

CHAPTER I

INTRODUCTION

A. Research Background

The modern development of information technology provides a lot of conveniences for many people. It makes communication between one individual to another can be easily reached, regardless of how far the distance is. This allows humans to exchange information, making collaboration and doing transactions quickly. Communication also occurs between marketers and consumers. The relationship between them can be seen from the activity of marketing communication.

Marketing communication shows the direction for marketers to engage with customers through various types of media communication. According to Kotler & Keller (2016), marketing communication is a technique implemented by an organization to convey, persuade, and recall customers of the products or services they sell. The marketing communication mix consists of eight platforms: advertising, personal selling, mobile marketing, direct and database marketing, online and social media marketing, public relations and publicity, event and experiences and the last is sales promotion (Kotler & Keller, 2016). However, over time, all the tools mentioned above can be implemented according to the market condition and the needs of each company.

The favorable market conditions can be seen from the current various development that happens in the country. Internet and active social media users in Indonesia continue growing, we are Social collaboration with Hootsuite in

Table 1. 1***Indonesian Internet and Active Social Media Users Growth in 2019***

Trend Data	Total 2019	The growth Jan 2018 – Jan 2019
Population	268.2 million	+1%
Mobile Subscriptions	355.5 million	+19%
Internet User	150 million	+13%
Active Social Media User	150 million	+15%
Mobile Social Media User	130 million	+8.3%

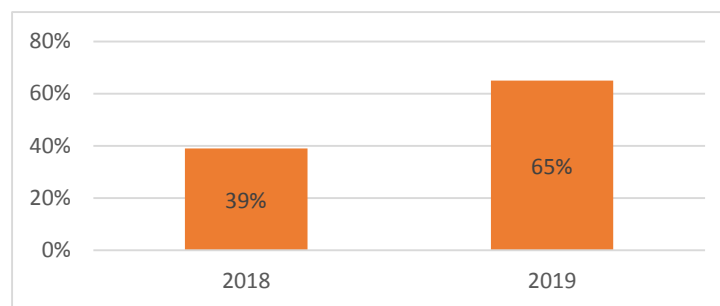
Source: datareportal.com

Table 1.1. The growth occurred at 13% for internet users and 15% for social media active users in the period 2018-2019. There are 150 million users from them where this number represents 56% of Indonesia's total population reaching 268.2 million in 2019. Hootsuite also stated that the most active social media platforms are YouTube 88%, Whatsapp 83%, Facebook 81%, and Instagram 80% ((Ibrohim, 2019).

The high enthusiasm of the citizen towards social media made a change in the marketing strategy. In the past, customers were willing to buy the product due to conventional advertising such as advertisements on television, radio or newspapers, but now turning to social media. Therefore, there are many various marketing activities based online through social media. One of the options for marketing strategy is using the influencer as the connector between the companies toward the customer.

Influencer is someone who has built and evoked their own name and retains an intense relationship with their followers on social media. The influencers are able to entertain, provide information, and possibly shift the mindset, behavior, and habits of their followers (Ganga S. Dhanesh, 2018).

Advice from an influencer is considered valuable for some customers. According to a preliminary study examined by the author of 65 university students who are female young adult as respondents. It was found that 92.3% of respondents stated that ever buying a product was due to influencer's influence. Alongside, 47.7% stated that influencer's opinion is important for them to do consideration about purchasing.

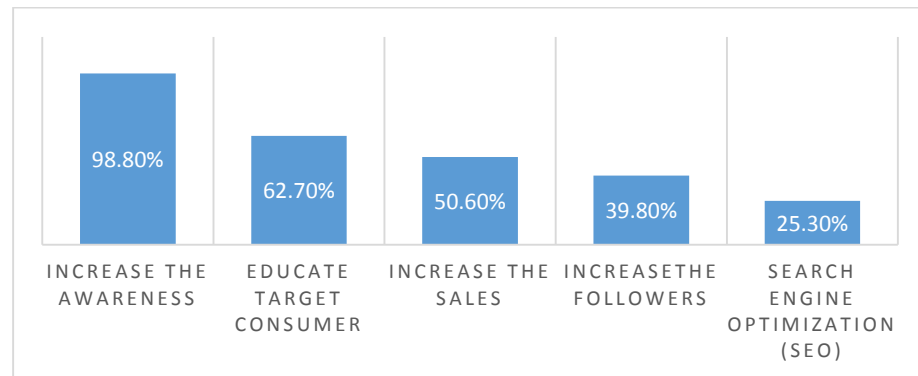


Source: mediakix.com

Figure 1. 1

Influencer Marketing Budget will Increase dramatically in 2019

Based on the figure 1.1 above, the data was taken by 162 participants who are the workers from a marketing company mostly based in the United States. The study was carried out during January 15 until 25, 2019. It was found that influencer marketing was developing well. This is because marketers planned to increase their marketing budget for the influencers. The previous statement is in accordance with the results of a survey where there was an increase in influencer marketing budget from 39% in 2018 to 65% in 2019 (Mediakix, 2019). It is believed that influencer can give many benefits for the company.



Source: dailysocial.id

Figure 1. 2

The Purpose of Using Influencer stated by Indonesian marketers in 2018 by SociaBuzz

Influencers are commonly used to increase awareness of a product. This can be identified from figure I.2 where SociaBuzz conducts this research by involving advertising and marketing practitioners in Indonesia as respondents. It was found that 98.8% marketers positioning influencers as supporters to increase awareness. Furthermore, it will be easier to change the customer perspective of a product by using viral influencers. In a survey from SociaBuzz.com (Yusra, 2017), marketers stated that the effectiveness level of influencers in achieving precisely their goals was 83%. This shows that these influencers can provide sufficiently promising business results.

The various influencers also appear to provide content to their followers according to their expertise. It is can be seen in table I.2 below that there are several influencers who became the representative from Indonesia to participate in the 2017 Influence Asia "For the Future" award. Influencers below are chosen based on four things, namely the content raised on social media, the number of followers and the response given, professionalism in

work and the last is about the magnitude of the positive influence from the content they make. The grouping of influencers according to their fields of expertise will make marketers easily find the best influencers and the credibility is guaranteed. According to the customer side, it will generate them to believe in every opinion that is offered by the influencers easily.

Table 1. 2

The list of nominated influencer in Influence Asia “For the Future” event in 2017

No	Category	Nominated Influencer
1	Beauty	Cinderella , Lizzie Parra, Nanda Assyinta, Bubah Alfian
2	Lifestyle	Elle Yamada , Tiara Pangestika, Shirin Al Athrus, Keenan Pearce
3	Fashion	Ria Miranda , Diana Rikarsari, Jenahasa, Dian Pelangi
4	YouTube Personality	Arief. M , Shalshabila, Chandra Liow, Edho Zell
5	Health & Fitness	Maria Selena, Melanie Putria, Anjasmara, Sigi Wimala
6	Food	Jiewa Vieri, Anak Jajan, Stanislaus Hans, Fellaxandro Ruby
7	YouTube Channel	Tim2One, Edho Zell, SkinnyIndonesia24, Arief. M
8	Parenting	Jennifer Bachdim, Sigi Wimala, Ria Miranda, Ayasha Putri
9	Breakout Influencer	Kaesang, Rachel Vennya, Jennifer Bachdim, Tiara Pangestika

Source: goodnewsfromindonesia.id

Discussing credibility, reported from the survey results SociaBuzz (2018), marketers stated that to make these influencers more effective, they must have good credibility and capability. As a result, they will positively influence their followers. Hence in the widespread use of influencers, the need for credibility is a valid instrument intended to monitor the likely impact to occur when using these individuals (Pornpitakpan, 2003). There are three dimensions in the

source credibility, i.e. attractiveness, trustworthiness, and expertise (Ohanian, 1990).

In Table 1.2 it can be seen that every influencer is classified into some categories like lifestyle, food, beauty, and etc. It can be interpreted that each influencer only delivers the information to their followers based on their respective expertise. Therefore, besides influencer's credibility, an advertisement must notice the appropriate match between the influencer and the product that they want to advertise.

The match-up hypothesis agrees when a product and influencer have a match, it makes the influencer endorsement more effective and persuasive (Yang, 2018). In several previous studies, the word "match up" can refer to the term of congruence (Endorgan, 1999; Lynch & Schuler, 1994; Kamins, Michael A., 1990; Gaied & Rached, 2017; Santos, Barros, & Azevedo, 2017). The concept of congruence is congruity between influencer characteristics and the property associated with the advertised product/brand (Kirmani & Shiv, 1998) in (Gaied & Rached, 2017). Therefore, the congruence is become one of the key factor that can influence the advertisement effectiveness (Choi & Rifon, 2012). According to Gaied & Rached (2017), selecting suitable and credible influencers will generate more favorable attitudes in advertising, product, and purchase decision.

McKenzie, Lutz, & Belch (1986) defines an attitude towards the advertisement as the condition where the consumer is naturally inclined to respond with some advertising stimulus in a specific duration of a particular

exposure situation through favorable or unfavorable ways. According to that assumption, a consumer's favorable attitude toward advertising can ultimately be instantly transferred to the advertised product (Sallam & Wahid, 2012). Attitude toward a brand is a phase when sorting the brand into two types which are pleasant and unpleasant brands (Biehal, Stephens, & CurIo, 1992). Attitude toward the brand also gives an important role in influencing the purchase (Sallam & Wahid, 2012). Therefore, these two attitudes will influence the consumer to the purchase decision stage.

Kotler & Armstrong (2016) stated that purchase decision is the actual behavior of a consumer to decide which brand of a product they will choose to purchase. In this stage, the marketers will find how good the advertisement they made by seeing the number of customer who did the purchase transaction. Purchase decision will represent the finishing stage to evaluate the consumer.

Currently, females start to realize the importance of caring for their inner and outer beauty. Inner beauty represents the beauty of the personality that each individual has. While outer beauty is how to treat and beautify the body to be better than before. Outer beauty makes females try to look for suitable beauty products for their bodies. Therefore, the trend of using skincare products is gaining public interest, especially in Indonesia. According to skin care habits survey report in Tania (2018), as many as 96.5% of their female respondents acknowledge using skincare products. There are 74.7% of respondents who claimed it was due to the importance of getting healthy skin that should be maintained as early as possible. (Tania, 2018)

The increasing desire of female to have brighter, flawless and healthy skin causes a lot of skin whitening products to emerge. Therefore, there are many beauty products that contain whitening ingredients. The global products release whitening products like Garnier "White Complete", Loreal with "White Perfect", and Neutrogena with "Fine Fairness". Therefore, over time, the movement of whitening beauty products in Indonesia is increasing. Some of the whitening beauty brands that are popular in Indonesia today are Fair NPink Handbody Serum, Everwhite, and Scarlett Whitening.

Scarlett Whitening is one of the whitening products belonging to Indonesian celebrities, Felicya Angelista. This brand uses famous influencers to promote their products, which has a big impact on Scarlett Whitening's sales growth. Scarlett Whitening was launched the first time on 16 October 2017. This product took the attention of Indonesian women as where this product becomes famous through social media. Findings of the preliminary study showed that 43.1% of respondents stated if this product is indeed well known. Scarlett Whitening is marketed on the Instagram platform. The official account name is @scarlett_whitening with 840.000 followers and it can also be purchased via Shopee and Line.

Scarlett Whitening sells body and face treatments such as body shower scrubs, body lotion, and facial wash. Scarlett Whitening scrub showers are available in three variants namely Pomegranate, Cucumber, and Mango. Unlike the shower scrub products, the body lotion merely produces two variants namely Romania and Fantasia. Recently, Scarlett Whitening releases

the newest product for hair treatment, namely, Sea Salt Shampoo. All existing series are favorites for all Scarlett Whitening customers. It is because they have sincerely trusted the quality and satisfactory results offered by Scarlett Whitening.

Scarlett Whitening products are safe because they are made from various natural ingredients and have been clinically tested. The products have a BPOM code description on the packaging. The price of Scarlett Whitening is Rp.75,000,-/item and only Rp.300,000,- for five items.

The distinctive feature of Scarlett Whitening is its good fragrance and it can last for a long time. Fragrant from each type of product has different scents, ranging from the soft-sweet to the refreshing aroma. Besides fragrance, this innovative product is indeed effective in whitening and brightening the entire body. This has been proven by the many reviews from satisfied Scarlett Whitening customers, beauty influencers, and top celebrities.

One of the beauty influencers who wisely gave their review was Rachel Vennya. Rachel Vennya is proving the efficacy of Scarlett Whitening by using and offering honest reviews to her followers. Rachel Vennya is believed to be the most famous beauty influencer who frequently receives an endorsement. This is in accordance with the results of the preliminary study that there were 83.3% of respondents who have chosen Rachel Vennya as the most famous beauty influencer. Rachel Vennya defeated Titan Tyra and Vina Gracia.

Rachel Vennya is a beauty influencer in social media with 3.5 million followers. Rachel Vennya is an influencer who considers certain requirements

to receive an endorsement. As a result, the quality of the product from the brand promoted by Rachel Vennya can be assured. Therefore, this study will use Rachel Vennya as a beauty influencer and Scarlett Whitening as a brand for the planned setting.

According to the above discussions, this study would like to investigate the topic of influencer marketing by exploring influencer credibility and influencer product/congruence. This study is a replication of previous research by Lim, Radzol, Jacky, & Wong (2017) and Choi & Rifon (2012). (Choi & Rifon, 2012)

B. Research Questions

In accordance with the description of the research background above, this study proposed several problem formulations:

1. Does influencer's credibility positively affect the attitude towards the advertisement?
2. Does influencer's credibility positively affect attitude towards the brand?
3. Does influencers' credibility positively affect purchase decision?
4. Does influencer/product congruence positively affect attitude towards the advertisement?
5. Does influencer/product congruence positively affect attitude towards the brand?
6. Does influencer/product congruence positively affect purchase decision?
7. Does attitude toward the advertisement positively affect attitude towards the brand?

8. Does the attitude toward the brand positively affect purchase decision?
9. Does attitude toward the advertisement mediate the relationship between influencer's credibility and attitude toward the brand?
10. Does attitude toward the advertisement mediate the relationship between influencer/product congruence and attitude toward the brand?
11. Does the attitude toward the brand mediate the relationship between attitude toward the advertisement and purchase decision?

C. Research Objectives

In accordance with the description of the research background and research problem, the objective to be achieved in this study:

1. Analyzing the effect of influencer's credibility through attitude towards the advertisement.
2. Analyzing the effect of influencer's credibility through attitude towards the brand.
3. Analyzing the effect of influencer's credibility towards purchase decision.
4. Investigating the effect of congruence towards attitude towards the advertisement.
5. Investigating the effect of congruence towards attitude towards the brand.
6. Investigating the effect of congruence towards purchase decision.
7. Finding the effect of attitude towards the advertisement affects the attitude towards the brand.
8. Finding the effect of attitude towards the brand affect purchase decision.

9. Finding the effect of attitude toward the advertisement mediates the relationship between influencer's credibility and attitude toward the brand.
10. Finding the effect of attitude toward the advertisement mediates the relationship between influencer/product congruence and attitude toward the brand.
11. Finding the effect of attitude toward the brand mediates the relationship between attitude toward the brand and purchase decision.

D. Research Benefits

1. Theoretical Benefit

This study is expected to enrich research insights regarding the matter of influencer's credibility and influencer/product congruence on purchase decision. Therefore, the following researchers can apply the results of this study as one of the useful reference sources.

2. Practical Benefit

This study can be used as a probable reference for decision-making by marketers when trying to use influencer and to find out how large the importance of influencer's credibility and influencer/product congruence on purchase decision which is mediated by the attitude towards the advertisement and brand executed in Yogyakarta City. So, marketers are expected to be able to face high competition in the digital era and be able to sell with effective and efficient strategies by applying influencer marketing.