

CHAPTER I

INTRODUCTION

1.1 Overview of Research Object

Somethinc is one of Indonesia's local skincare and makeup brands founded in March 2019 by Irene Ursula (Somethinc, 2022). She previously founded an online marketplace for makeup and skincare brands named BeautyHaul in 2014. Somethinc's vision and mission is "to build Somethinc as a startup of beauty brand that can reach global industry, so international consumers can try and get the best skincare product on their class, which is Somethinc from Indonesia." (Fitri, 2021)



Figure 1.1 Somethinc Logo

Source: Somethinc (2022)

Somethinc is manufactured under a company named PT. Cosmax Indonesia, and distributed through a wholesaler named PT. Royal Pesona Indonesia in Jakarta, Indonesia. The headquarter of the company is located in Jakarta, Indonesia. (Somethinc, 2022). Although Somethinc was established almost three years ago, the sales of the products successfully ranked them on the third place as the most popular local skin care brands in Indonesia for 2021. According to Kompas (2021), Somethinc's sales alone in that year reached Rp8,1 billion. Somethinc sells their products through e-commerce platforms, as well as offline stores such as drug

stores in shopping malls. Somethinc also has expanded its business to another Southeast Asia countries such as Malaysia, Singapore, and Vietnam (Somethinc, 2022).

Currently, Somethinc offers many products of skincare ranging from facial cleanser until sunscreen, as well as makeup products such as eyeshadow, cushion, and many more. Their most popular product is their serums, which recently they launched more serums in October 2021, making them with a skincare brand with 21 serum products. All of their skincare products are made with selected ingredients that suitable for skin problems. Somethinc sells their products through marketplace, distributors and drug stores across Indonesia (Somethinc, 2022).

With the range of their products, Somethinc can attract many users, starting from the age 11 and regardless of their gender, followed with the reviews of Somethinc products from the consumers, it pushes Somethinc to become one of the leading beauty brands from Indonesia.

1.2 Research Background

Social media has grown exponentially these years and has become something that is inseparable with humans' lives. People at least spend their time for 145 minutes or approximately less than 3 hours daily on social media (Statista, 2021). Social media plays an important role in engaging people with each other by the Internet. The figure below shows an infographic of social media usage around the world. Per 2021, there were 4.33 billion active users of social media, with 99% of them accessing through their smartphone.

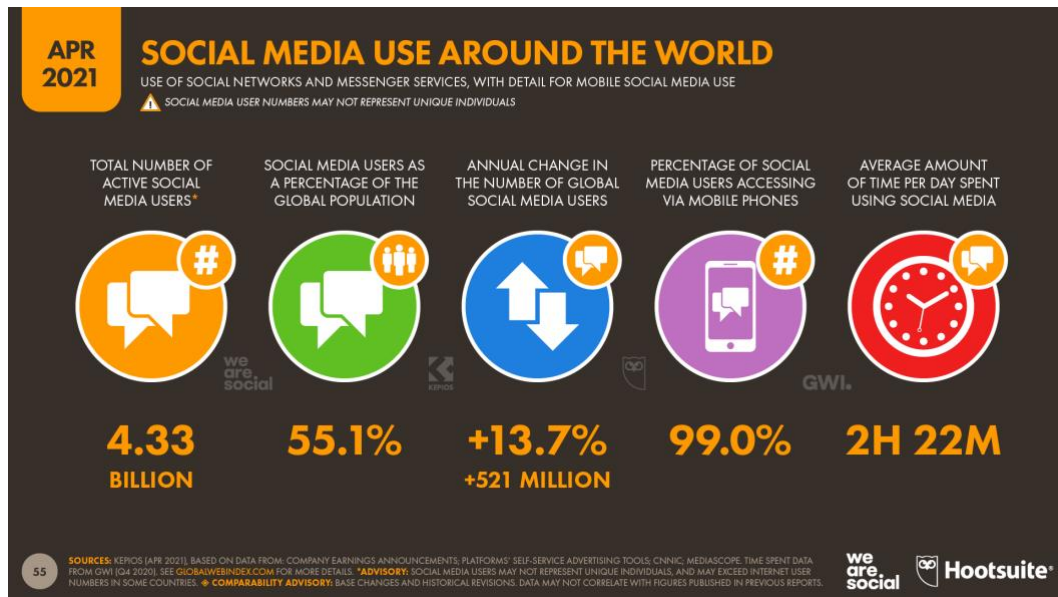


Figure 1.2 Social Media Statistics Around the World
Source: Kemp (2021)

In Indonesia, a statistic in 2021 showed that there are 170 million active users of social media, out of total population 270.2 million people (Nurhayati-Wolff, 2021). The social media penetration in the country itself has reached 61.8%, per January 2021. It is forecasted from 2017 until 2025 that the active users of social media in Indonesia generally will reach 230.33 million (Degenhard, 2021).

With the existence of diverse social media and the fact social media as one of the channels to promote businesses, as it is supported by a survey conducted online that social media played a role as the most popular channel for promotions in Indonesia (Nurhayati-Wolff, 2021).

Among the most popular social media platforms, this research focuses on Instagram as one of the most popular social media platforms in Indonesia. In Indonesia, the users of Instagram are roughly around 83.5 million users. And it is expected to grow year by year, with 121.44 million users by 2025. Women made up with 52.6% of overall Instagram users in Indonesia per April 2021, with the rest is men with 47.4% By age, 18-24 year old users dominating the social media with the percentage reaches around 19.4% (Nurhayati-Wolff, 2021).

To support promoting micro, small, and medium enterprises (MSMEs) and even big-branded businesses around the world, Instagram launched a feature named Instagram for Business. Statistics revealed by Instagram themselves showed that 2 in 3 people say that Instagram enables interaction with brands, proving that Instagram for Business eases the marketing and building customer relationship with Instagram users generally (Instagram, 2022).

Specifically in Indonesia, according to Sri Widowati as the Country Director Facebook Indonesia, the country became one of the countries with the most business profiles in Indonesia. This was also influenced by the fact that Indonesia is one of the countries with the most Instagram users around the world (Alfarizi, 2019).

One of the promising business factors is beauty products. With the support of Instagram users in Indonesia that is dominated by males and females, there are many local beauty products, whether it is either cosmetics or skin care products, advertising the product through Instagram is essential to boost the sales.

Beauty products from Indonesia has rapidly developed, and based on a survey conducted by Statistics Indonesia or *Badan Pusat Statistik (BPS)*, as the first quarter of 2020, the performance of chemical, pharmacy and traditional medicines which also includes cosmetic sector grew until 5.59%. Gati Wibawaningsih as the General Director of IKMA (*Industri Kecil Menengah dan Aneka*) from Ministry of Trade stated that in 2020 cosmetic sector contributed 1.92% for gross domestic product (Qommaria, 2021).

According to a survey conducted by Kompas in February 2021, Indonesia's top 5 local skin care brands in e-commerce are: MS Glow, Scarlett, Somethinc, Avoskin, and Wardah (Kompas, 2021). Out of five brands mentioned, this research will study furtherly about Somethinc. Somethinc is included as one of the most popular local brands with other 49 brands, based on a survey done by Katadata Insight Center in 2021 (Katadata.co.id, 2021). As Somethinc is the youngest skincare company among those top 5 local skincare brands — MS Glow in 2013 (Nabilla, 2022), Scarlett in 2017 (Bisnis.com, 2022), Avoskin in 2014 (Wikipedia, 2022), and Wardah in 1995 (Wardah, 2022) — with their vast growth among local

skincare industry as a new player and the achievements they have received, is the reason why this research chose Somethinc as the object to be researched further regarding their marketing strategy in social media, specifically their social media advertising on Instagram.



Figure 1.3 Top 10 Local Skincare Brand on E-Commerce in 2021
Source: Compas (2021)

Existing business profiles like beauty product businesses obviously create contents to attract new consumers through social media. One of the ways is by advertising their products or service through social media advertising. Somethinc itself has 1.3M followers on Instagram, which means they receive a lot of engagements through their content.

Social media advertising is one of digital advertising categories that places advertisements on social media. The main three objectives of social media advertising are for branding, response or even both (Bateman, 2022). Meanwhile, the three primary purposes are: promote the business' brand, promote the presence of businesses' social media, and becomes the bridge for the consumers to visit the businesses' web site (Bateman, 2022). The trust for social media advertising in Indonesia was placed in 5th worldwide, with 38% (Statista Research Department, 2021). Furthermore, in a survey conducted in 2021, it was revealed that 94% of

social media users in Indonesia at some point purchased a goods or service after they saw an advertisement through social media (Nurhayati-Wolff, 2021).

Social media advertising should look over the aspects to determine whether the value of their advertisement is precisely delivered to the consumers. Advertising value — the representative of perceived value of advertising to consumers — becomes a subjective tool to measure the usefulness of wanted satisfaction from the commodity (Ducoffe, 1995). Four aspects as mentioned and explained by Ducoffe are informativeness, entertainment, credibility, and irritation. Informativeness relates how the information is accepted or can be absorbed by the consumers, entertainment relates how the advertisements are displayed — is it attractive enough or not — credibility relates to how the claim from the advertisement is seen true and believable, and irritation relates whether the advertisements do manipulate the consumers through the product displays, and etc.

With the phenomena of local skin care's growth lately, additionally with the mushrooming of beauty product business profiles in Instagram, it is very important for the producer to heed the latest development of skin care and being innovated time by time which will result in new products and growing demands from the customers.

Producers need to study about their market and targeted customers, as well as the need to dive in into their consumer behavior for further products' research and development. Not just considering the targeted markets, but also how to promote their products through social media advertising, and point out the three important aspects on advertising value so the content is successfully delivered to the targeted markets. The dive-in research about the consumers, targeted markets, and advertising relates to the consumer behavior, as well as on the marketing, specifically on promotion.

According to Hawkins and Mothersbaugh (2010), consumer behavior is how the people, groups, or organizations as well as their process to select, secure, use, and dispose the goods, services, experiences, or ideas to appease their needs and impacts of these processes to the consumers and community. Consumer behavior nowadays have a broader view in which examining indirect influences on

deciding consumptions, also extensive consequences that involving more than the buyer and the seller. Meanwhile according to Laudon and Traver (2017), consumer behavior is defined as a discipline of social science that tries to model and understand humans' behavior in a marketplace.

According to Kotler et al., (2005), someone's intention to purchase comes after the evaluate the alternatives of goods or services. Purchase attention is influenced by two factors: the attitudes of others, and unexpected situational factors. Moreover, (Kotler et al., 2005) specifically say that advertising campaign can become one of the preferences for the consumers to define their intention to purchase more. The response of the consumers towards advertising campaign can be measured and the intention level may change too.

Based on the phenomenon above, research is needed to be studied further whether advertisement influence consumers' purchase intention, using the aspects of informativeness, entertainment, credibility, and irritation as the antecedents of social media advertising and mediated by advertising value on Instagram of local skin care brand Somethinc. Therefore, the title of author's research will be "*The Influence of Social Media Advertising on Instagram Towards Consumers' Purchase Intention (Case Study: Somethinc)*"

1.3 Problem Statement

The usage of social media especially Instagram nowadays has moved from being a social networking into a social platform in which businesses market their brands. Instagram being one of the biggest social media platforms in the world support the growth of businesses in many categories by launching Instagram for Business. This feature helps small, micro, even big-branded business to expand, grow and promote their brand and products, including beauty products which is one of the promising business sectors. In Indonesia, according to the data by *Badan Pusat Statistik*, as the first quarter of 2020, the performance of chemical, pharmacy and traditional medicines in Indonesia as well as cosmetic sector grew until 5.59%. Gati Wibawaningsih as the General Director of IKMA (*Industri Kecil Menengah dan Aneka*) from Ministry of Trade stated that in 2020 cosmetic sector contributed

1.92% for gross domestic product (Qommaria, 2021). This state proves that the growth of local cosmetic and skincare brands eventually contributed to nation's economic growth. Combining the existence of Instagram as one of the biggest social media platforms in the world and the number of beauty brands in Indonesia, it can be utilized by the producers to market their products for the consumers through Instagram.

Somethinc is one of the most popular skincare brands in Indonesia based on Katadata Insight Center in 2021 (Katadata.co.id, 2021) with 1.3M followers on Instagram. The brand markets their product through advertising or sponsored posts on Instagram. The advertisement on social media can be subjectively scored by what it is called as advertising value. Advertising value, according to Ducoffe (1995), has four aspects: informativeness, entertainment, credibility, and irritation. Information, attractive display, believable are used in advertising to attract existing and new consumers, and increase their intention to purchase the brand's product. A good advertisement scored by the overall score of advertising value from the four aspects will impact on consumers' purchase intention. According to Martins et al., (2019), a good and high advertising value influences someone's intention to purchase the product advertised.

By examining the advertising through social media Instagram with its antecedent variables — informativeness, entertainment, credibility and irritation — as a tool that can measure the perceived value of advertisement subjectively by the consumers, this can reveal which antecedent variable that influence the most for consumers' purchase intention towards the Somethinc's product from their social media advertisements on Instagram.

1.4 Research Questions

Based on the problem statement above, the researcher formulates the research questions as followed:

1. How does informativeness of Somethinc's social media advertising on Instagram influence the advertising value?

2. How does the entertainment of Somethinc's social media advertising on Instagram influence the advertising value?
3. How does the credibility of Somethinc's social media advertising on Instagram influence the advertising value?
4. How does the irritation of Somethinc's social media advertising on Instagram influence the advertising value?
5. How does the advertising value of Somethinc's social media advertising on Instagram influence consumers' purchase intention?

1.5 Research Objectives

Based on the research questions that have been formulated, it is expected that these are the objectives that can be achieved from the study:

1. To analyze the influence of Somethinc's social media advertising on Instagram's informativeness towards advertising value;
2. To analyze the influence of Somethinc's social media advertising on Instagram's entertainment towards advertising value;
3. To analyze the influence of Somethinc's social media advertising on Instagram's credibility towards advertising value;
4. To analyze the influence of Somethinc's social media advertising on Instagram's irritation towards advertising value;
5. To analyze the influence of Somethinc's social media advertising on Instagram's advertising value towards consumers' purchase intention for the brand;

1.6 Research Benefits

1.6.1 Theoretical Aspects

This research hopefully will increase the knowledge and insight regarding the influence of informativeness, entertainment, credibility, and irritation of social media advertising on Instagram of Somethinc through advertising value.

1.6.2 Practical Aspects

This research hopefully becomes a guidance or reference for local skincare brands to boost their sales by doing research regarding informativeness, entertainment, credibility, and irritation and its influence for social media advertising on Instagram, through advertising value.

1.7 Writing Systematics

The structure of writing provides about and general overview of the research, with these following structures:

1. CHAPTER I INTRODUCTION

This chapter consists of the background of research project, the problem formulation, research objective, the benefit of research and writing systematics.

2. CHAPTER II LITERATURE REVIEWS AND SCOPE

This chapter consists of supporting theoretical foundation, similar early research, a framework of proposed hypothesis for this study.

3. CHAPTER III RESEARCH METHODS

This chapter consists of research variables used, operational definition, sample determination, data type and data source, methods for data collection, validity and reliability, and methods used in analysis for this study.

4. CHAPTER IV RESEARCH RESULTS AND DISCUSSION

This chapter consists of detailed explanation about the research results and chronological and systematical discussion based on the research problem statement and research objectives.

5. CHAPTER V CONCLUSION AND SUGGESTIONS

This chapter consists the explanation of conclusions, derived from research results, processed data and research analysis. This chapter also includes a recommendation which is expected to help future developments on similar fields.