

CHAPTER I

INTRODUCTION

1.1 Study Background

Over the past few years, skincare has evolved into a crucial part of the daily routines of a large number of individuals all over the world. Progress in the economic, socio-cultural and technological fields has brought changes to a person's lifestyle, starting from fashion and skin care, so that various beauty care products have emerged which are basic needs, especially for women (Selvia, 2022). This tendency is especially prominent in Indonesia, where a rising number of women are placing a greater value on the health and look of their skin. The skincare market in Indonesia is expanding at a quick rate, and there is a wide variety of goods accessible, ranging from locally produced brands that are affordable to international brands.

The rapid growth of social media platforms such as TikTok and Instagram has significantly transformed how consumers in Medan discover and engage with skincare products. Young adults—particularly women aged 18–25—are increasingly influenced by short-form video content and endorsements from local micro-influencers when considering to purchase skincare brands. Purchase Decision is an important topic in consumer behavior that describes the process by which people decide whether or not to buy a thing. This decision-making process consists of various stages, including identifying needs, acquiring information,

assessing alternatives, making a purchasing decision, and post-purchase evaluation. Understanding what drives these decisions allows organizations to customize their marketing tactics more effectively.

Recent sales data from the first quarter of 2024 compared to the first quarter of 2023 on figure 1.1 suggests tremendous growth in many segments of the skincare industry. For example, beauty packages have increased by 90%, facial moisturizers have increased by 51%, perfumes and scents have increased by 53%, facial cleansers have increased by 36%, and sunscreens have increased by 99%. It appears that there is a higher demand from customers and a greater awareness of skincare products.

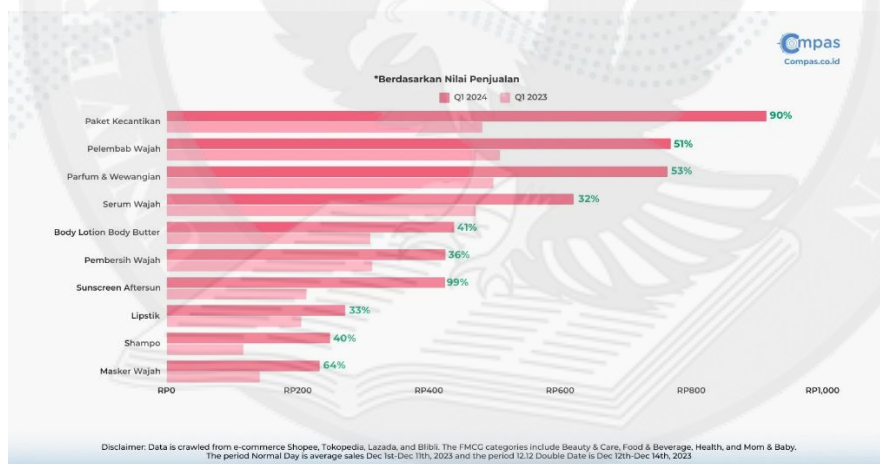


Figure 1.1 Beauty Package Category Sales Trends in Q1 2024 and Q1 2023
(Sumber: compas.co.id)

Cetaphil is a well-known and Trusted dermatologist-recommended skincare brand in Indonesia, offering a variety of skincare products such as cleansers, moisturizers, serums, and sunscreens that have demonstrated significant benefits

for many users, especially in Medan. There are many consideration when making Purchase Decision on Cetaphil's products like purchase priorities. Customers in Indonesia show less purchase of Cetaphil skincare product when compare with other skincare brands. According to the statistic on figure 1.2, it shows Facial Cleanser Market Share on Q4 2024. The facial cleanser market experienced fluctuations throughout Q4 2024. Skintific maintained its position as the market leader, peaking in October with a 21% share, before stabilizing at 17.7% in December, while Cetaphil ending the quarter at 5.8%. This competitive landscape highlights that although Cetaphil is recognized as one of the leading international derma skincare brands in Indonesia, customers in Indonesia still prioritize to buy from other skincare brands.

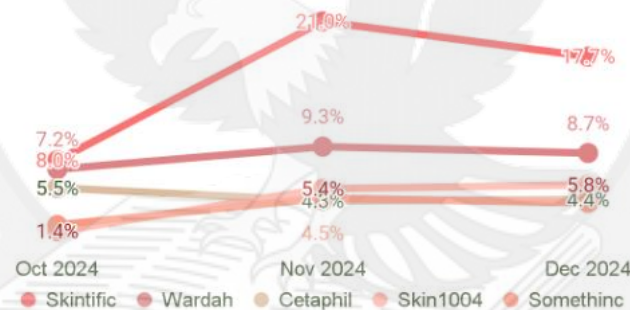


Figure 1.2 Facial Cleanser Market Share on Q4 2024

(Sumber: www.vritimes.com)

When making Purchase Decision, knowing information and consumer needs toward the product is important before decising to purchase a product. Cetaphil's products information can be came from social media advertisement or electronic word of mouth. This serve not only as promotional tools but also as spaces where Trust is built through information gains, interaction, transparency, and

community feedback. Although Cetaphil consistently shares informative content about its products on social media, the lack of interactive engagement, repetitive content, and minimal user involvement reduce audience connection with the brand. Similarly, negative E-WoM in the form of customer reviews, particularly those highlighting discomfort and low favour with certain products can make customers reconsider toward their Purchase Decision. Both of these problems point an issue of lower consumer Trust.

Trust plays a vital mediating role between marketing efforts and Purchase Decision of an product. In the virtual world, the responses of consumers toward different brand interactions depend on Trust and brand knowledge (Hanaysha, 2022). When customers are gaining positive feedbacks and social interaction with a product, it increase Trust. Trust could help customer to be more determine to buy goods from a brand. Made et al. (n.d.) stated that Brand Trust has a positive and significant effect on purchasing decisions. Therefore, understanding how Social Media Marketing and E-WoM influence Trust and in turn affect Purchase Decisions is crucial for optimizing Cetaphil's marketing effectiveness.

Despite Cetaphil's regular social media activity like promote their products on social media, which include posts about product benefits, skincare suggestions, and usage directions for customers, there are limitation of engagement toward customers. This problem came from a lack of interactive and social interaction with customers. The following is social media marketing comparison between Cetaphil skincare products with one of the closest competitors, Skintific skincare products.

Table 1.1 Social Media Marketing Comparison between Cetaphil Skincare Products and Skintific Skincare Products

Category	Cetaphil	Skintific
Instagram Strategy	Clean, clinical content, professional tone	Trend-driven, before-after results, viral short videos
TikTok Presence	Modest, mostly educational skincare content	Very strong — frequent viral content, KOL collabs
Influencer Use	Dermatologists, professional skincare reviewers	Massive beauty influencer outreach including TikTokers, student ambassadors
Language & Voice	Formal, trustworthy	Fun, confident, Gen Z-friendly tone
UGC (User-Generated Content)	Low to moderate	Extremely high
Engagement Style	Quiet authority, clinical trust	Highly interactive, comment-driven, community-focused

Cetaphil's social media activity is mostly happened in one-way, with most of the focus on promotion, tips on using their products and positive messaging. They less uploads about user-generated content, such as customer evaluations, testimonials, or problem-solving responses, which are for building meaningful contact with followers. This lack of real involvement decreases the impression of credibility and response of the business, thus reducing consumer Trust. As a result, potential consumers may hesitate or feel detached from the brand, reducing their Purchase Decision. Therefore, Purchase Decision of a customers can be affected from Social Media Marketing with Trust as mediator.

Electronic word-of-mouth (E-WoM) has an effect on consumer Purchase Decision, especially in the beauty and skincare industries reviews from previous customers that are frequently become the key factor in purchasing decisions. In the case of Cetaphil products, E-WoM is mostly expressed in user-generated reviews on beauty shopping platforms such as SOCO by Sociolla. An analysis at consumer feedback reveals a customer's low favour with Cetaphil products. Reviews on one of Cetaphil's Moisturizers products stated that the moisturizers made customers skin feel oily, while variations with sunscreen ingredients were stated as giving sting sensation and leaving a sticky texture. Some reviews also expressed about the purchase and stated that they would not purchase the goods again in the future. These unfavorable views, when expressed openly and visually through E-WoM, can have a significant impact on potential consumers and lead to losing Trust in the product, ultimately influencing their purchasing decisions. Therefore, E-WoM could effect Purchase Decision, with Trust as mediation.

Despite Cetaphil's strong national brand recognition, its market penetration among customers in Medan remains lower than that of local competitors who leverage both aggressive influencer campaigns on social media with high customer engagement and targeted promotions within e-commerce ecosystems. Notably, negative reviews or complaints about Cetaphil products on SOCO by Sociolla App have been shown to reduce consumer Trust, even if initial perceptions were positive due to engaging content seen online. This phenomenon highlights the pivotal role of Trust as a mediating variable between digital marketing efforts (both Social Media Marketing and E-WoM) and actual Purchase Decisions. Study by J.R. Hanaysha confirmed that brand Trust mediates between the variable of Social Media Marketing and Purchase Decision. Similar study from Joshi WiraAndryana shows that Trust mediates the influence of E-WoM and Purchase Decision.

Given these cases, this study aims to examine how Social Media Marketing activities, including both posting frequency and customer engagement, and electronic word-of-mouth on both social networks and buying app platforms affect Purchase Decisions for Cetaphil products in Medan with particular attention to the mediating effect of consumer Trust.

1.2 Problem Limitation

The following are research limitation for this research:

1. The study focuses only on consumers familiar with or using Cetaphil products in Indonesia.

2. Data collection relies on self-reported surveys which may be subject to response bias.
3. The mediating effect of Brand Trust is limited to consumer-to-consumer communication and does not include influencer marketing or paid endorsements.
4. Demographic diversity (age, groups, purchase frequency) may be limited depending on sample selection.

1.3 Problem Formulation

The following are problem limitation for this research:

1. Does Social Media Marketing influence Purchase Decisions for Cetaphil products among Medan consumers?
2. Does E-WoM influence customers' Purchase Decisions Cetaphil products among Medan consumers?
3. Does Brand Trust influence Purchase Decision for Cetaphil products among Medan consumers?
4. Does Social Media Marketing influence Brand Trust for Cetaphil products among Medan consumers?
5. Does E-WoM influence Brand Trust for Cetaphil products among Medan consumers?

6. Does Brand Trust mediate the relationship between Social Media Marketing and Purchase Decision Cetaphil products among Medan consumers?
7. Does Brand Trust mediate the relationship between E-WoM and Purchase Decision Cetaphil products among Medan consumers?

1.4 Objective of the Research

Here are some objectives of the research that you can make to solve the problem that've been found, which are:

1. To analyze the influence of Social Media Marketing on consumers' Purchase Decisions toward Cetaphil skincare products in Medan.
2. To examine how E-WoM influence consumer buying decision toward Cetaphil skincare products in Medan.
3. To examine how Brand Trust influence consumer buying decision toward Cetaphil skincare products in Medan.
4. To examine how Social Media Marketing influence Brand Trust toward Cetaphil skincare products in Medan.
5. To examine how E-WoM affects Brand Trust toward Cetaphil skincare products in Medan.
6. To investigate whether Brand Trust mediates Social Media Marketing and Purchase Decision toward Cetaphil skincare products in Medan.
7. To explore if Brand Trust mediates between E-WoM and Purchase Decision toward Cetaphil skincare products in Medan.

1.5 Research Benefit

1.5.1 Theoretical Benefit

1. To Expanding existing literature about consumer behavior in skincare markets within emerging economies like Indonesia.
2. Providing empirical evidence about mediation effects involving word-of-mouth in marketing models related to skincare brands.
3. Enhancing understanding of how independent variables (Social Media Marketing & E-WoM) interact with dependent variables (Purchase Decision) through Brand Trust as mediator

1.5.2 Practical Benefit

1. Helping marketers design effective strategies emphasizing key factors that drive purchases such as improving marketing strategies and solving reviews problem.
2. Guiding promotional efforts by leveraging positive electronic word-of-mouth channels among Indonesian skincare consumers especially women demographics.
3. Assisting local distributors or retailers in positioning Cetaphil competitively against local brands based on insights into customer preferences.