

CHAPTER I

INTRODUCTION

1.1. Background of the Study

The development of the marketing world today promises a new business opportunity and challenge to gain maximum profit. This condition is expected by the marketing department producers who do not remain silent to develop their wings in order to gain maximum profit. Various new companies have emerged with various products which ultimately make companies compete with each other to win the hearts of consumers in offering products in various ways.

According to Arafah (2024), Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large. By using management, the company is expected to be able to identify and understand well the demand or needs of customers so that the company can provide products or services that are really needed by customers.

Various strategies are carried out by business actors to attract and retain customers, but the main thing is that the product or brand of the business must first be accepted by consumers. After getting consumers, the company will focus on attracting consumers to make repeat purchases. The decision to repurchase is one of the consumer attitudes in purchasing or consuming behavior on interest in a product.

Consumer purchasing decisions in PT. Atomy Indonesia Group at Medan experienced a decline. The decline in consumer purchasing decisions can be seen from the sales data obtained by PT. Atomy Indonesia Group at Medan since 2018-2023 which can be seen in the table below.

Table 1. 1 Sales Data at PT. Atomy Indonesia Group at Medan (2018-2023)

Year	Total
2018	132.818.500
2019	137.829.300
2020	144.579.150
2021	141.216.200
2022	139.990.240
2023	118.283.400

Sources: PT. Atomy Indonesia Group at Medan (2024)

Table 1.1. shows that sales data since 2018-2023 which has fluctuation conditions. But since 2021-2023, the company's sales have decreased. This is due to the high level of competition, especially in the field of skincare, which currently appears too many brands and price variations that are tailored to consumer needs.

A customer who has awareness of a brand will automatically be able to describe brand elements without having to be helped. Brand awareness can be interpreted as consumer awareness of the existence of a brand name in their mind when consumers think of a product category (recognition) and is the name they remember most for that category (recall). Brand awareness is consumer awareness of the existence of a brand in its product class that distinguishes it from competing product brands in the same product class so that the brand can be recognized and remembered well in the minds of consumers. An effective brand strategy defines a brand's target audience, develops a unique selling proposition, and creates a consistent brand experience across touch points. Brand awareness refers to a

customer's level of familiarity with a product or service by name. Brand awareness marks the beginning of a consumer's interest in a product or service. Brand awareness is also the first step on a consumer's path to purchase, as well as the starting point of their relationship with a brand (Sitorus et al., 2020).

In addition to marketing through brand awareness strategies, it can be done by utilizing technology. Revolution 4.0 is the initial milestone of the birth of globalization in the world economy. The movement of business progress is currently accompanied by developments in the field of information and communication technology. This rapid progress is evidenced by the emergence of creative and innovative business ideas based on technology. All people, including people in Indonesia, are required to be able to follow the flow of development and technological progress.



Figure 1.1 Logo of Atomy
Sources: PT. Atomy Indonesia Group (2024)



Figure 1. 1 Product of Atomy
Sources: PT. Atomy Indonesia Group (2024)

Pre survey conducted on these consumers as many as 30 respondents to consumers PT. Atomy Indonesia Group in Medan.

Table 1. 2 Pre Survey for Brand Awareness at PT. Atomy Indonesia Group at Medan

Questionnaire	Number of Respondents	Yes		No	
<i>Saya mampu mengenal jika melihat logo dari Atomy.</i>	30	13	43%	17	57%

Source: Prepared by the Writer (Customers at PT . Atomy Indonesia Group at Medan 2024)

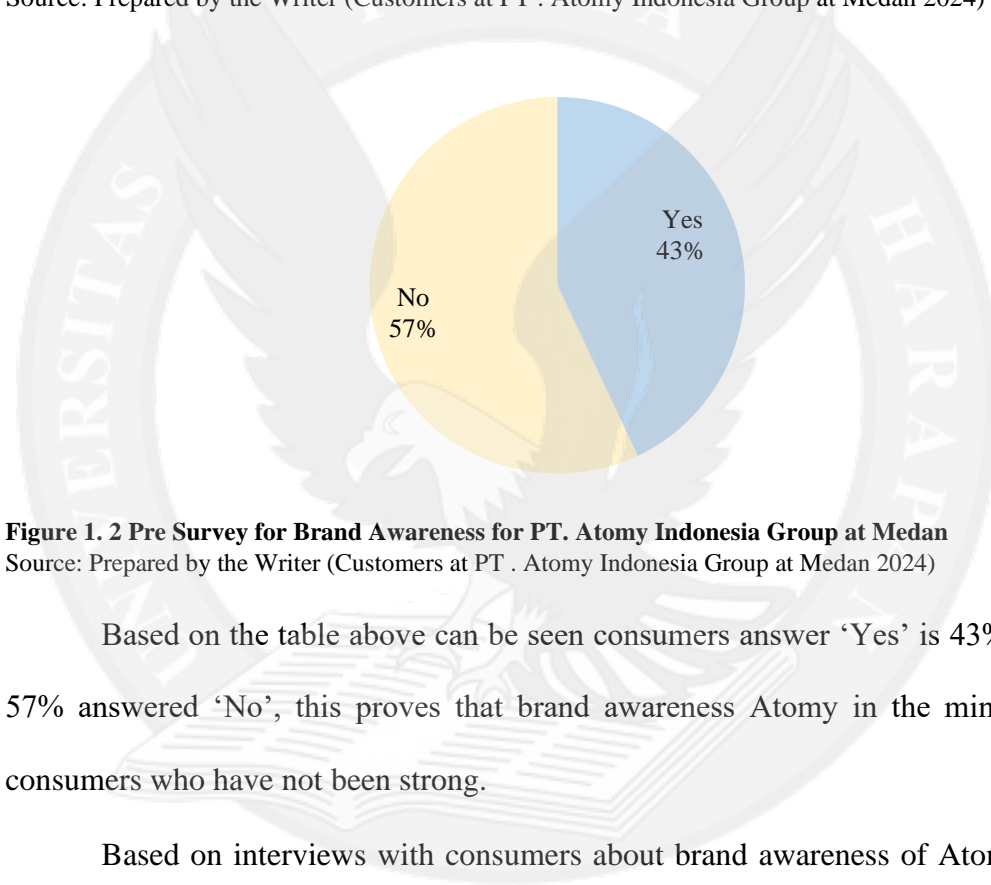


Figure 1. 2 Pre Survey for Brand Awareness for PT. Atomy Indonesia Group at Medan

Source: Prepared by the Writer (Customers at PT . Atomy Indonesia Group at Medan 2024)

Based on the table above can be seen consumers answer 'Yes' is 43% and 57% answered 'No', this proves that brand awareness Atomy in the minds of consumers who have not been strong.

Based on interviews with consumers about brand awareness of Atomy, it was found that:

1. Atomy Brand awareness is still not strong in the minds of consumers, especially in Medan.

2. This is due to the fact that Atomy loses competitiveness with Amway. The Atomy brand is still not the main choice for consumers because the expired date of atomy products only ranges from 1-2 years.
3. Atomy Customer service is still relatively less friendly in communicating to consumers so that if there are problems in the product or transaction makes it difficult for consumers because it is not handled properly.

This phenomenon that triggers brand awareness is not yet strong in the minds of consumers.

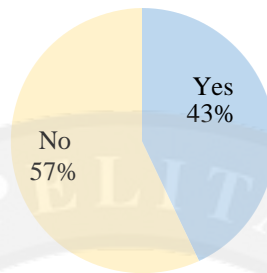
Social media is an integral part of modern life and has great potential to help companies and brands achieve their goals. By understanding the workings and benefits of social media, companies and brands can make informed decisions and use social media as an effective marketing tool. Social media advertising is a digital marketing strategy that uses paid ads to promote a business on social media platforms. It's a way to reach a target audience, promote a brand, and drive purchase decision (Hasniaty et al., 2023). Advertisements that appear on social media create visual content that encourages consumers to click and share so that marketing spreads itself. In addition, there are several other strengths of social media advertising compared to advertising with search engines. Moreover, if the advertisement has a social concept that can provoke emotions and curiosity from internet users, it can be a plus that has a greater chance of achieving success.

Pre survey conducted on these consumers as many as 30 respondents to consumers PT. Atomy Indonesia Group in Medan about social media advertising.

Table 1. 3 Pre Survey for Social Media Advertising at PT. Atomy Indonesia Group at Medan

Questionnaire	Number of Respondents	Yes		No	
Informasi pesan iklan tentang produk Atomy di Instagram sudah baik	30	14	43%	16	57%

Source: Prepared by the Writer (Customers at PT . Atomy Indonesia Group at Medan 2024)

**Figure 1. 3 Pre Survey for Social Media Advertising**

Source: Prepared by the Writer (Customers at PT . Atomy Indonesia Group at Medan 2024)

Based on the table above can be seen consumers answer 'No' is 57% and 43 % answered 'yes', this proves that the advertising strategy PT. Atomy Indonesia Group at Medan done through digital advertising is still less and not much attract the attention of consumers in the process of delivering advertising messages.

Social media advertising used by PT. Atomy Indonesia Group at Medan is Instagram. Social media advertising can be seen in the figure below:

**Figure 1. 4 Instagram for PT. Atomy Indonesia Group at Medan**
Sources: PT. Atomy Indonesia Group at Medan (2024)



Figure 1. 5 Social Media Advertising for PT. Atomy Indonesia Group at Medan
Sources: PT. Atomy Indonesia Group at Medan (2024)

Some problems found related to social media advertising at PT. Atomy Indonesia Group at Medan:

1. PT. Atomy Indonesia Group at Medan is not too active in utilizing Instagram.
2. In 2023 and 2024, there will be no more updates on the stock and activities of atomy agents.
3. This is certainly a problem for atomy consumers who need a lot of information such as discounted prices and new products and the usefulness of each product.

Utilization through social media can also be done with e-word of mouth. According to Yohansyah and Rodhiah (2021), Electronic word of mouth is a promotional effort carried out by consumers to potential consumers verbally or in writing through electronic media.

It's an opinion about a product, company, or brand shared. In today's highly digitized world, electronic word-of-mouth has largely replaced the traditional word-of-mouth process, taking it to an entirely different level. Electronic word-of-mouth is incredibly influential. A positive review can boost a business's visibility and sales. On the flip side, negative electronic word-of-mouth can be seriously damaging. The wide reach and enduring nature of online comments make electronic word-of-mouth a force to be reckoned with. Electronic Word-of-Mouth (eWOM) is widely used by consumers to gather information about a product. Information obtained from various sources on the internet will affect consumer perceptions of brand image, risk and encourage consumer purchase decision.

Pre survey conducted on these consumers as many as 30 respondents to consumers PT. Atomy Indonesia Group in Medan.

Table 1. 4 Pre Survey for E-Word of Mouth at PT. Atomy Indonesia Group at Medan

Questionnaire	Number of Respondents	Yes		No	
		Count	Percentage	Count	Percentage
<i>Komentar yang diberikan orang lain di media sosial membuat anda membeli produk Atomy.</i>	30	14	47%	16	53%

Source: Prepared by the Writer (Customers at PT . Atomy Indonesia Group at Medan 2024)

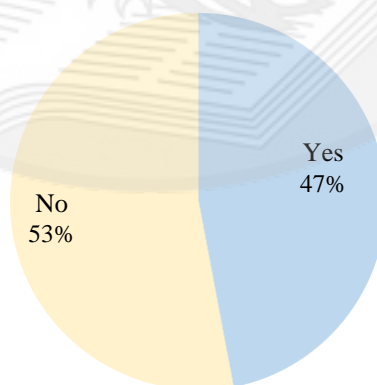


Figure 1. 6 Pre Survey for E-Word of Mouth for PT. Atomy Indonesia Group at Medan

Source: Prepared by the Writer (Customers at PT . Atomy Indonesia Group at Medan 2024)

Based on the above table the average respondent answered 'No' for

53% and 47% answered 'yes' this means that the comments given by others on social media still make consumers unable to buy Atomy products..

E-Word of Mouth on Atomy is still less attention from the company. This can be seen from the transaction on the Atomy website in the picture below.

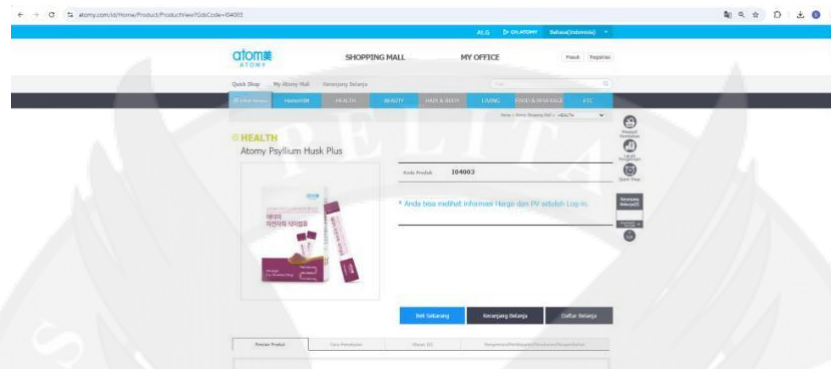


Figure 1. 7 Website of Atomy
Sources: PT. Atomy Indonesia Group (2024)

Figure 1.7 shows that the PT. Atomy Indonesia Group does not design reviews from users. So it can not provide additional information to consumers. However, some E-Word of Mouth from consumers can be found in various e-commerce.

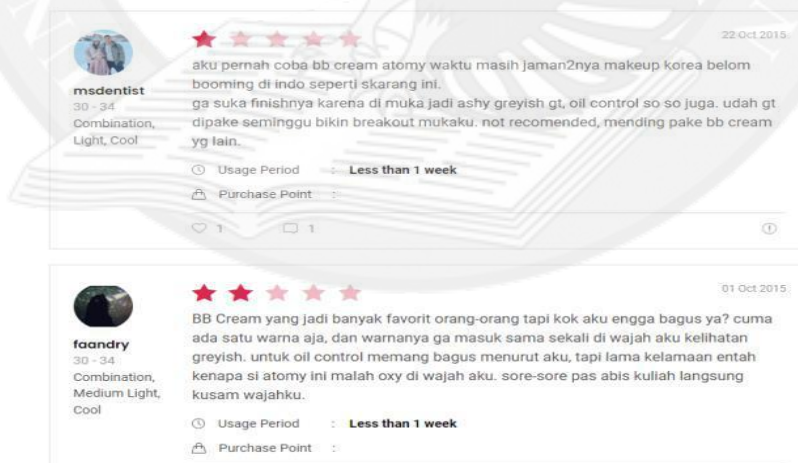


Figure 1. 8 E-Word of Mouth for PT. Atomy Indonesia Group at Medan
Sources: PT. Atomy Indonesia Group at Medan (2024)

Some problems found related to E-Word of Mouth at PT. Atomy Indonesia Group at Medan:

1. For Atomy website, found not available consumer reviews.
2. Some Atomy products lack the benefits of keeping from the skincare so sometimes cause some adverse effects such as oxy on the face of consumers, acne and so on,

This is certainly the disinterest of consumers, which encourages low purchasing decisions.

According to Andrian (2022), A consumer purchase decision is the process a consumer goes through to identify a need, generate options, and choose a product or brand. Consumer purchase decision is a psychological construct that's part of consumer behavior and can be seen as a type of cost-benefit analysis. The purchase decision process begins when the consumer realizes a problem or need for a desired product. The buying process describes the reasons why a person prefers, chooses and buys a product with specific brands. The purchase decision process consists of five stages, namely problem recognition, information retrieval, alternative evaluation, purchase decision, and post-purchase evaluation.

Atomy Co. Ltd. is a South Korean company founded by Park Han-Gill. Since its inauguration on June 1, 2009, Atomy has grown rapidly globally. In addition to South Korea, Atomy products are also marketed in nineteen countries, including America, Russia, the Philippines, and Indonesia. Atomy produces at least 400 products that focus on beauty, health, and household needs. One of Atomy's flagship products is its skincare. Atomy skincare products are claimed to be able to brighten and moisturize the skin, and overcome black spots on the face.

Based on the background above, the author will conduct a study entitled **“The Influence of Brand Awareness, Social Media Advertising, and E-Word of Mouth on Consumer Purchase Decision for PT. Atomy Indonesia Group at Medan.”**

1.2. Problem Limitation

For the problem limitation, the writer put some limitation for the research to be more organized.

1. In this study, brand awareness, social media advertising and e-WOM are independent variables while purchase decision is the dependent variable.
2. The research data was collected from customers of PT. Atomy Indonesia Group at Medan. PT. Atomy Indonesia Group at Medan which is located at Jalan Sutomo No. J13Medan
3. The data to be used was then collected from the questionnaire form created for the research object.

1.3. Problem Formulation

The problem formulations on this research are:

1. Does brand awareness has partial influence on consumer purchase decision for PT. Atomy Indonesia Group at Medan?
2. Does social media advertising has partial influence on consumer purchase decision for PT. Atomy Indonesia Group at Medan?
3. Does e-word of mouth has partial influence consumer purchase decision for PT. Atomy Indonesia Group at Medan?

4. Do brand awareness, social media advertising, and e-word of mouth have simultaneous influence on consumer purchase decision for PT. Atomy Indonesia Group at Medan?

1.4. Objective of the Research

This research has the objectives as follow:

1. To test whether brand awareness has partial influence on consumer purchase decision for PT. Atomy Indonesia Group at Medan.
2. To test whether social media advertising has partial influence on consumer purchase decision for PT. Atomy Indonesia Group at Medan.
3. To test whether e-word of mouth has partial influence on consumer purchase decision for PT. Atomy Indonesia Group at Medan.
4. To test whether brand awareness, social media advertising, and e-word of mouth have simultaneous influence on consumer purchase decision for PT. Atomy Indonesia Group at Medan.

1.5. Benefits of the Research

1.5.1. Theoretical Benefit

The results of this research are expected to contribute on development of existing theories that are relevant with the brand awareness, social media advertising, e-word of mouth and the influence on the purchase decision.

1.5.2. Practical Benefit

Here are some practical benefits of this study:

1. For the Writer

This research will provide advantage for the writer to have deeper understanding in the subject of brand awareness, social media advertising, and e-word of mouth and purchase decision.

2. For the Company

This research provides advantage to PT. Atomy Indonesia Group at Medan to know and find out about its brand awareness, social media advertising, e-word of mouth, and purchase decision. It is also providing the advantage to PT. Atomy Indonesia Group at Medan in form of suggestions so the company could form a better strategy to increase its brand awareness, social media advertising, e-word of mouth and purchase decision.

3. For the other researcher

The research benefits the other researcher as source of reference about the studies regarding its variables of brand awareness, social media advertising, e-word of mouth and purchase decision.