

CHAPTER I

INTRODUCTION

1.1 Background of the Study

In recent years, the global cosmetics sector has experienced significant growth, primarily due to the growing consciousness among individuals regarding self-care and personal appearance. In Indonesia, the cosmetics industry is seeing substantial growth due to a rising desire for higher-quality and inventive products. According to the *Kementrian Koordinator Bidang Perekonomian Republik Indonesia (2024)*, the cosmetics industry in Indonesia had a growth rate of 21.9%. In 2022, there were 913 businesses, which increased to 1,010 businesses by mid-2023. The data presented indicates a consistent rise in competition within the cosmetics industry on an annual basis. This represents a significant obstacle for companies as they strive to enhance their product offerings in order to respond to the specific requirements and desires of their customers.

Something is a local Indonesian business operated by PT Royal Pesona Indonesia. It specializes in producing halal-certified beauty and skincare products that are made with high-quality ingredients and offered at accessible costs. Something was established in May 2019 by Irene Ursula, driven by her passion for skincare with active ingredients and a recognition of the comparatively limited offerings in the local beauty business compared to overseas products (paper.id, 2022). Initially, Something exclusively focused on launching skincare items.

However, with continuous innovation, it eventually expanded its product line to include cosmetic products. According to a 2022 study conducted by Populix, Somethinc secured the 4th place, with 19% of respondents using it as the preferred local cosmetic brand in Indonesia (Angelia, 2022).

According to the provided data, Somethinc is currently ranked fourth. Although it has not yet reached the top position, this demonstrates that Somethinc has implemented a consistent approach to eventually be included among the most popular local brands in Indonesia. This could be attributed to various causes, such as Somethinc's marketing strategy, which may not be as effective as other businesses approaches in convincing customers to make repeat purchases (Debora, 2023).

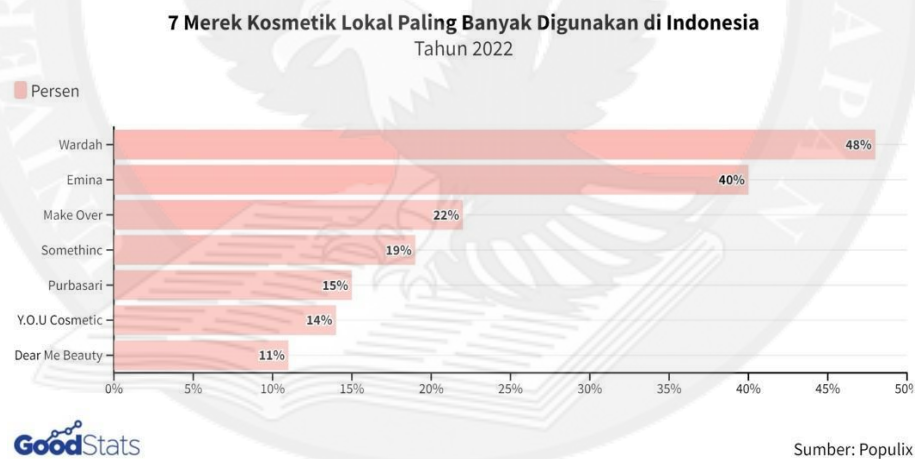


Figure 1.1 7 Merek Kosmetik Lokal Paling Banyak Digunakan di Indonesia
Source : Populix (2022)

In this modern-day, marketing has been experiencing continuous development, particularly through the extensive use of affiliate marketing strategies. Affiliate marketing refers to the practice of selling a product or service,

established by a single entity such as e-commerce corporation or individuals, through other active seller who share in the profits. The product industry may offer a range of marketing materials, including sales receipts, affiliate links and tracking services. The majority of affiliate marketing partnerships originate from online businesses that provide affiliate programs (Helianthusonfri, 2019).

Affiliate marketing is typically combined with content marketing, where affiliates utilize various forms of content media to promote the products they are marketing. Content marketing has the ability to foster a deeper and intuitive connection between business and its customers. Kotler, Kartajaya, et al. (2019) defines content marketing as the strategic process of curating, generating, disseminating or endorsing material that is both valuable and engaging to the target audience, with the aim of stimulating meaningful discussions and interactions.

Affiliates use content marketing as a means of advertising to raise awareness of the brands associated with the goods they are promoting (Yuda Prasetya & Nugroho, 2024). According to Keller & Swaminathan (2019), brand awareness refers to the extent to which consumers can remember and recognize brands in different settings. It is a measure of the strength of brand recall in the minds of consumers.

Due to the intensifying market competition between numerous makeup businesses, buyers are finding it more challenging to make purchase due to the overwhelming number of available options. According to Tjiptono & Diana (2020), purchasing decision is a cognitive process in which consumers recognize a need,

gather information regarding a certain product or brand, assess how an alternative can address the need and subsequently make a decision to purchase.

Something is recognized for the quality of its skincare and cosmetic goods. The brand has successfully captivated consumer's interest by employing diverse digital marketing techniques to boost sales and widen its market presence. Therefore, the writer undertook a preliminary survey using Google Form to determine the effect of utilizing affiliate marketing, content marketing and brand awareness on consumer purchasing decisions.

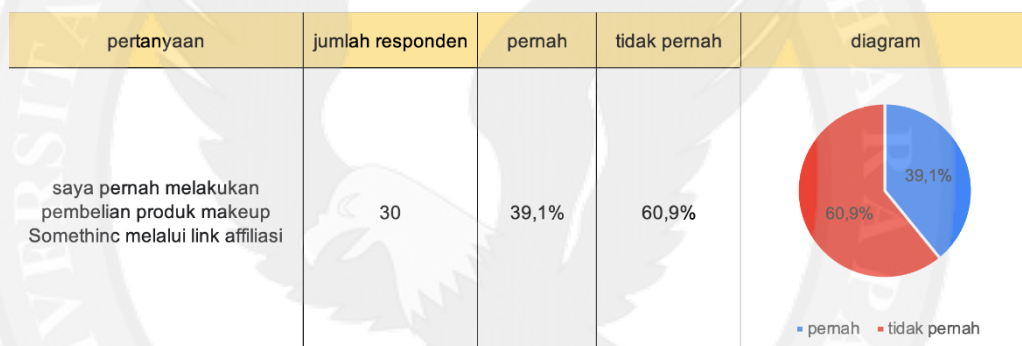


Figure 1.2 Pre Survey Question 1 Result

Source : Prepared by Writer (2024)

Based on the results of the pre-survey of 30 respondents in Figure 1.2, shows that 39.1% (12 persons) have purchased Somethinc makeup products through affiliate links, while there are 60.9% (18 persons) who have never purchased Somethinc makeup products through affiliate links.

According to Customer A, the primary issue is the lack of trust in utilizing affiliate links. Customer A acknowledges the existence of the affiliate program but

is hesitant to utilize it due to a distrust of affiliate links distributed by content creators or influencers.

Customer B asserts that the issue arises from a deficiency in comprehension regarding the affiliate program's functionality. The absence of clear education or knowledge causes Customer B disinterested in purchasing Somethinc makeup products through affiliate links, consequently reducing its effectiveness.

This finding demonstrates that the majority of Somethinc makeup consumers do not rely on affiliate links from influencers or content creators associated with Somethinc when making purchasing decisions. This indicates the limited efficiency of affiliate links, which may be attributed to various causes, including consumer distrust towards affiliate links and lack of understanding or interest in affiliate programs.

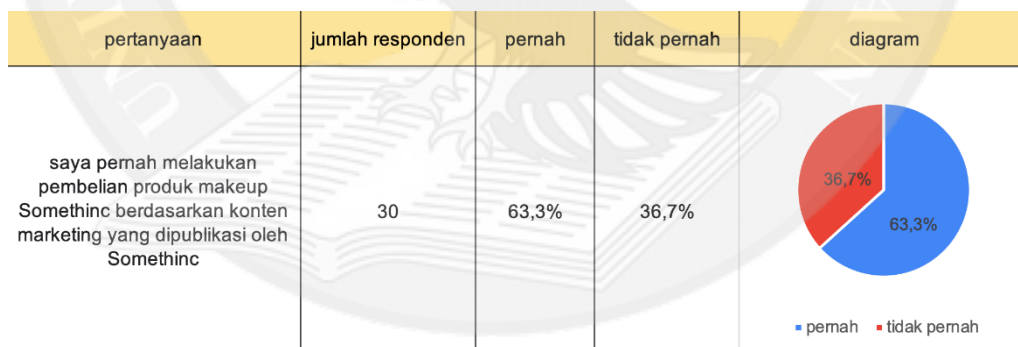


Figure 1.3 Pre Survey Question 2 Result

Source : Prepared by Writer (2024)

The pre-survey results in Figure 1.3 indicates that 63.3% (19 persons) had purchased Somethinc makeup products due to the impact of Somethinc's marketing content, however 36.7% (11 persons) did not make purchases because they were

not influenced by Somethinc's marketing content. Although the majority of respondents were influenced by Somethinc's marketing content throughout the purchasing decision process, it is important to acknowledge that a significant portion remained unaffected.

According to Customer A, the content provided by Somethinc lacks appeal and fails to engage consumers effectively. Consequently, it fails to motivate the purchasing process. The difficulty with Customer B is that the marketing content distributed by Somethinc fails to deliver a compelling message and has sufficient relevance to effectively persuade that the Somethinc brand is the most suitable option. Customer C faces a purchasing issue due to numerous local brands that provide comparable products at similar pricing and advantages.

Therefore, it is essential to evaluate Somethinc's content marketing strategy. Respondents who did not make a purchase encountered specific challenges, including unappealing content, inability to persuade consumers to buy and competition from other local beauty products in terms of pricing and benefits.

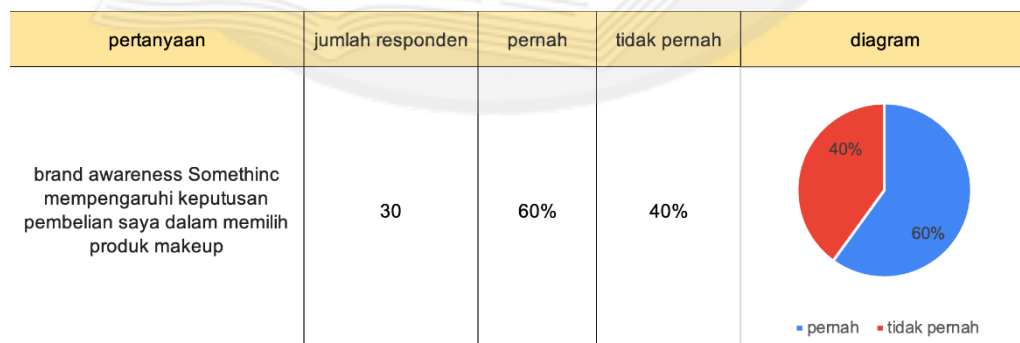


Figure 1.4 Pre Survey Question 3 Result
Source : Prepared by Writer (2024)

The pre-survey results in Figure 1.4 found that as many as 60% (18 persons) have purchased products based on the brand awareness created by Somethinc. This demonstrates that the majority of consumers react well to the branding initiatives undertaken by Somethinc. However, there are 40% (12 persons) who have never purchased products based on the brand awareness created by Somethinc. This suggests that they may be consumers who are less responsive to the branding strategies, indicating a lack of effectiveness in raising brand awareness among certain consumer segments.

According to Customer A, the issue may be that Somethinc's products lack differentiation from those of other brands, which eventually limits the purchasing decision-making process. Customer B, who may have greater trust in other businesses about product quality and outcomes. Consequently, people are unwilling to change over or experiment with items from Somethinc despite recognizing numerous benefits.

It is possible that consumer have different preferences when it comes to making purchasing decisions, such as putting more trust in other brands that better align with their needs.

Based on the statements and the results of the pre-survey that has been carried out, the writer are interested in conducting research with the title : **“The Effect of Affiliate Marketing, Content Marketing, and Brand Awareness on Customers Purchasing Decision for Makeup Brand Somethinc in Medan”**

1.2 Problem Limitation

The research title indicates the necessity to narrow down the problem being studied in the current instance. The purpose of this problem's limitation is to shift emphasis towards research in order to gain accurate and comprehensive conclusions regarding the issues being studied. The limitations of this study include :

- a. This research specifically investigates the impacts of three different independent variables, especially affiliate marketing, content marketing and brand awareness on consumer purchasing decisions on 'Somethinc' makeup products.
- b. The independent variable affiliate marketing in this research focuses on several indicators in accordance with the existing problems, including indicators informativeness, incentives and perceived trust.
- c. The independent variable content marketing in this research focuses on several indicators in accordance with the existing problems, including indicators reader recognition dan sharing motivation.
- d. The independent variable brand awareness in this research focuses on several indicators in accordance with the existing problems, including indicators recognition dan purchase.
- e. The dependent variable purchase decision in this research focuses on indicators in accordance with the existing problem, including indicator habits in buying a products.

1.3 Problem Formulation

The problem formulation for this study are as follows :

- a. Does affiliate marketing partially influence purchasing decisions of “Somethinc” makeup products?
- b. Does content marketing partially influence the purchase decision of “Somethinc” makeup products?
- c. Does brand awareness partially influence the purchase decision of “Somethinc” makeup products?
- d. Does affiliate marketing, content marketing and brand awareness simultaneously influence purchase decision of “Somethinc” makeup product? And among the three marketing strategies, which marketing strategy has the most significant influence on purchasing decisions for “Somethinc” makeup products?

1.4 Objective of the Research

The objective of this study are as follows :

- a. To determine the effects of using Affiliate Marketing strategies influences consumer purchasing decisions to buy Somethinc makeup products.
- b. To determine the effects of using Content Marketing strategies influences consumer purchasing decisions to buy Somethinc makeup products.
- c. To determine the influence of Brand Awareness on consumer purchasing decisions to buy Somethinc makeup products.

- d. To understand how the combined use of Affiliate Marketing, Content Marketing and Brand Awareness affects purchasing decisions for Somethinc makeup products and which marketing strategy is most influential in consumer purchasing decisions.

1.5 Benefit of the Research

This research aims to provide valuable insights and provide practical help for readers and researches. This research has both theoretical and practical benefits, which are as follows.

1.5.1 Theoretical Benefit

This research aims to make a significant contribution to the advancement of digital marketing theory by conducting a thorough analysis of the impact of affiliate marketing, content marketing, and brand awareness on consumer purchase decisions. Furthermore, this research aims to enhance understanding of marketing by offering empirical information on the correlation between digital marketing methods and consumer behaviour.

1.5.2 Practical Benefit

- a. For Company

The findings of this study can be utilized to assist the cosmetics brand 'Somethinc' in developing and executing more effective marketing approaches. By comprehending the impact of affiliate marketing, content marketing, and brand awareness, companies may optimize resource allocation and enhance sales.

b. For Customers

This study has the potential to assist customers in comprehending the impact of marketing methods on their perceptions and decision-making processes. Therefore, consumers are able to make more informed purchasing decisions that align with their specific requirements.

