

CHAPTER I

INTRODUCTION

1.1. Research Object Overview

Something is a beauty brand from Indonesia, known for its high-quality and affordable skincare and makeup products. Initially recognized for their skincare product, the brand has expanded their reach into the makeup industry, which follows the same principles of affordability, inclusivity and performance-driven formulations.



Figure 1.1 Something Logo

Source: ([*Something official website*](#))

Founded by Irene Ursula in May 2019, Something was launched with the goal of bringing both skincare and makeup products inspired by the global beauty trends into Indonesian market. After their successful endeavor in the skincare area, Something expanded into makeup, offering products that combine skincare benefits with color cosmetics. The brand's makeup offerings include a wide range of products, from lightweight cushion foundations to skincare-infused items to ensure that makeup not only enhances beauty but also nourished the skin.

1.2 Research Background

As the improvement of technology, people became reliant on the internet which improves the convenience to our way of life. These days internet not only the form of entertainment for most people but has become a necessity and now the internet has become a companion to daily needs. It cannot be denied that the internet has made many changes to people's lives. This increasing demand for Internet usage is portrayed by the increasing number of Indonesian internet user in the recent years. Based on the annual survey conducted by the Indonesian Internet Service Providers Association (APJII), the 2024 result with the total of 8,720 respondents, Indonesia

internet penetration rate grow until 79.5% this year. This indicates that there are now 221 million internet users, a 1.31% rise in the internet penetration rate over the previous year.

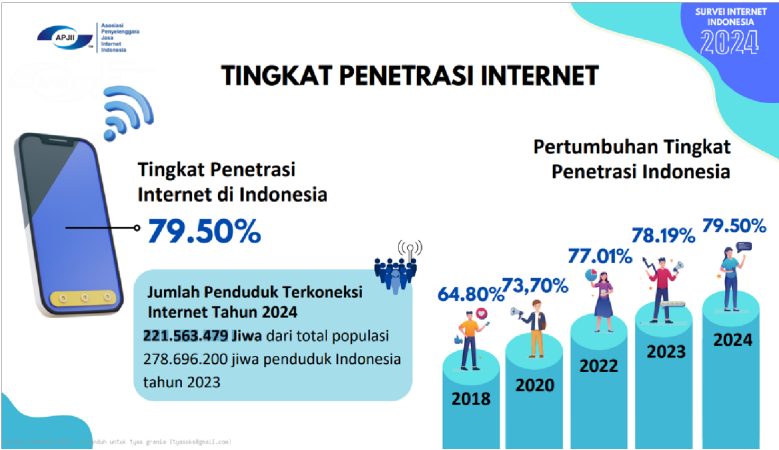


Figure 1.2 Internet Penetration Rate in Indonesia

Source: *(Asosiasi Penyelenggara Jasa Internet Indonesia, 2024)*

Followed by the increasing internet use, the makeup industry received some of the benefits to growth for the easier access for public to obtain information. Due to shifting consumer preferences and a sharp rise in demand from new countries, the global cosmetics business has experienced tremendous growth in recent years. The rise of social media also plays a part as the cosmetics industry is closely intertwined with social media and influencer culture.



Figure 1.3 Global Makeup Industry Market Size

Source: *(The Business Research Company, 2024)*

Figure above describes the growth number in the makeup industry market size globally, focusing on the main types of colored makeups by both distribution

channels online and offline. At a compound annual growth rate (CAGR) of 6.9%, the size of the makeup market increased from 35.16 billion US dollars in 2023 to 37.6 billion in 2024, with further expansion anticipated. The increasing demand for the global makeup industry has influenced Indonesia to run along with the trend and improve their makeup industry to fulfil the dynamic demands.

Publication insights

Engagement
● Very low • <0.1%
Higher than 9% of influencers.

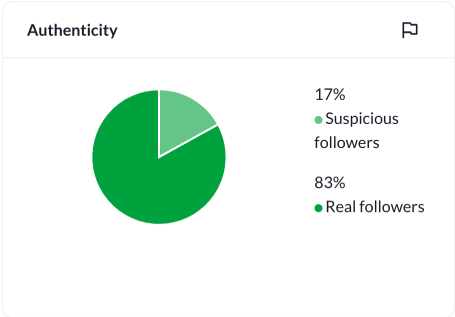
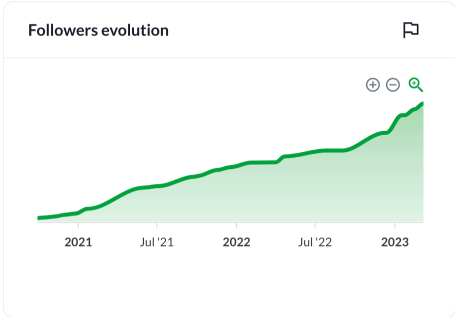
Estimated reach
● Very high • 190K
Higher than 94% of influencers.

Post per week
● High • 42
Higher than 66% of influencers.

Content reactions
● High • ♥ 2.1K | 💬 95
Higher than 85% of influencers.

Publication recency
● Not recently • >60 days ago
More recently than 78% of influencers.

Audience insights ⓘ



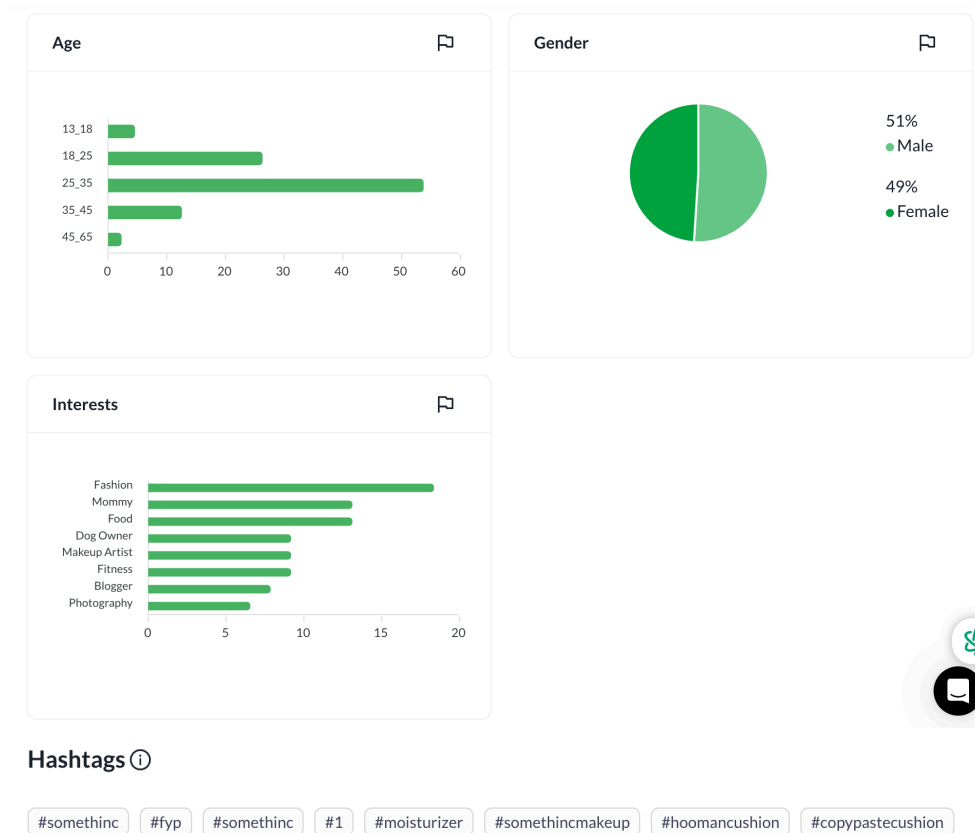


Figure 1.4 Somethinc's TikTok Account Insight

Source: ([Heepsy, 2024](#))

Based on the data from Heepsy, Somethinc Official TikTok account's followers experienced consistent growth in 2023 from the first they launched the account in 2021, with the total of 2M followers on March 8th, 2023. Most of their followers are male with the number 51% compared to the female counterpart which is 49% of their followers. This proves that Somethinc not only appeals to women as their target market but is also versatile for men and various age groups. Somethinc is particularly popular with people who are interested in fashion content with the audience from age 25-35 which is the young adult age category, followed by the people from age 18-25. With the hashtags like shown above, the brand took the advantage of trends to maintain their brand and product relevance and encourage further potential sales.

For business owners, marketing is the main key to business progress, because marketing is the starting point for increasing awareness, interest and sales of

products or services. Word of Mouth (WOM) is one strategy used to raise public knowledge of a commercial product. The process by which customers share their thoughts or experiences about a product or service is known as word-of-mouth. Thanks to technological advancement and the internet, social media has allowed every user as a customer to share about their experience either its positive or negative review while using a service, brand or a product, there for allowing the Electronic Word of Mouth (eWOM) to emerge. This opportunity helps businesses gain brand recognition with the engagement through their posts and contents, which in social media terms the higher the engagement then the broader audience it will reach. In social media, every user is required to have account which means having their registered identity on the platform and reduces anonymity, which means the potential for eWOM has become more reliable (Chu & Choi, 2011; Wallace, Walker, Lopez, & Jones, 2009).

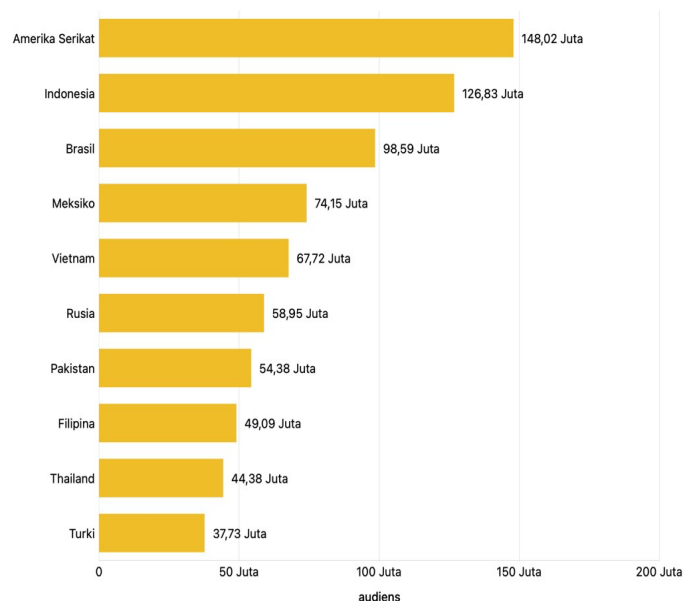


Figure 1.5 10 Countries with the Widest TikTok Advertising Reach

Source: ([Databoks, 2024](#))

From the attached figure above, Indonesia is portrayed as the second country in the world with the wildest TikTok advertising reach, and according to the We Are Social report, in January 2024 TikTok advertisements in Indonesia could reach around 126.83 million audiences. The extensive number of reaches for TikTok advertising in Indonesia plays an important part for eWOM, significantly

influencing the consumer's purchasing intention with the platform. Particularly in Indonesia, TikTok's user is not only broad, but also highly engaged by regularly interacting with the content through likes, shares and comments which enhances the effectiveness of eWOM (Statista, 2023), making TikTok one of the reliable mouth-to-mouth information sources.

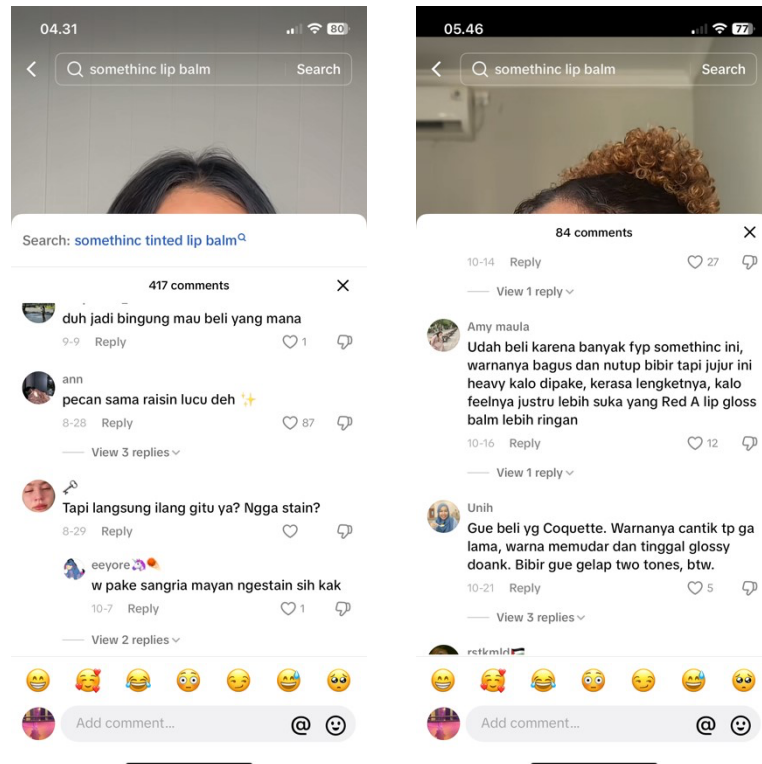


Figure 1.6 TikTok users' interactions for Somethinc makeup

Source: (TikTok, 2024)

Content engagement also means that opinions and recommendations can spread widely, creating an authentic open-source narratives surrounding the product. Not only that, but more opinions around the product would also be available and users are able to openly discuss about their takes regarding the said product on the content. Supported by local touches in TikTok content, including language, cultural references and trends can increase relatability, ensures a more receptive users for recommendations within the community.

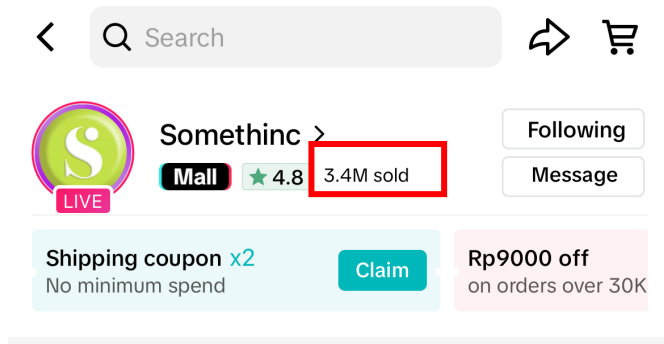


Figure 1.7 Somethinc TikTok Shop

Source: (TikTok, 2024)

From TikTok shop itself, Somethinc have sold 3.4M products. This clearly shows how effective and helpful TikTok is as a platform for Somethinc to engage audiences, creating interest, and drive purchasing intentions. It's a proof to how powerful TikTok eWOM, combined with strategic marketing, can make a brand thrive in a competitive market. Younger generations, who grew up during the technological revolution, spend most of their time online. TikTok users are dominated by Generation Z. A report by Jakpat in 2023 said that the majority of Gen Z use the TikTok application (24%) as a source of information in their lives. YouTube is in the next position with a percentage of 23%, then Instagram with the number of 22%.

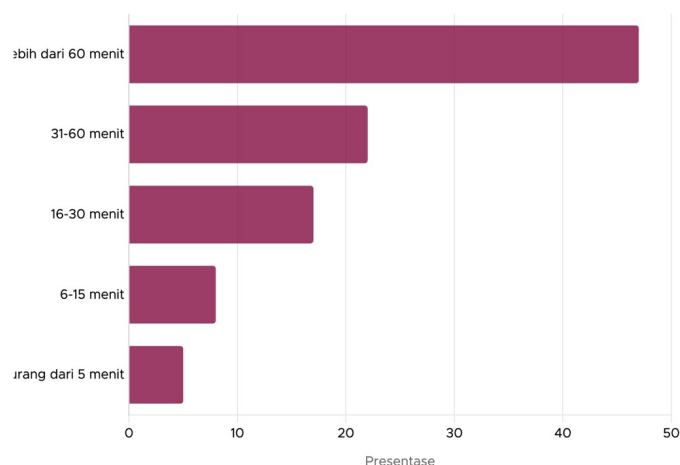


Figure 1.8 How Long Gen Z Spend on TikTok

Source: (Goodstats, 2024)

The data in the survey produces information that the majority of Gen Z spend more than an hour on one access opportunity. Respondents who stated this were 47% of the total 1,513 respondents. Below that, 22% of Gen Z respondents said they spent 31-60 minutes accessing it in one sitting. 17% of respondents spent 16-30 minutes, while 8% of respondents spent 6-15 minutes per access to TikTok. TikTok's unique algorithm and user engagement also provide higher influence on consumer decisions compared to other social media platforms (Cut Tamara Falajunah & Ratih Hendayani, 2024). Therefore, the marketing strategy in TikTok should be the ones fitting for the younger generations, for their spending time rates in the application.

FOMO appears to be especially prevalent among today's teenagers and young adults, even considering developmental aspects that could signal a reduction in these traits as individuals progress into adulthood and attain a more secure self-identity (Barry & Wong, 2020), therefore it is likely for Gen Z to be the ones experiencing FOMO. FOMO is conceived as “the desire to stay continually connected with what others are doing” and the worried feeling that others are having a good time without them (Przybylski et al., 2013a).

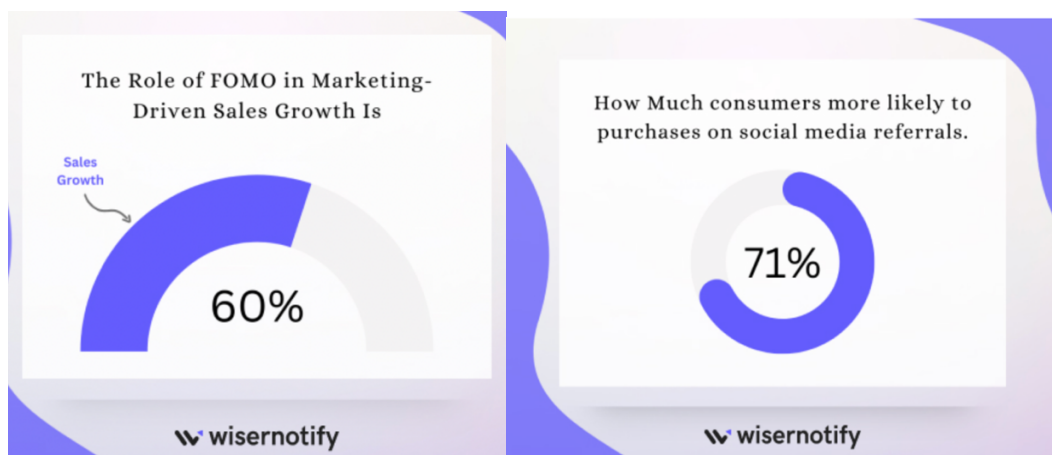


Figure 1.9 The Role of FOMO is Sales Growth

Source : ([Wisernotify, 2024](#))

With the statistics from Wisernotify in 2024, FOMO drives 60% of sales growth and 71% consumers are more likely to purchase due to social media referrals or we can say eWOM. This shows that people are highly influenced by social media

and would be most likely to want to try things for themselves. Somethinc's affordable pricing satisfies the budget-friendly standards required for students, allowing them to experience high-quality products without overspending. Somethinc's product line is inclusive, with shades and styles to suit a wide range of skin tones and aesthetic tastes, allowing younger spender to experiment with different looks and trends. Furthermore, Somethinc has built a strong social media presence on platforms such as Instagram and TikTok, where influencer endorsements and user reviews make it prominent and highly recommended by peers. Somethinc, a locally founded brand, resonates strongly with Indonesian students who value supporting a company that understands their own tastes and demands. Together, these factors make Somethinc an excellent alternative for students looking for quality, affordability, and authenticity in makeup items. The results from previous study about Somethinc e-WOM on the TikTok application by (Indrawati et al., 2023a) showed that information adoption positively and significantly affects purchase intention. This implies that as consumers embrace the information communicated via eWOM, their likelihood of buying Somethinc products rises. However, the model was deemed weak, indicating that other elements might significantly affect purchase intentions which were not addressed in this study, emphasizing the necessity for further investigation into other contributing elements.

As a result, the study is written to investigate the combined impact of e-WOM and brand image on purchase intentions for Somethinc's makeup line, emphasizing on how FOMO modify this relationship. By researching these processes, the writer hopes to contribute to a greater knowledge and assist business owners in maximizing e-WOM and developing a strong brand image to influence purchase decisions.

1.3 Problem Formulation

The need for short entertainment media like, has caused short video platforms like TikTok to rise and making electronic word-of mouth (eWOM) more visual, engaging and impactful. TikTok allows users to share their product experience reviews in a highly engaging format that can reach millions other users instantly for

its algorithm driven content feed, amplifying eWOM by relatable, popular and or trending content. With TikTok, new dynamics for eWOM shapes consumer's behavior, because TikTok reviews often shows the said product in use, providing potential customers an immersive review based on the benefits and real-life applications. With authenticity and relatability, TikTok contents became especially impactful for the viewers tend to trust individuals they perceive as genuine or relatable. Not only that, TikTok commenting feature allows viewer to see how other people reacts regarding the promoted product or content, making it easier to gain more insight regarding the product, thereby increasing the perceived credibility and reliability of eWOM.

People with social media, especially the younger generations tend to get influenced easily and buy stuff they see other people with the same age group, or they relate with have and the fear of missing out on trends. Therefore, saying such as how they know the product from TikTok or how the trends there caught up on them is not a rare sight to see these days. Thus, this paper seeks to investigate how efficient or how frequent TikTok specific eWOM mechanism such as viral trends or authentic user generated contents affect consumer desires and purchasing intention towards a specific group which is Somethinc makeup product among the Gen Z TikTok user. Understanding these dynamics is crucial for marketers who seeks to tackle the power of TikTok eWOM influence, to create more engaging and impactful marketing strategies, and finding out, whether the more engagement affects the more profit for them.

With the research background information regarding the paper, the writer can identify some questions that covers the problems that could arise and formulated as below:

1. How much is the rate of Information Quality, Information Quantity and Information Credibility of Somethinc eWOM on TikTok based on respondents' perception?
2. How much is the rate of Information Usefulness and Information Adoption of Somethinc eWOM on TikTok based on respondents' perception?

3. How much is the rate of FOMO regarding Somethinc on TikTok based on respondents' perception?
4. How much is the rate of Purchase Intention of Somethinc on TikTok based on respondents' perception?
5. Does the Information Quality, Quantity and Credibility of Somethinc on TikTok positively and significantly influences the Information Usefulness?
6. Does the Information Usefulness and FOMO regard Somethinc on TikTok positively and significantly influences the Information Adoption?
7. Does the Information Adoption of Somethinc on TikTok positively and significantly influences the Purchase Intention?
8. Does FOMO positively and significantly influence the purchase intention to Somethinc Product?

1.4 Research Objective

The objective of this research covered by the research background is as follows:

1. To know how much the rate of Information Quality, Information Quantity and Information Credibility of Somethinc eWOM on TikTok is based on respondents' perception.
2. To know how much the rate of Information Usefulness and Information Adoption of Somethinc eWOM on TikTok is based on respondents' perception.
3. To know how much the rate of FOMO is regarding Somethinc on TikTok based on respondents' perception.
4. To know how much the rate of Purchase Intention of Somethinc on TikTok is based on respondents' perception.
5. To know and proof if the Information Quality, Quantity and Credibility of Somethinc on TikTok positively and significantly influences the Information Usefulness.
6. To know and proof if the Information Usefulness and FOMO regard Somethinc on TikTok positively and significantly influences the Information Adoption.

7. To know and proof if the Information Adoption of Somethinc on TikTok positively and significantly influences the Purchase Intention.
8. To know and proof FOMO positively and significantly influences the purchase intention to Somethinc Product.

This all is to analyze how easily consumer get influenced and persuaded by the messages or review contents that are conveyed via Electronic Word of Mouth carried out by the content creators about their review regarding Somethinc makeup products on the TikTok application. Therefore, the results of this research are to show the electronic word of mouth impact that is realized in digital marketing through social media.

1.5 Scope of The Study

The writer aims to keep the study aligned by setting a specific scope for the research. Setting a research scop ensures that the result of the paper remains focused and targeted to meet the initial objective of the research. This paper has the following limitations:

1. The research focuses on analyzing the impact of e-WOM and FOMO on Purchase Intentions through the social media namely TikTok with Somethinc's make up product line serving as a case study.
2. The research specifically targeting on Gen Z that is currently or have the history of using Somethinc's makeup product line.

1.6 Study Significance

1.6.1 Theoretical

Theoretically, this paper aims to be used as input for marketing studies, especially related to how Electronic Word of Mouth (e-WOM) in TikTok influence the younger generation specifically students with their purchasing intention. Since the increasing demand for the global makeup industry has influenced Indonesia to run along with the trend and improve their makeup industry to fulfil the dynamic demands. there is a need for updated and further study to examine the current stimuli for purchasing intention that drives the number of growths, focusing on Gen Z.

1.6.2 Practical

A. For Somethinc Brand

The writer aims that this research can provide recommendations regarding electronic word of mouth analysis for future marketing strategic consideration and reassessment insight and decision making. Helping them understand if FOMO from TikTok drives their activity especially purchasing activity, especially in Bandung specifically Gen Z. With the insight to what attracts people the most in social media and what influences them for their purchasing intention regarding the product.

1.7 Systematics of Writing

With the aim to provide a clear depiction 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:

CHAPTER 1: INTRODUCTION

The paper provides a general summary of the issue statement, study boundaries, context, research subject, and writing focus in the introduction chapter.

CHAPTER II: LITERATURE REVIEWS

An extensive review of the theory, previous studies, conceptual models, and relevant assumptions is given in this chapter.

CHAPTER III: RESEARCH METHOD

The type of research, operational variables, phases, target population, sampling techniques, and data collection and analysis strategies employed in the study are all covered by the author in this chapter.

CHAPTER IV: RESULT AND DISCUSSION

A thorough summary of the research findings is given in the fourth chapter, after which they are analyzed in relation to the research hypothesis.

CHAPTER V: CONCLUSION AND SUGGESTION

In the fifth chapter, the findings from the research discussion are summarized, along with recommendations proposed by the researchers.