

# CHAPTER I

## INTRODUCTION

### 1.1 Background

The development of the cosmetic world today has affected women in Indonesia and even the world. With so many interests to beautify themselves, cosmetic companies are now competing to create innovative makeup products to look beautiful and attractive, which is the dream of women. Therefore, one way to have a perfect appearance is to use a series of beauty products or commonly called makeup. Women are the main consumers of beauty products who have a high buying interest. By using a range of makeup, consumers always choose products that suit their skin type. Supported by technological advances, the cosmetic industry is now competing to innovate new products so that products can still sell well in the market. Not only cosmetics, now many are paying more attention to proper skin care for their faces to make them look healthier and brighter (Kemenperin.go.id, 2020).

Local beauty and skincare products are increasingly recognized and targeted by Indonesian consumers. The quality of local products can now be juxtaposed with big products in foreign countries which are more popular. According to data from the Central Statistics Agency (BPS), in the first quarter of 2020, the performance of the chemical, pharmaceutical and traditional medicine industries, which include the cosmetics sector, grew by 5.59% (Rizaty, 2021). Based on data from the Ministry of Industry, the cosmetics sector grew significantly in 2020, as

seen by the growth performance of the chemical, pharmaceutical and traditional medicine industries, in which cosmetics were included, which grew by 9.39% (Gareta, 2021).

Digital marketing is an application of the internet and is related to digital technology which is related to traditional communication to achieve marketing goals. Digital marketing can make it easier for consumers to find out more about a product, behavior, value, and even loyalty levels which can then combine online communication and services according to each person's needs (Chandwick, 2016:35). The existence of modern technology is now a lot of marketing using internet technology. By utilizing the internet we can market our products on social media such as Instagram, Tiktok, Twitter, and E-Commerce. Especially during this pandemic, the use of social media continues to increase. One of the driving factors for many who use social media is not only to interact with friends, but to find information, both news and about the products to be purchased (Junawan & Laugu, 2020). In Indonesia, there are many local beauty brands such as Wardah, Maybelline, Oriflame, Viva which are now constantly competing to become products that penetrate the international market. The number of competitors makes entrepreneurs rack their brains to aggressively do marketing (Liputan 6, 2020).

BRAND	TBI 2021	
Wardah	31.9%	TOP
Maybelline	11.6%	TOP
Revlon	7.5%	
Pixy	5.6%	
Viva	3.3%	

\* Kategori online dan offline

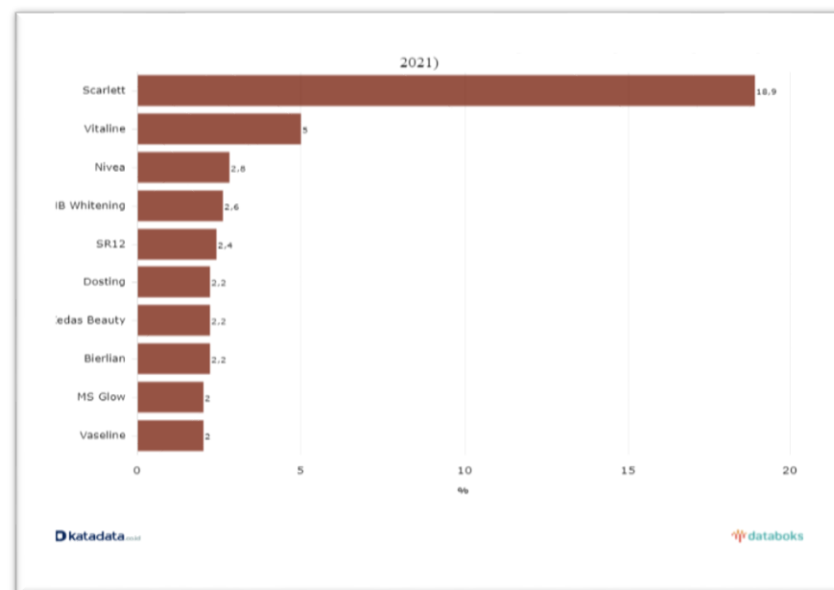
Source: <https://www.topbrand-award.com/> (2021)

**Figure 1.1**  
**Cosmetic brands indexed by TOP Brand Awards**

A top brand award is an award based on a survey involving customers directly. In Figure 1.1 it can be explained that the Wardah brand is ranked first in the cosmetics and skincare category with a value of 31.9%, followed by Maybelline which is ranked 2nd with a value of 11.6%, then ranked 3 is Revlon at 7.5%, Pixy 5.6% and Viva 3.3%. However, in the latest survey by databoks in the category of body care product rankings in Indonesia 2021, Scarlett Whitening occupies the first position as the best-selling skincare product in the market.

Word of Mouth (WOM) is a marketing communication activity through promotions carried out by other consumers both verbally, in writing, and electronically (Latif, 2018:19). WOM is one of the effective ways of promotion, both electronic and traditional so it has its value for marketers. Scarlett Whitening is a beauty care product that was just released around 2017. The owner of Scarlett Whitening is an artist named Felicya Angelista. Even though it is a new product,

Scarlett Whitening can dominate the Indonesian market share and is ranked number 1 in the category of body care and cosmetics (Rizaty, 2021). Scarlett Whitening also has many variations of body care products including body scrubs, shower scrubs, hand body, and face care products such as facial wash, serum, and day and night cream. Because Scarlett Whitening is currently popular, many content creators review Scarlett Whitening, besides wanting to know about Scarlett Whitening products, they also want to inform potential buyers about Scarlett Whitening products.



Source: <https://databoks.katadata.co.id/> (2021)

**Figure 1.2**  
**Body Care Product Ranking in Indonesia 2021**

Figure 1.2 results from Databoks shows that Scarlett Whitening products are ranked first in body care and beauty products with a total of 18.9 in 2021. It can be interpreted that Scarlett Whitening is widely used and is the best-selling product in the market. The digital world is growing rapidly with this, many have

reviewed this Scarlett Whitening product on various platforms including YouTube and social media. With E-WOM, it is easier and more effective to find out about the desired product without bothering to ask other customers. But the reality is that reviews and ratings on the internet are many people who are deceived by this and eventually they become consumers who are disadvantaged because they believe in online reviews.

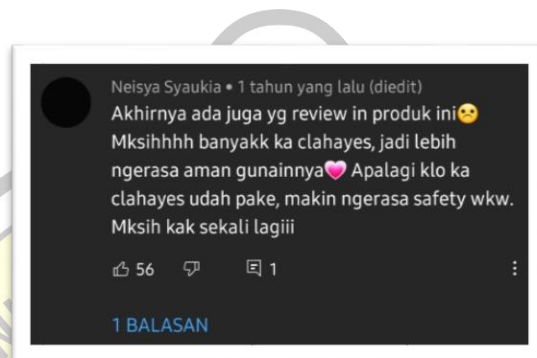


Source: Scarlettofficialshop in Shopee

**Figure 1.3**

**Riview Scarlett Whitening in E-Commerce Shopee**

Figure 1.3 shows that reviews that have 1 star are bad reviews from customers. From customer reviews stating that they are disappointed with the Scarlett Whitening product because the product is not genuine and also does not work well on the customer's face, it is easy for customers to give a bad assessment of the Scarlett Whitening product.



Source: Chanel Youtube Clahayes

**Figure 1.4**  
**Scarlett Whitening Comment in Youtube**

Figure 1.4 is a review from buyers of Scarlett Whitening products where the reviews contain positive reviews. From the picture, the buyer is happy to give a review because the buyer feels confident about the video review by one of the YouTubers named Clahayes. With positive video reviews about Scarlett Whitening, indirectly the reviews from the video have a good influence that can give positive values to potential buyers so that they have the intention to buy Scarlett Whitening products.

Brand awareness is a matter of whether a brand's name comes to mind when consumers think about a particular product category and there is a convenience when the name is raised ( Novansa & Ali, 2017:624). In marketing science, make product branding so that people know a product that is better than

competitors. Scarlett Whitening is known as a product that specializes in brightening and moisturizing. Scarlett Whitening products are able to have brand awareness in people's minds because of the words bright, whitening and moisturizing. However, the existence of brand awareness triggers a fairly serious problem such as product counterfeiting. Scarlett is one product that has this problem. However, Scarlett Whitening is able to overcome this by providing a hologram on each product and a barcode that can be scanned regarding whether the product information is genuine or fake.

According to Mustika et al., (2021:4) buying interest is the tendency of consumers to buy something or take action related to purchases and is measured by the level of possibility of consumers making a purchase. Buying interest is an important thing in determining the purchase intention of a product. Buying interest can arise if the product has an attraction for consumers so that the product sells in the market. Purchase intention can also be interpreted as a happy attitude towards an object that makes someone try to get it by paying or other sacrifices. In addition, buying interest is also defined as a plan to buy a product within a certain time.

The research gap behind this research is the difference in research results Nurrohman (2016:1) the E-WOM variable does not show positive and significant results on consumer buying interest. In Namb & Lkjaasurenaa's research (2018) the quantity of E-WOM for Korean cosmetic products among Mongolian consumers does not have a significant effect on purchase intention for Korean cosmetic products. In Laksami & Oktafani's research (2017) that E-WOM has

significant results on the buying interest variable. In addition, research by that brand awareness has no significant effect on the buying interest variable. In Soinbala & Bessie's research (2019) entitled the effect of E-WOM through Instagram social media on purchasing decisions (study on Oncu's fruit dessert) that E-WOM does not really affect buying interest. The effect of discounts, E-WOM, and price towards interest in buying in e-commerce have positive and significant results on buying interest (Setiawan et al., 2020).

On the brand awareness variable, the results of research by Mardalena et al., (2018) show that brand awareness has positive and significant results on consumer buying interest. In Sujana's research (2020) that the brand awareness variable has a significant and positive influence on the buying interest variable. Brand awareness does not have a positive and significant effect on buying interest in Kumalasari (2018) research. Not only that, there is a study by Anggitasari (2017) that brand awareness has no effect and significant on buying interest. Ahdiany (2019) that brand awareness has no effect on buying interest with brand image as a mediating variable.

Based on the background described above, it is necessary to conduct research efforts to determine buying interest in the Scralett Whitening product by social media users. From this description, it can encourage the author to conduct a research entitled "The effect of electronic word of mouth (E-WOM) and Brand Awareness on Scarlett's Buying interest (case study of social media users)".



## 1.2 Scope

Based on the description of the background that has been described above, the scope of this research is. The object of research is focused on social media users, especially FEB UMK students.

1. The research period are June until July 2022.
2. The dependent variable in this study is buying interest.
3. The independent variables in this study are E-WOM and brand awareness.
4. Social media users.

## 1.3 Problem Formulation

Based on the background that has been described, it is known that Scarlett Whitening beauty care products can compete and even dominate the local market. The well-known brand name is one of the factors in the decision to purchase Scarlett Whitening products. Brand awareness needs to be considered because there are many product counterfeits that will trigger a weakness in Scarlett Whitening's brand awareness. Not only that, there are a lot of reviews on e-commerce and social media, both positive and negative, which may encourage consumers to buy a product only with reviews from other buyers or vice versa. From these problems, it is necessary to make an effort to find out whether E-WOM, brand awareness can affect consumer buying interest in Scarlett Whitening beauty care products.

The research questions that will be discussed in this study are as follows:

1. What is the effect of E-WOM on buying interest in Scarlett Whitening?

2. What is the effect of brand awareness on buying interest in Scarlett Whitening?
3. What is the effect of E-WOM and brand awareness simultaneously on buying interest in Scarlett Whitening?

#### **1.4 Research Objectives**

Based on the description of the problem above, the objectives of this research:

1. To find out the effect of E-WOM on buying interest in Scarlett Whitening.
2. To find out the effect of brand awareness on buying interest in Scarlett Whitening.
3. To find out the effect of E-WOM and brand awareness simultaneously on buying interest in Scarlett Whitening.

#### **1.5 Research Benefits**

The benefits of this research are as follows:

1. As a reference source for further researchers regarding the E-WOM variable brand awareness and buying interest.
2. To increase consumer knowledge in implementing marketing knowledge in the business world.
3. As knowledge development in marketing management.