

CHAPTER I

INTRODUCTION

1.1 Background

Social media opens up new avenues for business, especially in today's digital age. The presence of social media in marketing techniques has grown. In business, social media can be used as a medium for marketing. Social media marketing helps companies carry out their strategies to increase sales (Park, 2020). Customers now rely on social media as a source of information in the buying process (Alalwan et al., 2017). Online marketing can expand reach and lower business costs while fostering better producer-customer relationships (Gvili & Levy, 2016). Marketing through Internet media allows a company to run a self-service practice. A business can provide services to customers without requiring sufficient human resources, reducing facilities and services via telephone (Westerman et al., 2014).

People's behavior towards information changes following the progress of information technology. Selectivity in receiving information increases and consumers tend to search for and sort existing information to minimize purchase risk (Yan et al., 2016). The accuracy of the information including features, prices, reviews, and product comparisons is the consumer's access to further determine the decision to be taken (Erkan & Evans, 2018). Information that has been used and is considered helpful commonly known as information usefulness is the first step in

information adoption (Hussain et al., 2020). Increased consumer performance is a sign that information is considered useful. This is the reason why information in social media needs to be considered by producers to make consumers interested and increase purchase intention for products or services that are offered in that information (Sussman & Siegal, 2003).

Social media has changed the way companies and brands communicate with their customers. Companies and brands must learn to use social media consistently with their business plans (Duan & Dholakia, 2017). The company runs social media marketing to gain a competitive advantage. Social media marketing is digital activities such as YouTube, Instagram, TikTok, and Facebook. Experts describe social media as a tool for two-way communication with consumers (Su et al., 2021). However, social media marketing is not limited to communication but includes several activities such as entertainment, interaction, word-of-mouth, and customization (Cooley & Parks-Yancy, 2019). The influence given by the testimonials of influencers, friends, and relatives is considered the most effective in attracting other consumers' buying interest. It is also supported that social media has changed how businesses and consumers communicate by triggering a shift in power from business to consumers. Attitudes toward social media advertising positively affect millennial buying interest, and peer communication also significantly influences millennial buying (Gvili & Levy, 2016). This research also obtained results whereby social media is used as a conspicuous consumption

channel that influences purchase intention and has a positive impact (Efendioğlu, 2019).

Based on the above phenomenon, research (Kohler et al., 2023) mentions several suitable variables, Information Quality, Source Credibility, Information Usefulness, Information Adoption, and Purchase Intention. In addition, research (Hussain et al., 2017a) mentions the variable Perceived Risk as a suitable variable. Thus, the variables that can be used in this study are Information Quality, Source Credibility, Perceived Risk, Information Usefulness, Information Adoption, and Purchase Intention.

Information quality is known to be affected by the suitability between information characteristics and information users (Abu-Taieh et al., 2022). Information quality is defined as the value and evidence of persuasive information (Y. Zhao et al., 2020). The quality of information can influence a person's attitude and the level of usefulness consumers feel (Zheng et al., 2020). High-quality information has a significant impact on persuasion effects and can affect attitudes. Conversely, information with low quality will have no significant impact on the recipient (Song et al., 2021).

Source credibility meaning is the quality possessed by the communicator that influences consumer acceptance of the information communicated (Jiang et al., 2021). Source credibility has two dimensions. The first is competency-based credibility which refers to the ability of sources to provide the right information. Second, trust-based credibility refers to consumer belief that information providers

provide valid information (Hu et al., 2019). Source credibility is a variable that helps consumers to reduce the risk of uncertainty in the decision-making process so source credibility is a very important variable in assessing online information (Indrawati et al., 2023). Another study in the same year also stated that there was a significant influence between source credibility on information and information usefulness as the intermediary variable (Nyagadza et al., 2023). So based on the explanation it can be seen the consistency of the effect of source credibility on information usefulness.

Perceived risk is about the consumer's feelings about the likelihood and unpleasant consequences, as it plays an important role in the decision-making process (Hussain et al., 2017a). People try to control their impact in the face of uncertainty, but when there are many substitutes and substitutes, consumers tend to make different decisions to reduce risk make better decisions about products, and seek information from reliable sources (Jiang et al., 2021). Therefore, access to basic information can influence interactions in terms of perceived risk and reliability of eWOM sources regarding products or services (Tseng & Wang, 2016). Components or factors of perceived risk measured by various researchers, namely: uncertainty, outcome, level of risk, inherent risk, processed risk, as well as financial, psychosocial, physical, and Various possible losses such as performance, time loss, and other characteristics (Khwaja & Zaman, 2020). Online environments, in contrast to physical environments, are riskier because there is no visual or tangible indication of product quality or face-to-face interaction, making it very

difficult to evaluate products and services. Expect reliability to decrease. When interactions with sales representatives and purchases are affected by security and privacy issues (Ebrahimi et al., 2023).

Information usefulness is defined as a subjective assessment by consumers about the information characteristics that meet their needs and can be defined as indicators that function to help consumers adopt information (Luo et al., 2018). Adoption of information is known to increase if the information seen is useful and by consumer needs (Hussain et al., 2018). Information usefulness has dependencies with several indicators including information quality, information quantity, and credibility of information (Erkan & Evans, 2018). So that it affects information usefulness through a direct relationship with one or more of the variables mentioned. In the results of previous studies, it was found that the three variables mentioned influence information usefulness, however, information quality has a stronger relationship with information usefulness as evidenced by a more significant statistical test value (Indrawati et al., 2023). Information usefulness supported by information quality is considered a determinant of customer satisfaction and a factor that influences the experience that will be experienced by customers (Al-Fraihat et al., 2020).

Information adoption is a factor considered to influence purchase intentions in the consumer's process of internalizing information and receiving information from external sources including how this information helps in increasing knowledge and decision making which refers to information usefulness (Indrawati

et al., 2023). Theory about the Information Adoption Model is the final idea that helps to make decisions for or against something, including purchase intention. The foundation of the information adoption process is known to be influenced by several factors such as the usefulness of the information (Khwaja et al., 2020). The process of information adoption by customers when using social media or websites is significantly influenced by information usefulness (Daradkeh et al., 2022).

Purchase intention is known to be an important factor in consumer decision-making (Chetioui et al., 2020). The establishment of purchase intention is one of the most influenced by social media which is a promotional place to deliver ideas and disseminate product knowledge. It has become common for consumers to collect product information using social media (Alam et al., 2023). Social media plays an important role in supporting companies or brands to survive in competitive trade and marketing, especially in the context of switching conventional transactions to online transactions. Purchase intention can be defined as the subjective possibility that an individual wants to use a product or service (Zhang et al., 2023). Purchase intention can also be interpreted as a component of consumer cognitive behavior in the purchasing process that leads to the selection of products or services to be purchased. If associated with the context of social media, purchase intention is a user's decision to take part in purchases based on social media platforms (Abu-Taieh et al., 2022).

Social media assists business processes in disseminating product-related information and enhancing consumer experience. Information and shopping

experiences created as social media content will be information that companies rely on as a facility to increase purchase intention (Duan & Dholakia, 2017). The results of previous literature studies state that an understanding of social media information is not only beneficial for consumers but also for product retailers. Retailers can utilize social media information as a communication channel to promote information and increase product value perceived by the public, thus increasing purchase intention (Yang, 2021). Purchase intention is a representation of a consumer's objective tendency to buy a particular product or service and is considered an important indicator for subjective evaluation and interest in products (Lin & Shen, 2023). Therefore, a comprehensive understanding of the factors that influence consumer purchase intentions will help stimulate buying behavior (J. J. Wang et al., 2018). Based on the theory and previous research data, the variables to be used in this study are Information Quality, and Source Credibility, Perceived Risk, Information Usefulness, Information Adoption, and Purchase Intention were chosen because they have an urgency for further research in the context of social media.

Social media that is currently crowded among the public is TikTok. TikTok is the most widely used application currently for business activities, especially in Indonesia, since 2020. Apart from that, based on research data TikTok is the most downloaded application, namely 45.8 million times. Judging from the 625 million active TikTok users, TikTok is currently a means of providing fast and interesting information (Abbasi et al., 2023). TikTok is the first application focused on content

that looks more real, aesthetic, and vibrant. Entertainment services have focused on grasping individuals' attention through music, socialization, dance, sport, and theater (H. Zhao & Wagner, 2023), all of which can be seen in the TikTok app. TikTok is considered friendly for the current generation Z, especially because of its ease of access and the perceived ability to serve various information needs (Chen et al., 2024). TikTok is considered to provide very accurate Information Quality because the information conveyed comes from various sources. In its delivery, the information conveyed must be able to identify reliable sources of information (Hussain et al., 2017a). The delivery of such information is made through the sharing of interesting videos. In essence, humans tend to like information in the form of video rather than text, so their existence is felt to be very actual in conveying the latest information and news (Duan & Dholakia, 2017).

This study uses Rose All Day as a setting. Rose All Day is one of the local products that uses social media. One of the social media that Rose All Day uses is TikTok. The data below shows how active Rose All Day's TikTok social media is as seen from the number of followers.

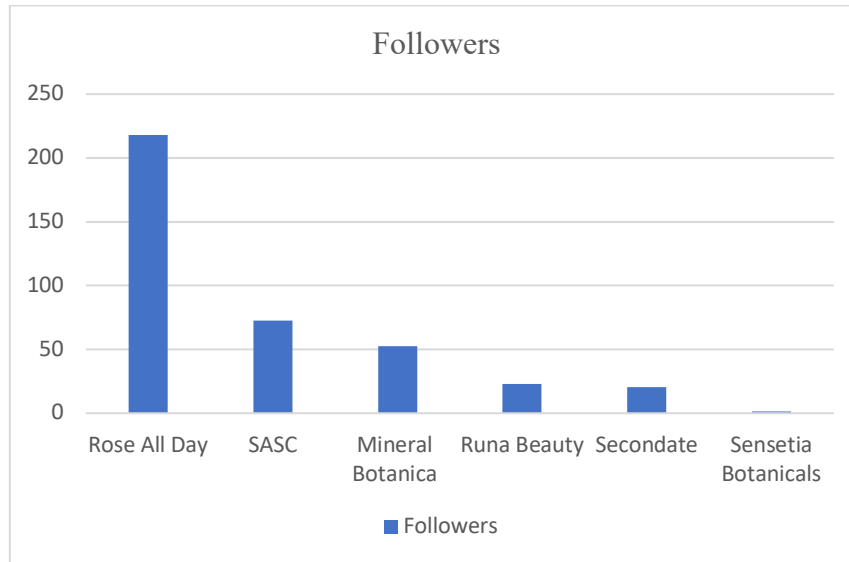


Figure 1.1 Data of Followers Beauty Brands

Source: August 2023

Based on the Figure 1.1 TikTok account [@roseallday.co](#) which already has 216.3K followers, actively provides information related to the products they sell. Ranked second is SASC with 72,6K followers, Mineral Botanica with 52,4K followers, Runa Beauty with 22,7K followers, Secondate with 20,6K followers, and Sensetia Botanicals have 1,4K followers. TikTok users can easily find various information they are looking for such as ingredients, product promotion, and even how to use products, and videos they upload every day, the TikTok account [@roseallday.co](#) often does live streaming (Indrawati et al., 2023). This aims to be able to interact directly with the audience where the audience can ask various questions about the product, they will buy (Cooley & Parks-Yancy, 2019). The audience will feel that Rose All Day has high credibility with consumers. The

credibility will increase the sense of buying from prospective customers because their doubts are refuted by the information submitted (Kohler et al., 2023).

In Rose All Day's official account, consumers can also find various information from the comment column currently commonly known as e-WOM. This a form of online communication between individuals that can influence consumer behavior and purchasing decisions (Luo et al., 2018). In the comment column, potential customers will find someone who may experience similar things so that it can be taken into consideration (Erkan & Evans, 2018). These factors can help consumers adopt information that affects purchase intention (Indrawati et al., 2023).

The use of TikTok application used by Rose All Day can develop information usefulness so that it is easily accessible to everyone. The information can be spread quickly apart from using the TikTok application, how to adopt the right information is also one of the right reasons (Hussain et al., 2018). This is done to maintain the relationship between variables related to reasons that affect the reason for purchase intention of consumers (Cheung & Thadani, 2019). Therefore, further study is needed to understand that purchase intention is highly dependent on variables that affect the information usefulness of information adoption (Verma et al., 2023).

The purpose of this study is to analyze the impact of information quality, source credibility, perceived risk on cosmetic product purchase intention at TikTok application. This is a modified replication research from (Kohler et al., 2023). The

difference between this research and previous research is the existence of the Perceived Risk variable as well as different locations and objects of research. Rose All Day was chosen as the object of research because the brand has the most followers compared to other brands and is consistent in disseminating information about products on the TikTok platform. The research location is Indonesian area which was chosen based on the criteria.

1.2 Research Question

Based on the background that has been described, the formulation of the problem studied is:

1. Does Information Quality have an impact on Information Usefulness?
2. Does Source Credibility have an impact on Information Usefulness?
3. Does Perceived Risk have an impact on Information Usefulness?
4. Does Information Usefulness have an impact on Information Adoption?
5. Does Information Adoption have an impact on Purchase Intention?
6. Does Information Usefulness have a mediating effect on the relationship between Information Quality and Information Adoption?
7. Does Information Usefulness have a mediating effect on the relationship between Source Credibility and Information Adoption?
8. Does Information Usefulness have a mediating effect on the relationship between Perceived Risk and Information Adoption?

9. Does Information Adoption have a mediating effect on the relationship between Information Usefulness and Purchase Intention?

1.3 Research Object

Based on the background that has been described and the problems raised, this study aims to:

1. Analyze the effect of Information Quality on Information Usefulness in Rose All Day products.
2. Measure the effect of Source Credibility on Information Usefulness in Rose All Day products.
3. Investigate the effect of Perceived Risk on Information Usefulness in Rose All Day products.
4. Assess Information Usefulness on Information Adoption.
5. Analyze Information Adoption on Purchase Intention.
6. Measure how Information Usefulness mediates the relationship between Information Quality and Information Adoption.
7. Investigate how Information Usefulness mediates the relationship between Source Credibility and Information Adoption.
8. Assess how Information Usefulness mediates the relationship between Perceived Risk and Information Adoption.
9. Analyze how Information Adoption mediates the relationship between Information Usefulness and Purchase Intention.

1.4 Research Benefit

Based on the research objectives, it is expected that this research has the following benefits:

1. Theoretical Benefits

Theoretically, the results of this study are expected to provide benefits, namely being able to develop new thoughts on marketing management science in connection with social media marketing on Information Quality, Source Credibility, Perceived Risk, Information Usefulness, Information Adoption, and Purchase Intention. It is also hoped that this research can be a reference for future research to make it better.

2. Practical Benefits

Practically, it is hoped that the results of this research will provide benefits, namely that they can be used as a reference for other brands to develop their business to build better Purchase Intention. Apart from that, it is hoped that it can help other businesses to develop social media marketing which influences Information Quality, Source Credibility, Perceived Risk, Information Usefulness, Information Adoption, and Purchase Intention.