

CHAPTER I

INTRODUCTION

1.1 BACKGROUND

The rapid growth of technology has accelerated the global exchange of information and communication. This phenomenon has changed paradigms in various aspects of life, including how consumers seek information and make purchasing decisions. Social media, as a product of digital technology evolution, has become one of the main forces shaping consumer behavior. Social media use extends beyond merely passing the time and staying in touch with loved ones. On the other hand, social media may be used to discover the newest trends that are widely discussed, share thoughts with others, and get ideas for things to buy and do.

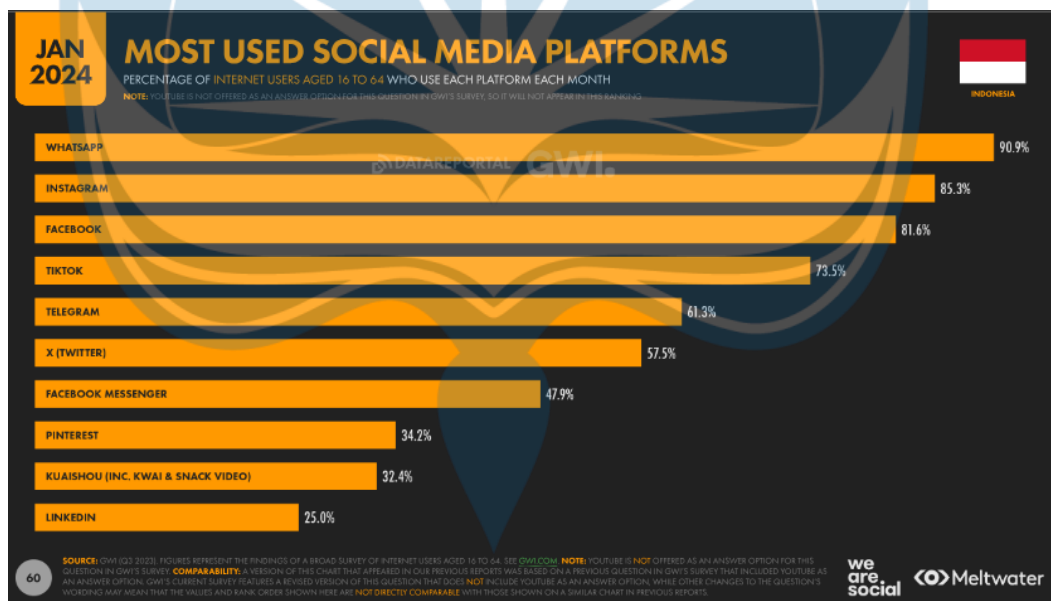


Figure 1.1 Most Used Social Media Platforms in Indonesia 2024

Source: wearesocial.com (2024) accessed on April 29th, 2024

According to the We Are Social (2024), as seen in Figure 1.1, Instagram ranked second as the most widely used social media platform in Indonesia. With over 100.9 million users in Indonesia in early 2024, Instagram has become one of the most influential channels in connecting brands with consumers in the extensive

Indonesian market. The continuously evolving features and innovations implemented by Instagram have kept it relevant and sought after by users, thus maintaining its dominance in the realm of social media.

Based on data from Coordinating Ministry for Economic Affairs of the Republic of Indonesia (2024), sales of personal care and cosmetic products have grown rapidly in recent years, aligning with Indonesia's significant e-commerce expansion. From 2018 to 2022, personal care and cosmetics were regularly in the top three for marketplace sales, with transaction values exceeding Rp13,287.4 trillion and transaction volumes totaling 145.44 million. Several factors contribute to this phenomenon, including increasing awareness of personal appearance, economic growth, and improved product accessibility. As a result, competition among cosmetic brands has increased, with both rapidly developing local brands and imported items entering the Indonesian market quickly. Hence, local cosmetic enterprises attempt to compete with foreign products by providing a diverse range of items with comparable quality and innovation.

In an era of greater competition and a wider range of product options, consumers prefer to seek guidance and insights from people they know and trust. Social media influencers have become an increasingly popular source of knowledge, particularly in the beauty industry, because they possess the most authentic and engaged interactions with their audience (Kádeková & Holienčinová, 2018). Millions of followers rely on social media sites for beauty influencers to give recommendations, product evaluations, and insights. Every beauty influencer differs from each other in terms of characteristics and personality. Skin type, skin tone, appearance, speaking manner, and other factors are a few examples of these diversity. Each beauty influencer has a distinct appearance that makes them easier to identify. Beauty influencers can effectively influence their followers' buying decisions by producing creative and informative content.

Table 1.1 List of Reputable Indonesian Beauty Influencer

Name	Followers on Instagram
Tasya Farasya (@tasyafarasya)	6.8M
Nanda Arsyinta (@nandaarsynt)	3.4M

Name	Followers on Instagram
Jharna Bhagwani (@jharnabhagwani)	3.2M
Rachel Goddard (@rachgoddard)	1.1M
Abel Cantika (@abellyc)	1.1M

Source: Self Compiled from Instagram (@tasyafarasya, @nandaarsynt, @jharnabhagwani, @rachgoddard, @abellyc, accessed on June 13th, 2024

Abel Cantika is a well-known beauty influencer in Indonesia. She currently has 1.1 million Instagram followers and 524K YouTube subscribers (Instagram @abellyc, 2024; YouTube Abel Cantika, 2024). This 1995-born woman began her career as a beauty YouTuber in 2015. She frequently provides reviews, how-tos, advice, and other helpful beauty-related content to those in need. She even has a unique Instagram highlight named #BeyiNgeracun that features things that Abel Cantika loves. Leading cosmetic brands including Maybelline, Wardah, Make Over, Emina, and many more have partnered with Abel Cantika on numerous occasions (Liputan6.com, 2018). Because of her dedication and hard work as a beauty influencer, she has also won numerous awards. In addition to her attractive appearance, Abel Cantika has a positive attitude, as evidenced by the way she engages with her followers by answering their inquiries and replying to comments.

In order to successfully raise brand recognition and boost sales, cosmetics brands frequently hire beauty influencers to produce engaging content that is relevant to the products they sell. An influencer possesses the ability to influence others' purchase decisions due to their authority, expertise, status, or connection with their audience (Kádeková & Holienčinová, 2018). Therefore, cosmetic businesses must consider several elements that may affect the effectiveness of their marketing efforts when selecting beauty influencers as marketing partners.

Credibility among beauty influencers is a crucial consideration for cosmetic entrepreneurs. An influencer's credibility is determined by their expertise and knowledge of the beauty industry, as well as by their hands-on experience testing and reviewing a range of products. Apart from that, attractive appearance and trustworthiness are also other criteria for assessing an influencer's credibility. The more credible an influencer is, the more likely it is that their followers will accept

and believe the recommendations they make about products (Garg & Bakshi, 2024; Sokolova & Kefi, 2020).

Another important component influencing consumer purchase behavior is trust. When it comes to sharing information about beauty products, beauty influencers and their followers develop trust through consistent, honest, and transparent communication. Customers are more likely to think about and purchase things that beauty influencers suggest if they believe they have a high level of confidence in them (Garg & Bakshi, 2024; Kim & Kim, 2021).

In addition, purchase behavior is significantly influenced by the parasocial interactions that take place between beauty influencers and their followers. Influencers and their fans may feel more connected and affiliated as a result of two-way interactions that take place on social media sites like Instagram. Because they have an emotional connection to beauty influencers, followers who sense a strong connection with them might be more willing to accept their product suggestions.

Several previous studies conducted in various locations, with different subjects and respondents, have shown diverse results. This study tries to investigate the impact that Indonesian beauty influencer Abel Cantika has on her followers' purchase intentions on the Instagram platform by considering elements like source credibility, trust, and parasocial interaction. It is intended that by gaining a greater comprehension of these variables, this study will be able to offer marketers and other participants in the beauty industry insightful advice on how to best use influencers to boost product sales.

1.2 RESEARCH QUESTIONS

Based on the research background, the research questions that will be thoroughly investigated during the study are:

1. Does source credibility influence trust?
2. Does source credibility influence purchase intention?
3. Does trust influence purchase intention?
4. Does trust mediate the influence of source credibility to purchase intention?

5. Does parasocial interaction influence purchase intention?

1.3 RESEARCH OBJECTIVES

Based on the previous research questions, the objectives of the study are:

1. To find out the influence of source credibility to trust.
2. To find out the influence of source credibility to purchase intention.
3. To find out the influence of trust to purchase intention.
4. To find out whether trust mediates the influence of source credibility to purchase intention.
5. To find out the influence of parasocial interaction to purchase intention.

1.4 RESEARCH SCOPE

The purpose of this study is to determine an influencer's source credibility, trust, parasocial interaction, and purchase intention. To avoid being overly broad and the problem more concentrated, the researcher limits the scope of the inquiry as follows:

1. The subjects of this research are followers of Abel Cantika (@abellyc) on Instagram who have previously purchased products recommended by Abel Cantika.
2. The object of this research is Abel Cantika, an Indonesian beauty influencer who is active on some social media sites, including Instagram.
3. The variables used in this research are source credibility, trust, parasocial interaction and purchase intention adapted from Garg & Bakshi (2024).

1.5 BENEFITS OF THE STUDY

This research is expected to benefit various parties, such as:

1. Academic contribution

The results of this study are expected to contribute to academic literature in the fields of marketing, consumer psychology, and social media. It is hoped that this research will also serve as a foundation for further studies and the development of new theories on consumer behavior in the digital era.

2. Practical contribution

This research can help deepen understanding of the factors influencing consumer purchase intentions in the digital era, particularly in the context of the influence of beauty influencers like Abel Cantika. This research can serve as a basis for the development of new business models and digital marketing strategies in the beauty industry and other sectors involving collaboration with influencers. By understanding how source credibility, trust, and parasocial interaction influence purchase intentions, companies and marketers can develop more effective marketing strategies.