

## **CHAPTER I INTRODUCTION**

### **A. Background Problem**

The digital age continues to grow, the phenomenon of word-of-mouth, or the conversations and recommendations that one person gives to another, has become one of the most influential aspects of the modern marketing world. People are globally connected, information and opinions spread quickly and consumers are more likely to trust the recommendations of friends, family or even strangers they meet online than marketing messages directly from the brand. Word of mouth has played a major role in influencing brand image, purchase decisions and business success. This phenomenon is the result of social interaction, which has become an integral part of consumers' daily lives.

The cosmetics industry has a very strong word of mouth influence. The existence of Halal certified products has become the main concern of cosmetic companies. Word of mouth regarding the halal of a product has a great impact on the company's reputation and sales. Consumers tend to have more confidence in products recommended by friends or family who have used them Hidayat, (2013). By ensuring that their products are halal certified, cosmetics companies can increase customer confidence and utilise the positive effects of 'word of mouth' to increase sales and business success.

Cosmetics companies or skin care products are currently experiencing very rapid growth in Indonesia. As a result, the public, especially women, are becoming more aware of the importance of skin care Yuniar et al, (2021). Cosmetics or skin care products are very popular in various important events and are also used as part of daily beauty routines. In the trend of using

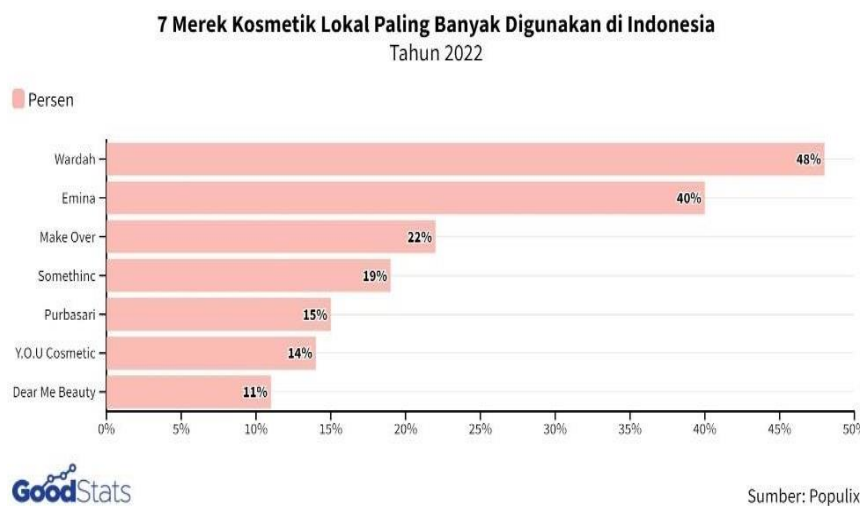
cosmetic products or skin care has become an important need for individuals who want to look attractive in the eyes of people Septiyadi & Dirgantara, (2021).

Based on the above discussion, it is one of the factors driving the growth of the cosmetics and skin care industry in Indonesia. The rapid growth of cosmetics and skin care in the market has an impact on how a person makes the decision to purchase and use the products of Tanuwijaya & Mulyandi, (2021). The decision to buy a product is not only based on desires but also because cosmetics and skin care products are unavoidable for women, especially Muslim women who have the principle that halal is a part of their life (Murodi, N.D.). Therefore, it is important for Muslims to always check the halal status of the products they use.

Indonesia is the world's largest consumer of halal products, from food to cosmetics. Indonesian Muslims are also the second largest consumers of halal cosmetics in the world. According to Dinar Standard, Indonesia's halal cosmetics consumption will reach US\$4.19 billion in 2020. Indonesia only lost out to India, whose consumption reached US\$5.88 billion. Bangladesh ranked third with a consumption of US\$3.67 billion. This is followed by Malaysia's neighbouring countries with a consumption of US \$ 3.44 billion. The value of Malaysian consumption is equal to that of Russia. Global halal cosmetics consumption will reach US\$65 billion in 2020. The growth of halal cosmetics consumption in East Asia continues to grow, supported by a Jenama cosmetics from Indonesia. (databooks.katadata.co.id) Research results show that 97 per cent of respondents said that beauty products with Halal MUI certification and BPOM numbers are important to ensure safety.

The research also revealed that four out of five women believe that halal beauty products should contain natural ingredients. ([wolipop.detik.com](http://wolipop.detik.com))

The Indonesian cosmetics market is increasingly crowded with the presence of various locally-made cosmetics brands, especially local brands can survive and even develop by launching various lines of new products. It can be said that the quality of various local cosmetic brands is equivalent to foreign brands. Some things that attract the attention of Indonesian people to local cosmetics brands are quality, innovation, price and attractive packaging. Based on the survey conducted by [Populix](http://Populix), the list of local cosmetic brands that will be widely used in 2022 is shown below.



Picture 1.1 7 Popular Cosmetics Local Product

Source: [goodstats.id](http://goodstats.id), 2017

The second place was Emina's local cosmetics brand, with 40 per cent of respondents. Emina's own cosmetics brand is under the auspices of PT Paragon Technology and Innovation, which is also a cosmetics manufacturer in Wardah. Emina's own market segmentation tends to target teenagers. A wide range of products with contemporary packaging and colours and affordable prices are some of the reasons why Emina is so popular among

teenagers. Not only teenagers, but also a few adults like to use Emina products. Emina also has a variety of product variations that have been developed in recent years, such as BB Cream, Lip Cream, Primary, Cushion, Powder and so on. (goodstats.id)

Khan et al. (2021) have identified several factors that impact word-of-mouth and repurchase intention, such as brand love, brand love passion, and brand loyalty. While Ayuningsih & Kuswati's, (2023) research indicates that brand love has an impact on word-of-mouth, Naufal & Maftukhah's, (2017) study asserts that brand image and brand love will influence decision-making through word-of-mouth mediation. As a result, from reference These consider a number of variables that affect word-of-mouth and case decisions.

According to Bagozzi et al., (2017), brand love is a significant factor for both couples and consumers in the context of brands. Carroll & Ahuvia, (2006) define brand love as the sentimental bond that develops between consumers who like a product. The five attributes of a brand are its attractiveness, attachment, favorable brand appraisal, good sentiments about the brand, and customer expressions of brand love. Furthermore, brand love is more widespread as it typically arises from customers' occasional interactions with businesses. customer identity, or how the brand becomes part of the customer, is intimately tied to the most significant brand loyalty..

The study examined hedonic items, and the findings suggested that WOM might be influenced by brand love characteristics. The investigation done by Bicakglio et al., (2016) yielded identical results to those reported above. In the context of fashion brands, research by Anggraeni, (2015) and Ismail & Passing, (2015) demonstrated that brand loyalty can motivate

customers to spread word-of-mouth (WOM). While Shakeri & Alavi (2016) discovered that brand love had a negative impact on word-of-mouth (WOM), Loureiro et al., (2017) observed in a different setting that brand love is a factor that can affect WOM. When customers are happy with a product, they want to tell their friends and family about it. This is because customers teach others about items and encourage those who haven't tried them to try them, which prompts customers to make purchases Permadi group's, (2014).

Repurchase intention and want to buy both relate to the customer's intention to plan the purchase of goods or services; specifically, they relate to the customer's desire to purchase certain items from specific brands of Shahid et al., (2017). The most often used indicator of customer behavior prediction is purchase intention. Customers typically research products thoroughly before making a purchase based on their particular preferences or experiences. Following the gathering of data, customers will begin to assess the product and make a decision on whether or not to purchase it. Setiawan, (2017). Consumers are encouraged to consider the promises made about brand engagement and brand love and assess their strengths when they are building the intention to buy. Mental Expansion Purchase intention is influenced by brand participation and brand love quality information. Given that HSU et al., (2017)'s purchase intentions often reflect customers' behavior, it is critical to identify consumers' buying intents..

Brand loyalty is the response to one or more specific brands in terms of buying behavior that is periodically reflected by various decision-making units. Jacoby and others, (1978). client happiness is the primary driver of brand loyalty, and brand loyalty indicates the probability that a client would

select the brand once more in the future Prus & Brand, (1995). Repurchase intention is positively impacted by brand loyalty. Anderson et al., (1990) found a positive correlation between a customer's intention to repurchase and their level of loyalty Feng & Yanru, (2013) claim that brand loyalty influences repurchase intention favorably. Thus, it may be said that repurchase is positively impacted by brand loyalty.

## **B. Research Problem**

Based on the background of the above problem, the formulation of the problem is as follows:

1. Does brand love intimacy have a positive effect on word of mouth?
2. Does the brand love intimacy have a positive effect on repurchase intention?
3. Does the brand love passion have a positive effect on repurchase intention?
4. Does the brand love passion have a positive effect on word of mouth?
5. Does halal brand loyalty mediates the influence of brand love intimacy on word of mouth?
6. Does halal brand loyalty mediates the influence of brand love intimacy on repurchase intention?
7. Does halal brand loyalty mediates the influence of brand love passion on word of mouth?
8. Does halal brand loyalty mediates the influence of brand love passion on repurchase intention?

### **C. Research Question**

Based on the subject matter, the objectives of this study are as follows:

1. To analyse the influence of brand love intimacy on word of mouth.
2. To analyse the effect of brand love intimacy on repurchase intention.
3. To analyse the effect of brand love passion on repurchase intention.
4. To analyse the effect of brand love passion on word of mouth.
5. To analyse the influence of brand love intimacy on word of mouth mediated by halal brand loyalty.
6. To analyse the influence of brand love intimacy on repurchase intention mediated by halal brand loyalty.
7. To analyse the influence of brand love passion on word of mouth mediated by halal brand loyalty
8. To analyse the influence of brand love passion on repurchase intention mediated by halal brand loyalty.

### **D. Research Benefits**

**The benefits of research to be obtained by carrying out this research are:**

1. Practical benefits:

The research produced is expected to be a material consideration and input that is useful for the manager of Sragen Alam Sumber Bloom in maintaining as a minimarket provider of basic materials.

2. Theoretical benefits.

The results of this study are expected to be able to increase knowledge and insight as well as from the results of this study can confirm the results of previous studies and be able to make a reference for further researchers.