

# CHAPTER I

## INTRODUCTION

### 1.1 Object Overview



**Figure 1. 1 SKINTIFIC Logo**

*Source : <https://www.skintificcanada.com/>*

SKINTIFIC, skincare developed and formulated by scientists in Canadian laboratories. Through years of research, scientists have finally found that damaged skin barrier is the root of all skin problems on the face.

With the patented technology of TTE (Trilogy Triangle Effect), SKINTIFIC managed to formulate the perfect combination of active ingredients and barrier ingredients for fast and barrier safe skin result (SKINTIFIC, n.d.).

#### **1.1.1 Vision**

“Everyone deserves healthier skin, inside and outside.”

Our vision for the beauty industry is to be able to create smart products that are accessible to everyone who would like to upgrade their skincare routine with pure active ingredients, smart formulation, and definitely with more advanced technology. Aside from fast and effective results, we also prioritize the well-being of your skin in the long run. No more compromising the health of your skin barrier, SKINTIFIC will give you the best solution of all. Formulated in Canada, our research team spends years studying and developing skincare solutions in a bottle. Our formulas are based on our unique TTE Technology (Trilogy Triangle Effect) that not only gives you effective and precise results, but guarantees that our products are safe and gentle for people with sensitive skin.

Our TTE Technology means:

1. Precise active ingredients
2. Quickly diminishes skin problems but also intensively hydrates and soothes the skin
3. Effectively protects and improves skin barrier

### 1.1.2 Mission

WE ARE POWERED BY SCIENCE

- PURE INGREDIENTS

Refined active ingredients selected with the pure motive to improve your skin condition

- SMART FORMULATIONS

The best and the most effective formulas backed by advanced science

- BEAUTY FOR EVERYONE

High accessibility with uncompromised quality standards

## 1.2 Background

In today's digital era, there are many conveniences that people may get and facilitate their daily activities, such as the use of social media. This convenience is felt by almost all groups of people, including students. Not only making it easier, for students, social media can be said to be an important part of their lives, because they are the first generation who have been exposed to technology from an early age, otherwise known as generation Z (Firamadhina & Krisnani, 2021). People can obtain the information they require as quickly as possible by utilizing the extensive coverage of the various social media platforms and their cutting-edge technologies. This creates a significant opportunity for both consumers and businesses by enabling consumers to get as many references as they require prior to making any kind of purchase (Widodo & Krisma Maylina, 2022).

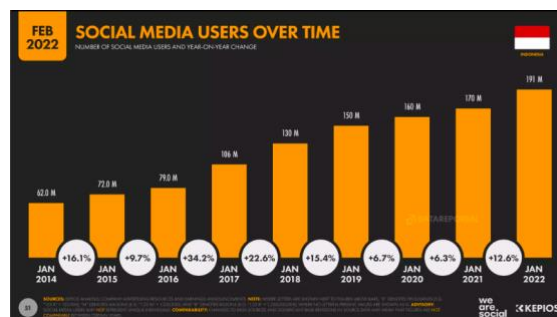
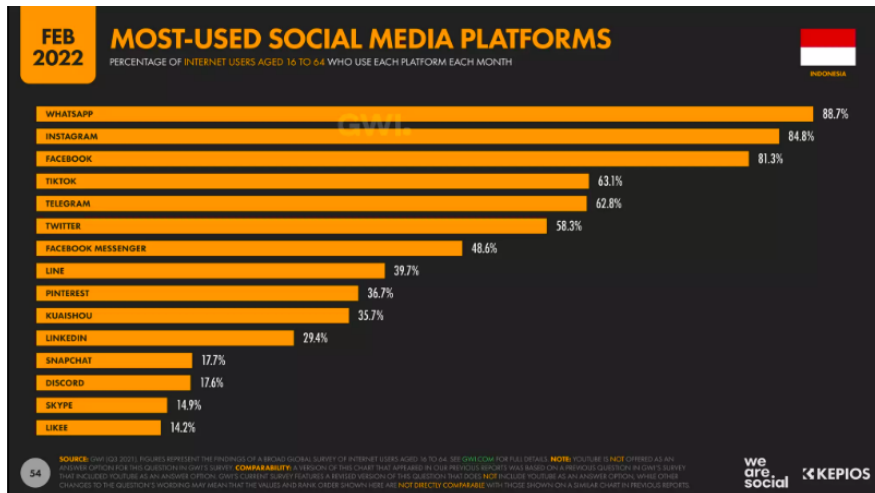


Figure 1. 2 Social Media Users Over Time

Source : (DATAREPORTAL, 2022)

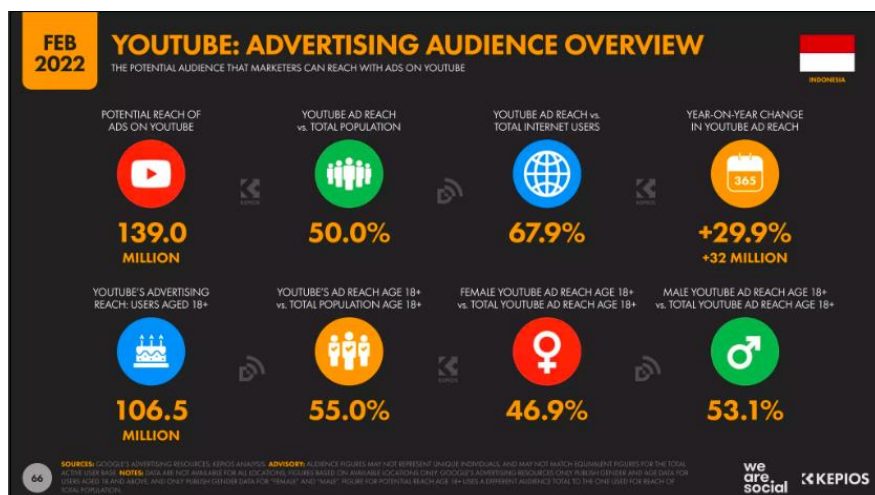
According to We Are Social in (GATRA, 2022) report revealed that the number of active social media users in Indonesia in January 2022 grew by 12.35% from last year. More precisely, the number of active social media users in early 2022 is 191 million people while in 2021 it is 170 million people. With a total population of more than 273.5 million, this means that almost half of Indonesia's population has become active users of social media.



**Figure 1. 3 Most-Used Social Media Platform**

Source : (DATAREPORTAL, 2022)

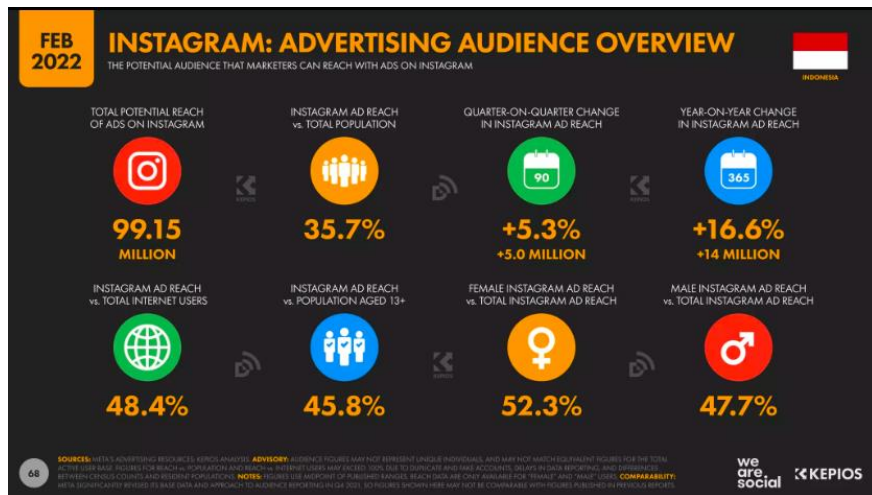
According to Figure 1.3 it is also shown that social media is most often used by the Indonesian people. WhatsApp is the most widely used social media in Indonesia where the percentage reaches 88.7%. In the second and third positions, there are Instagram and Facebook with percentages of 84.8% and 81.3%, respectively. The proportion of TikTok and Telegram users has not touched 70% where for TikTok it is 63.1% and 62.8%.



**Figure 1. 4 Youtube: Advertising Audience Overview**

Source : (DATAREPORTAL, 2022)

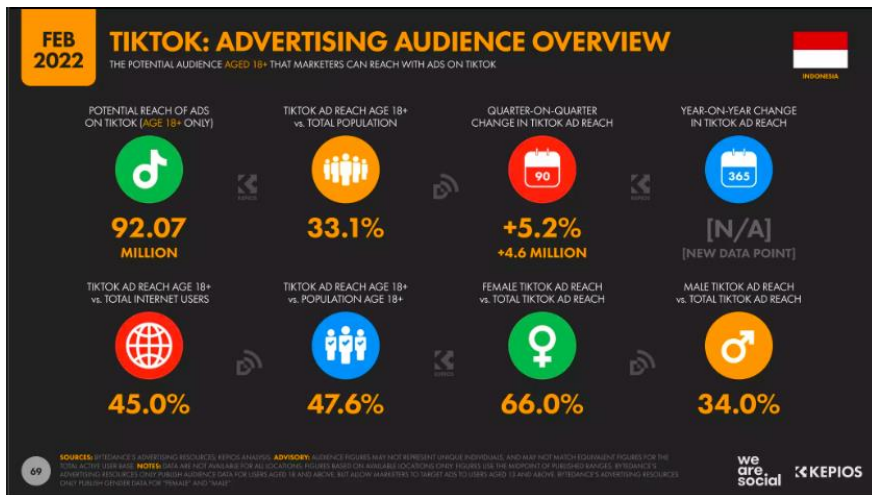
According to Figure 1.4, an update to Google's advertising resources shows that YouTube has 139.0 million users in Indonesia as of early 2022. This figure means that YouTube's 2022 ad reach is equivalent to 50.0 percent of the total Indonesian population at the beginning of the year. To put those numbers in perspective, YouTube ads reached 67.9 percent of Indonesia's total internet user base (regardless of age) in January 2022. At that time, 46.9 percent of YouTube ad viewers in Indonesia were women, while 53.1 percent were men.



**Figure 1.5 Instagram: Advertising Audience Overview**

*Source : (DATAREPORTAL, 2022)*

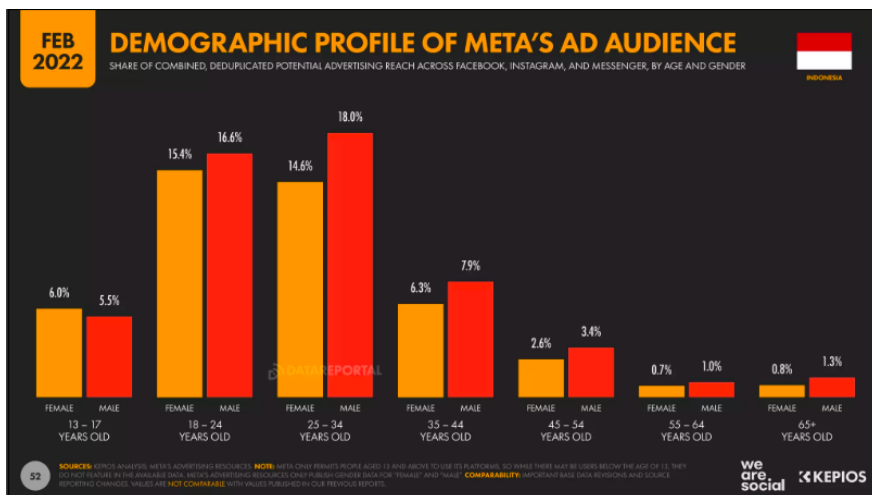
According to Figure 1.5, figures published on the Meta advertising tool show that Instagram has 99.15 million users in Indonesia as of early 2022. This figure shows that Instagram ad reach in Indonesia is equivalent to 35.7 percent of the total population at the beginning of the year. However, Instagram limits the use of its platform to people aged 13 and over, so it's good to know that 45.8 percent of the "eligible" audience in Indonesia is using Instagram in 2022. It should also be noted that the reach of Instagram ads in Indonesia at the beginning of 2022 is equivalent to 48.4 percent of the local internet user base (regardless of age). At the beginning of 2022, 52.3 percent of Instagram ad audiences in Indonesia were women, while 47.7 percent were men.



**Figure 1. 6 Tiktok: Advertising Audience Overview**

Source : (DATAREPORTAL, 2022)

According to Figure 1.5, Figures published on advertising source ByteDance show that TikTok has 92.07 million users aged 18 years and over in Indonesia as of early 2022. Note that ByteDance allows marketers to target TikTok ads to users 13 and older through its advertising tools, but this tool only shows audience data for users aged 18 and over. For context, ByteDance figures show that TikTok ads reached 47.6 percent of all adults aged 18 years and over in Indonesia in early 2022. Meanwhile, TikTok's advertising reach in Indonesia was equivalent to 45.0 percent of the local internet user base at the beginning of the year, regardless of age. At the beginning of 2022, 66.0 percent of TikTok's ad audience in Indonesia was female, while 34.0 percent were men.



**Figure 1. 7 Demographic Profile of Meta’s AD Audience**

Source : (DATAREPORTAL, 2022)

According to Figure 1.7, the most social media users in Indonesia in 2022 are aged 25-34 years. In detail, male and female users were 18.0% and 14.6%, respectively. The next position

is users aged 18-24 years. In detail, male and female users were 15.4% and 16.6%, respectively. The least number of social media users in Indonesia is aged 55-64 years. Then ages 65 and up. It can be concluded that social media users are most used by students. For students, social media is their identity (Singh & Dangmei, 2016 in Firamadhina & Krisnani, 2021). Therefore, it is not surprising that students pay great attention to their image on social media, especially for women (female students). This can happen because they care deeply about what others value themselves on social media (Burnasheva & Suh, 2021).

For female students, one way to show the best of themselves is to beautify themselves using beauty products (Girindra et al., 2018). In Indonesia, there are many choices available related to beauty products, ranging from local brands to outside brands. Of course, this is a consideration for female students to buy beauty products that suit their wishes. With so many choices of beauty brands, of course, female students will look for information about the beauty brand. Seeing that social media is a very important part of their lives, it is possible for them to find information about the beauty brand from social media.

One of the information that can be obtained from social media is through Electronic Word-of-Mouth. E-WOM is a form of communication created by word of mouth online regarding information from a particular product (Residona, 2019).. The eWOM platform that is most often used is social media because it contains discussions between consumers, endorse certain profiles or products, display preferences to their networks, likes & comments, post content with brands, and others (Erkan & Evans, 2016). (Lee & Choeh, 2020) explains that consumers also present their thoughts regarding a product through eWOM where they can encourage others through their opinions. Usually, consumers who are satisfied with a particular product will send positive comments to let others know the benefits of their shopping experience. The number of people who do reviews or ratings also has a positive impact on the reputation of the product and affects the engagement of the product.

One example of e-WOM is when consumers of a brand write their reviews about the product on social media (Susilowati et al., 2021), for example their personal social media or in the comments column of the brand's social media. This method can shape the perception of female students regarding the beauty brand, because it is proven that today's consumers prefer to review opinions from other consumers before making a decision (Hussain et al., 2018 in Residona, 2019). This is done by female students as one of the considerations to decide whether or not they should buy a product, known as purchase intention.

According to (Pandjaitan, 2018), purchase intention is the tendency of consumers to buy a product or make an action related to their possibility to buy. Measurement of purchase

intention is the best step to predict purchases because an increase in purchase intention increases the likelihood of purchase (Aryani et al., 2014; Schiffman & Kanuk, 2007). A person's intention to buy or use a product or service is influenced by external stimuli. Buyers' perceptions of a product, such as price, quality, appearance, and benefits, can increase one's purchase intention (Schiffman & Kanuk, 2007). There are several things that can be used to measure purchase intention according to (Schiffman & Kanuk 2007 in Iswara & Jatra, 2017), namely (1) consideration of product purchase, (2) interest in trying, (3) desire to buy the product, and (4) desire to use the product.

Based on articles reported in (theAsianparent, 2022) in recent years, the phenomenon of beauty influencers in the beauty world is increasingly popular. This beauty influencer is known as an activist on social media who is active in terms of beauty. To find out about makeup trends and how to decorate properly, now you can find it easily through blogs, social media, or Youtube. The style of embellishments with beauty content fillers or known as beauty influencers began to be known and followed. These beauty influencers not only share about trending makeup, but also often share their knowledge about how to take care of the skin. So not infrequently, they are idolized and imitated because of their skill in applying makeup. Therefore, inviting beauty influencers whose credibility is good, will have an impact on increasing the credibility of each brand. People can increasingly trust the products and services or services offered.

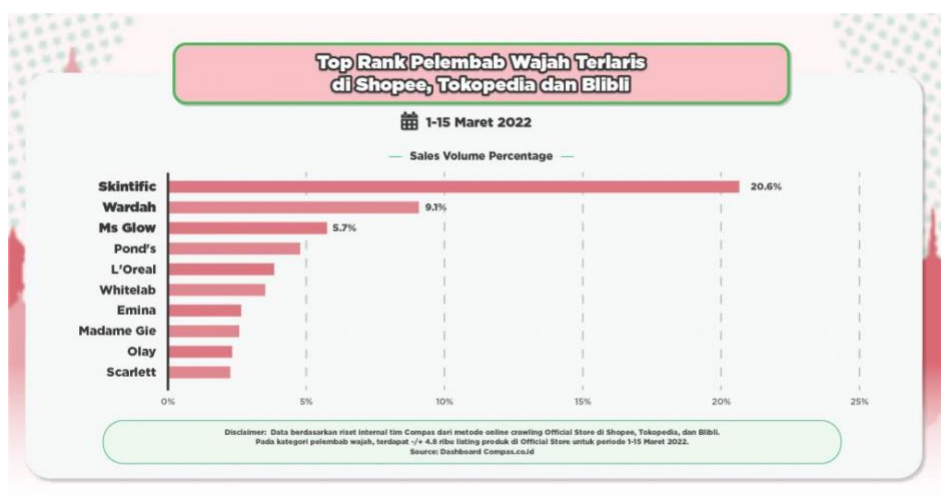
Beauty products are indispensable for humans, both men and women. These beauty products are used repeatedly every day, so it is necessary to have safe requirements to use (Tranggono & Latifah, 2007). Based on data from the Badan Pusat Statistik (BPS) in (CNBC Indonesia, 2022), the cosmetics industry which includes the pharmaceutical, chemical, and traditional medicine industry sectors experienced growth reaching 9.61% in 2021. In addition, BPOM RI noted that the cosmetics industry experienced an increase in the number of companies by up to 20.6%. A total of 819 cosmetic industries increased to 913 industries from 2021 to July 2022. The existence of this number proves that Indonesia is a potential market for beauty industry entrepreneurs both from abroad and domestically.



**Figure 1. 8 Fast-Moving Consumer Goods Category with the Largest Revenue (September 2022)**

*Source :* (DataIndonesia.id, 2022)

Based on Figure 1.7, beauty products are still ranked 1st in online marketplaces (e-commerce). In fact, based on Compas.co.id research, the product has the highest income among other fast-moving consumer goods (FMCG) markets. Based on the results of this research, beauty care products achieved revenue of IDR 79 billion throughout September 2022. The figure beats products in the health category which recorded revenues of IDR 56 billion in the period (DataIndonesia.id, 2022). Various kinds of viral skincare trends on social media are enough to make many people, especially women, become poisoned, even this has caused the emergence of competition among skincare brands to be tighter. One of the popular brands these days is from the Skintific brand.



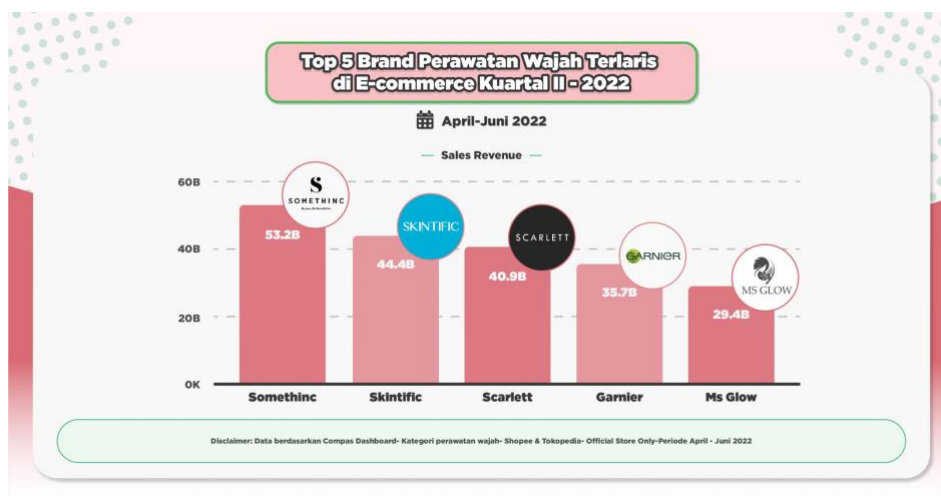
**Figure 1. 9 Top Rank of Best Selling Facial Moisturizers on Shopee, Tokopedia and Bilibli for the Period of March 1-15 2022**

*Source :* (BEAUTYNESIA, 2022)



According Figure 1.7, Skintific is one of the Canadian brands that managed to rank first in the list of top rank best-selling facial moisturizers by having the number of sales reaching sales volume of 20.6%. Behind its success, it turns out that not long ago the brand went viral on TikTok. quoting from the website (BEAUTYNESIA, 2022) Skintific viral because one of its moisturizers that contains ceramide is now booming on Tiktok. Products from Skintific are formulated with the right active ingredients and with TTE (Trilogy Triangle Effect) technology. Of course, products from Skintific can solve facial skin problems quickly, but also keep the skin hydrated, soothe the skin, and maintain the skin barrier (BEAUTYNESIA, 2022).

According to (Compas, 2022), behind the success of this brand from Canada won the top rank of facial moisturizers in the period inseparable from the various marketing strategies they implemented. As the results of the Compas team's monitoring on its official Instagram page, namely by giving giveaways in the month of Ramadan yesterday, opening resellers to create many new beauty product innovations. As a result, in this category there is one of its best-selling products in the best-selling facial moisturizer, namely Skintific 5X Ceramide Barrier Repair Moisturize 30G which is claimed to be good for moisturizing while strengthening the skin barrier and helping to soothe the skin.



**Figure 1. 10 5 Best Selling Facial Brands in E-commerce Indonesia**

*Source : (Compas, 2022)*

According Figure 1.9, this Canadian skincare brand managed to rank third as a top facial care brand with a total sales figure of IDR 44.4 billion throughout the period April – June 2022. The brand, which is popular with the tagline "An Advanced Scientific Formula for Fast & Safe Beauty", is well known for its products containing ceramide. Skintific also has a focus on branding, namely the benefits of its products that can repair and treat the skin barrier through the ceramide formula (Compas, 2022).



**Figure 1. 11 SKINTIFIC Awards in 2022**

*Source : Skintific Instagram*

Based on Figure 1.11, Skintific has received various awards from various awards in 2022, especially in the field of beauty brands. First is the award from the Beautyhaul Awards, Skintific received "Best Moisturizer". Furthermore, from the Sociolla Award 2022, Skintific received 3 awards, namely "Best Newcomer" "Best Moisturizer" and "Best Eye Treatment". Furthermore, from the Female Daily Best of Beauty Awards 2022, it received 2 awards, namely "Best Moisturizer" and "Top Trending Beauty by Lazada". The last of the Tiktok Shop Summit 2022 Awards, Skintific received the "Most Promising Brand" award.

From the various awards that have been obtained by Skintific, there are several bad reviews from customers which can be seen from the official FemaleDaily website. Below are shown the bad reviews that have been obtained:

**Table 1. 1 Customer's Reviews**

Review	Opinion based on review
<p>★ ★ ★ ★ ★ <span style="float: right;">6 days ago</span></p> <p>🚫 nishadwii doesn't recommend this product!</p> <p>pertama kali tau produk ini soalnya viral banget seliweran di tiktok. akhirnya aku penasaran buat nyobain gara-gara review orang-orang yg bilang moistnya skintific bagus bgt. jadinya aku nyobain beli yg travel size. warnanya putih agak kebening-beningan gitu dan teksturnya thick ya tapi gampang meresap ke kulit. untuk percobaan pertama aku gak ngerasain efek apa-apa sih, cuman pas pagi bangun kulitku tuh jadi berminyak bgt. setelah pemakaian selama seminggu malah muncul jerawat kecil-kecil disekitar daerah dahi. alhasil aku stop buat make, untungnya cuma beli yg travel size. akhirnya aku cuma make buat ditangan soalnya kulitku kering banget.</p>	<p>From the review, she said that this product is very viral on one of her social media. But after she tried her product it turned out not to fit her skin needs. This means that it can be said that the information obtained from social media about this product is not relevant to her needs.</p>

<p>★★★★★ 7 days ago</p> <p>aryantiwidya doesn't recommend this product!</p> <p>baru pakai sekali langsung muncul jerawat yg ada nanahnya dan beruntusan di area dagu. fixed kulitku mmg gak bisa dg kandungan yg ada di dalamnya. setiap kali beli brand lokal yg lg hype dg tagline repair your skin barrier, di aku malah kasih efek sebaliknya. sedih banget! teksturnya cepet banget nyerap, mngkn di yg kulitnya super kering ini bs banget di pakai, sygnya di aku gak. aku gak cocok ama ini</p>	<p>From the review, she said that she did not match this product, with the tagline of this product "repair your skin barrier" it turns out that her facial skin still does not match this product. This means that the information circulating on social media is not in accordance with her needs and also does not match the claim or can be said to be inconsistent with the facts.</p>
<p>★★★★★ 20 Dec 2022</p> <p>rgna27 doesn't recommend this product!</p> <p>Beli ini karena hampir setiap orang di sosmed bilang ini bagus. Teksturnya enak, packagingnya cantik, wangi juga (ada fragrance kah? idk juga ya). Minusnya aku emang kurang suka jar, walau dikasih aplikator tp ttp berasa ga higienis. Tapi yg lbh parahnya, muka aku malah jadi jerawat gara2 ini dan sampe sekarang belum sembuh😭 Aku pake seminggu dan langsung stop, ini udh agak better karena balik ke moisturizer awal sebelum pake ini. Mungkin emg ga cocok di aku aja kali ya, soalnya orang lain seems to like it so much, tp kadang ngerasa produk ini overhyped krn harganya jg terbilang mahal utk produk kecil gitu. Sekarang jadi aku pake utk leher doang karena sayang udah beli</p>	<p>From the review, she said that this product is very viral on one of her social media. But after she tried his product, it turned out that it didn't suit her skin needs. That is, it can be said that the information obtained from social media about this product is irrelevant to its needs. She also said that this product is too hype which turns out not always to be suitable for every person's skin. Which means, she evaluates this product information. And also she said that she would repurchase this product.</p>

Source : *Processed Data, 2022*

Because to the recommendations or reviews provided, it can help customers in making purchase decisions. No wonder consumers prefer to see reviews before making a purchase. This is done to find out how the actual quality of the goods is through reviews given by people who have made previous purchases. According to (Farki et al., 2016) the review is part of the Electronic Word Of Mouth (eWOM), which is a direct opinion of a person and not an advertisement. Review is one of several factors that determine a person's purchasing decision, indicating that people can take the number of reviews as an indicator or value of a product that will affect the willingness to buy a product.

Several studies have demonstrated the strength of negative eWOM relative to positive eWOM for various types of items (Haque et al., 2020). Negative hotel evaluations online have

a much greater impact on travelers' intent to book than favorable ones, according to Jimmy Xie et al. (2011).

From the presentation of the background, phenomena, and urgency that have been previously presented, researchers are interested in further studying electronic word-of-mouth and purchase intention with Information Usefulness and Information Adoption as intervening variables. With the intention of strengthening previous research, testing theories, and also examining the Electronic Word-of-Mouth phenomenon that affects Purchase Intention. So that the concept is poured into a study entitled " THE EFFECT OF E-WOM ON PURCHASE INTENTION MEDIATED BY INFORMATION USEFULNESS AND INFORMATION ADOPTION (STUDY ON SKINTIFIC PRODUCT)". The limitations of this research will later give rise to a novelty in research where the research uses Electronic Word-of-Mouth and Purchase Intention, this makes this research appropriate to r

### **1.3 Problem Formulation**

Based on the background above, the author formulated the following problems to be studied:

1. How much the effect does the quality of eWOM information on the usefulness of eWOM information in Skintific products?
2. How much the effect does the quantity of eWOM information on the usefulness of eWOM information in Skintific products?
3. How much the effect does the credibility of eWOM information on the usefulness of eWOM information in Skintific products?
4. How much does information usefulness affect the information adoption of eWOM in Skintific products?
5. How much the effect does the adoption of eWOM information have on the purchase intention of Skintific consumers?

### **1.4 Research Objective**

Based on the problem formulation, the objective of this research are as follow:

1. Measuring the effect of the quality of eWOM information on the usefulness of eWOM information.
2. Measuring the effect of the quantity of eWOM information on the usefulness of eWOM information.
3. Measuring the effect of the credibility of eWOM information on the usefulness of eWOM information.

4. Measuring the effect of the usefulness of eWOM information on the adoption of eWOM information.
5. Measuring the effect of the adoption of eWOM information on the purchase intention of Skintific consumers.

## **1.5 Research Benefit**

Based on the objectives of the study above, the expected benefits in this study are:

### **1.5.1 Theoretical Aspects**

This research can be used for further research in the future. It is hoped that this research can also be used as a learning medium in the field of marketing management.

### **1.5.2 Practical Aspect**

The results of this research are expected to provide useful knowledge and insights about the theory and practice of eWOM, and it also shows whether there is a correlation between eWOM and consumer purchase intention. These results can be used as the company's foundation to formulate a more effective strategy in the future.

## **1.6 Writing Systematic**

To find out an overview of the research carried out, the researcher compiles a writing systematics that contains information about the material and what things will be discussed in each chapter. The following is the systematics of writing on this study.

### **a. CHAPTER 1 : INTRODUCTION**

In this chapter the author explains an overview of the research, background research, problem formulation, research questions, research objectives, research benefits, and the systematics of writing the final project entitled " THE EFFECT OF E-WOM ON THE INTENTION OF PURCHASING SKINTIFIC PRODUCTS ON SOCIAL MEDIA THROUGH INFORMATION USEFULNESS AND INFORMATION ADOPTION AS INTERVENING VARIABLES"

### **b. CHAPTER 2 : LITERATURE REVIEW**

This chapter describes an explanation of the theories used as the basis for writing, literature related to research as a reference for comparison in the problems that occur so that a fairly clear picture is obtained, a frame of thought, research hypotheses, and the scope of research.

### **c. CHAPTER 3 : RESEARCH METHOD**

This chapter will examine study variables and operational definitions, as well as the explanation of the variables employed in the research. The sample size is determined by factors

such as the population size, the number of samples obtained, and the sampling technique. The technique of analysis indicates how the picture of the analytical model utilized in the study was formed.