

CHAPTER I

INTRODUCTION

1.1 The Background of the Study

The global beauty industry is undergoing substantial change in the fast-paced digital age, with shifting trends reflecting the tastes of customers who are becoming more aware of their lifestyle and sense of self. The rise of the middle class, the impact of social media, and growing public awareness of self-care have all contributed to Indonesia's cosmetics industry's notable expansion in recent years. According to data from the Republic of Indonesia's Ministry of Industry, the country's cosmetics market has grown significantly in recent years. For instance, from 726 companies in 2020 to 1,292 in 2024, the number of businesses in this industry grew by more than 77% in just three years.

In this case, drawing customers' attention and increasing their level of brand engagement are mostly dependent on product design. Designs that are both aesthetically beautiful and useful can boost customers' favorable opinions of the product and promote greater interaction. Considering each customer's individual wants and preferences, Barenbliss, a brand of beauty products, could use product design to boost consumer engagement (Afriaris et al., 2020). To draw in customers in the face of fierce competition, packaging must be visually appealing (Sigi Prameswari et al., n.d.). This study will focus on Barenbliss products sold in Indonesia, with respondents who have used the product in the past year. Time and resource constraints will also affect data collection from all Barenbliss customers.

The purpose of this study is to analyze the influence of Barenbliss product design on customer engagement, as well as identify the most influential design elements in attracting attention and increasing customer loyalty. The results of this study are expected to provide insight for stakeholders in the cosmetics industry regarding the importance of product design in increasing customer engagement, as well as provide recommendations for Barenbliss to optimize its product design to better suit consumer preferences.

The cosmetics industry in Indonesia is experiencing rapid growth, driven by increasing public awareness of the importance of self-care and increasing consumer purchasing power. This growth opens up great opportunities for cosmetic brands to expand their market, but also presents a variety of complex challenges. One of the main challenges is how brands can attract consumers' attention, build loyalty, and maintain long-term customer engagement. In this

competitive market, consumers are increasingly selective in choosing cosmetic products. They are not only looking for products that are visually appealing, but also prioritize quality, benefits, and suitability to their skin needs.

Often, there is a gap between expectations built through marketing strategies and the real experience felt by customers after using the product. This gap can be caused by various factors, such as exaggerated product claims in advertisements, perceptions of packaging that are not in line with product performance, or a lack of transparency regarding the ingredients and formulations used. When customer expectations are not met, their satisfaction with the brand can decrease, which ultimately has a negative impact on customer loyalty. In this case, product design becomes a crucial element in bridging expectations and actual experiences. Informative, aesthetic, and functional designs can help build positive perceptions and increase customer trust in the brand.

Moreover, the cosmetics industry is a highly competitive sector, with many brands—both local and internationally for consumers' attention. These brands offer products with similar formulations, benefits, and prices, creating increasingly fierce competition. In this situation, one of the most effective ways to differentiate a brand from others is through product design.

In increasingly fierce competition, various design elements can be essential differentiating factors between brands. Ergonomic and functional packaging makes it easy to use and provides comfort for customers. Attractive visual aesthetics, achieved through a combination of colors, shapes, and illustrations that cater to consumer preferences, also contribute to product appeal. In addition, brand storytelling displayed through design, reflecting brand identity and values in the visual elements of the product, can provide a deeper impression on consumers. Current cosmetic trends show that consumers are increasingly concerned about sustainability, so product designs that utilize recycled materials or eco-friendly packaging can add value to brands and increase their competitiveness in the market. With more and more cosmetic brands emerging, companies are required to continue to innovate in product design to stay relevant and competitive in this dynamic industry.

Furthermore, customer engagement has become a very important aspect in building long-term relationships between brands and consumers. Customer engagement not only includes purchasing decisions, but also involves various forms of interaction, such as providing reviews, sharing experiences on social media, and recommending products to others. Brands that succeed in establishing this engagement tend to have higher loyalty, because customers feel emotionally attached to the brand. In this context, product design plays a significant role

in increasing customer engagement. Unique and innovative designs can create a more enjoyable user experience, which in turn encourages them to interact more often with the brand.

Attractive and Instagramable product packaging often encourages customers to share their experiences on social media, thus creating a digital word-of-mouth marketing effect. However, although the role of product design in increasing customer engagement is increasingly recognized, it is still there is a gap in understanding the most effective design elements in the Indonesian market. Factors such as local consumers' aesthetic preferences, emerging beauty trends, and customer values in choosing cosmetic products need to be further studied. Therefore, further research is needed to understand the design elements that most influence customer loyalty and engagement, so that cosmetic brands can develop more effective design strategies to win the competition in the market.

1.2 Research Questions

1. Does aesthetic design affect the self determined needs satisfaction (autonomy, competence and relatedness)?
2. Does functional design affect the self determined needs satisfaction (autonomy, competence and relatedness)?
3. Does symbolic design affect the self determined needs satisfaction (autonomy, competence and relatedness)?
4. Does autonomy affect the customer engagement (customer purchase, referrals, influence and knowledge)?
5. Does competence affect the customer engagement (customer purchase, referrals, influence and knowledge)?
6. Does relatedness affect the customer engagement (customer purchase, referrals, influence and knowledge)?

1.3 The Purposes Of The Research

1. To identify the influence of aesthetic design on the satisfaction of self-determined needs satisfaction (autonomy, competence and relatedness)
2. To identify the influence of functional design on the satisfaction of self-determined needs satisfaction (autonomy, competence and relatedness)
3. To identify the influence of symbolic design on the satisfaction of self-determined needs satisfaction (autonomy, competence and relatedness)

4. To identify the influence of autonomy on customer engagement (customer purchase, referrals, influence and knowledge)
5. To identify the influence of competence on customer engagement (customer purchase, referrals, influence and knowledge)?
6. To identify the influence of relatedness on customer engagement (customer purchase, referrals, influence and knowledge)?

1.4 Benefit Of The Research

This study is expected to increase understanding of how Self-Determination Theory (SDT) and Regulatory Focus Theory are used in cosmetic product marketing. This study will focus on the relationship between product design and consumer engagement. This study can help companies, especially Barenbliss products, to create visually appealing product designs that meet the psychological requirements and preferences of consumers to increase brand loyalty and engagement.

1.4.1 Theoretical Benefit

By integrating Self-Determination Theory (SDT) and Regulatory Focus Theory (RFT) into the context of cosmetic product design, this study contributes to the development of science, particularly in the fields of marketing and consumer behavior. This study enhances the understanding of how product design elements, such as functional, aesthetic, and symbolic design, can fulfill consumers' self-determined needs satisfaction. In addition, this study shows that self-determined needs satisfaction is an important factor in the relationship between product design and customer engagement, and regulatory focus as a moderating variable in the relationship between product design and customer engagement. These results provide a strong theoretical basis for further research aimed at investigating how product design interacts with consumers' intrinsic motivation in the cosmetics industry and other industries.

1.4.2 Practical Benefit

1. For the Cosmetics Industry

This research provides insights for the cosmetics industry into the importance of product design (aesthetic, functional, and symbolic) in meeting self-determined needs satisfaction and increasing customer engagement. The cosmetics industry can use these

findings to develop products that are not only attractive but also create an emotional connection with customers.

2. For Barenbliss Company

The research findings can help Barenbliss develop a more effective product design strategy to boost customer loyalty and engagement, especially among Gen Z and millennials. These insights can also serve as a foundation for creating brand communications that align with regulatory focus (promotion versus prevention).

1.5 Research Structure

Chapter I: Introduction

The thesis begins with an introductory chapter that explains the research plan as suggested by the title. It then presents a five-chapter breakdown, summarizing the key content of each section. These chapters cover the background of the problem, the research questions, the objectives, the research contributions, and the research systematics.

Chapter II: Literature Review

The chapter explains the literature review, previous studies, hypothesis development, and the research framework.

Chapter III: Research Methodology

This chapter explains the research type, research object, subjects, location, population and samples, data collection methods, operational definitions, research instrument testing method, validity and reliability test, structural model test, and the mediating effect.

Chapter IV: Data Analysis

This chapter covers the overview, data analysis, and calculation results of the data processing based on predetermined hypotheses, including quantitative research tests, measurement scales, and analysis tools used in this study.

Chapter V: Conclusion

This chapter presents the conclusions drawn from the research, highlighting the key findings and their implications for managers. It also addresses the limitations encountered during the study and provides suggestions for future research.