

CHAPTER I

INTRODUCTION

1.1 Background

Health and beauty industry is one of the many industries that has gained a lot of attention lately. One of the most popular industries is the skincare industry who has witnessed a remarkable surge in popularity in recent years, propelled by a growing emphasis on self-care and wellness (Kwon *et al.*, 2020). This newfound obsession with skincare has transformed shopping for skincare products into more than just a routine task, it has become a lifestyle. Consumers now view skincare not only as a means to achieve radiant, youthful-looking skin but also as a form of self-expression and self-care (Patil & Pujari., 2023). As a result, the act of shopping for skincare products has evolved into a deeply ingrained aspect of modern lifestyle, with individuals eagerly seeking out the latest innovations, trends, and cult-favourite products to incorporate into their daily routines (Zhang *et al.*, 2020). Whether it's browsing online beauty stores, exploring the shelves of specialty boutiques, or attending skincare workshops and events, shopping for skincare has become an integral part of many people's lives, reflecting a broader cultural shift towards prioritising personal well-being and beauty (Faria-Silva *et al.*, 2020; Kaur & Kumar., 2022).

Shopping for skincare in this digital era has undergone a profound transformation from being in-store shopping to scrolling through online platform pages. This statement is supported by the data that since 2018 in the US alone, skincare products sales grew by 13% or at least USD 5.6 billion (Zhang *et al.*, 2020). In 2023 alone, the global retail e-commerce has reached an estimated amount of USD 5,8 trillion, and is predicted will reach at least 8 trillion by 2027 (Chevalier, 2024). This shift has brought both benefits and challenges because it has reshaped the consumer's experience in profound ways. One of the most significant differences between digitalisation shopping and conventional shopping is the unprecedented access to information. Customers now have a lot of information at their fingertips, starting from product review, ingredient lists, and a lot more. This abundance of information empowers individuals to make more informed choices

about the products they buy, allowing them to select items tailored to their specific needs and preferences (Dmour *et al.*, 2021).

Furthermore, the e-commerce era has made shopping for skincare products more convenient. In Indonesia, there's a lot of e-commerce that we can use for shopping skincare from any brand, local or imported goods. E-commerce such as Shopee, Tiktok Shop or even any social media platform such as Instagram, TikTok, X are making it easier to find some reviews of a brand with just a few little clicks. Customers can also browse a vast array of products and have them delivered right into their doorstep which makes convenience factors have undoubtedly contributed to increasing the popularity of online shopping. Moreover, the digital era has ushered in a new era of customization in skincare. Many online retailers and brands now offer personalized recommendations based on factors such as skin type, concerns, and goals. This tailored approach allows consumers to find products that are perfectly suited to their individual needs, enhancing the efficacy of their skincare routines (Guha *et al.*, 2021).

However, despite all of the advantages of digitally shopping for skincare products, online shopping for skincare has its own challenges. Trust and image is one of the issues with shopping online since it is not hard to find information but it is hard to find real and trusted information, especially with feedback regarding the products (Arkam *et al.*, 2021). Since everyone basically has the right to say what they want whether it is true for them or not. Eventually it is a challenge to not fall into a scam throughout any kind of marketing the brand or competing brand have (Akram *et al.*, 2021; Qalaty *et al.*, 2021).

Ourdaylee uses digital marketing to boost its brand image and promote its products. Ourdaylee was established in 2022 by CV Beriel Global Kosmetika. It has various products to provide consumer's needs. Consumers could choose products that suit their skin condition and problems. Ourdaylee can be found on social media such as Instagram and Tiktok, and also E-commerce Shopee and Tiktop Shop. Through this platform, buyers who have purchased and tried it can leave testimonials in product review. If the product reviews are good, it can influence the brand image whether Ourdaylee is worth buying or not. This review can attract buyers who have never tried Ourdaylee products, thereby creating an

intention to buy. Ourdaylee show visually pleasing layout to showcase its products and testimonials.

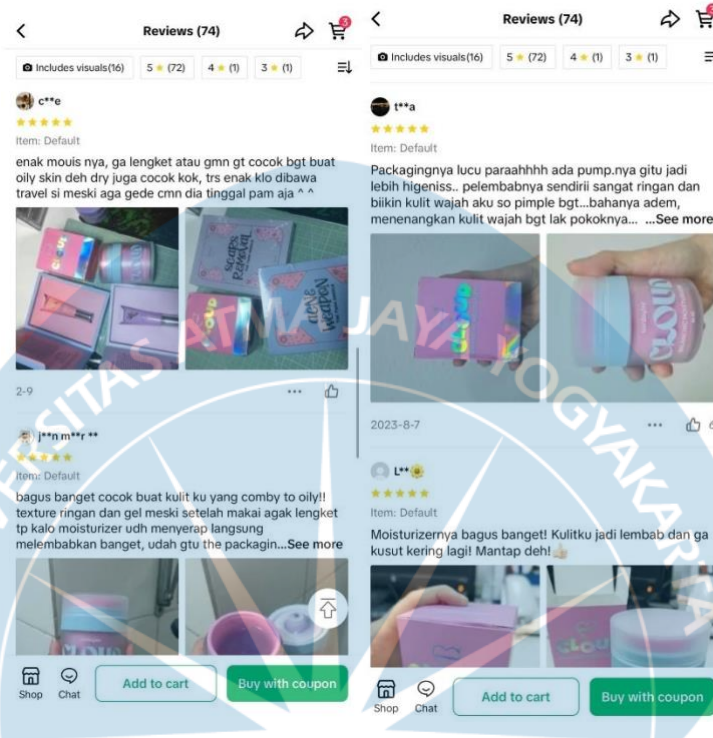


Figure 1.1 TikTok Review

Source: Ourdaylee Official Tiktok Shop

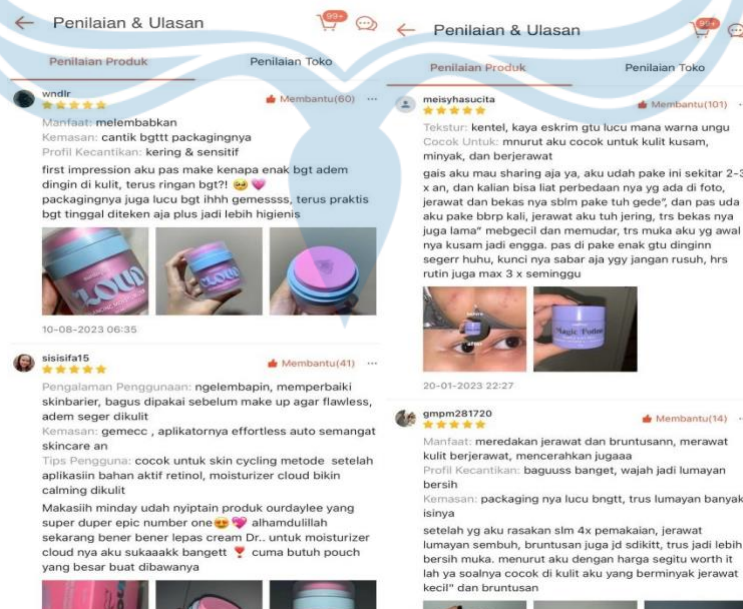


Figure 1.2 Shopee Review

Source: Ourdaylee Official Shopee

Ourdaylee products are also popular on all platforms and we are discussing whether the products are good or not, suitable for consumer skin types or not. Some people also leave reviews on Ourdaylee's official Instagram and TikTok accounts, or also on the accounts of people who review Ourdaylee products. Many people recommend according to the ingredients contained in Ourdaylee products which are tailored to each skin's needs. Figure 1.3 shows TikTok analytics for Ourdaylee's account from March 10, 2024, to June 1, 2024, revealing insights into its popularity and audience engagement. The total audience reached was 1,554,856, a decrease of 241,056 (-13.42%). Significant spikes in reach occurred around March 24 and May 5, indicating highly effective content during those periods. Engagement patterns mirrored the reach trends, with peaks on March 24 and May 5, showing that the content was not only widely viewed but also significantly engaged with. This analysis demonstrates that Ourdaylee achieved considerable popularity on TikTok during these times.

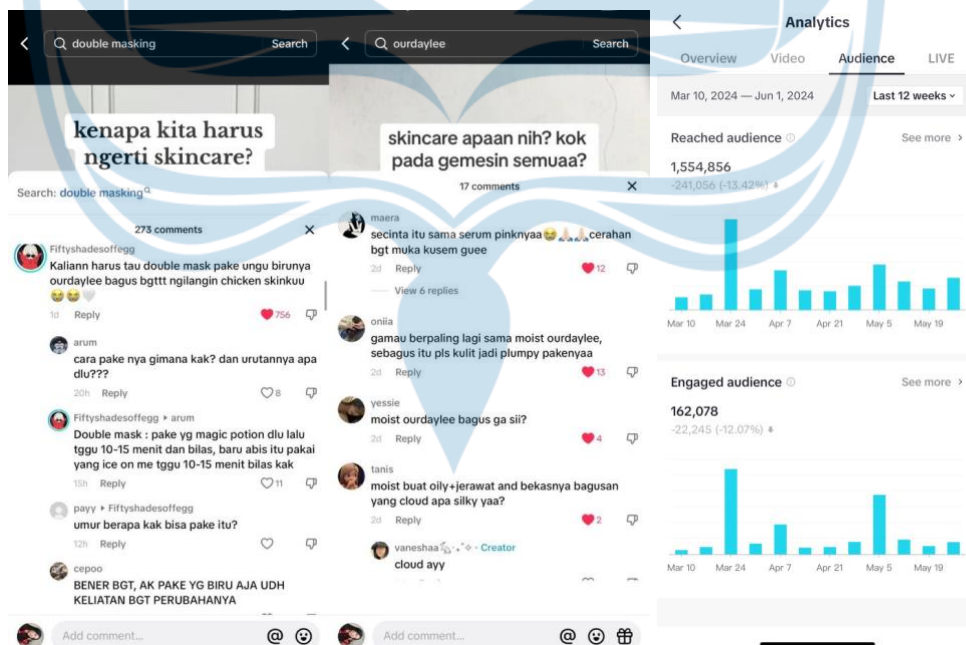


Figure 1.3 Review Comments on Tiktok Post

Source: Ourdaylee TikTok Account (2024)

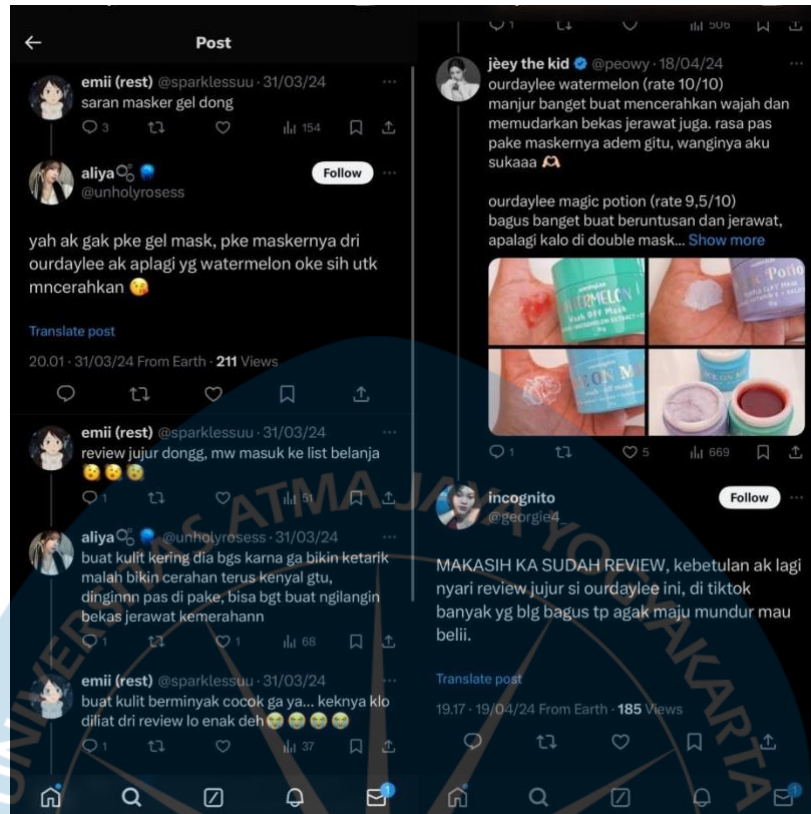


Figure 1.4 Review Comments on X Post

Source: Ourdaylee X Account (2024)

Purchase intention itself can be affected by electronic word-of-mouth (e-WOM) and brand image. Purchase intentions of a brand are needed so that consumers can compare a few items and alternatives that suit their preferences (Dmour *et al.*, 2021). Before purchasing a product, consumers will look for information about the product they are interested in. Nowadays, consumers search for information regarding the product through online sources. One of the most used and reliable sources of information on the internet is e-WOM (Dmour *et al.*, 2021). This online based communication is a consequence of the continuing growth of internet users. e-WOM can be used as a tool to boost brand awareness and give an impact in purchase decisions among potential consumers. Moreover, e-WOM can affect the evaluations of acceptance from a product. Online based consumers mainly trust the reviews from previous consumers who have the same characteristics with them. Besides that, e-WOM also helps consumers who have not bought a product before. Not only consumers, e-WOM also affects companies through its impact on consumers' purchase decisions (Handoko & Melinda, 2021).

Purchase intention is also being affected by brand image. Brand image has a significant role in increasing a brand's performance. Brand image also has a massive impact on marketing to raise consumer willingness to pay more attention to products, increasing purchase intention and eventually affects company profits (Dmour *et al.*, 2021).

Both e-WOM and brand image are two main factors that affect purchase intention of customers (Dmour *et al.*, 2021). e-WOM plays a crucial role in shaping consumer perceptions and decisions due to the credibility and accessibility of peer opinions in digital platforms. On the other hand, brand image can enhance customer trust and loyalty, making them more likely to purchase. Therefore, this study wants to investigate how e-WOM and brand image affect Ourdaylee products purchase in customers.

1.2 Problem Statement

1. Does Electronic Word-of-Mouth (e-WOM) have a positive and significant effect on the purchase intention of Ourdaylee?
2. Does Electronic Word-of-Mouth (e-WOM) have a positive and significant effect on the brand image of Ourdaylee?
3. Does brand image have a positive and significant effect on the purchase intention of Ourdaylee?
4. Does brand image mediate the influence between Electronic Word-of-Mouth (e-WOM) toward purchase intention of Ourdaylee?

1.3 Research Objective

1. To investigate and analyze the impact of Electronic Word-of-Mouth (e-WOM) on the purchase intention of Ourdaylee.
2. To investigate and analyze the impact of Electronic Word-of-Mouth (e-WOM) on the brand image of Ourdaylee.
3. To investigate and analyze the impact of brand image on the purchase intention of Ourdaylee.
4. To investigate and analyze the impact of Electronic Word-of-Mouth (e-WOM) on the purchase intention of Ourdaylee with brand image as mediator.

1.4 Research Benefits

1. Theoretical Benefits

This research is done with the hope to contribute to give more information about e-WOM and how it is impacting on consumer's behaviour, particularly in the skincare industry. The researcher also hoped to be able to contribute to society, especially those who need both e-WOM and Brand Image on customer's purchase intentions. By making Brand Image as a mediating variable, this research also hoped to show how many different variables can interplay in consumer's decision on purchasing or intentioning to purchase a certain product.

2. Practical Benefits

From a practical point of view, this research is conducted with hope that Ourdaylee will be benefited in terms of marketing and knowing how both e-WOM and Brand Image is affecting their future customer purchase intention. This study also hoped to be able to provide guidance for brand managers on how to leverage e-WOM and strengthen brand image to positively influence consumer purchase intention.

1.5 Research Systematics

CHAPTER 1: INTRODUCTION

The first chapter contains background of the research that will be conducted, problem statement, research objectives, research benefits, and research systematics. This introduction provides a context and urgency of the research or explanation of why this study needs to be carried out.

CHAPTER 2: LITERATURE REVIEW

The second chapter provides basic theories of the research. In this chapter, readers will have a better understanding of the relationship between the variables of this research. This chapter contains definitions and theories about related variables, table of previous research, hypothesis development, and research framework.

CHAPTER 3: RESEARCH METHODOLOGY

The third chapter describes the methods used in the research, from sampling procedures, data collection, until data analysis. This chapter contains types of subjects such as population and sample, data collection methods, operational definitions, data measurements, and data analysis.

CHAPTER 4: DATA ANALYSIS AND DISCUSSION

Fourth chapter provides the results from the data analysis that have been done. Result of data analysis will be shown as descriptive statistics and analysis of the result. It also provides the discussion related to research objectives based from previous study to make a better understanding of results obtained and answers research objectives.

CHAPTER 5: CLOSING

Chapter five or last chapter contains conclusions of the results that have been collected and suggestions for future research.