

CHAPTER I

INTRODUCTION

1.1 Research Background

The introduction of interactive marketing has been accompanied by the declining influence of passive broadcast advertising and one-way persuasive communication, whereas contemporary interactive marketing has also moved beyond the scope of direct marketing (Wang, 2021). The evolution of the consumer-brand relationship has been driven by the widespread adoption of marketing strategies by brands across various social media platforms (Mukherjee & Banerjee, 2019). In addition to Wang (2021), digital platforms expand worldwide exchanges without physical or distance constraints, as the market becomes a forum exchange of feedback and interactions among connected global actors and causing brands to evolve beyond physical stores and e-commerce sites.

Social media platforms and other consumer communications provide brands with additional ways to engage with their customers. To fight growing consumer resistance to and skepticism toward traditional commercial media in this new context, businesses must achieve a high level of customer engagement (Gligor & Bozkurt, 2022). The concept of brand interaction and customer involvement in engagement was initially explored by France et al. (2016), who proposed that firm-led activities or Brand Interaction and customer-centered activities or Brand Involvement are the antecedents of Customer Brand Engagement. Customer Brand Engagement fosters mutually beneficial interactions between customers and brands, ultimately enhancing Brand Loyalty and Brand Trust, especially in the context of social media (Samarah et al., 2022). Furthermore, Gómez et al. (2019) suggested that due to the customers' perception of the brand as authentic and trustworthy, consumers are more inclined to produce and share unconstrained brand-related knowledge with friends, peers, and the general public through two-way exchanges through social media or forum discussions.

Local brands in Indonesia have already implemented social media, especially social networking sites like Facebook and Instagram to promote their products,

share information regarding discounts or upcoming new lines of products, and utilize the diverse and fast-paced nature of social media sites to make room for customers to freely interact with the brands and be involved in the engagement. A local makeup and beauty brand, Somethinc, utilizes Instagram to showcase its product line, post user-generated content of their products, and occasional educational content about their products while responding to feedback and questions asked by followers in their comment section.

Table 1.1. presents a list compiled by Oladipo (2024) through Buffer. Based on the website, ranked by the latest data on monthly active users (MAUs) in 2024, Instagram ranked in the top 5 of top social media platforms with 2.04 billion MAUs worldwide. As a photo and video-sharing social media site, Instagram has a wide range of content, such as photos, videos, Stories, Reels, and live videos that are beneficial for brands to promote products and services, along with creating brand awareness. Brands can create an Instagram business profile that provides rich analytics of profiles and posts, as well as the ability to schedule Instagram posts using third-party tools.

Instagram is a highly interactive platform that facilitates a sense of telepresence as a brand’s social media communication where users share images or video content, brands can collect user-generated content from the tag feature as well (Lim & Childs, 2020). In addition, Instagram has like, comment, share, reply, and direct message features where followers can engage with brands through comments under product content or directly message the brand.

Table 1.1. Buffer: 23 Top Social Media Sites to Consider for Your Brand in 2024

Top Social Media Sites to Consider for Your Brand in 2024	
Facebook	3.05 billion MAUs
WhatsApp	2.78 billion MAUs
YouTube	2.49 billion MAUs
Instagram	2.04 billion MAUs

WeChat	1.32 billion MAUs
--------	-------------------

Source: Oladipo (2024)

Table 1.2. and Table 1.3. shows the survey result conducted by We Are Social titled “Digital 2023” and published by Tekno.Kompas (Saskia & Nistanto, 2023), Instagram is one of the most favorite and most used social media platforms in Indonesia by January 2023.

Table 1.2. Most Used Social Media Platforms in Indonesia Survey Result Per January 2023

Social Media Platforms	Percentage of Internet Users Aged 16 to 64
WhatsApp	92.1%
Instagram	86.5%
Facebook	83.8%
TikTok	70.8%
Telegram	64.3%

Source: Saskia & Nistanto (2023)

Table 1.3. Most Favorite Social Media Platforms in Indonesia Survey Result per January 2023

Social Media Platforms	Percentage of Internet Users Aged 16 to 64
WhatsApp	35.5%
Instagram	18.2%
TikTok	14.9%
Facebook	14.2%
Twitter	8.2%

Source: Saskia & Nistanto (2023)

According to a press release by the Ministry of Coordination of Economic Affairs, Republic of Indonesia (Kementerian Koordinator Bidang Perekonomian Republik Indonesia) HM.4.6/38/SET.M.EKON.3/02/2024, the Indonesian beauty

and cosmetics industry has experienced a remarkable expansion, characterized by a significant increase in the number of cosmetics companies. According to recent data, the industry has grown by 21.9%, with the number of companies rising from 913 in 2022 to 1,010 in mid-2023. Furthermore, the national cosmetics industry has successfully penetrated the export market, with cumulative export values for cosmetic products, fragrances, and essential oils totaling USD 770.8 million for the period January to November 2023.

Continuing from above, personal care and cosmetics were among the top three best-selling products on marketplaces from 2018 to 2022, with a transaction value of 13,287.4 trillion IDR and a transaction volume of 145.44 million units. The growth is largely attributed to the widespread adoption of e-commerce in Indonesia, which has facilitated increased sales of personal care and cosmetic products. The trend of using local products is also an indication of increasing product quality that is able to compete with various brands from abroad and strengthen the Blue Economy.

Somehinc is a local beauty brand founded in 2019 by Beautyhaul or PT Beaute Haul Indonesia, the first Indonesia beauty e-commerce in 2014 (Beautyhaul, 2023). Somehinc had become the first skincare brand in the two largest Indonesian e-commerce and modern trade stores and also Beautyhaul's first ever brand launched. Somehinc provides a variety of facial care products to makeup products, beauty tools, accessories, and even merchandise. Somehinc high quality ingredients and has a halal certificate. Somehinc has collaborated with famous Korean artists such as Somehinc x HanSoHee and Somehinc x NCT Dream, to local beauty influencers such as Somehinc x Sabrina and Somehinc x Lifni Sanders.

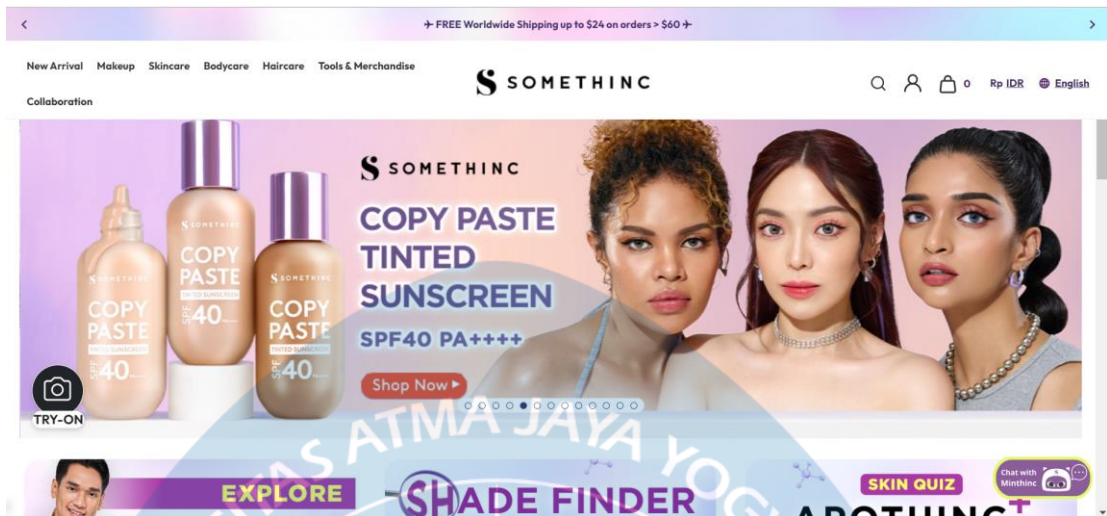


Figure 1.1. Somethinc Official Website Interface

Source: Somethinc (2024)

Somethinc focuses on producing high-quality-grade products with relatively affordable prices, ranging from 30,000-269,000 IDR for each product in their Shopee platform, not including bundling packages with the highest price of 461,000 IDR. Every purchase of bundles from their e-commerce includes freebies, such as product samples or merchandise. In addition to that, Somethinc always includes free shipping vouchers, discounts, Buy 1 get 1, cashback, and flash sales. Despite Somethinc is categorized as a new brand founded in 2019, Somethinc has achieved total sales of 53.2 billion IDR and succeeded in occupying the first position as the best-selling skincare brand in the online marketplace during the second quarter of 2022. This data is based on Kompas.co (2022) on best-selling skincare brands in e-commerce from April to June 2022.

Table 1.4. 10 Best Selling Skincare Brands in the E-commerce April-June 2022

Brand	Sales Revenue (In Rupiah)
Somethinc	53.2 Billion
Scarlet	40.9 Billion
Ms Glow	29.4 Billion

Avoskin	28 Billion
Whitelab	25.3 Billion
Azarine	22.8 Billion
Wardah	18.3 Billion
Erha	11.5 Billion
Emina	7.4 Billion
Bio Beauty Lab	5.7 Billion

Source: Kompas (2022)

Other than e-commerce, Somethinc has social media sites as seen from their official website, namely Facebook, Instagram, TikTok, YouTube, where Somethinc share product-related contents. Figure 1.2. is the Linktree of Somethinc where customers can visit their other social media sites and do online consultations.

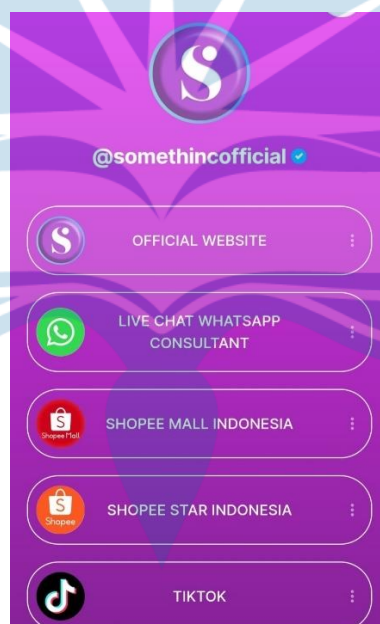


Figure 1.2. LinkTree of Somethinc

Source: Somethinc (2024)

On Instagram, Somethinc gained 1.4M followers and has enticing content other than showcasing products and advertisements. Educational posts and creative content writing with captions of open-ended questions allow their followers not only to like and share, but to engage within the comments with Somethinc and other

followers which lead to informal forums of discussion on each of Somethinc's post. Figure 1.3. and Figure 1.4. show Somethinc brand actively interacts with the followers by answering questions, encouraging to buy their products, and responding to customer feedback through different Instagram features.



Figure 1.3. Instagram Story of Somethinc

Source: Somethinc (2024)



Figure 1.4. Two-way Interaction between Followers and Somethinc through Comments

Source: Somethinc (2024)

Despite the ever-growing market size of the Indonesian beauty industry and a multitude of brands have adopted social media as their communication site, there is still little previous research that has explored the influence of Brand Interactivity and Brand Involvement on Social Media Customer Brand Engagement and Brand Loyalty with Brand Trust as the mediator in the context of Indonesian skincare and makeup (Adhikari & Panda, 2019; Cahyadi & Tunjungsari, 2023). Therefore, this study takes the title "Brand Interactivity and Involvement in Driving Social Media Customer Brand Engagement and Brand Loyalty: Brand Trust as The Mediator in Somethinc Instagram Page" for this research. The previous research conducted by Samarah et al. (2022) with Royal Jordanian Facebook page as the object has proven the influence of Brand Interactivity and Brand Involvement towards Social Media Customer Brand Engagement and Brand Trust as the mediator to achieve Brand Loyalty. The object of this research is Somethinc's Instagram page and investigate Brand Interactivity and Brand Involvement as antecedents of Social Media Brand Engagement, the effects of Social Media Brand Engagement of Somethinc Instagram page towards Brand Trust and Brand Loyalty, and examine the mediation effect of Brand Trust between Social Media Brand Engagement towards Brand Loyalty.

1.2 Research Questions

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

1. Does Brand Interactivity positively influence Social Media Customer Brand Engagement of Somethinc?
2. Does Brand Interactivity positively influence Brand Trust of Somethinc?
3. Does Brand Involvement positively influence Social Media Customer Brand Engagement of Somethinc?
4. Does Social Media Customer Brand Engagement positively influence Brand Trust of Somethinc?
5. Does Social Media Customer Brand Engagement positively influence Brand Loyalty of Somethinc?

6. Does Brand Trust positively influence Brand Loyalty in Something?
7. Does Brand Trust positively mediate Social Media Customer Brand Engagement on Brand Loyalty of Something?

1.3 Research Objectives

Based on the research questions stated above, the purpose of this research is explained below:

1. To analyze the positive influence of Brand Interactivity towards Social Media Customer Brand Engagement of Something
2. To analyze the positive influence of Brand Interactivity towards Brand Trust of Something
3. To analyze the positive influence of Brand Involvement towards Social Media Customer Brand Engagement of Something
4. To analyze the positive influence of Brand Interactivity towards Social Media Customer Brand Engagement of Something
5. To analyze the positive influence of Social Media Customer Brand Engagement towards Brand Loyalty of Something
6. To analyze the positive influence of Brand Trust towards Brand Loyalty of Something
7. To analyze the mediation effect of Brand Trust between Social Media Customer Brand Engagement and Brand Loyalty of Something

1.4 Research Benefits

This research is expected to be able to provide benefits for the readers that are divided into academic and practical benefits.

1. Academic Benefit

The results of this study are expected to develop Business Economics studies and provide a new perspective and the effects on Brand Interactivity, Brand Involvement, and Social Media Customer Brand Engagement, with the mediating effect of Brand Trust towards Brand Loyalty. This research is also expected to contribute positively to developing marketing management knowledge and act as a

reference source for loyalty to other local beauty brands alike, especially the influence of Brand Interactivity, Brand Involvement, Social Media Customer Brand Engagement, Brand Trust, and Brand loyalty.

2. Practical Contribution

The results of this study are expected to provide an overview of how companies can utilize social media sites to interact directly and non-directly with online customers and increase involvement which promotes customer brand engagement in the local brand beauty industry, as well as convey knowledge and provides good strategy recommendations to achieve local and possibly overseas consumer loyalty. Information from this research is expected to contribute to building and improving the Indonesian local beauty industry, especially Somethinc.

1.5 Research Systematics

The systematics of writing this research is described as follows:

Chapter I: Introduction

The first chapter consists of the introduction of the research paper. This introduction consists of the background of the research, the problem statement, the research objectives, the research benefits, and the research writing systematics.

Chapter II: Literature Review

The second chapter consists of various theories and literature from previous research and variables that form the basis of the conducted research. The variables demonstrated in this research are brand interaction, brand involvement, social media customer brand engagement, brand trust, and brand loyalty. This chapter consists of the definitions and explanation of variables, the related previous research that supports the hypothesis development, the hypothesis development, and the research framework.

Chapter III: Research Methodology

The third chapter consists of the methods and analytical steps used in this research. It reviews the description of the type of research with objects, subjects, location of the research, the research population and sampling, the operation definition

(variable, indicators, and measurement scale), the data collection, the measurement and the data analysis method with analytical tools chosen.

Chapter IV: Data Analysis & Discussion

The fourth chapter consists of statistical data analysis, discussion, and illustrations. This chapter reviews the explanation of the findings with descriptive statistics and an overview based on a predetermined hypothesis, data analysis using analytical tools, and a discussion of the research findings.

Chapter V: Conclusion

The fifth and last chapter is the conclusion of this research. This chapter consists of the conclusion of the research, the managerial implications, the limitations (disadvantages), and the suggestions for future research.

