia customers, and enhance content quality and responsiveness to improve interactions and maintain audience interest. Thus, Johnson & Johnson can improve its image and engagement on social media platforms, optimizing its positive influence within the digital community.

Based on the background, the writer is interested in conducting research with the title **"The Influence Of Electronic Word of Mouth, Product Quality, and Social Media Presence On Purchase Decision At Johnson's Baby Product"**.

1.2 Problem Limitation

The problem limitation technique ensures that the research remains focused and the discussion is clear and concise. In this study, the writer determines problem limitation on electronic word of mouth, product quality, and social media presence

as independent variables (X), and purchase decision as the dependent variable (Y). The research is conducted specifically on Johnson's Baby products, targeting users of these products. Indicators of electronic word of mouth (eWOM) include the volume and frequency of discussions, the sentiment (positive, negative, or neutral), and the influence or credibility of the source (Handoko & Melinda, 2021a). Indicators of product quality include conformance to standards, performance in fulfilling its intended purpose, and distinctive features that enhance usability and satisfaction (Gunawan et al., 2024a). Indicators of social media presence include follower count and growth, user engagement, visibility, sentiment analysis, and conversion rates (Gräve, 2019). Indicators of purchase decisions include purchase intent, brand attitude, trust, readiness to purchase, and post-purchase expectations (Peña-García et al., 2020)

1.3 Problem Formulation

Based on the problem background described above, several problem can be identified in this study.

- a. Does electronic word of mouth partially influence purchasing decisions for Johnson's Baby products?
- b. Does product quality partially influence purchasing decisions for Johnson's Baby products?
- c. Does social media presence partially influence purchasing decisions for Johnson's Baby products?

- d. Do electronic word of mouth, product quality, and social media presence simultaneous influence purchasing decisions for Johnson's Baby products?

1.4 Objective of the Research

The objectives of this research are outlined as follows:

- a. To identify whether electronic word of mouth has a partial influence on purchasing decisions for Johnson's Baby products.
- b. To explain whether product quality has a partial influence on purchasing decisions for Johnson's Baby products.
- c. To analyze whether social media presence has a partial influence on purchasing decisions for Johnson's Baby products.
- d. To investigate whether electronic word of mouth, product quality, and social media presence have a simultaneous influence on purchasing decisions for Johnson's Baby products.

1.5 Objective of the Research

1.5.1 Theoretical Benefits

The results of this research are expected to contribute to the development of consumer behavior theories by providing empirical evidence on the influence of electronic word of mouth, product quality, and social media presence on purchasing decisions.

1.5.2 Practical Benefits

- a. For PT Johnson & Johnson:

Strategic insights into the impact of word of mouth, product quality, and social media on consumer decisions, enabling improved marketing strategies and targeted campaigns for Johnson baby powder, and providing guidance for product development and innovation strategies.

- b. For the Writer:

Practical experience in market research, data analysis, and drawing actionable conclusions, enhancing critical thinking, data analysis, and academic writing skills.

- c. For Future Research:

New research opportunities exploring related topics or building on this study's findings, with methodology and findings serving as a reference for similar research in different contexts.