

## CHAPTER I

### INTRODUCTION

#### 1.1 Object Overview

##### 1.1.1 TikTok



Figure 1.1 TikTok Logo

Source: (TikTok, 2023)

A mobile application for sharing short videos and music videos called Douyin was released in the fall of 2016. It enables users to create and explore quick-fire video snippets that last between 15 and one minute, as well as share humorous and even absurd videos online (Lu & Lu, 2019). The original name of TikTok was Douyin. Later in 2018, Douyin acquired Musical.ly, a competing app, and rebranded it as TikTok so that it would become more widely known. The user's app selections for popular music and material improve the user experience.

According to Liqian (2021), the variety of content on TikTok is separated into three categories: "teaching," which refers to videos of people sharing and instructing others on how to do things, including tutorials and skills, "entertainment" which is the videos that entertain people including funny videos, singing, dancing, and others, and "promotion" which is opinion sharing and content creators promote products or brands to other users. Three initiatives are

offered by TikTok as part of its business: TikTok for Good, TikTok for Developers, and TikTok for Business.

### 1.1.2 Scarlett Whitening

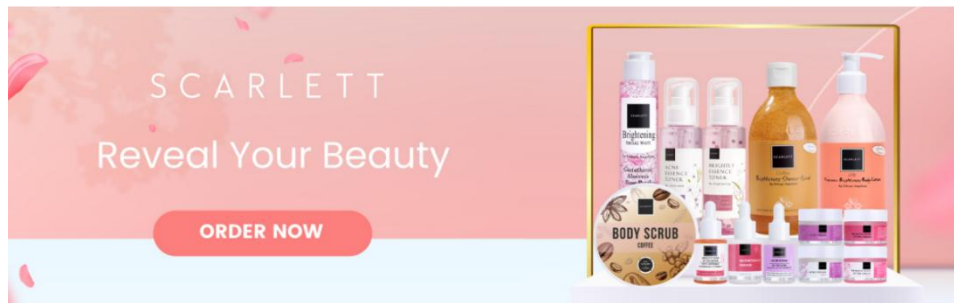


Figure 1. 2 Scarlett Whitening Brand

Source: (Scarlett Whitening, 2023)

Scarlett Whitening is a local beauty product brand produced by PT. The Motto of the Eternal Banyan Tree, Bogor, Indonesia. This brand was founded in 2017 by an artist named Felicya Angelista who is the founder and owner of the Scarlett Whitening brand. Scarlett Whitening's Marketing focuses more on online Marketing. All products issued by Scarlett Whitening have been clinically tested by the Indonesian Food and Drug Supervisory Agency (BPOM), so they will not harm the user's skin.

The products offered by Scarlett Whitening include facial care, body care, and hair care. The main focus of Scarlett Whitening products focuses more on the benefits contained in the product, where each product is expected to be able to provide benefits to brighten and make the skin look healthier with the help of Glutathione and Vitamin E which are the main ingredients in the product. The superior product is a series of body care products that can provide instant white results that can be seen immediately in the first use.

Scarlett Whitening products have been trusted by Indonesian people from all walks of life. Hundreds of thousands of customers have proven the benefits and efficacy of various Scarlett Whitening products, such as Scarlett Body Lotion,

Scarlett Face Serum, Scarlett Shower Scrub and Scarlett. A number of beautiful actresses in the Indonesian entertainment industry, such as Felycia Angelista, Zaskia Mecca and Sherena Delon, also recommend this Scarlett Whitening product.

Scarlett Whitening product Marketing is carried out through online systems such as Instagram, Facebook, Youtube, TikTok, and their Official Website. Apart from that, there are also many distributors who market Scarlett Whitening products offline. Scarlett Whitening has many followers on various Social Media, such as an Instagram account with 5.7 million followers, a TikTok account with 3.5 million followers, and a Facebook account with 8.8 thousand followers.

## **1.2 Research Background**

Technological developments have succeeded in creating a new trend in life. Technological developments have affected the way companies market their products. This is both a challenge and a threat for business people to be able to always update their ways to market their products for the continuity of their business and this technological development affects the way customers find information about the product they want and also the way customers make purchases, currently customers rely on the use of social media as a source of information before making the purchase process.

Currently social media has become a big role in the process of distributing information. Social media such as TikTok, Instagram, Twitter, Facebook and other social media are now becoming a new trend in society. "Digital Around The World In 2022" shows that internet users in the world in 2022 will reach 5.07 billion people of the total world population. Shows that as much as 63.5% of the world's population already uses the internet for everyday life. Based on data released by the global digital report 2020 issued by Hootsuite and We Are Social, it is recorded that around 81% of internet users have searched for products online (any device) and 74% of internet users have purchased products online (any device).

One of the industries that has benefited from this technological change is the cosmetics and beauty industry. In Indonesia, the chemical, pharmaceutical and traditional medicine (including cosmetics) industries recorded good growth of around 5.59% in the first quarter of 2020, according to BPS data. The National Industrial Development Master Plan (2015-2035) states that the pharmaceutical industry, pharmaceutical raw materials and cosmetics are the main and leading sectors in advancing the economy. Even during the Covid-19 pandemic, this sector was able to make a significant contribution to the country's foreign exchange through its export value which reached US\$ 317 million in the first semester of 2020, an increase of 15.2% compared to the same period last year (Nanda Aria Putra, 2020).

One brand that has succeeded in developing its product in the beauty industry is the Scarlett Whitening skin care product. The brand created by Felicya Agelista has succeeded in growing and the development of current technology has succeeded in making Scarlett Whitening one of the most well-known brands in Indonesia. On the other hand, this product is known for its quality and is also presented as an interesting concept for the cosmetic and beauty market. This is evidenced by the many discussions about Scarlett Whitening products in cyberspace through Electronic Word of Mouth (E-WOM) which have aroused the curiosity of many other internet users. One of Scarlett Whitening's products is included in the top 10 skin care products on TikTok. This shows that Scarlett's whitening products have become popular due to the massive spread of information on social media.

On TikTok, content creators and influences often share videos with beauty content, such as beauty tips, product searches, and beauty product recommendations. This helps people discover new products and helps people find product references. On TikTok Indonesia, content about beauty products is usually tagged by creators, such as #racunskincare, #racuninTikTok, #skincare, and #fyp, which means "for your side". The main interface displays videos from other creators. The reason the author chose the Scarlett brand as the object of this research is because Scarlett has the most followers on TikTok in 2023. When

comparing Scarlett with other local skin care brands, Scarlett is relatively new because this brand was only founded in 2017. The latest data for 2023 shows that Scarlett already has the most followers on TikTok when compared to other local skin care products.

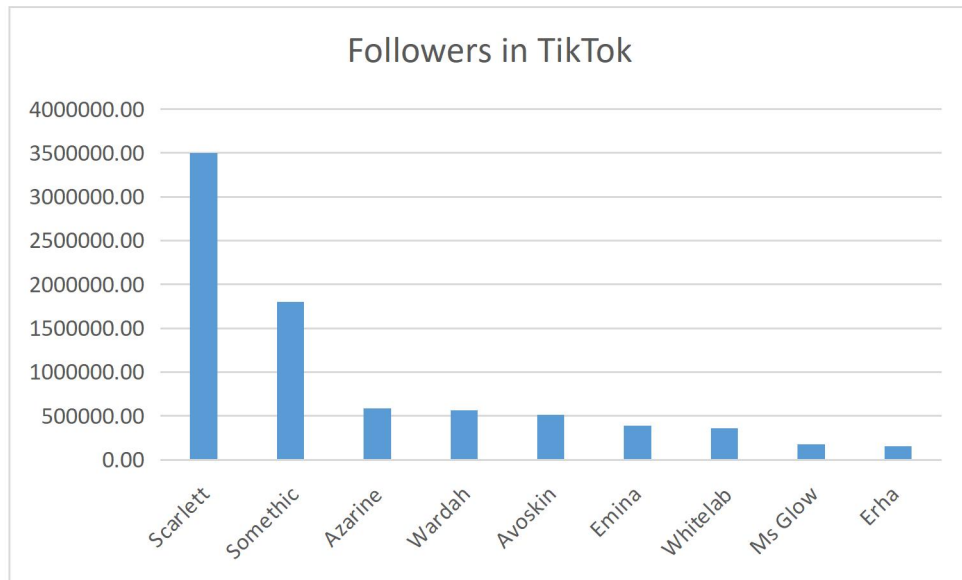


Figure 1. 3 Followers Local Skincare in TikTok

Source: (Google & TikTok, 2023)

TikTok users' attention to Scarlett is also shown by the appearance of the Scarlett hashtag. As of November 2020, #Scarlett on TikTok has earned 3.2 billion views through January 2023.

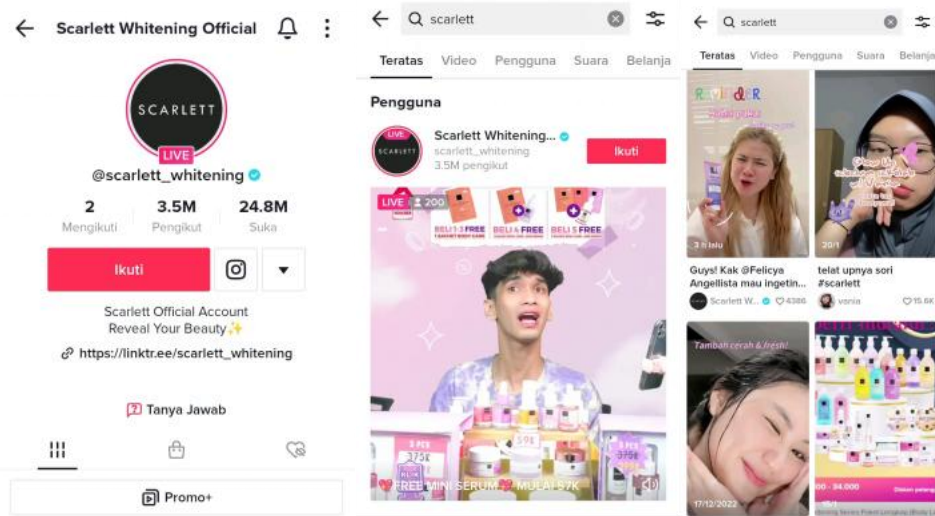


Figure 1. 4 Scarlett TikTok Account and Content

Source:(TikTok, 2023)

TikTok Scarlett Whitening (@Scalet\_Whitening) as of January 28, 2023 has reached 3.5 million followers and won 24.8 million likes. The Scarlett Whitening TikTok account shares a lot of content in the form of video reviews. The content they share is like information related to their products, they do too.



Figure 1. 5 10 Popular Skincare Brand in E-Commerce

Source: (Compas, 2022)

Figure 1.3 Show that Scarlett has become one of the most popular local skincare brands in Indonesia. However, more and more local skincare brands are joining the same industry as Scarlett. Currently, Scarlett has many competitors who have joined the business industry like Scarlett, such as Somethic, Skintific, MS Glow, and many more. The phenomenon of the increasing use of Scarlett Whitening products has resulted in an increasing number of Scarlett Whitening consumers amidst the intense competition in the cosmetic industry in Indonesia and the many new cosmetic brands that have emerged, moreover in recent years many local cosmetic brands have emerged.

To win this competition, product introduction and delivery of information to customers is very important. E-WOM is one strategy that companies can use in this competition. Electronic Word of Mouth refers to the process of sharing information, recommendations, reviews, or communication between individuals via electronic media, especially via the internet and social media platforms. E-WOM is often used to talk about the influence and impact of online recommendations and reviews on purchasing decisions, brand reputation, or the public's view of a product, service, or company. E-WOM plays an important role in modern marketing and branding because it can influence consumer perceptions and decisions. Information shared electronically can quickly spread to many people and have a significant impact on a brand's image or product success. Because of this, businesses and organizations often strive to properly manage and respond to online reviews and comments to maintain their reputation. E-WOM also allows consumers to get more information about products or services before they decide to buy or use them, which can help in making more informed decisions.

According to(Erkan & Evans, 2016), the conceptual model was developed based on the integration of the Information Adoption Model and related components from Theory of Reasoned Action, the conceptual model was developed based on the integration of the Information Adoption Model and related components from Theory of Reasoned Action which confirms that quantity, quality, credibility, usability and adoption of information, information

needs and attitudes towards information are the key factors of e-WOM on social media that influence consumer purchase intentions.

This study uses quantitative methods with Descriptive-causal research objectives, data collection in this study is Cross-sectional, researchers distributed questionnaires via google form with a total of 400 respondents with the criteria for respondents, namely Indonesian TikTok users who know or have ever encountered with Scarlett Whitening content on TikTok. The sampling technique used is non-probability sampling with purposive sampling type. The data analysis technique uses Structural Equation Modeling (SEM) Partial Least Square (PLS) with SmartPLS 4 software.

Based on the phenomenon and the inconsistency of several previous researchers, the researchers will conduct research with the title "**The Influence of E-Wom on Tiktok Torward Purchase Intention of Local Skincare (Case: Scarlett)**".

### **1.3 Problem Formulation**

Based on the background that has been explained, we can see that in recent years, TikTok's user base grew to become one of the most popular social media platforms. Moreover, Indonesia's rapidly growing beauty cosmetics industry is intensifying competition among market players. Seeing TikTok become a popular social media, local skin brands started using his TikTok in their Marketing strategies, increasing competition in the TikTok market. As of November 2020 #Scarlett on TikTok has earned 3.2 billion views through January 2023. Developing innovative and creative Marketing strategies is critical to gaining a competitive advantage. When developing a Marketing strategy, the question arises: "What is useful and accurate information?" It can happen when you see the eWOM phenomenon. Therefore, we can find answers to these questions by understanding the impact of information on consumer purchase intentions.

While online reviews or e-WOM have a significant impact on consumers, the authors are interested in research to investigate the impact of e-WOM on TikTok on purchasing intentions of local skin care products (case: Scarlett). The



author takes the case of Something on TikTok, as they gain trend and popularity on the platform. Based on the background and the previous problem formulation, research questions were formulated as guidelines for conducting research, these questions were as follows:

1. How does the Information Quality of Scarlett Whitening social media content on TikTok influence Information Usefulness?
2. How does the Information Quantity of Scarlett Whitening social media content on TikTok influence Information Usefulness?
3. How does the Information Credibility of Scarlett Whitening social media content on TikTok influence Information Usefulness?
4. How does the Information Usefulness of Scarlett Whitening social media content on TikTok influence Information Adaption?
5. How does the Information Adaption of Scarlett Whitening social media content on TikTok influence Purchase Intention?
6. Do all elements of E-WOM positively influence Purchase Intention?

#### **1.4 Research Objective**

According to the research question on the problem formulation, the objective of this study can be listed below are:

1. To analyze the influence of Scarlett Whitening social media content on TikTok's Information Quality toward Information Usefulness.
2. To analyze the influence of Scarlett Whitening social media content on TikTok's Information Quantity toward Information Usefulness.
3. To analyze the influence of Scarlett Whitening social media content on TikTok's Information Credibility toward Information Usefulness.
4. To analyze the influence of ScarlettWhitening social media content on TikTok's Information Usefulness toward Information Adaption.
5. To analyze the influence of ScarlettWhitening social media content on TikTok's Information Adaption towards Purchase Intention.

6. To analyze do all elements of E-WOM positively influence Purchase Intention or not.

## **1.5 Research Benefit**

This research is expected to provide benefits to the readers, both theoretically and practically can be listed as follows:

### **1.Theoretical**

The study's findings should be used as a source for knowledge on how social media affects Marketing, how to use e-WOM as a Marketing strategy, and how to conduct Marketing analyzes for e-commerce. It may also serve as a source of inspiration and information for further research or study in the same area.

### **2.Practical**

The findings of this study are anticipated to assist the Scarlett Whitening brand in enhancing their social media and TikTok Marketing strategies as well as other aspects of their business operations.

## **1.6 Writing Systematic**

To provide a clear picture of the research, the author compiles a systematic writing that contains information about the material and things discussed in each chapter so that this thesis can be directed and in accordance with its purpose. The systematic writing of this research is as follows:

### **a. CHAPTER I INTRODUCTION**

This chapter is a general explanation of the object overview, research background, problem statement, research questions, research objectives, significance of research, scope of research and systematic of writing.

### **b. CHAPTER II LITERATURE REVIEW**

This chapter presents a summary of the theory, previous research, framework thinking, and hypotheses.

### **c. CHAPTER III RESEARCH METHOD**

This chapter explains the description of the type of research, operational variable, stages research, population and research sampling techniques, data collection and analysis techniques data used in research.

**d. CHAPTER IV FINDINGS AND DISCUSSION**

This chapter contains findings in the data that have been successfully analysed by providing the research hypothesis.

**e. CHAPTER V CONCLUSION AND SUGGESTION**

This chapter discusses conclusions and suggestions as a final result and writing this final project.