

## CHAPTER I

### INTRODUCTION

#### 1. Background of the problem

Consumer behavior is a process related to purchases, where previously consumers have searched, researched and evaluated services or products and beauty (Fitriana & Sukresna, 2018). The business world is growing very rapidly today. The growth of the company stimulates the emergence of competition from various companies. Companies must be able to survive in the face of emerging competition, especially similar companies engaged in the cosmetic industry. This is evidenced by the emergence of various cosmetic markets in the world. If the company cannot face competitors, the company will suffer losses. Therefore, one way to face competition is to prepare various strategies and make new innovations.

The cosmetic industry in Indonesia is Asia's third largest market. Indonesia is an attractive market for cosmetic industry players due to the high level of demand for care and beauty products (Fitriana & Sukresna, 2018). The growth of the cosmetic industry will continue to increase until 2021. The growth of the chemical, pharmaceutical and traditional medicine industries including cosmetics grew 5.59%. The growth of the cosmetic market in Indonesia is also projected to increase by 7% in 2021. The more rapid the business in the cosmetic sector, the very sharp business competition at this time is a challenge for companies to stay in the industry competition. The competition that occurs will force producers to compete in creating innovations and product variations and implementing sales strategies to attract consumers to make purchases. The emergence of the phenomenon of

celebrities engaged in the cosmetics sector is often seen on social networks or more commonly referred to as beauty influencers, which has inspired the growth of the cosmetic and care product industry in Indonesia. Currently, cosmetics is one of the growing trends in the business world. It is used not only for appearance, but also to emphasize the benefits of caring for facial skin.

Currently, facial and body care is a necessity for women. Competition in the cosmetics industry will be increasingly fierce, therefore the beauty industry must formulate plans or policies to meet consumer needs by building quality products that can satisfy consumers. This is evidenced by the circulation of various cosmetics produced in Indonesia. The number of cosmetics scattered in the market will hypnotize people's product purchase decisions. Ms Glow is a local brand cosmetic industry that was founded in 2013 which has also enlivened the world of skincare and body treatment. Ms glow not only focuses on product quality, but also focuses on marketing strategy (Barokah, Mustofa, & Rahmadani, 2021).

Based on an article quoted from [lifestyle.sindownews.com](http://lifestyle.sindownews.com) stated that "Ms Glow, one of the beauty cosmetic brands in Indonesia, won the Indonesia Best Brand Award (IBBA) 2020 for the Care category. Exclusively Sold Faces. Based on data from IBBA, in terms of Brand Awareness, MS GLOW has become the Top of Mind or the most remembered brand by consumers. This achievement is certainly not achieved instantly and in a short time, it requires a process and hard work to achieve it. Data related to MS Glow sales achievement in 2021 can be seen as follows:



**Figure 1. 1 MS Glow sales achievement data for 2021**

Based on Figure 1.1 above, it can be explained that the first rank with the highest total sales was achieved by a non-official store, namely Safira boutique. The MS Glow Official Store on Shopee is ranked 2nd with total sales that is no less large, which is around Rp. 3.35 billion with approximately 39 thousand transactions successfully completed in July 2021. Overall, the sales performance of MS Glow at Shopee can be said to be successful and experiencing rapid development. The total sales of this brand in one month are already very high, reaching Rp. 39.62 billion with approximately 376 thousand total transactions that have taken place in official and non-official stores.

The success achieved by MS Glow cannot be separated from the incessant promotion. Promotions are carried out by companies that aim to communicate and introduce a product to consumers or to potential consumers so that they are interested in purchasing products so that the company's goals can be achieved (Saputra & Karneli, 2018). The product develops its promotion through electronic media which aims to make the product widely known to the public. Before consumers make their decision to purchase goods or services at the

company, online media plays an important role in the information search process(Siswanty & Prihatini, 2020).

Amala, Budimansyah & Sanjaya(2021)suggest that brand advertising plays an important role for companies in marketing their products. Advertising will affect how buying behavior on the product, the better the advertisement of a product, the more consumer purchase interest will increase. MS Glow products are often viral on social media. This has a positive impact on the company because the product will be increasingly recognized and the purpose of advertising can be achieved. One form of advertising that is often done by MSGlow is in television and internet media.

One of the phenomena related to the importance of advertising for MS Glow's sales decisions is that MS Glow as a local brand has been successful in taking steps to market their products abroad. The founder of MS Glow Maharani Kemala stated that the concept of the MS Glow advertisement itself has a very different contrast with other cosmetic product advertisements. The ad delivered by MS Cosmetic Glow carries the feel of soft make-up combined with harmonious nuances so that it looks more elegant and still natural, of course this has a significant effect for consumers who have used or have never used MS products cosmetic.

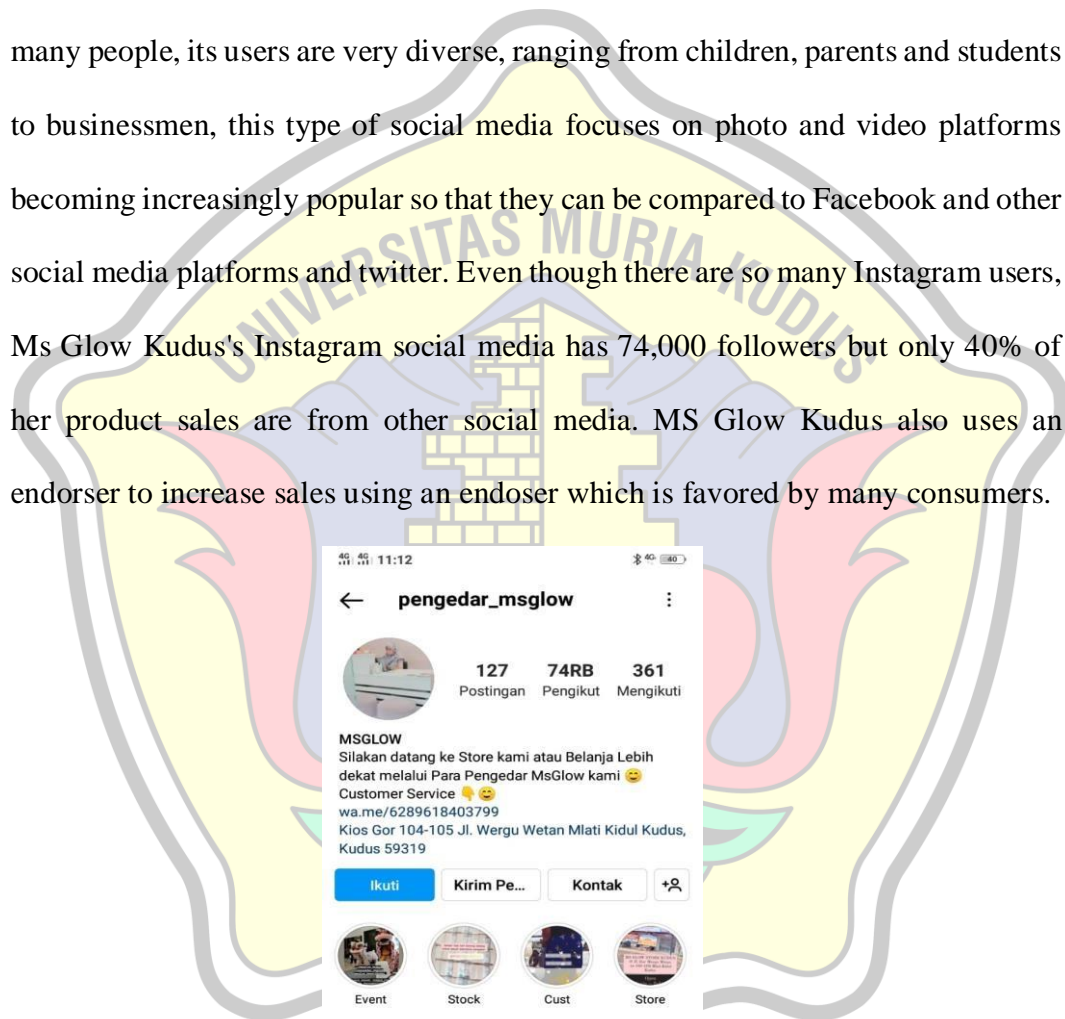
In order to support the goal of achieving the sale of a product, in addition to advertising, what is being done is to use endorsement services from both celebrities and influencers. Endorsement is an online promotion media that can provide positive value to consumers. Manufacturers usually work with influencers to promote their products that are acceptable to the public. Social media is an

indispensable part for promotional needs or communicating products for companies and is one of the best ways to reach customers widely (Setyaningsih & Sugiyanto, 2021).

Nowadays, skincare consumers are not even enough just to look at advertisements, but also consider other factors, such as endorsements as public figures to review a product that has an influence on beauty products. The endorsements carried out by MS Glow are quite bold compared to competitors. Many famous artists have become the stars of MS Glow product advertisements. The latest news in order to achieve the sales target of beauty products <https://www.bisnis.com/topic/10371/brand-ambassador> MS Glow <https://www.bisnis.com/topic/10371/brand-ambassador> officially declared South Korean actor and singer, <https://www.bisnis.com/topic/3545/artis> Cha Eun Woo <https://www.bisnis.com/topic/3545/artis> as the new brand ambassador. The title of male actor with the healthiest skin is the main reason MS Glow chooses him to be their product ambassador. One of the phenomena related to endorsements carried out by MsGlow is choosing a foreign star from South Korea Cha Eun Woo as a brand ambassador. The latest news is that MS Glow has signed contracts with 12 well-known artists as brand ambassadors of MS Glow in order to gain attention and interest in people's purchasing decisions for MS Glow products. (Slamet, Gata, Novtariany, Hilyati, & Jariyah, 2022).

MS Glow product sales system does not go through a number of national retail networks. Sales of MS Glow products are only done through agents, resellers, and distributors. Sales outlets are widely spread in all cities in Indonesia,

including the MS Glow Kudus outlet store. Based on the initial observations made by the researcher, it can be explained that to achieve the sales target, MS Glow Kudus also maximizes advertisements and endorsements as a means of attracting consumers' attention and purchases. One of the efforts made is to utilize social networks such as Instagram and Facebook. This type of social media is loved by many people, its users are very diverse, ranging from children, parents and students to businessmen, this type of social media focuses on photo and video platforms becoming increasingly popular so that they can be compared to Facebook and other social media platforms and twitter. Even though there are so many Instagram users, Ms Glow Kudus's Instagram social media has 74,000 followers but only 40% of her product sales are from other social media. MS Glow Kudus also uses an endorser to increase sales using an endorser which is favored by many consumers.



**Figure 1. 2 MS Glow Instagram**

Kalangi, Tamengkel & Walangitan(2019)identified that showing a positive influence of celebrity endorsers on purchasing decisions. This is reinforced by studies that prove that advertisements carried out by an endorser can have a positive

and significant influence on consumer purchase intentions(Singh & Banerjee, 2019). Ayuniah(2018) states that the advertising variable has a positive and significant influence on purchasing decisions. This is supported by the research of Yuniyanto & Sirine(2018)which states that advertising has a direct influence on purchase interest.

Based on the description of the background above, the researcher took the title research **“The Influence of Advertising And Endorsement on Purchase Decisions with Purchase Intention as an Intervening Variable on Skincare Product (Study On Store Ms Glow Kudus)”**.

## **2. Scope**

The scope or limitations of the discussion in this study are as follows:

- 2.1 Endogenous variables consist of advertisements and endorsements. The exogenous variables are purchase decisions that are intervening by purchase intention at the Ms Glow store in Kudus.
- 2.2 This study takes the object of respondents purchasing Ms Glow skincare at a Ms Glow store in Kudus.
- 2.3 Respondents studied were Ms Glow Kudus store consumers who would scrutinized 2 months after the proposal was approved.

## **3. Formulation of the problem**

Based on the description of the background of the problem above, there are several problems that occur in Ms Glow in Kudus including:

1. The advertisements carried out by Ms Glow in Kudus on their social media did not get a positive response from the public. This is evidenced by the lack of purchasing decisions that occur where Ms Glow Kudus's Instagram social media has 74k followers but only 40% of her product sales are from other social media.
2. The endorsement that Ms Glow can do is seen as using too much brand ambassador so that it gives the impression of being lacking focus.

Based on the description of the background and scope above, the research questions are formulated as follows:

- 3.1 Does advertising effect purchase intention on Ms Glow skincare products in Kudus?
- 3.2 Does endorsement effect purchase intention in Ms Glow's skincare products in Kudus?
- 3.3 Does adverstising effect the purchase decision of Ms Glow's skincare products in Kudus?
- 3.4 Does endorsement effect purchase decision in Ms Glow's skincare products in Kudus?
- 3.5 Does purchase intention effect purchase decisions on Ms Glow skincare products in Kudus?

#### **4. Research purposes**

The objectives of the research at the store Ms Glow Kudus are:



4.1 To find out whether advertising has an effect on purchase intention on Ms Glow skincare products in Kudus.

4.2 To find out whether endorsement has an effect on purchase intention in Ms Glow skincare products in Kudus.

4.3 To find out whether advertising affects purchase decisions for Ms Glow skincare products in Kudus.

4.4 To find out whether endorsement affects purchase decision in Ms Glow's skincare products in Kudus.

4.5 To find out whether purchase intention has an effect on purchase decisions for Ms Glow's skincare in Kudus.

## **5. Benefits of research**

The expected benefits of research at the store Ms Glow Kudus are as follows:

### **5.1 Practically**

Can provide information as an evaluation material for advertisements and endorsements on purchase intention and purchasing decisions to business actors in implementing effective marketing strategies.

### **5.2 Theoretically**

Can provide references for interested parties, especially in the marketing of beauty products.