CHAPTER I

INTRODUCTION

A. Research Background

In the current digital era, the advancement of technology has significantly impacted the daily lives of users or society. The rapid development of technology and the Internet has also influenced several aspects of human life, such as education, business, and social spheres, leading to significant transformations in these areas (Iivari et al., 2020). The technology field has seen a remarkable change compared to its previous state. Rapid technological progress has made it increasingly sophisticated and modern (Kurdi et al., 2022). The continuous emergence of innovations drives the world to move dynamically and adapt to ever-changing developments. One concrete example is how the Internet has facilitated instant connectivity with individuals worldwide, going beyond the mere function of communication. The advent of the interconnected Internet has significantly expanded the possibilities for worldwide collaboration, the sharing of ideas, and the accessibility of information in previously inconceivable ways (Haleem et al., 2022).

The growth of the Internet has been widespread throughout the world, one of which is in Indonesia; almost all people feel it, based on the data from STATISTA Petrosyan (2023), The highest internet users in January China as the first position country with a total of 1,050 Billion users, India as many as 692 Million users, United State as many as 313.3 Million users, Indonesia as many as 212.9 Million users, and Brazil as many as 181.8 Million users, then Indonesia is in the fourth

position which has the highest and highest number of internet users with a total of 212, 9 million. The presence of sophisticated technology has changed the new business paradigm, allowing companies and business owners to reach a global audience without physical boundaries. This has shifted the focus from conventional marketing strategies to utilizing digital platforms to reach target markets more effectively (Lehnert et al., 2021). Digital marketplaces are one concrete example of how technological innovations have changed how we do business (Stoeckli et al., 2018). Previously, distribution and marketing took a long time and involved many stages. Still, the presence of marketplaces as an innovation in marketing has changed the way of doing business to be more efficient and faster.
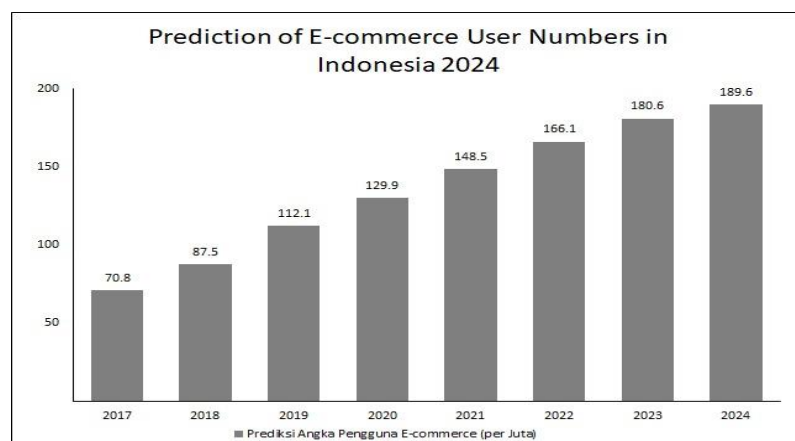
Figure 1.1 Prediction of E-commerce User Numbers in Indonesia 2024
Source: (Christy, 2020)

The data Christy (2020) in the graph above shows that in 2023, e-commerce users in Indonesia reached 180.6 million, and then it is predicted that in 2024, E-commerce users will continue to increase significantly every year; predictions regarding the growth of E-commerce and marketplace users in the future often involve analysis of market trends, statistical data, and projections based on economic development and changes in consumer behavior. Thanks to eWOM,

potential buyers can quickly obtain consumer opinions, influence purchasing decisions, and ultimately shape brand image (Aji et al., 2020). This increase in e-commerce users significantly impacts brand communication, as the more consumers engage on digital platforms, the more critical it is for brands to communicate effectively and consistently across multiple online channels (Shankar et al., 2022). Good communication can increase customer trust and loyalty, encouraging them to share positive experiences through electronic word-of-mouth (eWOM) (Ismagilova et al., 2021). Positive eWOM is crucial in the competitive e-commerce market, as consumer reviews and recommendations can influence potential customers' purchasing decisions. Thus, the continuous growth of e-commerce users reinforces the crucial role of effective brand communication in creating positive eWOM and supporting future business success (Serra-Cantallops et al., 2020).

EWOM plays a vital role in marketing, especially in increasing brand preference. When consumers seek information before buying, they are often influenced by EWOM (Srivastava et al., 2021). Brands with many positive reviews are likely to be consumers' top choices. Through testimonials, reviews, and recommendations posted online by consumers, companies can gain widespread positive exposure, build trust, and strengthen emotional bonds with audiences (Maia et al., 2018). With positive EWOM, companies can gain a strong reputation in the market, increase the attractiveness of their brand among potential consumers, and influence purchasing decisions in a positive way (Hoang et al., 2023). Thus, EWOM helps companies increase brand preference, create high customer loyalty

and sustainable business growth, and ultimately, achieve long-term success. (Yolanda et al., 2023).

Brand preference greatly influences marketing and business owners because it shows how strongly consumers choose a particular brand over its competitors (Gómez-Rico et al., 2023a). High brand preference usually results in better customer loyalty, which leads to repeat sales and increased revenues (Lin et al., 2022). In marketing, brand preference helps drive more effective and efficient marketing strategies, as consumers who already prefer brands tend to be more responsive to marketing campaigns. For business owners, strong brand preference means stability and predictability in revenue and higher growth potential (Huang et al., 2021). In addition, brand preference plays a vital role in shaping brand image, as brands that are widely chosen and recommended by consumers will be perceived as more positive, reliable, and high-quality, thus strengthening the brand image in the market (Akoglu et al., 2022).

In today's digital marketing, brand image is very influential because a solid and positive brand image can directly affect consumer perceptions, build trust, increase customer loyalty, and make purchase decisions (Ahamat et al., 2018). A consistent and memorable brand image makes it easier for companies to stand out among competitors, reinforce brand messages, and create a more profound emotional appeal to target audiences (Foroudi et al., 2020a). The effect of a positive brand image in digital marketing is seen in increased customer trust and loyalty, which in turn strengthens the intention to make repeat purchases (repurchase intention) (Chiu et al., 2019). When consumers have a positive and consistent experience with a

brand online, they are more likely to return to make purchases, increasing customer retention and supporting sustainable business growth. As such, a strong brand image attracts new customers and encourages repeat purchases, ensuring long-term success in the competitive digital marketing landscape (Alwan et al., 2022).

Repurchase intention is an essential indicator in determining the long-term success of a business (Kato, 2019). Influencing factors, including product quality, customer experience, after-sales service, and overall satisfaction, contribute significantly to this repurchase intention (Jain et al., 2021). In marketing, high repurchase intention means businesses can rely on recurring revenue and customer loyalty, constantly reducing the need to acquire new, more expensive customers. In the digital age, platforms like TikTok are essential in increasing repurchase intention. Through creative and authentic content, brands can engage directly with audiences, build communities, and create strong emotional connections (Nicoli et al., 2022). Positive user-generated content and reviews on TikTok can strengthen brand image, increase consumer trust, and encourage repeat purchases. Therefore, utilizing TikTok as a strategic marketing tool can significantly strengthen repurchase intention, ensure customer loyalty, and drive sustainable business growth (H. et al., 2023).

One way to increase the chances of competitive success in the e-commerce market is to leverage social media platforms like TikTok (Lv et al., 2020). TikTok has multiplied from a video-sharing platform to a powerful business marketing tool. With its advanced algorithms, TikTok can personalize content for users based on their interests and behaviors, which increases the chances of the content going viral,

including the makeup industry (Lawrence et al., 2023). Recently, TikTok has revolutionized beauty brand marketing and reshaped e-commerce by integrating features like 'Shop Now' buttons and in-app purchases, driving sales across industries (Heinemann, 2023). A 2023 survey on beauty trends in Indonesia found that 60% of respondents used local cosmetic brands, with 71% satisfied with these products. The shift in consumer behavior towards local brands has been further amplified by platforms like TikTok, where engaging and authentic content can quickly resonate with a large audience. With more than 2 million followers on TikTok, The Originote, as a local product, has successfully leveraged the platform's reach to interact with a broad audience and build brand loyalty. So, the study utilized is The Originote on TikTok.

Table 1.1 TikTok Shop Rank

Rank	TikTok Shop Rank	Order	Sales
1.	The Originote	72.33 Thousand	5.2 Billion
2.	Scientific	18.61 Thousand	3.1 Billion
3.	Milk Recipe	10.92 Thousand	603 Million
4.	Mezuca Indonesia	10.62 Thousand	440 Million

Source: (Fast Data, 2023)

Based on the data presented above, although it is a newcomer, The Originote has occupied the top position in the personal care and beauty product category. Its products have the highest sales turnover, some of which have gone viral and are highly sought after by customers. In June 2023, The Originote recorded its highest number of orders at 72,000, resulting in massive sales of 5.2 billion (Fast Data, 2023). The existing data shows that products from The Originote brand can compete with other beauty product brands. This achievement underlines the effectiveness of their marketing strategy and the high demand for their superior products, thus

positioning them as a personal care and beauty brand that is competitive and smart in utilizing marketing in this digital era.

Therefore, the main aim of this research is to explore, understand, and identify the complex relationship between brand communication, electronic word of mouth (eWOM), brand preference, brand image, and repurchase intention regarding The Originote on the TikTok platform. Previous research explains the role of brand communication, brand image, and brand preference in understanding purchase intention. This research will use a modified method derived from the last relevant research (Gómez-Rico et al., 2023b; Yang et al., 2022).The findings of this research are expected to provide valuable insights that can help businesses develop more effective marketing strategies on TikTok, thereby increasing their competitive advantage and market performance (Yuan et al., 2022).

B. Research Question

Based on the background and objectives of the research above, the following research questions were formulated:

1. Does Brand Communication influence Brand Preference?
2. Does Ewom influence Brand Image?
3. Does Brand Communication influence Brand Image?
4. Does Ewom influence Brand Preference?
5. Does Brand Preference Influence Repurchase Intention?
6. Does Brand Image Influence Repurchase Intention?
7. Does Brand Communication influence Repurchase Intention mediated by

Brand Preference?

8. Does Ewom influence Repurchase Intention mediated by Brand Image?

C. Research Objective

Based on the background and formulation of the problem described above, the researcher made the following research statement:

1. To examine the influence of Brand Communication on Brand Preference.

2. To analyze the influence of Ewom on Brand Image.

3. To examine the influence of Brand Communication on Brand Image.

4. To determine the influence of Ewom on Brand Preference.

5. To identify the influence of Brand Preference on Repurchase Intention.

6. To analyze the influence of Brand Image on Repurchase Intention.

7. To determine the influence relationship between Brand Communication and Repurchase Intention mediated by Brand Preference.

8. To investigate the influence relationship between EWOM and Repurchase Intention mediated by Brand Image.

D. Research Benefit

The results of this research are expected to be beneficial for interested parties. On a large scale, this research is helpful for:

1. **Theoretical Benefits**

   This research is expected to provide input regarding the influence of Brand Communication, EWOM, Brand Preference, Brand Image, and Repurchase Intention (Study the Originote on TikTok). As well as to add new insights and

knowledge so that the results of this study are expected to be used as literature for further research.

2. **Practical Benefits**

    a) The results of this study are expected to inform consumers about brand communication, ewom, brand preference, and brand image to repurchase intentions. So that it can give consumers an overview of the products they decide to purchase.

    b) The results of this study are also expected to help companies evaluate marketing strategies in marketing The Originote products and for companies or agencies that need input regarding the effect of brand communication and, ewom, brand preference, and brand image on repurchase intentions.