

CHAPTER I

INTRODUCTION

1.1. Research Object Overview

Something is a local beauty started by Irene Usula in 2019 with the aim and mission of creating Something as a beauty startup that can go global, so that international consumers may acquire the greatest skincare products in their class, namely Something products from Indonesia.



Figure 1.1 Something Logo

Source: Something.com (2022)

Launching their first product in 2019, Something only offered three types of serums: hydrating, brightening and exfoliator. And also three kinds of makeup: eyeshadow palette, eyebrow and eyeliner. However, in 2021 they have successfully expanded their market by producing a wider range of skincare products, makeup products also they produce a number of makeup tools. The several Something products are as follows:



Figure 1.2 The several products of Somethinc

Source: Instagram.com (2022)

Somethinc products are distributed by PT Royal Pesona Indonesia. In terms of production, the company collaborates with PT Cosmax Indonesia, PT Nose Herbalindo, PT Formula Jelita International, PT Ayara Beauty Indonesia and PT Neo Cosmetics Industry. However, Somethinc products are not completely created in Indonesia. There is also collaboration with Chinese company, namely Sanghai Ayara Cosmetics Co., Ltd.

Somethinc sells their products through online, Somethinc sells it through official website, social media and marketplaces such as Beauty Haul, AEON, Tokopedia, Shopee Indonesia, Lazada, Zalora, Watson, Blibli, JDID, Century, C&F, Beauty Studio, The Goods Dept, Lamida, Beau, Sociaolla and Bukalapak. In order to reach international customers, Somethinc also use Shopee marketplace that are located in out of indonesia, which are Brazil, Malaysia, Philippines, Thailand, Singapore and Vietnam so that customers can buy Somethinc products within 24 hours.

By offline, Somethinc also sells their products through their offline stores and beauty stores. Somethinc in 2021, have a several offline store located in several mall in Jabodetabek (Jakarta, Bogor, Depok, Tangerang and Bekasi), Jawa,

Kalimantan which are Grand Indonesia, Central Park, Mall Alam Sutera, Supermall Karawaci, Kota Kasablanka, Mall Kelapa Gading 3, Lippo Mall Puri, Pondok Indah Mall, Paris Van Java Bandung, Galaxy Mall Surabaya, Tunjungan Plaza 4 Surabaya, Pakuwon Mall Surabaya and Big Mall Samarinda. To reach wider market also to gain more customers, Somethinc have several reseller spread all over Indonesia.

Somethinc also has social media accounts such as Instagram, Facebook, Twitter and TikTok as information and communication media for customers.

1.2. Research Background

The rapid development of technology in this era can be seen from the changes in the fuction of social media from time to time. Social media becomes a facilitator for businesses to do the marketing activities. According to Knoll (2016) Social media is acknowledged as one of the most essential communication channels for brand information, allowing for participatory, collaborative, and knwoledge-sharing activities, because of its interactive capabilities. Business are continually using social media marketing to communicate information about their businesses (Cheung et al., 2019).

In today's world, social media is the most popular medium, with billions of people using it. Currently, social media is the most effective means of sharing information and connecting with others. Based on the results of the survey conducted by Hootsuite We Are Social, Internet users in Indonesia in February 2022 reached 204.7 million people. This number increased by 2.1 million people when compared to January 2021. The current total population of Indonesia is 277.7 million. Social media users in Indonesia in February 2022 reached 191.4 million people. This number increased by 21.4 million people compared to 2021. The number of social media users in Indonesia was equivalent to 68.9 percent of the total population in February 2022. Mobile connections in Indonesia in February 2022 reached 370.1 million people. This number increased by 24.8 million people compared to 2021. The number of mobile connections in Indonesia in February 2022 was equivalent to 133.3 percent of the total population.

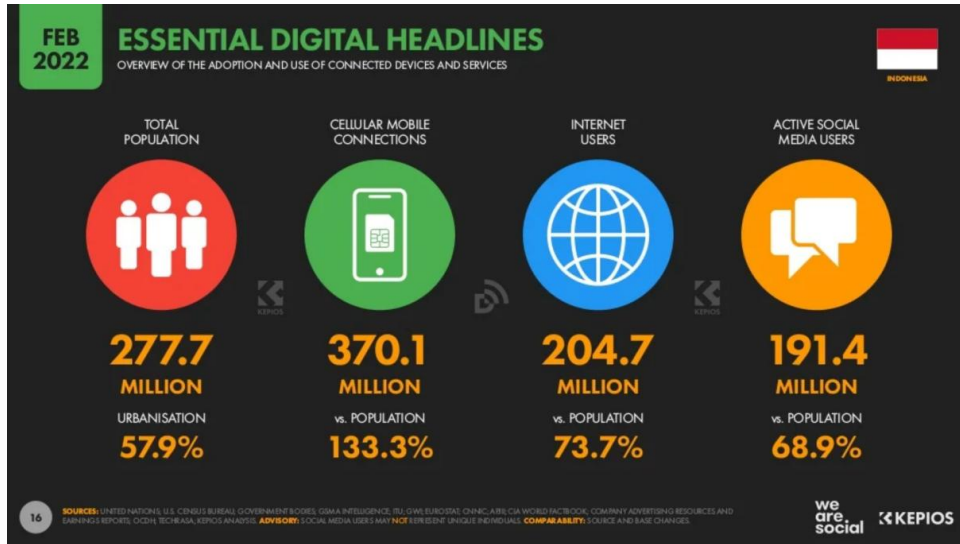


Figure 1.3 Annual Digital Growth Indonesia 2022

Source: wearesocial.com (2022)

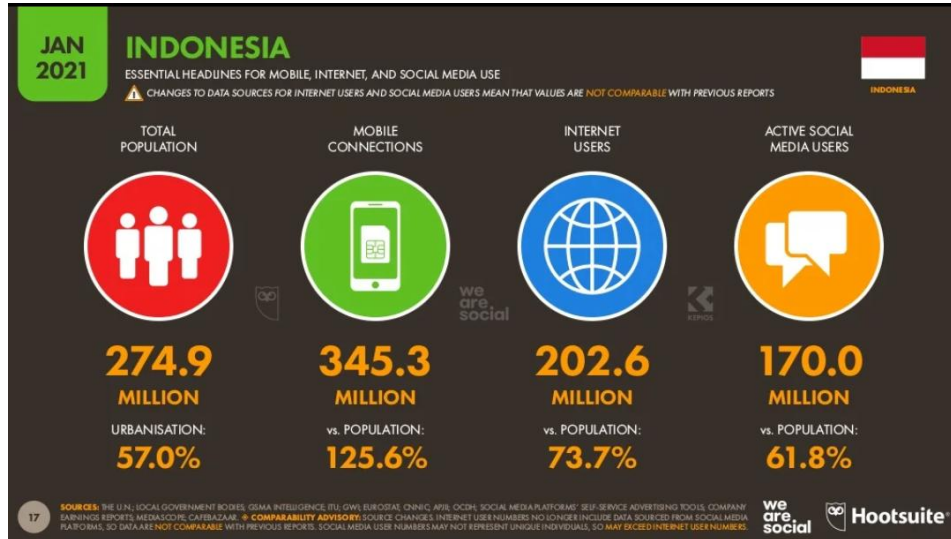


Figure 1.4 Annual Digital Growth Indonesia 2021

Source: wearesocial.com (2022)

People have accidentally started to acclimate to a new life or "New Normal" as the Covid-19 Pandemic era reaches its third year. People used to spend more time doing things inside the house, but now slowly people are starting

to do activities outside the home. Meanwhile, various changes have occurred quite a lot, one of which is in the beauty industry especially in skincare and cosmetics sector.

Cosmetics and skincare are increasingly becoming a necessity that must always be there for most people. People of all ages and economic backgrounds are increasingly concerned with their beauty nowadays. The beauty industry in Indonesia is growing year after year. According to Statista Consumer Market Outlook research, the revenue of the skincare market in Indonesia will reach US\$ 2.1 billion in 2022. This is an increase of about US\$300 million since 2021.

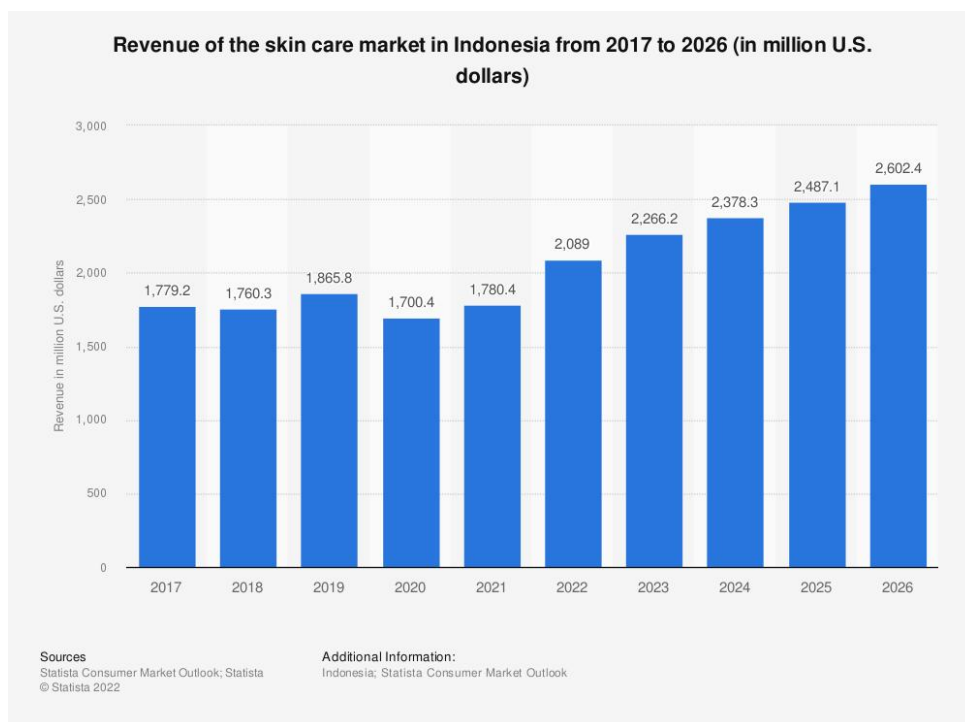


Figure 1.5 Revenue Growth of the Skin Care Market in Indonesia

Source: statista.com (2022)

The 2022 beauty trend was identified by Strategic Marketing Cosmax Indonesia last year in the form of the CHANGE Beauty Trend 2022, which includes collaboration, hybridization, advanced technology, natural ingredients, glass skin, and eco-friendliness (Pangestu, 2022) . Local beauty brands are currently adopting the trend of collaboration, which has the goal of raising

consumer awareness of various brands and goods available on the market. Collaboration with public figures, like K-Idol, is one of the things that many local beauty brands have started to do. One of the local beauty brands that collaborated earlier this year is Somethinc x NCT Dream. It is currently the appropriate time to activate to enhance brand awareness and brand image, especially for a beauty product, given the Indonesian Korean Wave phenomena and the growing customer interest in beauty products. This trend has also become Somethinc's momentum to build their brand awareness and brand image (Pangestu, 2022).

According to a survey on skincare, cosmetics, and makeup products conducted by the Katadata Insight Center (KIC) and Zigi.id, there are a number of Indonesian beauty local brands that have been successful in rising to the top of minds in Indonesian society (Dihni, 2022) . The survey found that 12.6% of respondents chose the Scarlett Whitening. Meanwhile, Somethinc is still ranked as the second local brand which is remembered by 6.3% of respondents. Then the Azarine brand was chosen by 4.3% of respondents.

10 Skincare & Kosmetik Paling Diingat Penggemar Korea (Juni 2022)

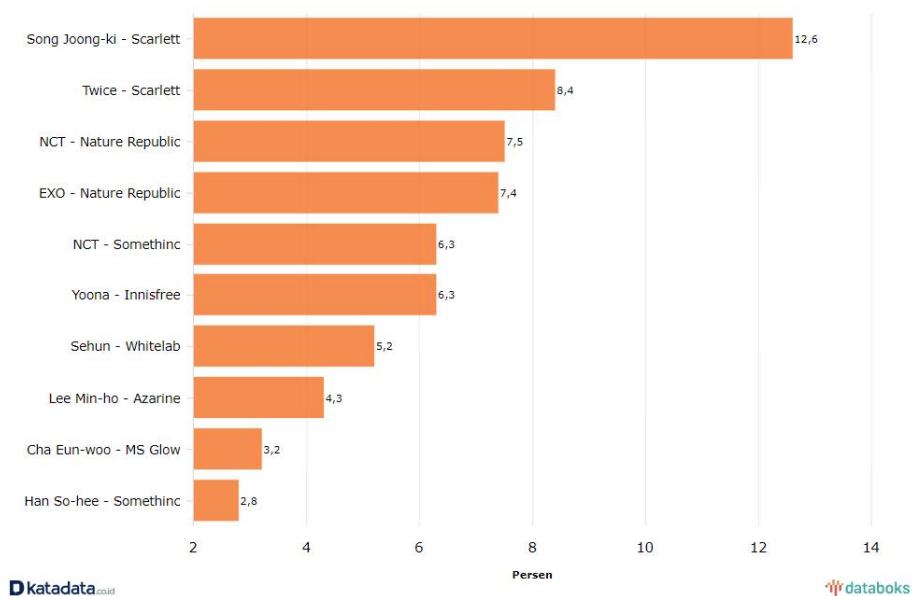


Figure 1.6 The Top of Mind Indonesian of Beauty Brands in June 2022

Source: Katadata.co.id, 2022

Social media activities have become a trend in various parts of the world, including Indonesia. Currently, social media has a great influence on consumer responses to a brand or product. The social media marketing efforts of the brand are the main reason for creating brand equity and changing response. Social media usage is widespread around the world, including in Indonesia. Nowadays, social media has a great influence on the response of consumers to a brand or product. Marketing efforts on social media of the brand are the main reason for creating brand equity and changing the response (Aurinawati & Rostika, 2017).

Brand customers are followers of the brand on this social media site and follow the latest information (Sehar et al., 2019) . This social media raises awareness among consumers and creates a brand image. Consumers search this social media for information regarding specific brands. Therefore, social media has a great influence on consumers' purchasing intentions. One of the media or applications that support e-marketing activities that are growing today is social media such as Facebook, Twitter, and Instagram. Instagram and Facebook are the most used social media. Facebook is the social media with the largest number, but Instagram is the most popular platform. The results of the Forrester Research study show that the popularity of Instagram as a marketing platform exceeds the popularity of Facebook, even Forbes Magazine described Instagram as a very powerful sales device. Social media users in Indonesia in February 2022 reached 191.4 million people. With a total user of 191.4 million, it is certainly an opportunity for companies to do digital marketing and communicate with their customers through social media. According to McKinsey (2007), marketers are aware of the opportunities and appeals that social media presents as part of their marketing strategy.

One of something's local beauty brands in 2018 also used social media as its marketing medium. Something's social media includes Instagram, Facebook, Twitter, TikTok, and Youtube. Something consistently conducts marketing communication activities through its five social media accounts. Besides Something, there are several other local beauty brands that do marketing through

social media. Somethinc utilizes social media as a medium to communicate, interact, and do advertising marketing. Somethinc not only does promotions but also provides education and tips related to facial skin care, body, as well as tips about beauty for followers on every social media account owned by Somethinc.

According to Breitsohl (2015) in (Bilgin, 2018), thanks to social media marketing activities, businesses can carry out activities such as creating their own personal brand profiles and introducing online customer service, product information, and special offers in a simple, inexpensive, and sustainable way. Somethinc carries out marketing activities through social media as an effort to increase Somethinc's brand awareness and brand image towards consumers. The social media with the highest followers that Somethinc has is Instagram. The marketing activities carried out by Somethinc on Instagram social media are quite interesting. Somethinc's social media accounts' followers on Instagram are below Scarlett Whitening in the local beauty brand category. Some local beauty brands have created Instagram social media accounts for marketing media as well as communication to their consumers. Somethinc itself has 1,369,443 followers on Instagram social media as of August 15, 2022. Here is somethinc competitor follower data for the beauty local brand category collected by the author:

Table 1.1 Number of followers of accounts on Instagram on local beauty brands
(As of 15 August 2022 at 23.55 WIB)

No.	Name of Brand Local	Instagram Account	Followers	Posts
1.	Scarlett Whitening	Scarlett_whitening	5.616.211	3.510
2.	Somethinc	Somethincofficial	1.369.443	1.807
3.	Azarine Cosmetics	Azarinecosmeticofficial	601.280	788

Source: Processed by Author, 2022

In table 1.1 informed that the followers of Somethinc's Instagram social media account number 1.369.443 under Scarlett Whitening in the local beauty

brand category. This phenomenon is one of the reasons the author uses Somethinc as an object of research because currently many companies carry out marketing activities through social media as a medium to communicate with customers so that Somethinc can be easily recognized by customers. The brand is an important part of the company because the brand is the identity of the company. Brand awareness is brand equity obtained from brand value. Social media can be used as a marketing tool to communicate, gather data, and obtain information (Adriana & Widodo, 2019). The results of research conducted by Bruno et al. (2016) found that social media marketing efforts carried out by luxury brands and showed that these efforts significantly influence brand awareness and brand image. However, judging from one of Somethinc's social media accounts namely Instagram, it is still lagging behind by its competitors. Based on this phenomenon experienced, if Somethinc does not catch up with its competitors and Somethinc does not utilize social media, it will have an effect on reducing Somethinc's brand awareness and brand image, because marketing through social media can affect Somethinc's brand awareness and brand image.

Marketing activities carried out by the company using social media related to content and other activities carried out by the company will feature e-WOM or Electronic Word Of Mouth activities. E-WOM occurs when a consumer gives his/her opinion about the brand's products or services that the consumer has used. E-WOM is referred to as a tool to influence customers before purchasing goods or services (Dahlan & Rivai, 2022) . E-WOM activities on Somethinc's Instagram social media can be seen from the comments given by followers of the Somethinc Instagram account on uploads or activities carried out on Instagram social media.

Table 1.2 Comparison of the Number of Comments and Likes on Instagram social media accounts

No.	Name of Brand Local	Instagram Account	Comments	Likes
1.	Scarlett Whitening	Scarlett_whitening	983	45.670

2.	Somethinc	Somethincofficial	39	3.881
3.	Azarine Cosmetics	Azarinecosmeticofficial	102	1.358

Source: Processed by Author, 2022

Based on the Instagram social media uploads made by Somethinc, on March 15, 2022, the content of product recommendation content from collaboration with K-Idol had 39 comments and 3,881 likes. When compared to its competitor, Scarlett Whitening on March 14, 2022, with the content of product recommendation content from the collaboration with K-Idol has 983 comments and 45,670 likes, Somethinc is still below the number of comments and likes with the same content that Scarlett Whitening got.

Somethinc consistently conducts marketing communication activities through its five social media accounts. Social media is useful for marketing only if social media marketers understand the characteristics of social media used with its relationship to the business being represented. As is known, each social media has different characteristics according to the business industry being run (Aurinawati & Rostika, 2017). The memory rates for social media commercials are more than 55% greater than those for traditional advertisements, which has contributed to the attention that social media-based marketing has garnered (Seo & Park, 2018).

In addition to the discovery of phenomena as described above, the reason why the author raised this study was because of the discovery of research gaps as in table 1.3 below

Table 1.3 Research Gap

Research Gap	Result	Researcher
1. There are differences in research results regarding the most influential dimensions in social	Entertainment	(Erdoğan & Çiçek, 2012)
		(Godey et al., 2016)
		(Cheraghizadeh, 2020)
	Trendiness	(Seo & Park, 2018)

media marketing activities.	Customization	(Bilgin, 2018)
2. There are differences in the influence of brand equity through brand awareness on commitment.	Significant	(Seo & Park, 2018)
	Not Significant	(Dahlan & Rivai, 2022)

Source: Process by Author, 2022

Research conducted by Erdoğan, İ. E., & Çiçek (2012), Godey et al. (2016), and also Cheraghalizadeh (2020) states that people are more interested in entertainment content on social media. Meanwhile, in a study conducted by Seo & Park (2018) results were found that stated that trendiness is the strongest dimension in marketing activities on social media, however, this finding is also inversely proportional to research conducted by Bilgin Yusuf (2018) which states that the customization dimension is the most influential dimension in marketing activities through social media.

In research conducted by Seo & Park (2018) it is known that marketing activities through social media marketing have a positive effect on brand equity (brand awareness and brand image) as well as brand image which has a positive effect on commitment and brand awareness which also has a significant positive effect on consumer commitment in the aviation industry.

Brand awareness that has a positive and significant effect as well found in the research of Bilgin Yusuf (2018). On the other hand, in the research conducted by Dahlan & Rivai (2022) commitment was not positively and significantly influenced by brand awareness.

The research conducted by Seo & Park (2018) is not focused on a single airline, as can be seen from table 1.3 research gap, but all airlines operating in South Korea. Additionally, the social media component of the survey, which encompasses all of the airline company's social media channels, is not focused on just one particular social media platform. The factor behind (Seo & Park, 2018) to research the aviation industry was the impact caused by the spread of a video

showing a 12 passengers who were forced to move to an airline, the impact of which the airline experienced a decrease in revenue, boycotts and demonstrations carried out by the public on the airline's social media accounts.

In relation to the research gap in table 1.3, there are inconsistencies that indicate the factors that have the most influence on social media marketing activities. According to (Ramadhita & Widodo, 2019) mentioned that the dimensions or findings found in the study will vary in results, this is influenced by the location of the research and also the industry that is the object of the study. Therefore, researchers are interested in researching whether similar results will be obtained in research of Somethinc's social media marketing activities towards brand equity and customer responses of Somethinc products. Therefore the author conducted a study entitled "THE INFLUENCE OF SOCIAL MEDIA MARKETING ACTIVITIES ON BRAND EQUITY AND CUSTOMER RESPONSE ON SOMETHINC".

1.3. Problem Formulation

The rapid development of technology in this era can be seen from the changes in the function of social media from time to time. Social media becomes a facilitator for businesses to do the marketing activities. According to Knoll (2016) Social media is acknowledged as one of the most essential communication channels for brand information, allowing for participatory, collaborative, and knowledge-sharing activities, because of its interactive capabilities. Business are continually using social media marketing to communicate information about their businesses (Cheung et al., 2019). The changes that have occurred in marketing activities make Somethinc have to be able to adjust. Somethinc is a local beauty brand engaged in the beauty industry. According to Statista Consumer Market Outlook research, the revenue of the skincare market in Indonesia will reach US\$ 2.1 billion in 2022. This is an increase of about US\$300 million since 2021. Based on the results of the survey conducted by Hootsuite We Are Social, Social media users in Indonesia in February 2022 reached 191.4 million people. This number increased by 21.4 million people compared to 2021. Somethinc uses

social media as a medium to communicate with its consumers. Somethinc's social media accounts' followers are below their competitor, Scarlett Whitening. Social media is also one of the big advertising media in today's era.

Based on a survey conducted by Katadata in 2020, the top 50 Indonesian brands in 2020 have been released. One of the things that caught the attention was the Somethinc brand, which was only 1 year old in the country, immediately perched in the top 50 top brands in Indonesia, in line with big brands such as Indomie, Aqua, Maspion, and other big brands. However, according to a survey on skincare, cosmetics, and makeup products conducted by the Katadata Insight Center (KIC) and Zigi.id in 2022, there are a number of Indonesian beauty local brands that have been successful in rising to the top of minds in Indonesian society (Dihni, 2022). The survey found that 12.6% of respondents chose the Scarlett Whitening brand with brand ambassador Song Joongki and 8.4% of respondents chose Scarlett with brand ambassador Twice. Meanwhile, Somethinc with the NCT Dream brand ambassador is still ranked as the second local brand which is remembered by 6.3% of respondents. With the achievements that Somethinc has achieved, but Somethinc still remains with their competitor, Scarlett Whitening who was established 2 years ahead of Somethinc.

This trend has also become Somethinc's momentum to build their brand equity. Seeing Somethinc is a local beauty brand with the aim and mission of creating Somethinc as a beauty startup that can go global and the opportunity to use social media in an effort to shape and increase brand awareness, brand image, and good consumer response. By conducting this study, researchers wanted to see how the influence of marketing activities through Somethinc social media on brand awareness & brand equity, as well as consumer response.

Based on the problem statement that has been explained, the research question are as follows:

1. How much are the rate of Entertainment, Interaction, Trendiness, Customization, and Perceived Risk on Somethinc Social Media Marketing based on respondents point of view?
2. How much are the rate of Brand Awareness and Brand Image on Somethinc Social Media Marketing based on respondents point of view?
3. How much are the rate of e-WOM and Commitment on Somethinc Social Media Marketing based on respondents point of view?
4. Do Entertainment, Interaction, Trendiness, Customization, and Perceived Risk influence Brand Awareness and Brand Image?
5. Do Brand Awareness and Brand Image influence e-WOM and Commitment?

1.4. Research Purpose

Based on the research question, the research purpose of the research is to decribe:

1. The rate of Entertainment, Interaction, Trendiness, Customization, and Perceived Risk on Somethinc Social Media Marketing.
2. The rate of Brand Awareness and Brand Image on Somethinc Social Media Marketing.
3. The rate of e-WOM and Commitment on Somethinc Social Media Marketing.
4. The influence of Entertainment, Interaction, Trendiness, Customization, and Perceived Risk to Brand Awareness and Brand Image.
5. The influence of Brand Awareness and Brand Image to e-WOM and Commitment.

1.5. Research Benefit

1.5.1 Theoretical Use

This research will be able to serve as a source, recommendation, or reference for additional research into the issues investigated, particularly in the field of management science connected to Social Media Marketing Activities, Brand Equity and Customer Response.

1.5.2 Practical Use

The results of this research are expected to be a benefit in developing social media marketing in the cosmetics industry. Also to find out the influence of social media marketing activities on customer response through brand equity on Somethinc.

1.6 Final Project Writing Systematics

CHAPTER I INTRODUCTION

The first chapter covers a general, brief, and concise explanation that describes the topic of the research. The following are the contents of Chapter I: Research Object Overview, Research Background, Problem Statement, Research Objectives, Research Benefits, and Final Project Writing Systematics.

CHAPTER II LITERATURE REVIEW

The second chapter discusses and describes the theories connected to the research, followed by a summary of previous research, the research framework based on the theoretical framework in the research, the research hypothesis and scope of research.

CHAPTER III RESEARCH METHOD

The third chapter discusses the methodologies and techniques of data analysis used in research to answer the research problem. The following are the contents of Chapter III: Types of Research, Operationalization of Variable and Measurement, Research Stages, Population and Samples, Data Collection Method, Validity and Reliability Test, and Data Analysis Technique.

CHAPTER IV RESULTS AND DISCUSSION

The fourth chapter discusses the outcomes of the research carried out systematically in accordance with the research objectives. The systematics of the research that has been done will be clarified in this chapter.

CHAPTER V CONCLUSIONS AND SUGGESTIONS

The fifth chapter discusses the overall findings based on the research objectives, as well as recommendations for the research's benefits.