

CHAPTER I

INTRODUCTION

1.1. Background of the Study

The growth of the local perfume business continues to increase significantly. It can be seen from the increasing number of perfume brands that continue to emerge with their own uniqueness. At this time perfume has a very big influence on people who use perfume as their daily needs, perfume is used to support appearance and increase the value of confidence for those who use it. The existence of perfume is very large in the world of trade, because almost most of the world's people use perfume, especially in Padang City. With the many variants of perfume today, many consumers choose perfume by prioritizing issues and perceptions of which perfume product they will choose which is measured by experience with their perfume.

The growth of the local perfume business in Indonesia in the last 5 years has been rapid. This may be due to one of the projects launched by the government in 2023, the National Movement of Proud to be Made in Indonesia (Gernas BBI), which supports the empowerment of domestic MSMEs/IKM. Until 2023, there will be hundreds of new local perfume brands with various innovations. The success of local brands in the perfumery field can be influenced by their smart marketing strategies, for example reducing cost value by selling online.

According to Holleschovsky and Constantinides (2021), The predominant audience on review platforms is comprised of consumers seeking product information about a prospective purchase and those writing the reviews. The acceptance of these platforms is substantial, and their influence on purchasing decisions and communication behavior is increasing. The information in consumer reviews is widely considered as more reliable than marketer sponsored information. To do this effectively, companies need to understand the dynamics of online consumer reviews and the impact of consumer review platforms where customer reviews and comments are posted.

After using of product, purchase intention increases as well as decreases, because it has direct relations which affect each other's. If the quality is high, purchase intention of customer is also high. (Rust and Oliver, 2024). Product quality refers to the characteristics, features, and attributes of a product that determine its ability to meet customer expectations and perform its intended function. Quality encompasses various aspects, such as reliability, durability, performance, safety, and conformance to specifications.

According to Taining (2022), the relationship between social media and consumer decision-making present that social media affects advertising attitudes, brand attitudes, and purchasing intentions of consumer. It will not necessarily affect their decision-making, but might possess a mediating effect. Social media can build brand attitudes that affect buying behavior. The good image of brand or product can lead the consumer to make decision on their purchases. Also in accordance to Yang (2021), advertising on social media that is provided by commercial sources affect

both consumer brand attitudes and purchasing intention. With it helps marketers plan their marketing strategies. Many marketers use social media for marketing campaigns. It is the easy way to communicate with consumers; also it is inexpensive to advertise their brands or services.

Established in Jakarta in 2020, SAFF & Co crafts fragrances that resonate with Indonesia's vibrant heart and evolving spirit. Dive into a world where contemporary trends meet timeless aromas, and let every spray ignite finest memories.



Figure 1. 1 Saff & Co
Sources: Google (Saff & Co, 2024)

Purchase decision is a process through which a customer goes through consists of problem identification, search for information, evaluation of substitutes, purchase decision and post purchase evaluation. The two factors that could create a problem in the purchase decision could be negative opinions from the other customers and the level of motivation to consent that feedback. The purchase decision is a crucial stage in the consumer buying journey, and understanding it is important for businesses to increase sales and customer satisfaction.

The purchase decisions for Saff & Co Perfume have decreased, which can be seen from the ratings given by consumers online.

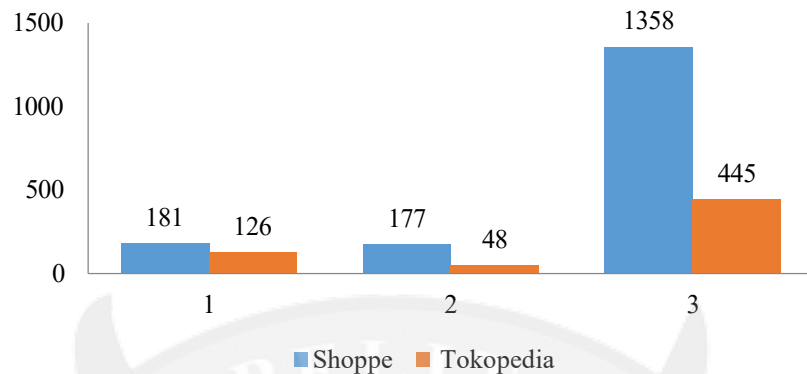


Figure 1. 2 Rating Data of Saff & Co Perfume

Sources: Saff & Co (2024)

Based on the data above, there are many bad ratings on Shopee and Tokopedia, resulting in low repeat purchases from customers. The decline in purchasing decisions for Saff & Co is due to the consistency of product quality that has not been maintained so that sometimes the aroma of perfume received by consumers is different. Then Saff & Co's low reputation is due to the delivery of empty products to consumers, but there is no accountability from Saff & Co. This phenomenon triggers low Saff & Co purchasing decisions.

Low purchase interest from customers can be seen from several negative things complained about by customers.



Figure 1. 3 Negative of Purchase Intention

Sources: Saff & Co (Shopee, 2024)

Figure 1.3 shows that there are many things that trigger customer disappointment so that they are not interested in making repeat purchases. Some things are caused by problematic and damaged packaging, the quality of the scent that does not last long, there are live differences with the original product. The formation of this phenomenon triggers customer disappointment, resulting in a decrease in customer purchase intention.

Many negative customer reviews from Saff & Co customers.

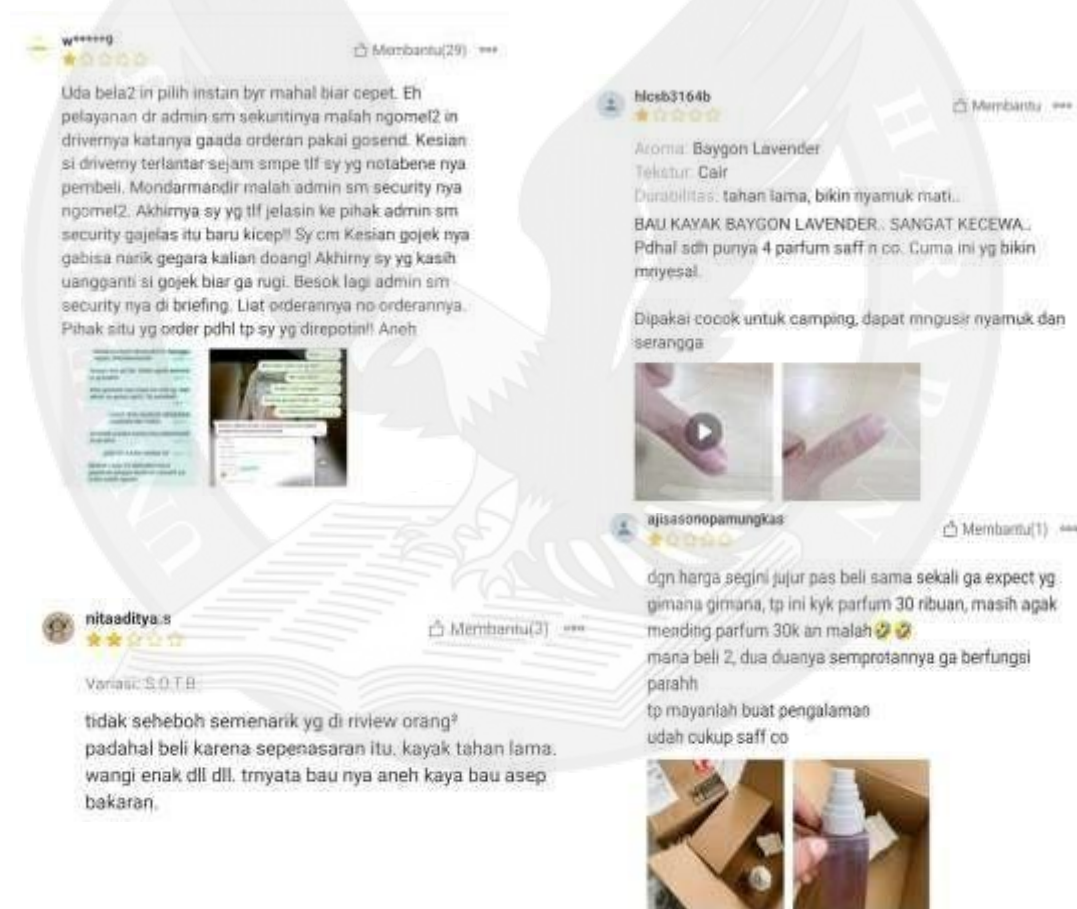


Figure 1. 4 Negative Review

Sources: Saff & Co (Shopee, 2024)

Figure 1.4 above shows that there are negative complaints about Saff & Co products. Negative reviews relate to the contents of the perfume which is not

much, the price is not comparable to the product, the aroma of the perfume is not long-lasting, the service from Saff & Co staff is quite disappointing. From this online customer review phenomenon, it triggers many customers not to want to make repeat purchases of Saff & Co products.

According to many consumers, the quality of Saff & Co products has decreased. Phenomena related to product quality.



Figure 1. 5 Product Quality
Sources: Saff & Co (Instagram, 2024)

Figure 1.5. it can be seen that the quality of Saff & Co's perfume does not have a consistent formula so that when customers make repeat purchases the fragrance of the perfume has a difference. In addition, the tester given is not in accordance with the original product, where according to the customer the tester has a better perfume fragrance while when making a purchase in a large enough package it has a difference. Of course, this phenomenon experiences customer

disappointment which ultimately triggers low purchasing decisions and purchase intention.

Social media marketing plays an important role in digital marketing strategy. One of the main goals of social media marketing is to increase awareness about the brand or business among a wider range of customers. Saff & Co started joining Instagram in May 2020. Saff & Co does not use advertising on Instagram in order to reach more customers. Since joining Instagram, it is relatively rare to update because of the period of more than 3 years, Saff & Co has only posted 517 posts.

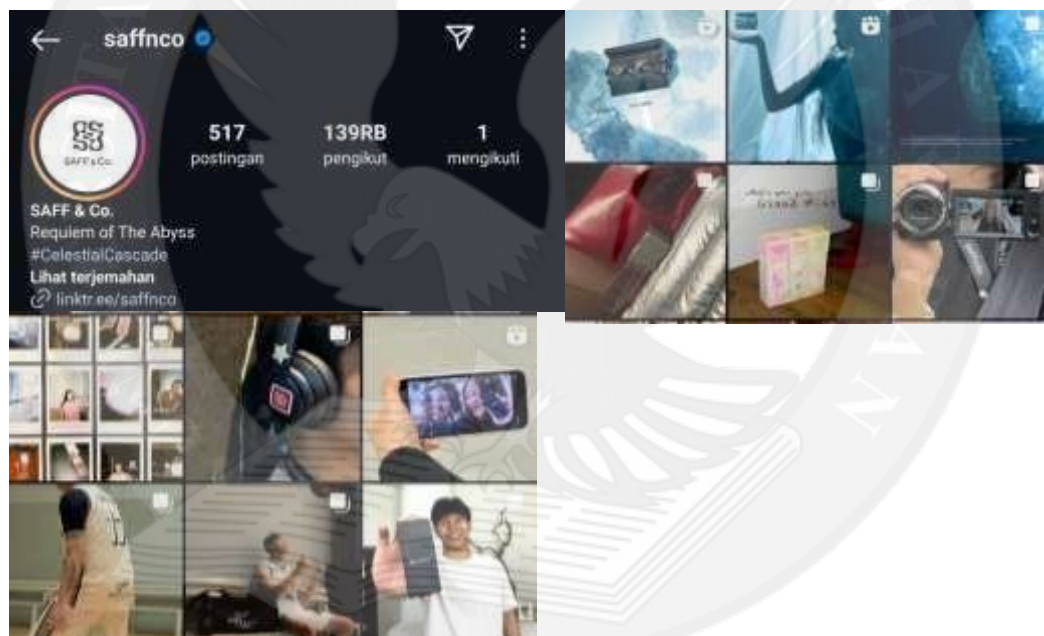


Figure 1. 6 Social Media Marketing
Sources: Saff & Co (Instagram, 2024)

The advertisements designed by Saff & Co on social media Instagram are still ineffective, it can be seen from the advertisements that are designed that do not reflect the aroma of the perfume so that customers do not have benefits in order to increase purchasing decisions.

Table 1. 1 Pre Survey for Customer Review, Product Quality and Social Media Marketing at Saff & Co Perfume

No.	Descriptions	Yes	No
1.	<i>Apakah ulasan yang diberikan orang lain di media sosial membuat anda membeli produk Saff & Co Perfume?</i>	42%	58%
2.	<i>Apakah kualitas Saff & Co Perfume yang memuaskan?</i>	23%	77%
3.	<i>Apakah informasi pesan iklan tentang produk Saff & Co Perfume di Instagram sudah baik?</i>	39%	61%

Source: Prepared by the Writer (2024)

Customers answer „No“ is 58% and 42% answered „yes“ . This proves that reviews given by other people on social media have not made customers buy Saff & Co Perfume products. Customers answer „No“ is 77% and 23% answered „yes“. This proves that the level of unsatisfactory quality of Saff & Co Perfume. Customers answer „No“ is 61% and 39% answered „yes“. This proves that the advertising message information about Saff & Co Perfume products on Instagram is not yet good.

Saff & Co Perfume is currently facing several interconnected challenges that impact both consumer behavior and business growth. One of the primary concerns lies in how potential buyers perceive the brand through online platforms. When digital feedback lacks consistency or skews negative, it can diminish trust, making it difficult for new customers to feel confident in their purchasing choices. Additionally, product-related concerns such as inconsistencies in scent longevity, packaging appeal, or the uniqueness of fragrance can create dissatisfaction, especially in a market where sensory experience plays a dominant role. The problem becomes more critical when the brand's online promotional efforts fail to capture attention or connect emotionally with the target audience. Inadequate digital engagement or uninspiring content can limit exposure and weaken the

brand's appeal. These issues collectively affect the motivation and willingness of customers to not only make a purchase but also to express interest in the future. The urgency to resolve these matters is driven by the highly competitive nature of the perfume industry, where consumer preferences are constantly evolving and brand impressions are shaped instantly through online interactions. Addressing these gaps is vital for enhancing credibility, stimulating interest, and ultimately strengthening the position of Saff & Co in a fast-paced digital marketplace.

Based on the background study, the writer is interested to conduct research with the title : **“The Influence of Customer Review, Product Quality, and Social Media Marketing Towards Purchase Decision and Purchase Intention at Saff & Co Perfume”**.

1.2. Problem Limitation

For the problem limitation, the writer put some limitation for the research to be more organized. In this study, customer review, product quality and social media marketing are independent variables while purchase decision is the dependent variable and purchase intention is the intervening variable. The research data was collected from customers of Saff & Co Perfume in Medan. The data to be used was then collected from the questionnaire form created for the research object.

1.3. Problem Formulation

Based on the background of the study, the writer formulates several questions, follows:

1. Does Customer Review has partial influence on Purchase Intention at Saff & Co Perfume?

2. Does Product Quality has partial influence on Purchase Intention at Saff & Co Perfume?
3. Does Social Media Marketing has partial influence on Purchase Intention at Saff & Co Perfume?
4. Does Customer Review has partial influence on Purchase Decision at Saff & Co Perfume?
5. Does Product Quality has partial influence on Purchase Decision at Saff & Co Perfume?
6. Does Social Media Marketing has partial influence on Purchase Decision at Saff & Co Perfume?
7. Does Purchase Intention has partial influence on Purchase Decision at Saff & Co Perfume?
8. Does Purchase Intention mediates the influence of Customer Review has partial influence on Purchase Decision at Saff & Co Perfume?
9. Does Purchase Intention mediates the influence of Product Quality has partial influence on Purchase Decision at Saff & Co Perfume?
10. Does Purchase Intention mediates the influence of Social Media Marketing has partial influence on Purchase Decision at Saff & Co Perfume?

1.4. Objective of the Research

Based on the problem formulation the objectives of this research are:

1. To analyze whether Customer Review has partial influence on Purchase Intention at Saff & Co Perfume.

2. To analyze whether Product Quality has partial influence on Purchase Intention at Saff & Co Perfume
 3. To analyze whether Social Media Marketing has partial influence on Purchase Intention at Saff & Co Perfume.
 4. To analyze whether Customer Review has partial influence on Purchase Decision at Saff & Co Perfume.
 5. To analyze whether Product Quality has partial influence on Purchase Decision at Saff & Co Perfume.
 6. To analyze whether Social Media Marketing has partial influence on Purchase Decision at Saff & Co Perfume.
 7. To analyze whether Purchase Intention has partial influence on Purchase Decision at Saff & Co Perfume.
 8. To analyze whether Purchase Intention mediates the influence of Customer Review has partial influence on Purchase Decision at Saff & Co Perfume.
 9. To analyze whether Purchase Intention mediates the influence of Product Quality has partial influence on Purchase Decision at Saff & Co Perfume.
- To analyze whether Purchase Intention mediates the influence of Social Media Marketing has partial influence on Purchase Decision at Saff & Co Perfume.

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 customer review, product quality and social media marketing and the influence on the purchase decision and purchase intention.

1.5.2. Practical Benefit

Here are some practical benefits of this study:

1. For the Writer

The result from this study can make the writer gain new experience and more knowledge about the importance of customer review, product quality and social media marketing towards customer purchase decision and purchase intention.

2. For the Company

The researcher expects the result from this study could benefit the business to evaluate, and take the result as suggestion to know the effect of customer review, product quality and social media marketing towards customer purchase decision and and purchase intention.

3. For the other researcher

The researcher expects the result from this study could become a comparison for the future researchers who are interested of studying the same topic which is the effect customer review, product quality and social media marketing towards customer purchase decision and and purchase intention.