

## CHAPTER I

### INTRODUCTION

#### 1.1. Overview of research objects

##### 1.1.1. General History of L'Oréal

L'Oreal is a product originating from Paris. The L'Oreal group is one of the biggest beauty brands in the world. L'Oréal Paris was founded by researcher Eugène Schueller. He was one of the young graduates of the Institute de Chimie Appliquée de Paris (now Chimie ParisTech) in 1904. The company is headquartered in Clichy, France, and was founded in 1909. L'Oréal, founded 100 years ago as a small family business, today has 23 international brands in 130 countries with 68,900 employees. The company also offers a wide range of cosmetics and skincare products.

L'Oréal Group first appeared in Indonesia in 1979 by distributing Lancôme, a luxury brand. Several other brands from the L'Oréal group in the luxury category in the following years also stimulated the Indonesian market, such as Guy Laroche, Cacharel, and Ralph Lauren perfumes. In 1985, L'Oréal Group partnered with a local partner, Mustika Ratu, to form a joint venture company called PT Yasulor Indonesia. This company is a manufacturing company that serves the needs of consumers and salons in the Asian market with the Paris and Professional brands. (Audinovic, 2017)

In 1993, the L'Oréal Group took full control of its operations in Indonesia and, in 2000, established PT L'Oréal Indonesia. To date, L'Oréal's commercial activities in Indonesia have focused on two entities, namely PT L'Oréal Indonesia, managing the marketing and distribution activities of the L'Oréal brand, and PT. Yasulor Indonesia produces a wide range of skin and hair care products with a wide market segment. Products that meet the needs of the domestic and Southeast Asian markets. L'Oréal is now present in Indonesia with 15 brands divided into 3 categories including luxury, consumer, and professional (salon) through different distribution channels.

Various luxury, consumer, and professional (salon) products are found in shopping centers, salons, and pharmacies. The brands marketed in Indonesia are very diverse, such

as L'Oreal Paris, Maybelline New York, Garnier, L'Oreal Professional, The Body Shop, Kerastase Paris, Matrix, Lancome, Biotherm, Giorgio Armani, Shu Uemura, Yves Saint Laurent, Kiehl's, Ralph Lauren perfumes, and Diesel.

PT. L'Oreal Indonesia is active in the social sector. In 2009, PT. L'Oreal Indonesia received the Asian Responsible Entrepreneur Award Indonesia for the Community Care category and the Educational Care Award from the Ministry of Education in 2010. These awards recognize the company's ongoing commitment to the education, science, and women's equality sectors in Indonesia.

PT. L'Oreal Indonesia is very concerned about quality standards and good manufacturing practices (GMP) for cosmetic products. PT. L'Oreal Indonesia has also implemented government programs to develop environmentally friendly industries or green industries that realize sustainable development. On July 18, 2014, PT. L'Oreal Indonesia was announced as the first company in Indonesia to achieve the "Greenship Interior Space" certification from the Green Building Council Indonesia after successfully meeting the requirements of an environmentally friendly rating system that proves the company's commitment to implementing the greening concept. (Lamare, 2020)

### **1.1.2. Vision and Mission**

The following companies must achieve and implement their visions and missions:  
PT L'Oreal Paris' Vision and Mission:

#### **a. Vision**

L'Oréal's vision as a world leader in beauty is to bring AR and AI technology to provide customized solutions for consumers to try beauty products.

#### **b. Mission**

PT. L'Oreal Indonesia pays great attention to quality standards and strives to always create connections between our brands, professionals, and consumers in every market. Mission PT. L'Oreal includes:

- Always reinventing professional beauty and leading the digital transformation of our industry with a customer-focused approach.
- Democratizing the best of beauty, and for us, to make beauty more sustainable.
- Providing the best products and brand experiences that are unique to each of our consumers.
- Helping everyone in their quest for healthy and beautiful skin.

(loreal-paris, 2022)

### 1.1.3. Company Logo

The logo is the identity of a company, and the following is the logo of PT. L’Oreal Paris:



**Figure 1. 1**

**Company logo PT. L’Oreal**

*Source:* [www.Loreal.com](http://www.Loreal.com)

Actually, the L’Oreal logo is not an image or a symbol, but just a wordmark. That's why the type and way each character is rendered is so important to the overall visual effect. Each letter in the company name is capitalized. Interestingly enough, they are rendered in two sizes: the "L" and "O" are larger, while the "original" text is rendered in smaller letters. So even though all characters are capitalized, the designers managed to stay within the bounds of the grammar rules.

The L'Oreal logo is basically rendered as a combination of white and black. The company emblem displays black as the background, while the word sign itself is white (negative). However, the opposite is also acceptable. This combination of elegance and classic symbolizes an innate sense of style, as well as purity (white) and mystery (black). It's also worth mentioning that the emblem can be rendered in a variety of other colors, depending on the visual context. Most often, it displays golden tones, sometimes with a 3D effect.

### 1.1.4. Organizational Structure

The organizational structure of a company is a level or arrangement that includes the division of tasks and roles of individuals based on their position in the company.

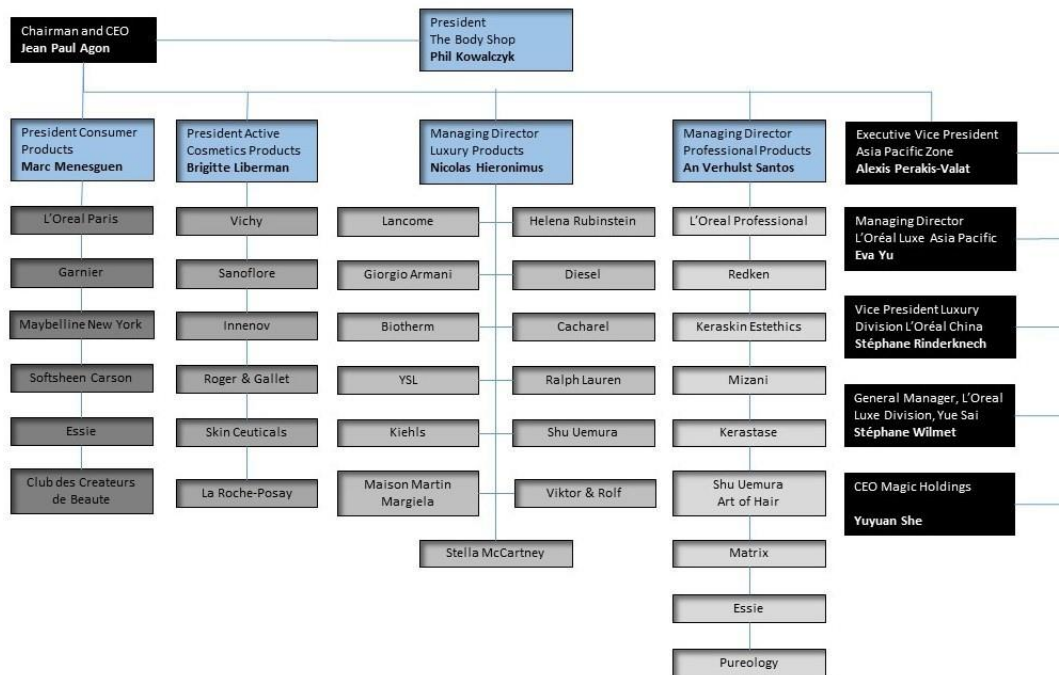


Figure 1. 2

### Organizational structure

Source: [www.lorealparis.com](http://www.lorealparis.com)

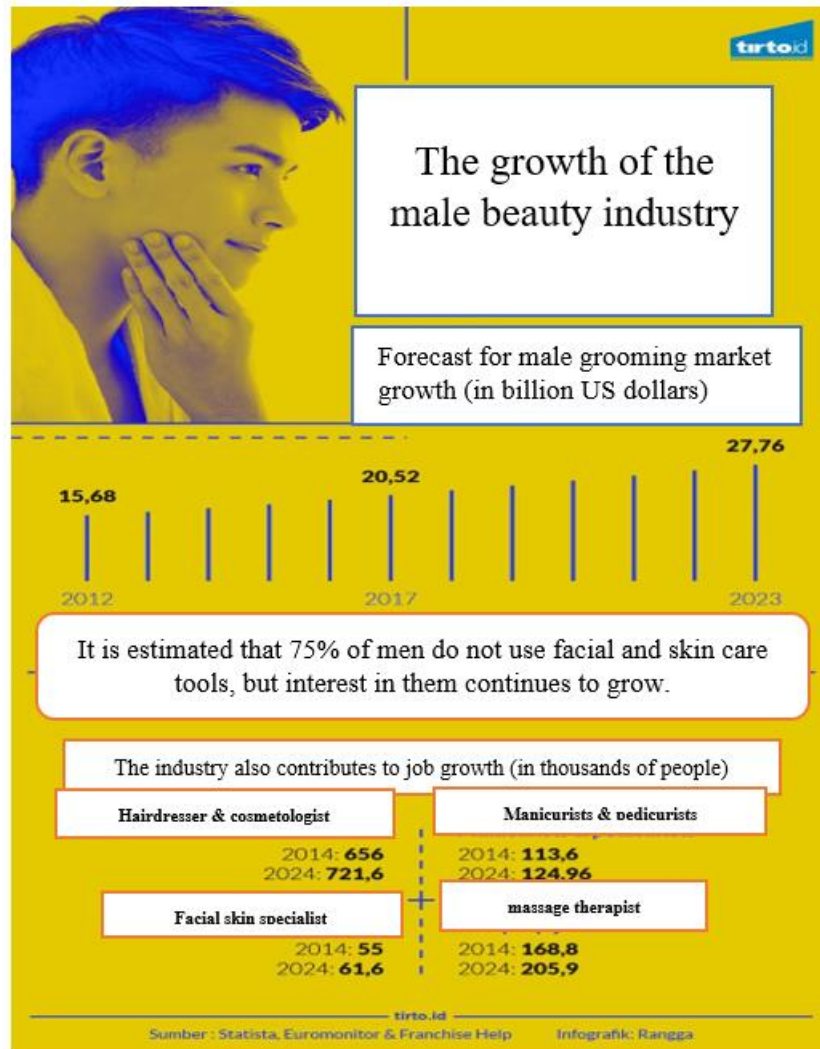
## 1.2. Background of Research

Skin is one of the organs of the body that has the largest area among other organs and functions to wrap meat and protect internal organs. This important skin function requires everyone to maintain and care for the skin so that it can function properly. One of the steps that can be taken is to take care of the skin. (Sugiarti, 2017)

Indonesia is one of the countries where the trend of skincare and self-care is growing rapidly. Self-care and grooming are the current trends, not only for women but also for men, following the trend of self-care, supporting good looks, and adding attractive value. Skin that is rougher and tougher than women's certainly presents various challenges for men in terms of taking care of themselves or taking special care of. In addition, in recent years, South Korea's influence is very large, and social media has brought realistic and flawless results to men's skin and faces, so the trend of men's grooming, commonly known as "men's grooming," is increasing. For this reason, male self-care is getting more and more attention, and the male self-care industry is growing. Facial cleansing products for men are increasing rapidly due to lifestyle demands. In Southeast Asia, including Indonesia, people who live in big cities are interested in health and facial appearance. (clinic, 2022)

One of the reasons men use facial skincare is to increase their self-confidence. In addition, men in Indonesia have also used a variety of skincare products. According to a survey, 95% of men in Indonesia claim to care about the appearance of their skin because they feel comfortable and are more confident in their daily lives. (Wisnubrata, 2021). "Skincare for men is currently very booming. The trend for men's care continues to increase, not only in aftershave products or toners bu (Wisnubrata, 2021)t also in types of skincare products with new and contemporary textures such as gel creams or serums that are becoming popular, "said Cheong Min-Kyoung, President Director of PT Cosmax Indonesia.

Figure 1.3 shows the increase of the men's care product industry, which includes hair styling, deodorant, cologne, and skincare.



**Figure 1.3**

**The growth of the Men's Beauty Industry**

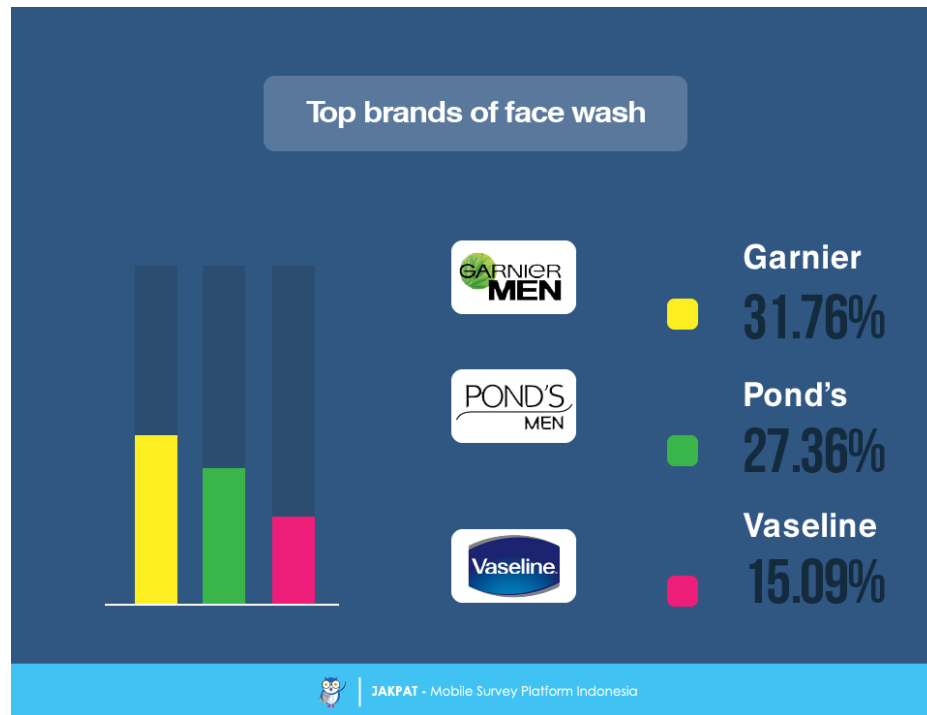
Source: [www.Tirto.id](http://www.Tirto.id)

From Figure 1.3, we can conclude that the men's make-up industry is growing every year. In 2017, the men's grooming market will grow to \$20.52 billion and will reach \$27.76 billion over the next five years. It is estimated that 70% of men do not use facial or skincare tools, but interest in the body and facial care continues to grow. Market Researcher NPD Group also revealed that in 2019, men's skin care products experienced a sales spike of more than 7 percent (Beritagar, 2019).

Routine skin care is not only important for women, but this also applies to men. Caring for the skin for men is important routinely, especially for those who are outside every day. As is known, environmental factors such as sun exposure and pollution can cause various skin problems. The importance of taking care of facial skin and using skincare for men was also confirmed by dr. Astrid Teresa, Sp.KK. Explaining skin care for men is non-negotiable. "Skin is the largest organ in our body, so whether male or female, it is important to take care of it to stay healthy," said dr. Astrid.

According to dr. Astrid, it is enough for men to have 3 essential skin care products to treat their skin. As is known, facial wash is a facial care product that helps remove dirt. Then moisturizer is a skin care that can keep the skin hydrated and sunscreen is a skin care that should not be missed considering that it can protect the skin from sun exposure. (Arintya, 2022)

There are a number of facial products that men commonly use, including moisturizers, cleansers, shaving & shaving creams, body scrubs, and sunscreen. This underlies the fulfillment of men's cosmetic needs and demands of many male consumers, and cosmetic manufacturers recognize this opportunity. From there, they began to produce cosmetics specifically for men. There are several cosmetics that men use. Examples are L'Oreal, L'Oreal Men Expert, and Garnier Men's products. (Source: [www.viva.com](http://www.viva.com)). Figure 1.4 shows the top face wash brands in 2018.



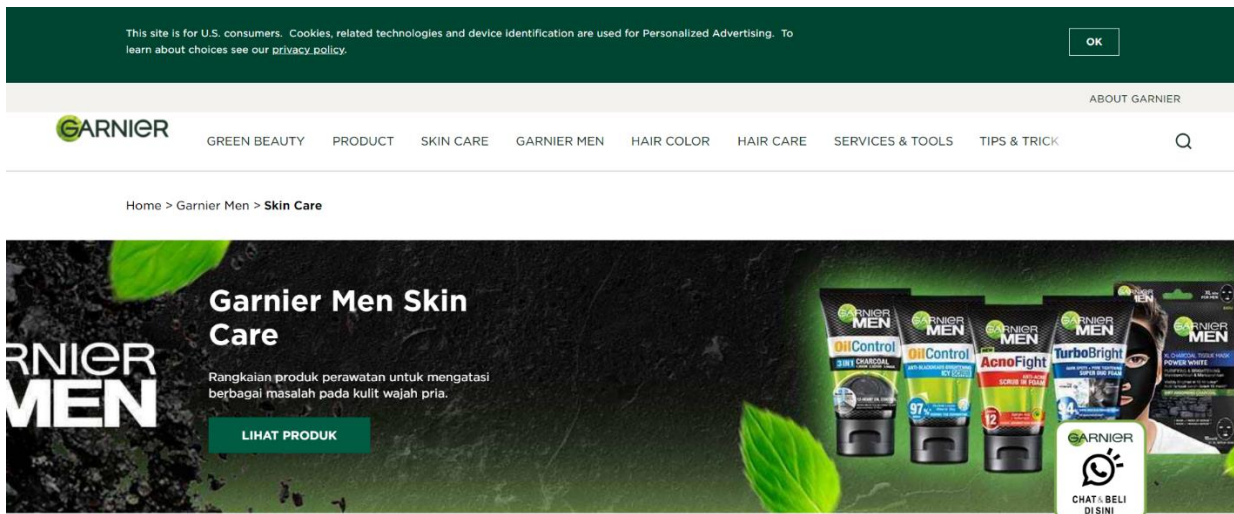
**Figure 1. 4**

**Data TOP brand index 2018**

Source: [www.jakpat.net](http://www.jakpat.net)

Garnier sits in the top position with 31.76% of respondents. Number two belongs to Ponds (27.36%). Number three belongs to Vaseline (15.09%). The rest are Nivea (11.01%), Biore (3.45%), and L'Oréal (3.14%) in 2020. This indicates that there is a growing desire to buy Garnier. This purchase intention will be forwarded to the consumer's purchase intention later. According to (Kotler & Armstrong, 2017) purchase decision is the buyer's decision about which brand to buy. Complex decision-making processes often involve several decisions. This decision involves a choice between two or more alternatives. Consumer purchasing decisions are the stage where consumers may also form an intention to buy the most preferred product, where the consumer's decision to modify, postpone, or avoid is strongly influenced by perceived risk.





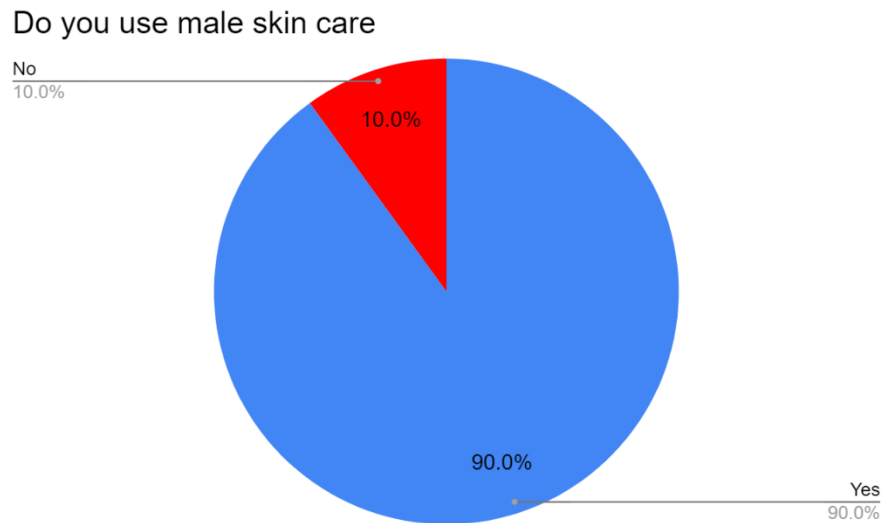
## Types of Garnier Men products

Figure 1. 5

(Source: [www.garnier.co.id](http://www.garnier.co.id))

As shown in figure 1.5, the website [www.garnier.co.id](http://www.garnier.co.id) offers a wide range of facial wash products for all male skin issues in Indonesia. For example, Garnier Guys offers facial wash solutions for men with oily, dull, or acne-prone skin. According to the journal (Source: [www.jurnal.maskoolin.com](http://www.jurnal.maskoolin.com)), the most common face skin concerns among males in Indonesia include acne, dull skin, dry skin, blackheads, and excess oil. Although Garnier has not released face wash products exclusively for dry skin, Garnier Men has released a moisturizing product for men with dry skin.

Researchers conducted a preliminary survey of the use of skin care products by interviewing 30 male sources and found that 90% of men used skin care while 10% of men did not use any skin care products, as it can be seen in Figure 1.6 below:



**Figure 1. 6**

**Survey data for male skin care user**

(Source: Processed by the author, 2022)

Therefore, this phenomenon is interesting to study. Brand Image is also important because it serves as a picture of consumers about a product. Brand Image according to (Khuong & Huyen, 2018) is a situation where consumers think and feel an attribute of a brand so that consumers can properly stimulate consumer purchase intentions and increase brand value. According to (Bayu, 2021) Building a strong brand image can be a weapon to excel from competitors and win business competition. To be able to build a strong image requires the right strategy, a long time, and a large cost. But when the image is successfully formed, it will become an asset for the brand. This image will shape consumer loyalty so that the business gets bigger and develops.

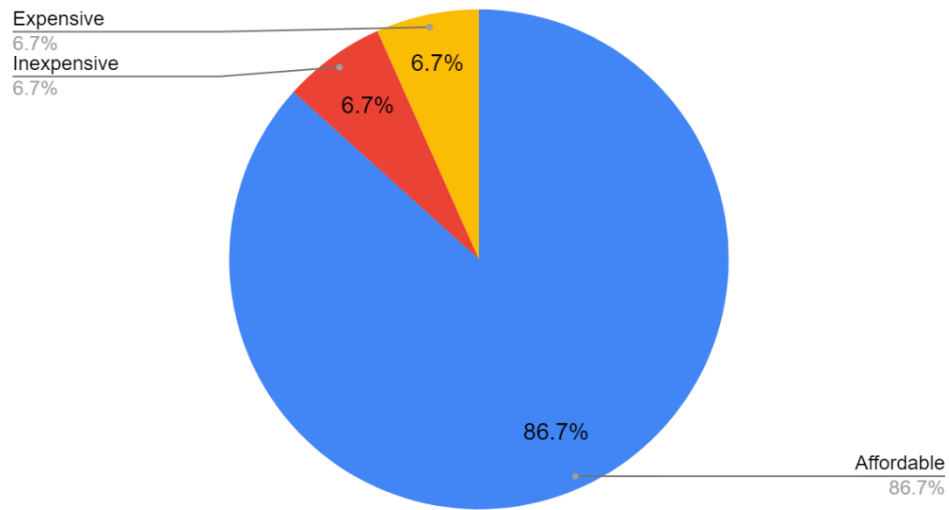
Garnier strengthens its brand image as a brand that upholds inclusion and sustainability. The company under the umbrella of L'Oréal believes that this method can encourage them to create a green and sustainable future of beauty. Environmental and social issues that are increasingly being discussed touch Garnier to accelerate the transformation of aspects of their value chain.

To increase the trustworthiness of purchasing decisions for Garnier Men's products, brand image is one of the most important things for consumers. (Isnawati & Yuliana, 2018) which examines the influence of brand image on Aqua consumers' purchasing decisions, proves that brand image has a significant and positive effect on purchasing decisions. However, according to research conducted by Agustin et al. (2021) The results of brand image testing have no significant effect on purchasing decisions.

Garnier Men's products are included in the 10 Cheap Skincare Recommendations under 100 thousand for Men, and Garnier Men's is number 4 with Garnier Men Acno Fight Wasabi products. This facial wash foam can provide a smooth and soft texture for the skin, control excess oil on the face, prevent acne from appearing, and as a bonus the skin will look brighter and healthier, with a price range of 21,000-37,900. Price perception is no less important for consumers to decide to buy skin care products. Price perception is the tendency of consumers to use price in making judgments about product quality (Fatmawati & Soliha, 2017).

Researchers conducted an additional survey to find out whether Garnier Men's products were expensive or not, with the results that the researchers got, it turns out that 86.7% of men think that Garnier Men's prices are affordable, 6.7% of men think that Garnier Men's prices are expensive, and the remaining 6.7% of men think that Garnier Men's prices are cheap. Figure 1.7:

### How is the price of Garnier Men



**Figure 1. 7**

#### **Survey data for male skin care user**

(Source: Processed by the author, 2022)

Price perception is one of the important things that is important for consumers to consider purchasing decisions. According to researchers (Lala & Armanu, 2017) the effect of price perception on the iPhone, it shows a significant and positive influence on purchasing decisions. However, research conducted by (Octaviana, 2016) shows that price perception has no significant effect on purchasing decisions.

Based on the problems presented, theoretical support, and inconsistencies or differences in research results on each variable factor that affects purchasing decisions, the authors are interested in conducting further research on purchasing decisions, this study takes the title “The Impact of Brand Image and Perceived Price on Men. Skin Care Purchase Decision: Study in Garnier Men”

**Title “The Impact of Brand Image and Perceived Price on Men Skin Care Purchase Decision: Study in Garnier Men”**

### **1.3. Research Questions**

Based on the background discussed earlier, the formulation of the problem in this study are:

1. How is the Brand image on Garnier Men
2. How is the perceived price of Garnier Men
3. How is the purchase decision on Garnier Men
4. How does brand image affect purchase decisions in Garnier Men

#### **1.4. Research Objectives**

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

1. To analyze how the Brand image on Garnier Men's skin care
2. To analyze how the perceived price of skin care Garnier Men
3. To analyze how the purchase decision on skin care Garnier Men
4. To analyze how the influence of brand image on purchase decisions in skin care Garnier Men

#### **1.5. Research Uses**

This research is expected to have benefits that can be learned by all interested parties. The benefits obtained in this study are as follows:

##### Practical Benefits

1. For researchers, it can be used to apply marketing management knowledge acquired in college and to sharpen knowledge and insight in marketing management science, especially regarding the influence of consumer perceptions and preferences on the purchase intention process.
2. For companies, the results of this study are expected to contribute ideas that can be used as consideration for companies regarding the influence of perceptions in purchasing Garnier man skin care products online and in physical stores.
3. For further researchers, it is hoped that the results of this study can be used as reference material for conducting similar research

## **1.6. Writing Systematics**

The writing systematics that the author uses in this research process are as follows:

### **CHAPTER I INTRODUCTION**

Chapter I contains an overview of the research object, research background, formulation of the problem to be studied, research questions to be asked, research objectives, research benefits, and the systematics of writing the final project.

### **CHAPTER II LITERATURE REVIEW**

Chapter II contains theories related to research and previous studies that are related to research problems, problems, or variables. A framework that will discuss the series of thoughts that will be used in describing the research problem that will lead to the conclusions of the study. The research hypothesis is a temporary answer to a problem whose answer still has to be tested empirically and the scope of the research that explains in detail the limitations and scope of the research.

### **CHAPTER III RESEARCH METHODOLOGY**

Chapter III contains a collection of information needed to process data and obtain results in accordance with research objectives. The research stages described in this chapter include problem formulation, processing and collecting data, analyzing problems in the company, and concluding research stages. Data to be used in research. The data can be in the form of secondary data and primary data.

### **CHAPTER IV RESEARCH RESULTS AND DISCUSSION**

Chapter IV contains the results of research and analysis will be described systematically in accordance with the formulation of the problem and research objectives and presented in separate sub-headings. This chapter is divided into two parts: the first part presents the research results and the second part presents the results of the research analysis.

### **CHAPTER V CONCLUSIONS AND SUGGESTIONS**

Chapter V contains conclusions, which are a complete application of the results of observations, suggestions are recommendations for further researchers who take the same topic.