CHAPTER I
INTRODUCTION

1.1   BACKGROUND

Based on the Ipsos Global Trend 2021 survey data reported through Antaranews (accessed on March 1st, 2023), survey data states that regarding brand selection, most people in the world have not chosen local brands because they think that global brands are better than local brands, but that is different from Indonesian consumers where survey results show 59 percent of consumers disagree that global brands are superior. Therefore, through the survey, 87 percent of consumers tend to choose and buy local Indonesian products.

As reported by Kemdikbud (accessed on March 1st, 2023), President Joko Widodo evidenced the   Government's role in intensifying the use of local products on May 14, 2020, launching the National Movement of Proud to be Made in Indonesia (Gernas BBI). In addition, the Ministry of Communication and Information (Kemenkominfo) of the Republic of Indonesia created Lakumkm.id to support this movement. According to DetikFinance (accessed on March 1st, 2023), A statement by the coordinating minister for Maritime Affairs and Investment Luhut Binsar Pandjaitan in February 2023 stated that online shopping consumers who know and recognize Gernas BBI, which is the Proud to be Made in Indonesia (BBI) program, are at least 67%.

Table 1. 1

Trend of cosmetic sales in Indonesia

Trend of cosmetic sales in Indonesia (US$ Million)	
2018	6,53
2019	6,9
2020	6,95

Source: BisnisIndonesia.com, accessed on March 1st, 2023

According to Katadata (accessed on March 1st, 2023) one of the local product industries that have experienced growth is the cosmetics industry, with growth reaching 20%. One of the factors for this growth is the increase in cosmetic import tariffs. Supported by Sigma Research (2017), 53% is Indonesia's cosmetics market share. Local cosmetics dominate Indonesian and international markets through Toiletries and Skincare Market Review Research (Katadata.co.id, accessed on March 1st, 2023). Supported by data from the Ministry of Industry, in 2017, local cosmetic exports reached US$517 million, an increase of 16% compared to 2016 (Kemenperin.go.id, accessed on March 1st, 2023).

Moreover, based on data from the Central Statistics Agency (BPS, accessed on March 1st, 2023) on the pharmaceutical industry's performance, Chemical Medicinal Products and traditional medicines show a significant increase from 2019 of 3.76% to 2020 of 16.32%. Besides that, Data from Association of Indonesian Cosmetic Companies and Associations (PPAK Indonesia, accessed on March 1st, 2023) shows an increase in the trend of cosmetic sales in Indonesia, namely in 2018, amounting to US$ 6.53 million, and in 2020 amounting to US $ 6.95 million.

Table 1. 2

Populix Survey: Respondents' Preferences in Choosing a Cosmetic Brand (July 2022)

Respondents' Preferences in Choosing a Cosmetic Brand (July 2022)	
Local Brand	54%
International Brand	11%
No Preference	35%

Source: Databoks.Katadata.co.id, accessed on March 1st, 2023

According to the Food and Drug Supervisory Agency of the Republic of

Indonesia (BPOM RI) in Cnbc Indonesia (2022), the cosmetics industry experienced an increase in the number of companies by 20.6%. The 819 cosmetics industries increased to 913 industries from 2021 to July 2022. The increase in the number of business actors in the cosmetics industry is dominated by the Micro, Small, Medium Enterprise (MSMEs) sector, which is 83%. The data shows the great potential and opportunities in the cosmetics industry, especially in Indonesia. According to the Populix Survey of 500 Indonesian women reported by Databoks Katadata (accessed on March 1st, 2023), 54% choose to use local cosmetic brands, and 35% have no preference for the origin of cosmetic brands. In contrast, only 11% choose to use international brands.

Table 1. 3

Populix Survey: Most Used Local Cosmetic Brands in 2022

Most Used Local Cosmetic Brands in 2022	
Wardah	48%
Emina	40%
Make Over	22%
Somethinc	19%
Purbasari	15%

Source: Databoks.Katadata.co.id, 2022 accessed on March 1st, 2023

This study uses Indonesian Local Cosmetics brands, namely Wardah, Emina, and Make Over, because of the Populix Survey reported by Databoks.Katada.co.id (accessed on March 1st, 2023) Wardah is the number one favorite as the most widely used cosmetic brand with a value of 48%, followed by Emina being the number 2 favorite with a value of 40%, and Make Over is at number 3 favorite with a value of 22%. This reason supports the selection of Brand

Wardah, Emina, and Make Over to be the object of this research. The research variables used are Brand Satisfaction, Emotional Brand Attachment, Brand Love, and Brand Loyalty.

As reported through Female daily (accessed on March 7th, 2023), one of the reviews of Emina Lip Mask users said that Lip mask provides satisfying product quality at an affordable price, so consumers want to repurchase. This is one form of brand satisfaction relationship with Emina Lip mask users that positively impacts brand loyalty. In addition, the relationship between brand love of Emina product users and brand loyalty is also evident in the Emina dirt less makeup remover product review. Users say that the quality of this product works well and even he really loves products from Emina Cosmetic and highly recommend its products (Female daily.com, accessed on March 7th, 2023). Emotional brand attachment in Wardah, Emina, and Make Over consumers can be seen from the enthusiasm of consumers in joining a community called Wardah Beauty Agent Jogja, Emina Girl Gang ambassador 2023, and Exclusive Makeover Squad.

In addition, the relationship between emotional brand attachment affects brand love and brand loyalty seen in one of the reviews on Female daily (accessed on March 7th, 2023). The Consumer said that the quality provided by this product is very satisfying after using it, making them feel happy and grateful for this product. Buyer also really loves and recommends this product. The relationship between brand love of Make Over product users to brand loyalty with brand emotional attachment mediation is also conveyed by users of Make Over Powerstay primer products who love this product because the quality and results given are more than product claims and users of Make Over Powerstay primer products who love this product. Users feel more satisfied and happier, so they repurchase as a form of loyalty with Make Over products (Femaledaily.com, accessed on March 7th, 2023).

Chandio (2015) says that customers today have a greater understanding of brands. Customers will buy products from that brand if they feel that the product has suitable characteristics, quality, and price. In addition, they will not switch to another brand even if another brand is available at a lower price with higher quality.

However, consumers will remain loyal to the specific brand they choose. If companies want to achieve profitability and compete with competitors' products, brand loyalty is a requirement. Popp and Wilson (2018) define loyalty as one of the main drivers of profitability because maintaining loyal customers who continuously have repurchase intentions will provide additional recurring profits to the company.

According to Khan (2013), brand loyalty is a factor that measures business performance because it affects the financial performance of a business. Fetscherin (2014) says that in the consumer loyalty path, the lowest intensity of the relationship between consumers and brands is brand satisfaction resulting from consumers' positive experiences with the brand. Therefore, Ghorbanzadeh and Rahehagh (2020) state that in the concept of the consumer-brand relational chain, one of the sequences from satisfaction to loyalty is brand satisfaction has a positive impact on emotional brand attachment, these two factors affect brand love, and finally, these factors produce loyalty to a brand. It can be concluded that emotional structures such as emotional attachment and brand love mediate the impact of satisfaction to loyalty in the correct order (Ghorbanzadeh and Rahehagh, 2020).
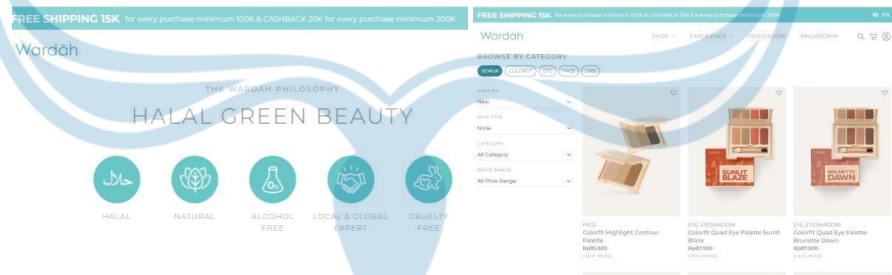

Figure 1. 1

Wardah Beauty Website: Filled with Philosophy, Shop for Skincare, Makeup, and Hair Care

Source: WardahBeauty.com, 2021 accessed on March 1st, 2023

According to Wardah Inspiring Movement (accessed on March 7th, 2023) Wardah is a halal cosmetic brand from Indonesia established in 1995 under PT Paragon Technology and Innovation (PTI). Founded by Mrs. Nurhayati Subakat, Wardah always prioritizes quality to support women to look beautiful according to

their character. The philosophy adopted by Wardah is to make Halal products, make natural products, alcohol-free products made by local and global experts, and in the manufacturing process cruelty-free. Various Wardah products include skincare, makeup, hair, and body care (Wardahbeauty.com, accessed on March 7th, 2023). According to Wolipop in Detik.com (accessed on March 7th, 2023), Wardah releases 135 million different products every year. The brand plans to release 230 new types of products throughout 2019-2020.

Figure 1. 2

Emina Cosmetics Website: Home Page filled with New Arrivals products, Shop for Skincare and Makeup

Source: Emina Cosmetics.com, accessed on March 7th, 2023

According to Beauty Journal.id in Journal Sociolla.com (accessed on March 7th, 2023), Emina cosmetics launched on March 13th, 2015, while the development process took place from April 2014. Beauty Brand carries the concept of a fun and playful image and has a teenage target. Emina is under the auspices of PT Paragon Technology and Innovation. According to Clarissa Gunawan as Emina Brand Manager. Emina strives to be a beauty brand that can keep up with trends and produce innovative new products, but at a fast time, striving to this is also evident from Emina's best-selling products, most innovative products, such as Cheeklit Cream Blush. In addition, Emina also strives to maintain quality at an affordable price. This beauty brand carries the tagline, "Born to Be Loved" which conveys the message that everyone is beautiful with uniqueness, character, personality, with different body shapes. Emina produces beauty products in the skincare and makeup categories (Emina Cosmetics, accessed on March 7th, 2023).
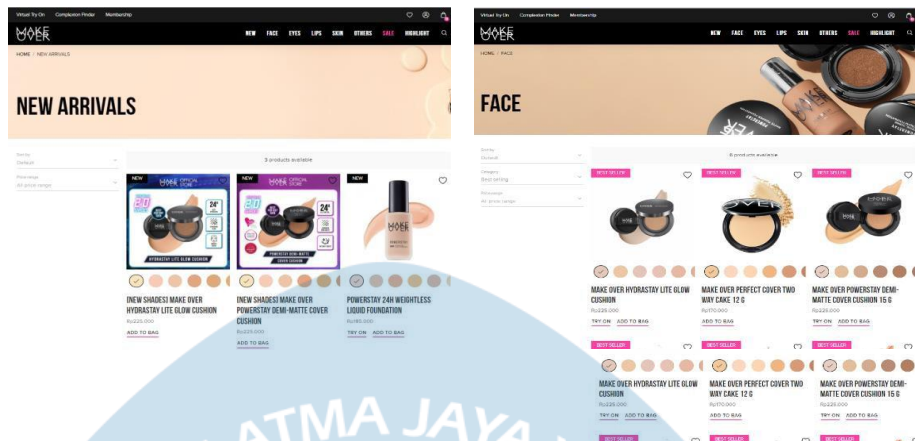
Figure 1. 3

Make Over Website: Shop for New Arrivals, Face, Lips, and Eyes products

Source: Makeoverforall.com,2023 accessed on March 7th, 2023

Make Over cosmetics under PT. Paragon Technology and Innovation carry cosmetics aimed at professionals with a complete range of colors, textures, and functions for each product category (Makeoverforall, accessed on March 7th, 2023). According to Beauty Journal.id in Journal Sociolla.com (accessed on March 7th, 2023) Make Over launched on August 8th, 2010. Senior Group Head of Masstige and Advanced Beauty Make Over Stephanie Lie said that Make Over is committed to constantly innovating to meet beauty enthusiasts' needs by launching products relevant to their updated makeup needs. In addition, Make Over also wants every woman to have a cushion that suits their skin color and type, so Make Over launched 20 shades for oily skin owners and 20 shades for dry skin owners. Make Over products can be found in all official Make Over online stores and offline Make Over Independent Stores (Journal.sociolla.com, 2018).

In maintaining the achievement of being the most favorite cosmetic brand according to Populix Survey reported by Databoks.Katada.co.id (accessed on March 1st, 2023), these three brands need to realize the strategic role of satisfaction variables and make expansion and improvement plans aimed at attracting consumer satisfaction. Besides that, it is also important to know how to manage better relationship marketing using technological tools such as customer relationship management (CRM) (Ghorbanzadeh and Rahehagh, 2020) because consumers are

indeed attached to the brand, and they become loyal (Guillard and Roux, 2014).

In addition, according to Ghorbanzadeh and Rahehagh (2020), given the positive impact of satisfaction on brand love, it is recommended that products be offered at reasonable prices, good quality, attractive packaging, and unique product designs so that they provide a pleasant experience for consumers. These factors can help form an emotional attachment and love relationship. Brands can also strengthen consumer-brand relationships by designing appropriate communication and loyalty programs and paying attention to consumer preferences, thereby preventing brand switching, according to Ghorbanzadeh and Rahehagh (2020). Based on the description above, this research aims to study and investigate the effect of Brand Satisfaction, Emotional Brand Attachment, and Brand love on Brand Loyalty in Local Brand Cosmetics.

1.2   RESEARCH QUESTIONS

Based on the background explained above, the research questions designed for this research are:

1. Does brand satisfaction affect brand loyalty on Indonesian Local Cosmetics?
2. Does brand satisfaction affect emotional brand attachment on Indonesian Local Cosmetics?
3. Does brand satisfaction affect brand love on Indonesian Local Cosmetics?
4. Does emotional brand attachment affect brand love on Indonesian Local Cosmetics?
5. Does emotional brand attachment affect brand loyalty of Indonesian Local Cosmetics?
6. Does brand love affect the brand loyalty of Indonesian Local Cosmetics?
7. Does brand satisfaction have an effect on brand loyalty with emotional brand attachment as a mediation variable on Indonesian Local Cosmetics?
8. Does brand satisfaction have an effect on brand loyalty with brand love as a mediation variable on Indonesian Local Cosmetics?
9. Does brand satisfaction have an effect on brand love with emotional brand attachment as a mediation variable on Indonesian Local Cosmetics?

10. Does emotional brand attachment have an effect on brand loyalty with brand love as a mediation variable on Indonesian Local Cosmetics?

1.3   RESEARCH OBJECTIVES

From the research questions that stated above, the purpose of this research is to:

1. To investigate the influence of brand satisfaction toward brand loyalty on Indonesian Local Cosmetics.
2. To investigate the influence of brand satisfaction toward emotional brand attachment on Indonesian Local Cosmetics.
3. To investigate the influence of brand satisfaction toward brand love on Indonesian Local Cosmetics.
4. To investigate the influence of emotional brand attachment toward brand love on Indonesian Local Cosmetics.
5. To investigate the influence of emotional brand attachment toward brand loyalty on Indonesian Local Cosmetics.
6. To investigate the influence of brand love toward brand loyalty on Indonesian Local Cosmetics.
7. To investigate the influence of brand satisfaction to brand loyalty with emotional brand attachment as a mediation variable on Indonesian Local Cosmetics.
8. To investigate the influence of brand satisfaction to brand loyalty with brand love as a mediation variable on Indonesian Local Cosmetics.
9. To investigate the influence of brand satisfaction to brand love with emotional brand attachment as a mediation variable on Indonesian Local Cosmetics.
10. To investigate the influence of emotional brand attachment to brand loyalty with brand love as a mediation variable on Indonesian Local Cosmetics.

1.4   RESEARCH BENEFIT

This research is expected to provide benefits for those in need, both

theoretically and practically, including:

1. For academic contribution

   The results of this study are expected to develop Business Economics studies and provide a new perspective on Brand satisfaction, Emotional brand attachment, Brand love, and Brand loyalty. This research is also expected to positively contribute to developing marketing management knowledge and act as a reference source for loyalty to local beauty brands, especially the influence of Brand satisfaction, Emotional brand attachment, Brand love, and Brand loyalty.

2. For practical contribution

   The results of this study are expected to provide an overview of how companies can form loyalty of a consumer in the local brand beauty industry, as well as convey knowledge and provide good strategy recommendations to achieve local consumer loyalty. Information from this research is expected to contribute to building and improving the local beauty industry, especially Wardah, Emina, and Make Over.

1.5   RESEARCH SYSTEMATICS

The writing systematic in this research is divided into five chapters with the following outline:

CHAPTER I: Introduction

The first chapter of the thesis is an introduction with an overview of the preparation according to the title. The author compiles the chapters from the summary of each chapter's content per chapter which is divided into five chapters, namely the background of taking the problem, research question, research purposes, research benefits, and research systematics.

CHAPTER II: Literature Review

This chapter explains the critical literature review, previous studies,

hypotheses development, and theoretical framework as a reference and temporary answer to the research conducted.

CHAPTER III: Research Methodology

This chapter describes the scope of research, sampling methods and data collection techniques, data measurement methods, instrument testing, and data analysis methods. This chapter has several theories from previous researchers, such as the definition and indicators of Brand Satisfaction, Emotional Brand Attachment, Brand Love, and Brand Loyalty.

CHAPTER IV: Data Analysis

This chapter discusses the overview, data analysis, and calculation results of the data processing based on predetermined hypotheses, including quantitative research tests, the scale of measurement, and analysis tools used in this research.

CHAPTER V: Conclusion

Discusses the conclusions and suggestions for the research that has been done. Conclusions will be explained from the outline of the results obtained in the study. Then explain the suggestions that contain input for companies or academics when conducting further research in the future.