

CHAPTER I INTRODUCTION

1.1 Overview of Research Objects



Figure 1.1 Innisfree Logo

Source: timeinternational.co.id

Amore Pacific owns the South Korean cosmetics brand Innisfree (이니스프리). Innisfree is a cosmetics brand that focuses on naturalism and was established in 2000. The source of the brand name came from 'The Lake Isle of Innisfree,' a poem by W.B. Yeats. The brand is available in South Korea, Hong Kong, China, Japan, Taiwan, India, Singapore, Malaysia, Thailand, Vietnam, Indonesia, and Australia.

Innisfree, which means "an island that brings freedom and vitality to our skin," is Korea's first naturalistic beauty brand committed to providing consumers with healthy beauty inspired by the pure nature of Jeju Island. The island of Jeju, which is home to the four natural energies, is full of pure and genuine beauty, which Innisfree seeks to deliver to its customers. Innisfree's green tea, orchid, and volcanic scoria lines, for example, are the natural ingredients that Innisfree use to encapsulate the clean and pristine atmosphere of Jeju island at reasonable pricing. Many consumers throughout the world admire, trust, and love Innisfree, which seeks for balance between green nature and healthy beauty and is committed to spreading a sustainable and environment green lifestyle. With the beauties of nature at its center, Innisfree takes great care to

conserve and safeguard the environment in everything it does. (*Tentang Innisfree*, 2020).

1.2 Research Background

The emergence of a more modern era encourages humanity's rapid growth, accompanied by increasingly sophisticated technological advancements. In economics, business, communication, and culture, the improvement of increasingly sophisticated technology impact all aspects of life. The advancement of increasingly modern times has also made it easier for humanity to carry out all of its affairs or work. The internet has made it easier for people to carry out various activities, including communication, buying and selling, and finding information.

Among the technological advancement, the internet was the most advance, with the most significant number of users around the globe. The growth of the internet has impacted the field of marketing, where online marketing has a broader scope than offline marketing. Social media is one of the tools used in online marketing. The method by which businesses use social media platforms to focus on their official websites is known as social media marketing. This doesn't stop there; companies may use social media to inform potential clients of company events, launch a new idea or product, and share company news (Manzoor et al., 2020).

More than half of Indonesia's population already knows or uses social media, according to research results from Hootsuite and We Are Social in 2021, which was 170 million users of 274.9 million population.

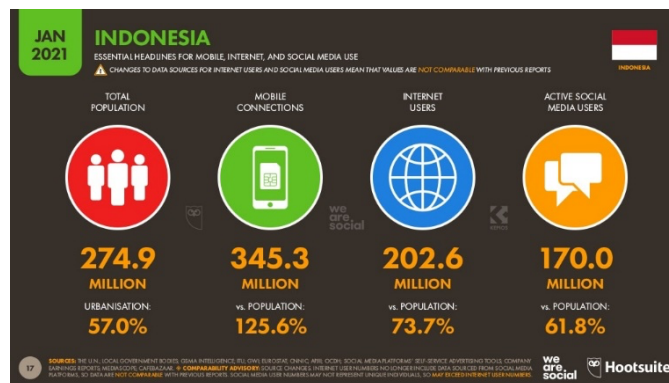


Figure 1.2 Mobile, Internet, and Social Media Use Headline

Source: Hootsuite and We Are Social, 2021

Instagram is one of the many social media sites that can be used for marketing purposes. With a relatively large number of users compared to other social media, Instagram is one of the suitable platforms for social media marketing and increased traffic, which encourages the use of promotional media on Instagram. Based on the Internet and Social Trends Data by Hootsuite and We Are Social in 2021, the number of users of Instagram in Indonesia is 85 million (in January).

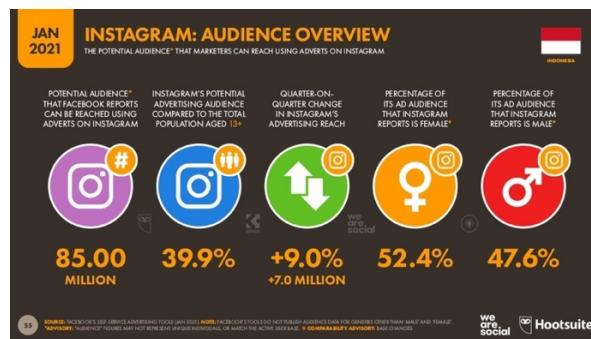


Figure 1.3 Instagram Audience Overview

Source: Hootsuite and We Are Social, 2020

Innisfree uses Instagram as an advertising tool to advertise its goods by posting images or videos to an Instagram account (@innisfreeindonesia) so that followers or customers can see what Innisfree has to offer. Innisfree's Instagram account with 351K followers and 909 posts in July 2021 (Source: @innisfreeindonesia Instagram page), allows Innisfree to achieve optimal marketing targets compared to traditional marketing methods.

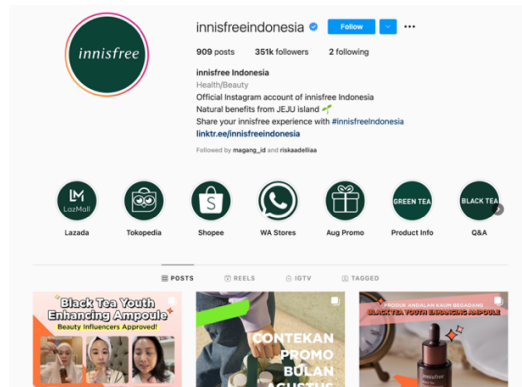


Figure 1.4 Innisfree Instagram Account

Source: Instagram

Based on the data below, Innisfree is a beauty brand that occupies the first position as the most brand in mention using Hashtag (#) in 2020, with a mention number of 1.70 million. Innisfree even defeated Laneige and Nature Republic, which was also a South Korean brand with a total of 1,27 million Hashtags.

Hashtags are a valuable tool for growing the Instagram audience and increasing the reach. The post will appear on the hashtag's page. People can also select to follow hashtags, which means that even if they don't follow the account, a hashtagged post may appear in their feed. Instagram hashtags can help develop an online community and encourage people to interact with the company.

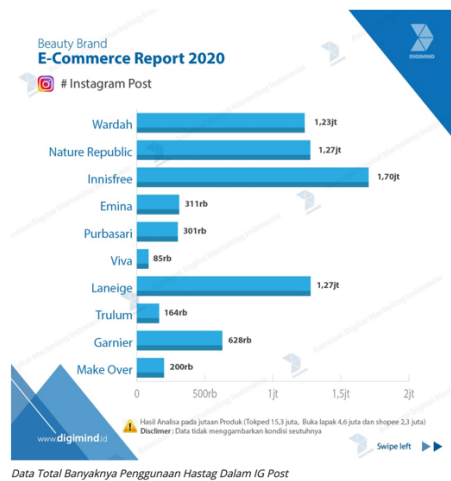


Figure 1.5 E-Commerce Report 2020

Source: Digimind.id

With good social media and interesting content management, Innisfree is expected to increase its sales revenue over time. However, despite this, Innisfree has experienced a decline in sales revenue over the last few years. Innisfree's highest sales revenue was in 2016, which was 767.88 billion KRW. In 2020 Innisfree experienced a decrease in sales revenue of 203.26 billion KRW, in 2019 Innisfree's sales revenue was 551.86 billion KRW, while in 2020 it was 348.60 billion KRW.

Innisfree's sales revenue around the world from 2015 to 2020
(in billion South Korean won)

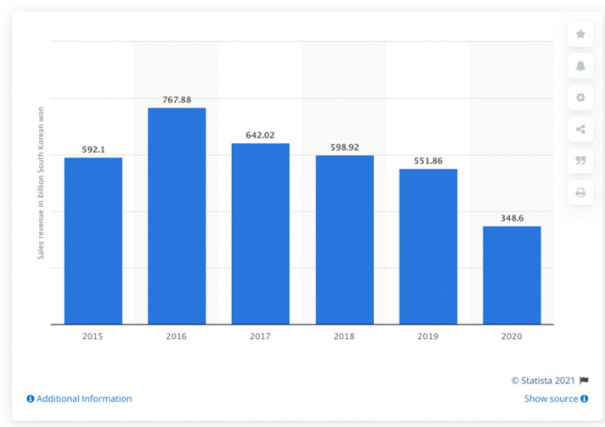


Figure 1.6 Innisfree Sales Revenue from 2015 to 2020

Source: statista.com

A company's social media marketing can influence one person's thinking, which will influence other people's thoughts more generally before they make a purchase decision (Mileva & Fauzi, 2018). Social media can be used by businesses to promote their products or services. Consumers actively discuss their experiences and opinions regarding things they have tried or heard about on social media. This behaviour may influence a customer's decision to buy (Caecilia et al., 2017).

Based on the description that has been explained above, it is necessary to research whether there is a connection between social media marketing and customer purchase decision on Innisfree brand with the title **"THE IMPACT OF SOCIAL MEDIA MARKETING ON CONSUMER PURCHASE DECISION OF INNISFREE."**

1.3 Problem Formulation

With a relatively large number of users in Indonesia, 85 million users (in January), Instagram is one of the suitable platforms for social media marketing and due to increased traffic, which encourages the use of promotional media on Instagram.

Innisfree uses Instagram as one of the advertising tools to advertise its goods by posting images or videos to an Instagram account (@innisfreeindonesia). Innisfree's Instagram account has 351K followers and 909 posts in July 2021, allowing Innisfree to achieve optimal marketing targets compared to traditional marketing methods. Innisfree is a beauty brand that occupies the first position as the most brand in mention using Hashtag (#) in 2020 with a mention number of 1.70 million.

Instagram hashtags may be an excellent method to create an online community and encourage people to interact with the company.. It is expected that this marketing strategy can reach the target market of Innisfree, which are college students and young working adults who prefer pure and natural products.

However, despite this, Innisfree has experienced a decline in sales revenue over the last few years. In 2020 Innisfree experienced a decrease in sales revenue of 203.26 billion KRW, in 2019 Innisfree's sales revenue was 551.86 billion KRW, while in 2020 it was 348.60 billion KRW.

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1.4 Research Question

Based on the background above, the author formulated the following problems:

1. How does the consumer perceive the social media activity of the Innisfree brand?
2. How is the consumer purchase decision of the Innisfree brand?
3. How does social media marketing through Instagram affect the consumer purchase decision of Innisfree brand?

1.5 Research Purpose

Based on the problem formulation above, the objectives of the study are:

1. To find out how is social media marketing on the Innisfree brand.
2. To find out how is consumer purchase decisions in the Innisfree brand.
3. To find out about the influence of social media marketing through Instagram on consumer purchase decisions in the Innisfree brand.

1.6 Research Benefits

This research is expected to contribute both theoretically and practically as follows;

1. Academic Use

It can be used as a reference for fellow students who study and conduct research on social media marketing and consumer purchase decision.

2. Practical use

It can provide benefits and input for the Innisfree brand to be taken into consideration in making company decisions and it can be used as an idea to create social media marketing for the company.

1.7 Final Project Writing System

To make it easier to understand this research, below is a systematics final project writing:

CHAPTER I: INTRODUCTION

This chapter explains the overview of the research object, research background, problem formulation, research purposes, research benefits, and writing systematics.

CHAPTER II: LITERATURE REVIEW

This chapter contains theories from general to specific, accompanied by previous research, followed by a research framework that ends with a hypothesis if necessary.

CHAPTER III: RESEARCH METHODS

This chapter outlines the approaches, methods, and techniques used to collect and analyse findings that answer research problems. This chapter includes descriptions of Types of Research, Operational Variables, Population and Sample (for quantitative) /

Social Situation (for qualitative), Data Collection, Validity and Reliability Testing, and Data Analysis Techniques.

CHAPTER IV: RESEARCH RESULTS AND DISCUSSION

This chapter describes the results of research and discussion, which the researcher must be described systematically according to the determination of the problem and the research objectives.

CHAPTER V: CONCLUSION

This chapter contains conclusions from the research results and suggestions or input to business people, decision-makers, and suggestions to readers and subsequent researchers.