

CHAPTER 1: INTRODUCTION

1.0 INTRODUCTION

The act of making a purchase decision involves choosing between multiple options, ultimately leading to a decision to either buy or not buy a product. Consumers need to have alternative choices available to them when making this decision. This process also involves seeking out or receiving various pieces of information to make an informed choice (Kanuk, 2008). Numerous elements might impact the Consumer Decision Making Process. Depending on the traits, circumstances, and histories of each individual, each element has a different level of effect to identify key characteristics of their target market, such as initial needs, preferred communication methods, and preferences for specific features (e.g., budget, design, or quality), this information can be utilized to guide future product launches, marketing campaigns, and advertisements.

A purchase decision involves consumers choosing which brand to buy. Typically, they opt for the brand they prefer. However, this decision can be swayed by two factors that come between their purchase intentions and the final decision: the attitudes of others and unexpected circumstances. A consumer's intention to purchase may shift if they encounter situations that either hinder them from making the purchase or compel them to select an alternative (Kotler, 2008).

In this study, the researcher will examine three variables along with one dependent variable. The variables of interest are Brand Image, Price, and Promotion, while the dependent variable is Consumer Purchase Decision. These variables are considered to potentially drive or influence consumers' decisions to purchase a product.

1.1 BACKGROUND OF THE RESEARCH

By the end of this decade, the beauty business a dynamic sector facing disruptive transformation, will reinvent itself by growing its product line, distribution network, and consumer base. Customers are driving this shift, particularly the younger generations, as their perceptions of sustainability, self-care, and the significance of thought leaders and influencers all shift along with their beliefs about beauty. Personal

care and cosmetics are offered in Indonesia through a variety of channels, including drugstores, department stores, specialty shops, supermarkets, direct marketing (MLM), skin care clinics, and beauty salons.

Sociolla is an e-commerce service that focuses on the beauty sector, especially cosmetics and skin care (personal care), is the first in Indonesia to offer the most complete and trusted beauty products. Sociolla works directly with brand holders and to date, there are 325 official brands on the Sociolla website. From start to finish, Sociolla has a vision, namely, "Establish Social Bella as the most trusted & complete ecosystem for beauty & personal care industry with consumers at the core in Indonesia". The establishment of Sociolla began with a trend in the world of beauty that is currently on the rise in Indonesia. However, not all of these beauty products can be found easily, starting from the difficulty of finding beauty products that come from official distributors and are registered with BPOM.

In 2019, Sociolla officially opened their first offline flagship outlet at Lippo Mall Puri, Jakarta. In 2020, Sociolla further strengthened and expanded its presence outside Java with store expansion growth of 300% in just 3 (three) years. A total of 50 shops are spread across 30 cities on the islands of Sumatra, Kalimantan, Sulawesi and Java. This offline store is equipped with various highly interactive displays and can be connected directly to the Sociolla website and SOCO platform. Sociolla also provides various offline activities that consumers can do, such as a beauty bar and skin shelf (skin care shelf accompanied by a sink) and dominate with pink wall theme. The innovation presented by Sociolla is expected to be able to provide consumers with a new shopping experience. This experience can create image and memories to customer to help a company establish credibility within its industry.

1.2 PROBLEM STATEMENT

According to (Haryono Budi, 2016) Customers are individuals or organizations that have effectively made purchases. The definition of a customer is every person who demands the provision of services (companies) to meet certain service quality standards, so that they can influence the performance of the service provider (company). In other words, customers are people or buyers who do not depend on a

product, but the product depends on it to that person. Because these customers are buyers or users of a product, they must be satisfied.

Nowadays, the existence of Beauty store It is common in Indonesia, where Sociolla is one of that store. One of the several Sociolla locations in Indonesia is located at the Lippo Plaza Mall in Jember. The problem faced by Sociolla is when competition gets more fierce, it becomes a fascinating phenomena to identify the variables influencing consumer choices. Reaching the right customer is becoming increasingly difficult as they are bombarded with numerous value propositions. According to (Tyas. S,2023) Several brand when their introduced to the market, many cosmetics businesses may discover that consumers are not as enthusiastic as they had anticipated. This is because they believe they have a competitive edge. Absence of a distinctive brand differentiator, such as the brand's originality, makes them unrecognizable.

According to Budiyanto (2016), purchasing decisions are influenced not only by consumer characteristics but also by company stimuli such as product, price, place, and promotion. Companies must universally consider purchasing decisions because consumers rely on the company's role in forming their purchasing choices. Sugiyanto (2021) describes purchasing decisions as the behavior of individuals in response to situations and their choices to meet their needs, resulting from those situations. This decision-making process involves using personal beliefs and experiences to determine interest and select desired items. Sociolla relies on promotional programs such as National Shopping Day (Harbolnas) and twindate festivals such as 11.11 as eagerly awaited moments to improve marketing strategies and provide customer satisfaction with various discounts and attractive offers (Riza, Andrian, Franciscus, 2023)

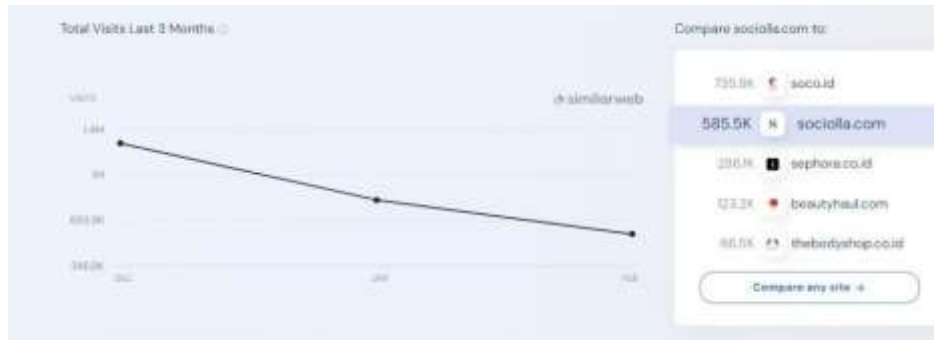


Figure 1.1 Total visits last 3 month December 2023 - February 2024
source : similarweb

1.3 RESEARCH OBJECTIVES

The general objective of this research is to analyze the relationship between the independent variables which are brand image, price and promotion and the dependent variables which is consumer purchase decision.

These are the specific objective of this research:

RO1: To analyze the influence of brand Image on consumers' decisions.

RO2: To analyze the influence of pricing on consumers' decisions.

RO3: To analyze the influence of promotion on consumers' decision.

1.4 RESEARCH QUESTIONS

The research question plays a crucial role in guiding the researcher to provide precise answers throughout the investigation. It can also serve as a framework for the study, shaping the hypothesis and steering each phase of the investigation, analysis, and report writing process.

These are the questions in this research:

RQ1: What is the relationship between Brand image and purchase decision?

RQ2: What is the relationship between pricing and purchase decision?

RQ3: What is the relationship between promotion and purchase decision?

1.5 DEFINITION OF KEY TERMS

In order to clarify the terminology used in this study, various definitions were proposed:

1.5.1 Brand Image

According to Kotler and Keller (2016), a brand's image is shaped by the consumer's perceptions, which are based on the associations they hold in their minds. Essentially, the image of a brand consists of the mental associations and impressions that come to mind when consumers think of that brand. It represents the perception that consumers have about a brand, encompassing its values, personality, and the emotions it evokes. A strong brand image helps businesses establish trust, enhancing customer loyalty, and setting a company apart from its rivals. To cultivate a favorable brand perception, companies should focus on delivering consistent quality, engaging in effective marketing strategies, and fostering meaningful relationships with their target audience.

1.5.2 Price

According to Peter & Olson (2005), price is usually defined as what consumers have to give to get goods or services. From this assessment, someone can make a judgment as to whether the price is commensurate with the benefits, in line with expectations, affordable, or not. This will influence someone's decision to make a purchase. Price represents the monetary value required to acquire a specific quantity or amount of goods or services. It also reflects the value of the output generated by production factors like land, labor, and capital. Consequently, understanding how prices are set is crucial for the functioning of an economy.

1.5.3 Promotion

According to Laksana (2019), promotion involves communication between sellers and buyers. This communication is based on accurate information and aims to alter buyers' attitudes and behaviors. The goal is to familiarize buyers with products they were previously unaware of, converting them into customers who continue to remember the product. However, promotion is an essential aspect of professional growth and personal development. It involves showcasing one's skills, achievements, and value to secure advancement in a career or organization. A well-executed promotion strategy can lead to increased opportunities, recognition, and financial rewards.

1.5.4 Purchase Decision

According to Buchari Alma (2016), consumer purchasing decisions are shaped by a

variety of factors, including financial considerations, technological advancements, political influences, cultural aspects, product features, pricing, location, promotional activities, physical evidence, the people involved, and the processes in place. It refers to the process by which an individual or organization chooses to acquire a product or service, usually after evaluating various factors such as need, price, quality, and brand reputation. It involves the selection of the most suitable option from available alternatives, considering personal preferences, budget, and other relevant aspects. The decision making process can be influenced by marketing strategies, personal experiences, recommendations, and various other external factors.

1.6 SIGNIFICANCE OF RESEARCH

Consumer purchase decision is an important aspect of the overall shopping experience. It entails the deliberation and assessment that buyers undertake prior to selecting a certain item or service. Numerous elements, including money, quality, brand reputation, personal preferences, and referrals from friends and family, have an impact on this decision-making process. Understanding consumer purchase decisions can improve their products or services to meet the needs and expectations of their target audience. The importance of this research basically discusses how the Brand image, Price and Promotion can influence customer purchase decision. The importance of a purchase decision lies in its impact on an individual's or organization's well-being, resources, and overall satisfaction. It is crucial to consider various factors while making a purchase decision, such as the product's quality, price, functionality, durability, and compatibility with existing needs and preferences by analyze Brand image, Price and Promotion.

1.7 SCOPE OF THE RESEARCH

The scope of the research in this study was visitors from Sociolla. This is where the age scale of Sociolla visitors is 18 years old and above. The questionnaire was created via Google form and will be distributed through several social media platforms via Facebook, Instagram, Twitter, and WhatsApp. The sample size is 408 respondents and the quantitative method will be used. The purpose of this study is to analyze the purchase decision to choose Sociolla. The target scope of this research is students, employees, and who are consumers of Sociolla.

1.8 CHAPTER SUMMARY

In Indonesia, fierce competition makes it difficult for beauty stores to reach the right customers. Brands may struggle to stand out due to lack of distinctiveness or uniqueness. Consumer choices are influenced by several factors. Companies must consider universally influencing purchasing decisions, as consumers need the company to produce them. Therefore, this study aims to indicate overall about these factors that can influence purchase decisions at sociolla.