

CHAPTER I

INTRODUCTION

1.1. Research Background

Indonesia's fragrance sector has undergone a remarkable shift, with a considerable growth in consumer interest over recent years. Fragrances are no longer regarded luxury things. Rather, they have evolved into vital products for self-expression, emotional well-being, and identity reinforcement (Croijmans et al., 2021). The growing demand for fragrances reflects a larger trend in which personal care routines are increasingly regarded as an essential component of daily living. Fragrances have become an important tool for younger generations in constructing and projecting a specific image, elevating social status, and developing a distinct personal brand. Social media influencers have played a critical role in popularizing this change, incorporating perfumes into their personal branding to engage audiences and influence consumer choices. As more consumers want to create their personality through smell selection, the fragrance sector has grown significantly. Furthermore, as public awareness of mental health increases, fragrance is often perceived as something that can make someone feel better, calm the mind, or refresh the body. Waskita and Setyaning (2025) note that this shift in perception has driven the development of the fragrance industry. Fragrances are now a vital part of the beauty and personal care industry in Indonesia.

Although the perfume market in Indonesia is expanding at a fast pace, certain critical challenges must be tackled immediately in order to ensure the perfume market's sustainability. The "Ratings-Reviews Mismatch" has become a

major issue for online shoppers. For perfume products on sites like Shopee and Tokopedia, a high average rating typically indicates customer satisfaction. However, some written reviews indicate that customers are dissatisfied with things like the perfume being not long-lasting, the packaging, or the quality of the delivery. This mismatch confuses anyone who might be considering a purchase. According to Huang et al. (2023), when numerical ratings and written comments diverge, consumer confidence suffers and the ability to make informed choices declines. Deng et al. (2024) added that reviews generated under reward systems tend to inflate positivity and lack the nuance found in spontaneously written opinions. The presence of such skewed data makes it harder for users to judge credibility, they become wary of the entire ecosystem, particularly when their goal is to confirm the genuine quality of a product.

This situation deteriorates when consumers interpret and react to online reviews. According to Luo et al. (2022), the perceived value of a review diminishes when the writing falters in clarity and when messages within the review itself conflict. Inconsistent or unclear reviews can undermine trust and make product evaluations less useful. Bo et al. (2023) also stated that conflicting information in reviews can lead to information overload, making it difficult for customers to accurately evaluate products. Wang et al. (2021) argued that information inconsistency, particularly between recommendations and online reviews, significantly impacts consumers' perceived uncertainty, thus affecting their purchase intentions. Fan et al. (2021) emphasized that the complex interrelationships among review criteria, including trustworthiness and

presentation, significantly influence consumers' perceptions and decision-making. Furthermore, maintaining a consistent tone and detail is crucial for credibility. Failure to do so can undermine trust in the review system, complicating online decision making, especially for new or lesser known businesses attempting to compete in the crowded e-commerce market.

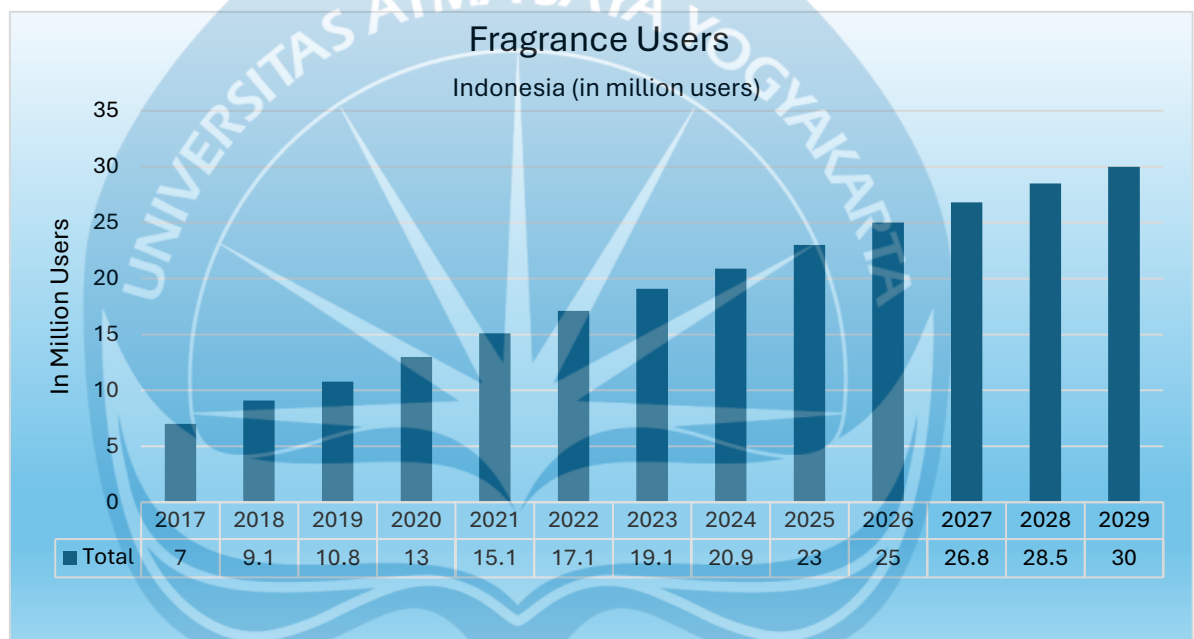


Figure 1. 1. Fragrance Industry Users in Indonesia from 2017-2029

Source: Adapted from Statista (2025)

The indonesia's sfragrance market is growing faster than ever. Statista (2025) states that by 2025, the number of fragrance users in indonesia will quadruple. This is part of a rapid rise that began in 2017. During this time, the fragrance industry became quite well-known, and more individuals began using perfume in their daily lives. Prasetyo et al. (2024) stated that the rise of online shopping sites and the availability of a wide variety of fragrances has made it easier for customers to find many different products, which has helped the market grow.

Azaria and Rusdi (2025) stated that the increasing demand for local brands is helping the Indonesian fragrance market grow rapidly. This growing interest in fragrances is not only leading to more people purchasing them but also making Indonesia a stronger player in the global fragrance market. People will continue to use fragrance as a way to express themselves, which will help the industry grow. As more people use fragrances to express themselves, the fragrance industry will be one of the most interesting and largest parts of the beauty and personal care business in Indonesia.

However, as the number of fragrance products on the market grows, customers are getting more selective about which ones they use. The primary elements influencing purchasing intention are E-WOM and brand image for a certain perfume brand (Waskita and Setnaying, 2025). Consumers prefer brands that have been confirmed to be high quality, safe to use, and have a solid market reputation. As the fragrance market grows more saturated, it is no longer enough for a brand to merely provide a pleasing aroma, consumers are increasingly interested in the experiences and impressions associated with that brand. Andrian and Kurniawati (2024) stated that positive electronic word of mouth (E-WOM) has become a crucial aspect in influencing consumer decisions, alongside reviews, testimonials, and social media discussions frequently shaping how a business is regarded. People tend to trust and remain loyal to companies with a strong and consistent image. This is due to the increasing use of the internet to research before purchasing. Furthermore, as people become more aware of the health risks associated with certain fragrances, such as allergies or harmful chemicals,

assurance of safety and quality becomes increasingly important. In this highly competitive market, fragrance companies must work hard to maintain their reputation and ensure their products are not only effective but also safe and reliable. Therefore, fragrance companies looking to build long term trust with customers and attract more consumers need to focus on building a strong brand perception and ensuring positive online reviews.

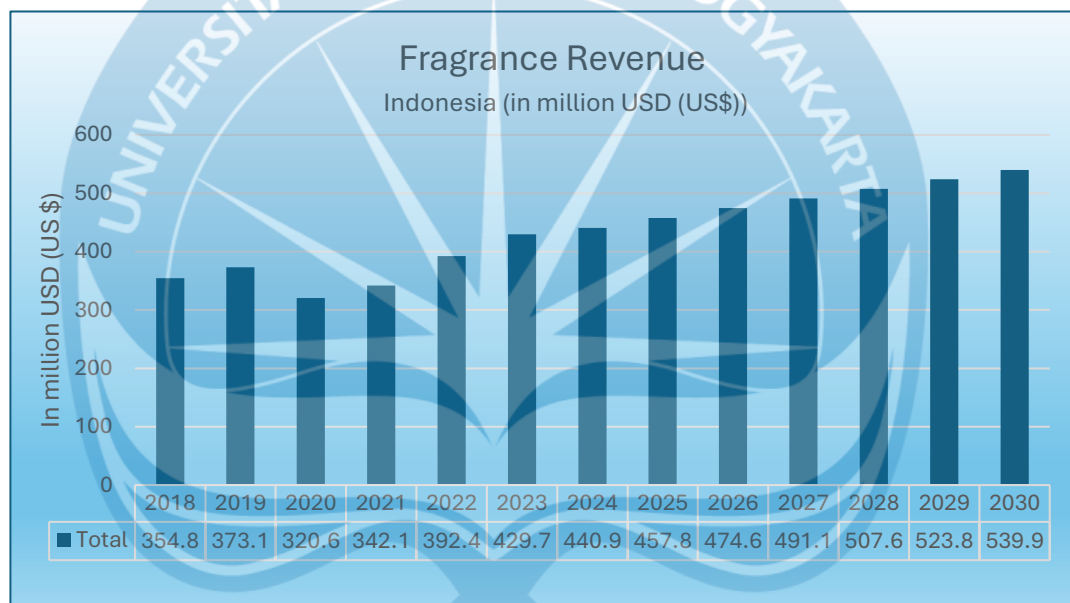


Figure 1. 2. Fragrance Industry Revenue in Indonesia from 2018-2030.

Source: Adapted from Statista (2025)

The way people buy perfume has changed significantly, from going to stores to searching online. Bhattaru and Niharika (2024) stated that the shift from in-store shopping to online browsing has both positive and negative impacts because it changes the way people shop. The graph shows how the perfume industry in Indonesia generated profits from 2018 to 2030. Statista (2025) stated that the perfume business generated USD 354.75 million in 2018 and increased slightly to USD 373.09 million in 2019. A significant contraction occurred in 2020, when

revenues fell to US\$320.61 million. This drop seems to stem straight from Indonesia's economic slump, which squeezed household budgets and then spread out to hold down business activity all across the board. Following that year, the sector entered a recovery phase, with revenues reaching US\$342.14 million in 2021, then US\$392.37 million in 2022, and again rising to nearly US\$429.69 million in 2023. Projections for 2024 to 2030 appear optimistic, with revenues expected to rise from US\$440.86 million in 2024 to US\$539.91 million in 2030. These figures consistently indicate that the Indonesian perfume market is on a more stable trajectory and still has considerable potential for expansion.

Indonesia's soaring e-commerce sector has opened doors to an expansive perfume marketplace via Shopee and Tokopedia, bringing together homegrown scents and international brands under one virtual roof. Smart, user-friendly designs let shoppers glide through categories, online reviews, tally brand ratings, and read fragrance notes all in one sweep. According to Murwani et al. (2023), the interplay of text, images, and reviews on these sites bridges the sensory gap of scent, fostering greater trust and deeper user engagement. Barbosa et al. (2021) found that when customization is paired with compelling visuals and rich descriptives, the digital fragrance journey feels more rewarding, as product displays can mirror individual tastes. Moreover, Jain (2024) illustrated that digital tools streamline information access, helping shoppers and vendors engage in a more organized and tailored dialogue.

Even though most people appreciate how easy it is to buy perfume online, worries over genuine products and trustworthy brands still hold back industry

expansion. Checking whether a bottle is real and whether online claims are correct is still tricky, especially when trying to evaluate comments from self-appointed watchdogs. Garcia et al. (2024) concluded that shoppers can spot a sudden flood of five-star reviews out of the blue and quickly label it as suspicious, which spreads doubt not only about that item but about the whole category. Customers usually treat written ratings and reviews as proxies for quality, but the growth of bot-generated accounts and company-run comment streams compromises that rule of thumb. When there are no visual hints or context clues to tell genuine remarks from phony ones, even well informed shoppers shift to a broad mistrust of the whole feed instead of gaining certainty from mixed evidence. This broad mistrust can weaken their willingness to complete a serious purchase. The difficulties around review credibility are worsened by how little most shoppers can do to prove whether a comment is genuine. Filho et al. (2023) found that audiences grow more cautious about a product and the entire platform whenever they spot fake or tampered reviews, and this is most pronounced when the reviews in question seem to have been cranked out in large batches.

This makes them less likely to purchase the product. Customers typically know they can be manipulated, but they don't always have the tools or information needed to verify a product's credibility. This leaves them frustrated and less likely to purchase. Soldner et al. (2022) showed that both individuals and automated systems struggle to accurately detect fake reviews, suggesting that customers inherently lack the ability to verify review credibility, leading to increased skepticism, dissatisfaction, and decreased purchase intent.

More and more companies are competing for customers' attention in the fragrance business (Azaria and Rusdi, 2025). While fragrances were once considered a luxury item, many people now see them as a way to express themselves and showcase their unique personalities. As the use of perfume increases in everyday life, there is a growing desire for scents that are unique and evoke feelings or represent specific values. In this highly competitive market, fragrance manufacturers need to do more than just create quality products. They also need to focus on electronic word of mouth (E-WOM) to build trust and brand image. A trusted brand can make people want to buy something, which can lead to long term success and survival of a company (Fazri and Evanita, 2025). Today's consumers are increasingly turning to brands that reflect their ideal values and exude an aesthetic sensibility that resonates with their own. In the perfume domain, emotional resonance and long term engagement are recognized as strategic variables. According to Dmour et al. (2021), electronic word of mouth (E-WOM) demonstrated a clear impact on purchase intention, while brand image emerged as a key mediator in the causal model. These findings urge perfume houses to build and maintain authenticity and credibility, as without these two attributes, sustainability and differentiation in an already saturated market are highly vulnerable.



Figure 1. 3. Alchemist Fragrance's Products

Source: Alchemist Fragrance's Official Website (2025)

Alchemist Fragrance, an Indonesian perfume label, has achieved substantial market visibility thanks to cutting-edge digital tools. Brand awareness spreads widely through Instagram, TikTok, and e-commerce channels like Shopee and TikTok Shop, where eye-catching packaging designs encourage users to capture their experiences and share them with their networks. A positive reputation in this ecosystem constitutes social norms that guide brand interpretation and deterministically influence potential consumers' readiness to make their first try. The resulting positive cycle invites previously unfocused individuals to transform into active consumers. Sugiarto and Hanif (2023) empirically demonstrated that online evaluation critically shapes the syntax of purchasing decisions. Rachmiani et al. (2024) extended this with quantification, showing that positive feedback increases consumer trust, while negative feedback increases perceived risk and

dampens purchase intentions. This evidence is supported by Ishomi and Abidin (2024), who found that in the Shopee ecosystem, testimonials, perceived value, and trust mutually condition purchase intention. This is in line with Syauta and Hermawan (2023), who underscored the importance of credible reviews in the beauty sector, where validity and visual affordance are key determinants. Hidayat et al. (2021) study also confirm the importance of open and systematic product evaluations in maintaining consumer trust in the digital retail ecosystem. Cumulatively, this empirical evidence supports Alchemist Fragrance's strategic approach to publishing a range of customer testimonials, a move oriented not only to strengthen the brand's image within the marketplace but also to engage consumers who have not yet interacted directly.

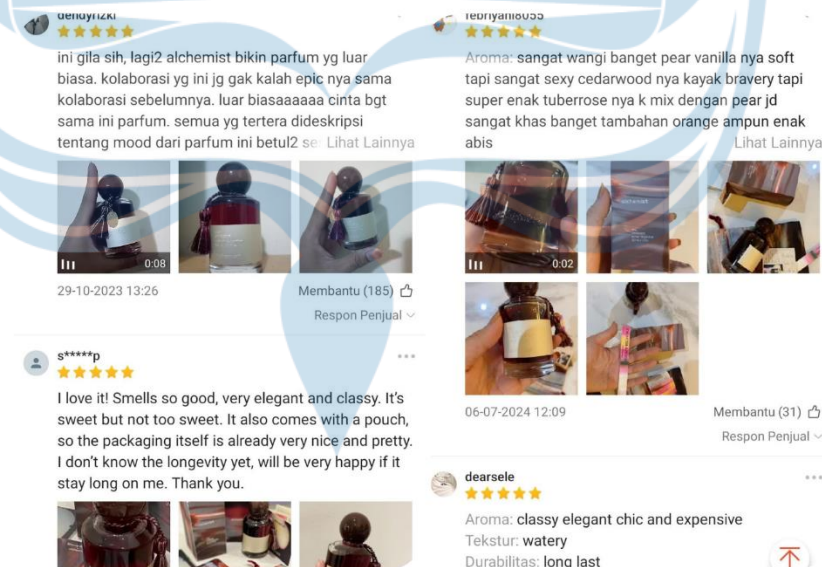


Figure 1. 4. Shopee Review

Source: Alchemist Fragrance Official Shopee Store (2025)

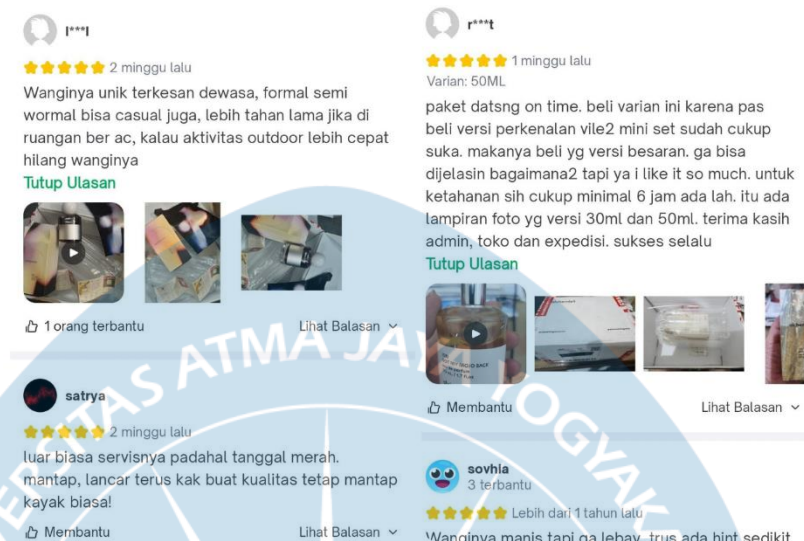


Figure 1. 5. Tokopedia Review

Source: Alchemist Fragrance Official Tokopedia Store (2025)

Dmour et al. (2021) stated that purchase intention is susceptible to the influence of electronic word-of-mouth (E-WOM) and brand image, purchase intentions are essential for customers to evaluate various things and alternatives that align with their preferences. Prior to acquiring a goods, buyers seek information regarding the item of interest. Currently, people seek product information through online sources. Sylvia and Ramli (2023) stated that E-WOM is among the most popular and reliable online information sources. This online communication results from the ongoing increase in internet users. E-WOM can serve as a mechanism to enhance brand awareness and influence purchasing decisions among prospective consumers. Furthermore, E-WOM can influence the assessments of product adoption. Online consumers predominantly believe reviews from prior customers who share similar traits. Additionally, E-WOM assists consumers who have not

before purchased a product and influences companies by affecting consumers' purchasing decisions (Handoko and Melinda, 2021).

Many studies have investigated electronic word of mouth (E-WOM), brand image, and purchase intention, primarily focusing on sectors such as cosmetics and personal care (Sudaryanto et al., 2025). Academic interest in the fragrance sector remains limited, despite fragrance being a sensory-based, hedonistic product shaped by emotional connections and how people perceive experiences (Croijmans et al., 2021). While the correlation between E-WOM and purchase intention is widely recognized, little research has examined how brand image may play a role in this, particularly in the fragrance industry, where online product reviews are difficult to accurately assess. Azaria and Rusdi (2025) assert that this is particularly relevant for emerging local businesses, which face significant challenges in establishing their position in a saturated market. This study utilizes a research model in which electronic word of mouth (E-WOM) serves as an independent variable influencing brand image, which in turn serves as a mediating factor influencing purchase intention. This framework is applied to the Indonesian fragrance industry, a sector that has received little research attention, even though perfume purchases are often driven by emotional connections and sensory experiences. This paper also examines this relationship within the framework of Alchemist Fragrance, a local perfume brand, to explain how small, resource constrained brand can leverage electronic word of mouth (E-WOM) and brand image to compete with larger, established brands in a competitive market. Finally, this study offers practical suggestions for niche marketing strategies, ensuring that the findings not only help academics better

understand this topic but also provide useful advice to local fragrance businesses on how to enhance their reputation, connect with customers, and create a buying intention.

Fazri and Evanita (2025) stated that consumers' intentions to buy are significantly influenced by a brand's perception. Strengthening a brand's image is crucial for enhancing its overall performance. By fostering greater consumer engagement with its products, a brand can improve its image, which in turn boosts marketing effectiveness. Purchase intentions rise as a result of this enhanced brand appeal, which eventually helps the company's earnings to rise. Main factors determining consumers' purchase intentions include brand image and electronic word of mouth (E-WOM) (Mala et al., 2023). Because peer comments on digital platforms are credible and easily available, E-WOM greatly shapes customer impressions and choices. However, brand perception could raise consumer confidence and loyalty, therefore boosting the possibility of purchase. This study aims to examine the influence of E-WOM and brand image on customer purchases intention of Alchemist Fragrance's perfume products.

1.2. Research Questions

Based on this background, the problems that will be raised in this research are:

1. Does E-WOM affect Purchase Intention in Alchemist Fragrance?
2. Does E-WOM affect Brand Image in Alchemist Fragrance?
3. Does Brand Image affect Purchase Intention in Alchemist Fragrance?

4. Does Brand Image mediate the relationship between E-WOM and Purchase Intention in Alchemist Fragrance?

1.3. Research Objectives

The objectives of this study are:

1. Analyze the influence of E-WOM on Purchase Intention in Alchemist Fragrance.
2. Analyze the influence of E-WOM on Brand Image in Alchemist Fragrance.
3. Analyze the influence of Brand Image on Purchase Intention in Alchemist Fragrance.
4. Analyze the mediating role of Brand Image in the relationship between E-WOM and Purchase Intention in Alchemist Fragrance.

1.4. Research Benefits

This research is expected to be able to provide benefits for the readers that are divided into academic and practical benefits.

1. Academic Benefit
 - a) To increase academic understanding of the relationship between E-WOM, Brand Image, and Purchase Intention in the fragrance brand.
 - b) To contribute to the development of marketing theory, particularly concerning the mediating role of Brand Image in shaping Purchase Intention.

2. Practical Contribution

- a) To provide valuable insights for fragrance brand, especially local brands, on the importance of leveraging positive E-WOM and Brand Image to enhance consumer Purchase Intention.
- b) To serve as a reference for fragrance brand in developing more effective marketing strategies that enhance competitiveness in the market.

1.5. Research Systematics

The systematics of writing this research is described as follows:

1. Chapter I: Introduction

The first chapter covers the research the background, problem statement, research aims and research benefits. This introduction establishes the background and necessity of the investigation, explaining the importance of for conducting this study.

2. Chapter II: Literature Review

The second chapter presents fundamental theories of the investigation. This chapter will enhance readers' comprehension of the link among the factors in this investigation. This chapter includes definitions and theories concerning associated variables, a table of prior research, hypothesis formulation, and the study framework.

3. Chapter III: Research Methodology

The third chapter explains the research methods used, including how the sample was drawn, how the data was collected, and how the data was analyzed. This chapter discusses things like the population and sample, how

the data was collected, operational definitions, how the data was measured, and how the data was analyzed.

4. Chapter IV: Data Analysis and Discussion

The fourth chapter presents the results obtained from the analytical procedures. The data presented are packaged in descriptive statistics, which are then refined through interpretive analysis. Furthermore, this section restates the research objectives, summarizing them within the framework of previous studies, to guide the reader in achieving a comprehensive understanding of the findings and their relevance to the scientific agenda established at the outset of the study.

5. Chapter V: Conclusion

This chapter summarizes the empirical data collected throughout the investigation, formulates promising trajectories for future academic research, and proposes strategic recommendations for perfume companies planning to strengthen their brand identity.