

CHAPTER I

INTRODUCTION

A. Research Background

The significant community of social media users shows how social networks have become ingrained in everyday life (Zaru, 2016). According to the latest Field, The world's internet users reached 5.18 billion in April 2023, or about 64.6 per cent of the world's population (Statista.com, 2023). About 4.8 billion people worldwide, or 59.9 per cent of the population, use social media (Statista.com, 2023). According to the Indonesian Internet Service Providers Association (APJII), the number of Indonesian Internet users in 2024 is expected to reach 221.563.479 people, out of the country's total population of 278.696.200 people in 2023 (APJII, 2024). Industries are increasingly shifting their communication strategies from traditional media to digital channels due to the growing popularity of digital marketing trends and increased internet accessibility. This allows internet users to communicate and share information with anyone worldwide.

Social media is a collection of internet-based applications based on Web 2.0 ideologies and technologies (Fuchs, C. Baidu, 2016), resulting in the fact that it permits the production and sharing of information created by user-generated (Kaplan, A.M.; Haenlein, 2010). Cheung, Pires, and Rosenberger found that using social media to attract clients has become a major marketing trend in companies in recent years (Cheung, M.L.; Pires, G.; Rosenberger,

2020). Sustainability has been expanded to include corporate and societal challenges, as well as marketing.

Social media platforms have developed into channels where companies may market their brands and establish direct communication with their target audience. Considering the growing number of social media users, businesses have focused on social media platforms while developing their marketing strategy (Kemeç & Fulya, 2021; Saravanakumar, M., & SuganthaLakshmi, 2014). Due to the ongoing popularity of social media worldwide, firms' social networks are growing increasingly rapidly (Hallock et al., 2019). Investigating consumer views and opinions through the social media communication strategy is possible, making it a two-way branding flow. They accurately claimed that companies sponsor and market their goods and services on social media networks (Kaplan, A.M., 2010). Similarly, managers have utilised different intermediaries to create brand awareness and perception and promote brands for many years. Social media content created by users or companies connected to a particular brand is the most frequently used intermediary.

Based on the Business of Apps report, TikTok had 1.67 billion monthly active users (MAU) worldwide in the first quarter of 2024 (Databoks, 2024). One of the biggest users of the TikTok application in 2020 is Indonesia; every year, the number of users increases. Based on Internal Data, the audience currently has TikTok users in Indonesia as of April 2023, reaching 11.97 million (Databoks, 2023). In February 2024, the number of TikTok application users in Indonesia increased to 126.8 million (DataIndonesia.id, 2024). Users of the

social networking site TikTok may express themselves through video material with this application. Looking at the TikTok application evolution, its potential might grow into a useful tool for promoting brands and products to customers. TikTok can even facilitate direct consumer interaction (M. Chen, 2017).

Firm-Generated Content (FGC) is defined as content produced by marketers for official brand pages (Kumar et al., 2015). Firm-Generated Content consists of marketers creating content online to engage consumers (Goh, K.-Y.; Heng, C.-S.; Lin, 2013). Research by Kumar et al. (2015) has indicated that a larger volume of Firm-Generated Content is associated with increased consumer purchases and brand sales. In this study, every pertinent Firm-Generated Content feature that is a component of social media content plans for companies is considered. Firm-Generated Content vividness covers their richness, from text to videos; Firm-Generated Content valence catches their sentiment, which can be good, negative, or neutral, and Firm-Generated Content volume records the frequency of brand postings.

User-Generated Content (UGC) is content relating to brands created by users (Tirunillai & Tellis, 2011). Since social media users with similar interests develop UGC, consumers will likely value their assessments and ideas (Estrella-Ramón et al., 2019). In social media, users engage in information interactions in a decentralised and heterogeneous manner through functions like follow, forward, and post. According to earlier research, UGC's two most crucial components are volume and valence (see a recent meta-analysis by Babić et al., 2015).

Social Media Influencer provide new content regularly, communicate with their followers on social media, and typically concentrate on a certain topic (Loeper et al., 2014). Social Media Influencers usually use items that complement their lives before sharing their opinions on the social media networks where they are active. The study Munnukka et al. (2016) demonstrates how an influencer might evaluate a product that fans find admirable and use that to encourage them to purchase. Moreover, Liu et al. (2015) claim they can influence consumers' opinions and behaviours while providing current information. Based on several analyst studies, the number of Social Media Influencers is expected to increase in the coming years due to the growing popularity of using social media as a marketing tool in Indonesia.

Brand Trust is seen to be essential. Study by Chinomona E (2017), Trust among consumers is the conviction that a specific brand will fulfil their needs. When a customer trusts the brand, repeat purchase behaviour is generated, resulting in a commitment to the brand and developing a relationship between the brand and the customer. In the study Cakmak (2016), intentions toward brands are categorised as needs and wants. Brand Trust has the ability, aptitude, and capacity to satisfy these intentions while considering consumer benefits and problem-solving. Brand Trust is a critical factor when determining individual attitudes in commercial collaborations. Therefore, managers must see it as the key to successfully conducting business. The relationship between these three factors and brand trust can be described as follows: Brand characteristics are

very important in determining the analysis and evaluation of consumers' trust in a brand (Then & Johan, 2021).

Brand Authenticity results from attitudes developed from beliefs and reasonable advantages derived from objects, with brand integrity in many ways (X. Chen et al., 2022). In a business, Brand Authenticity is used to establish, uphold, and attract customers to the brand. To put it simply, authenticity is the process by which a brand stimulates customers' interest in terms of the worth, integrity, and genuineness of the brand itself. One common definition of Brand Authenticity is when customers comment about a brand (Riefler, 2020). Although Brand Authenticity has conceptual commonalities with several other constructs within the branding context, it necessarily possesses its distinctive features (Bruhn et al., 2012).

Purchase Intention is the buyer's true intention toward the goods, is characterised by their interest and ability to purchase the item (Cuong, 2020). Shah et al. (2012) illustrate how customers' attitudes toward a brand and their understanding of other brands' actions can shape their behavioural intentions to purchase that brand. Crosno et al. (2009) indicate that the success of purchasing a certain brand within a product category throughout the purchase process is known as Purchase Intention.

Social media's rapid expansion may be attributed to several organisations. Naturally, many social media application platforms facilitate communication and information sharing by supporting the creation of engaging videos for smartphone users. One application that disseminates information in

video form is the TikTok application, which originates from China and was created by a company called ByteDance (M. Chen, 2017). The company is engaged in technology and information through media and electronic products. One form of implementing communication through social media is selling skincare products. Currently, social media platforms such as TikTok are used to distribute skincare products. Through Content created by Firm-Generated Content (FGC), User-Generated Content (UGC), and Social Media Influencer (SMI), it is very easy to promote and market the products being sold.

The setting for Firm-Generated Content is content @Skintific_id in the Tiktok application. Skincare cares for the skin by utilising certain products to keep it healthy, clean, and beautiful. Indeed, individuals of all ages and genders are in great demand for skincare products, including cleansers, sunscreen, and face and body care. Recently, skincare products have been fairly popular in Indonesia. The Canadian company Skintific is the subject of this study. Because of the public's interest in skincare, Skintific keeps innovating to meet consumer demands. The increasing popularity of social commerce apps for online platforms for the sales of skincare items has presented challenges for enthusiasts concerned about product safety, appropriateness, or compatibility for their skin types before making the best buy. Customers evaluate a product based on internet evaluations and user suggestions; this particular setting was intentional, driven by the fact that products from Skintific are in great demand by various groups in Indonesia. By gaining a following of 2.6 million users and over 1 million, they have sold the products, consistently creating content that reaches

significant levels of involvement. For certain User-Generated Content, the author chooses the Tiktok account @angelinetanito account with 11.2K followers claiming not to be supported and reviews skintific products in detail and based on her experience, and @ms.stya account with 143.6K followers claiming that it is not supported and gives honest reviews based on experience. For the specific Influencer Endorsement, the authors chose the account TikTok @tasyafarasya as the setting for this research because Tasya Farasya is one of the most well-known influencers and strongly influences the beauty industry. Tasya Farasya, one of the beauty vloggers in Indonesia, has followers on his TikTok account of 3.4 million. Tasya is often viral and successfully makes sold-out products they review on the market.

This study intends to re-investigate the relationship between Firm-Generated Content, User-Generated Content, Brand Trust, and Purchase Intention. This study is a modification of research conducted by (Wei et al., 2023). The difference between this research and previous research is that modifications were made by adding variables of Influencer Endorsement from research (Mummadli Galandar, 2019) and for Brand Authenticity (Zniva et al., 2023). This study explores how these factors collectively influence Brand Trust and Brand Authenticity. By examining the mediating role of Brand Trust and Brand Authenticity, this research aims to explain the mechanisms through which these elements influence consumer Purchase Intentions. The findings of this study are expected to provide valuable insights for marketers and businesses, helping them understand the importance of creating high-quality

content and not just relying on company generated content so that companies are more aware of other content such as content created by users and Influencer Endorsements so that consumers will gain purchasing intention effectively.

B. Research Questions

Research questions are the foundation for explaining the problems in the background. They can be the basic assumptions for the researcher to then formulate hypotheses, while the research questions in this research are:

1. Does firm-generated content affect brand trust?
2. Does user-generated content affect brand trust?
3. Does user-generated content affect brand authenticity?
4. Does influencer endorsement affect brand trust?
5. Does influencer endorsement affect brand authenticity?
6. Does brand trust affect purchase intention?
7. Does brand authenticity affect purchase intention?
8. Does brand trust mediate the relationship between firm-generated content and purchase intention?
9. Does brand trust mediated the relationship between user-generated content and purchase intention?
10. Does brand trust mediate the relationship between influencer endorsement and purchase intention?
11. Does brand authenticity mediate the relationship between user-generated content and purchase intention?

12. Does brand authenticity mediate the relationship between influencer endorsement and purchase intention?

C. Research Purposes

Research purposes is an answer to the research question as a foundation in explaining the problems in the background, while the research in this research is:

1. To identify the effect of firm-generated content on the brand trust for skintific products.
2. To determine the effect of user-generated content on brand trust for skintific product
3. To assess the effect of user-generated content on the brand authenticity for skintific product
4. To examine the effect of influencer endorsement on brand trust for skintific products.
5. To analyse the effect of influencer endorsement on brand authenticity for skintific products.
6. To investigate the effect of brand trust on purchase intention for skintific products.
7. To assess the effect of brand authenticity on purchase intention for skintific products.
8. To identify how brand trust mediates the relationship between firm-generated content and purchase intention.

9. To analyse the effect, brand trust mediates the relationship between user-generated content and purchase intention.
10. To determine the effect of brand trust mediates the relationship between influencer endorsement and purchase intention.
11. To determine how brand authenticity mediates the relationship between user-generated content and purchase intention.
12. To identify how brand authenticity mediates the relationship between influencer endorsement and purchase intention.

D. Benefits of Study

This research expects to provide benefits to the following:

1. Theoretical

This study adds knowledge about Skintific consumers in the Tiktok application through activities carried out by Firm-Generated Content (FGC), User-Generated Content (UGC), Influencer Endorsement (IE) on Brand Trust (BT), Brand Authenticity (BT), and Purchase Intention (PI) providing in-depth information about the underlying dynamics.

2. Practice

This research helps businesses formulate successful social media marketing strategies through social media communication for Skintific consumers on the Tiktok app by fostering Brand Trust and Brand Authenticity by understanding the factors that motivate social media marketing activities through social media communication, brand trust,

Brand Authenticity and Purchase Intention based on specific drivers that influence consumer behavior, to ensure optimal results.