

CHAPTER I

INTRODUCTION

A. Background of Study

Digital today has affected different facets of human existence. Economic activities are no exemption. The role of technology in business development has become more important. To maintain a business that is being run, sales are definitely needed. One definition of digital transformation is the application of different digital technologies to different facets of contemporary society that are connected to businesses' capacities to successfully implement new technologies and processes to improve business operations.¹

With the advent of the industry 5.0 era, everything has become digitalized. In this era, artificial intelligence and big data processing will be integrated into information and technology to support all human need. The behavior of the business world, which prioritizes online systems for convenience in all aspects of life, requires business actors to compete with each other in finding the best strategy to gain a competitive advantage from technological developments that occur.²

The industrial revolution has introduced various kinds of conveniences for humans through online systems that can be used faster, more economically, precisely and very easily until finally encouraging efficiency in various fields. Time and place do not limit economic activities carried out by humans. With this revolution, many things can be reached very easily.³

The development of the digital era has a lot of influence on the prevailing business model. Starting from the ease of doing work, every online system that further appears various online features that help anywhere and anytime.

¹ Ahmad Budi Setiawan, *"Kebijakan Teknologi Informasi Dan Komunikasi untuk Mendorong Pembentukan Model Bisnis Masa Depan Policy of Information and Communication Technologies to Promote the Formation of Future Business Models"*, (Tahun 2, Nomor 2, 2017), p. 193.

² Hani Atun Mumtaha and Halwa Annisa Khoiri, *"Analisis Dampak Perkembangan Revolusi Industri 4.0 Dan Society 5.0 Pada Perilaku Masyarakat Ekonomi (e-Commerce)"*, *Jurnal Pilar Teknologi Jurnal Ilmiah Ilmu Ilmu Teknik* 4, No. 2 (2019), p. 55.

³ Suryana Yoga Perdana, I. I. Suryana, and Yoga Perdana, *"Bisnis Digital (Cara Mudah Bisnis Di Era Industri 4.0)"*, *Salemba Empat, Jakarta*, 2020, p. 7.

Including digital-based businesses that utilize digital technology in their marketing. Digital marketing is one way to promote something through internet media.⁴

Online networking is very important in business advertising. In addition, entrepreneurs will quickly understand the capabilities of frameworks such as mobile, web and also the development of advanced new ventures.⁵ Digitalization has begun to be implemented in the public, there is no age limit or position. All people can use it to fulfill their everyday requirements. In accordance with the development of all-digital technology, it demands various things to start entering the realm of digitalization.

Digitalization is the process of changing daily activities in the form of new media that is read by computers. An example is digital marketing, by changing the offline marketing system to a marketing system that is carried out online so that it can be accessed in cyberspace. Digital marketing can be said to be online marketing, digital marketing is also web marketing and marketing promotion to consumers. Marketing is used with facilities obtained from digital marketing which results in easier marketing.⁶

In digital marketing, promotion can be done through advertisements on platforms such as Facebook, Youtube, Instagram and other social media. Product introduction using advertising in digital media is useful to strengthen the marketing strategy of the business itself in introducing available products. Advertising is also a form of promoting a product by making non-personal presentations, ideas, goods or services through sponsorships and print media

⁴ Suryana Yoga Perdana, I. I., "Bisnis Digital (Cara Mudah Bisnis Di Era Industri 4.0)," Salemba Empat, Jakarta, (2020), p. 7.

⁵ Egi Radiansyah, "Peran Digitalisasi Terhadap Kewirausahaan Digital: Tinjauan Literatur Dan Arah Penelitian Masa Depan," JMBI UNSRAT (Jurnal Ilmiah Manajemen Bisnis Dan Inovasi Universitas Sam Ratulangi). 9, No. 2 (2022), p. 831.

⁶ Ema Ambiapuri, Hedi Setiadi, and Nur Aini Parwitasari, "Inovasi Produk Dan Digital Marketing Dalam Mempengaruhi Keputusan Pembelian Pada Teras Soreang Kabupaten Bandung," Ekonomis: Journal of Economics and Business 7, No. 1 (2023), p. 542.

such as magazines or newspapers, electronic media, as well as through exhibition media such as signboards and posters.⁷

With the advancement of technology, communication can occur at any time between producers and consumers. This communication developed into digital word of mouth non-physical communication via the internet. Digital marketing has a strong relationship with E-WOM in shaping purchasing decisions. Although digital marketing is able to create brand awareness, consumer trust is often obtained from E-WOM. The Electronic Word of Mouth provides encouragement in the form of recommendations to consumers to make purchases. Digital marketing can encourage E-WOM, while E-WOM strengthens the effectiveness of digital marketing by providing social validation of product claims. Overall, E-WOM helps manufacturers market with comments given by consumers before so that purchases will continue to occur and be made by consumers afterwards.⁸

In recent years, Indonesia's beauty industry has experienced rapid growth. This is due to various beauty trends that have an impact on the consumption patterns of the Indonesian people. Cosmetics are products that are used regularly by both women and men of all ages. They include items such as powders, creams, lotions and others that are used to improve the face, skin, and others.⁹

Wardah is one of the local Indonesian products issued by PT. Paragon Technology and Innovation which is safe and high quality. In addition, wardah is also a halal cosmetic product that provides a variety of products such as body cream, lip balm, facial cleanser and others.¹⁰

⁷ Abduhu Zaini, “Pengembangan Ekonomi Wisata Muncak Temiangan Kabupaten Lampung Barat Melalui Media Digital Dalam Perspektif Etika Bisnis Islam (Studi Kasus Pada Wisata Muncak Temiangan Lampung Barat)” (undergraduate, IAIN Metro, 2020), p. 31.

⁸ Heri Mahyuzar and Tundo Tundo, “Pengaruh E-Wom Dalam Memediasi Hubungan Antara Digital Marketing Activities Dan Intention To Buy Di Tokopedia,” *Journal of Digital Business and Management* 1, No. 2 (2022), p. 106.

⁹ Wan Nur Suhaila, “Pengaruh Pengetahuan Produk Kosmetik Terhadap Kepuasan Pelanggan Di Pasar Pulau Burung Indragiri Hilir Menurut Perspektif Ekonomi Syari’ah” (Universitas Islam Negeri Sultan Syarif Kasim Riau, 2020), p. 45.

¹⁰ Agus Firmansyah et al., “Pengaruh Pengaruh Digital Marketing, Personal Selling, Dan Kualitas Produk Terhadap Keputusan Pembelian Produk Wardah Cosmetics Di Bravo Tulungagung,” *Juornal of Economics and Policy Studies* 4, No. 02 (2023), p. 34.

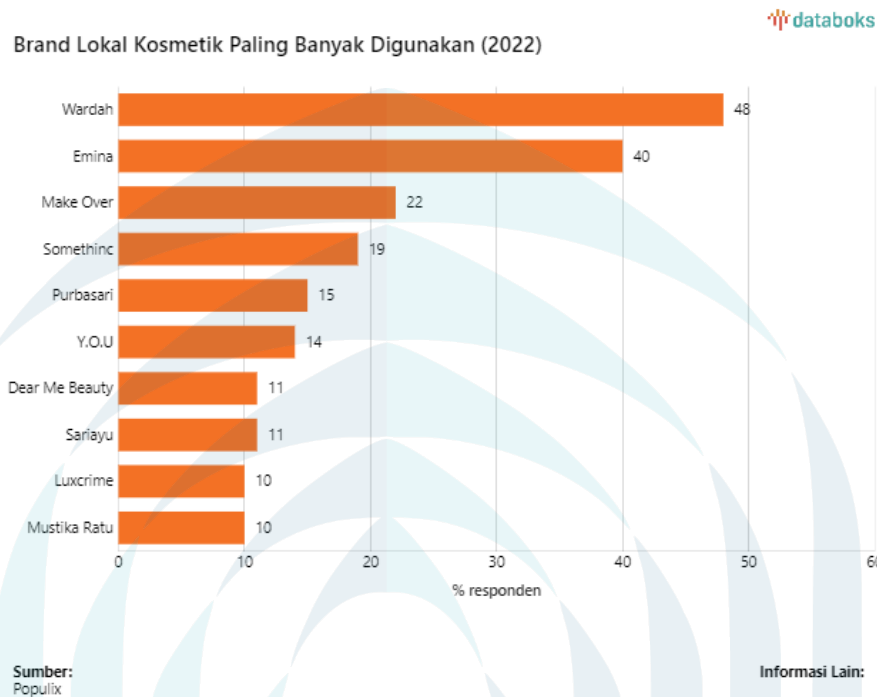


Figure 1. Most used Local Cosmetic Brands

Source: databoks.katadata.co.id

The product founded by Mrs. Nurhayati has become the leader of the Indonesian beauty market. This can be seen in the graph that shows Wardah ranked first in the most widely used local cosmetics brand in 2022. Wardah has built a strong presence in the domestic and international markets with a focus on halal and eco-friendly products. The company succeeds thanks to innovation, an unwavering commitment to quality, and sustainable practices.¹¹

Wardah cosmetics are known as halal cosmetics and have a clear MUI halal certificate and BPOM permit, which ensures that the product is safe to use. This causes customers to be more interested in Wardah products and build trust.¹² Wardah first obtained its halal certificate in 1977, and then obtained the Halal Assurance System certification in 2014. In 2023, Wardah received three awards

¹¹ Aisyatul Lathifah et al., "Analisis Perencanaan Dan Pengembangan Bisnis Pada Produk Wardah," *Economics And Business Management Journal (EBMJ)* 3, No. 01 (2024), p. 2.

¹² Cika Melia, "Pengaruh Digital Marketing, Customer Experience Dan Customer Trust Terhadap Repurchase Intention Secara Online Produk Kosmetik Wardah," *Jurnal Simki Economic* 6, No. 2 (2023), p. 245.

at the LPPOM MUI Halal Award. The three awards received were Long Life Achievement, Best Social Contribution on Halal Ecosystem, and Favorite Halal Brand for Wardah Brand.¹³ During May 2024, Wardah moisturizer sales data continued to increase. In two weeks, Wardah managed to achieve sales of 8.3 billion rupiah with a market share of 3.77%.¹⁴

Wardah maintained the highest position in the Top Brand Index for loose face powder products from 2021-2025, despite experiencing fluctuations. In 2021, Wardah recorded an index of 20.30%, which then increased to 20.50% in 2022, making the dominant brand in this category. However, in 2023, the index slightly declined to 19.30% before rising again to 19.70% in 2024. Although still leading the market, the downward trend continued in 2025, with the index dropping significantly to 14.80%. This indicates that while Wardah remains the top choice for consumers, competition in the loose face powder category is becoming increasingly intense with the emergence of alternatives from other brands.

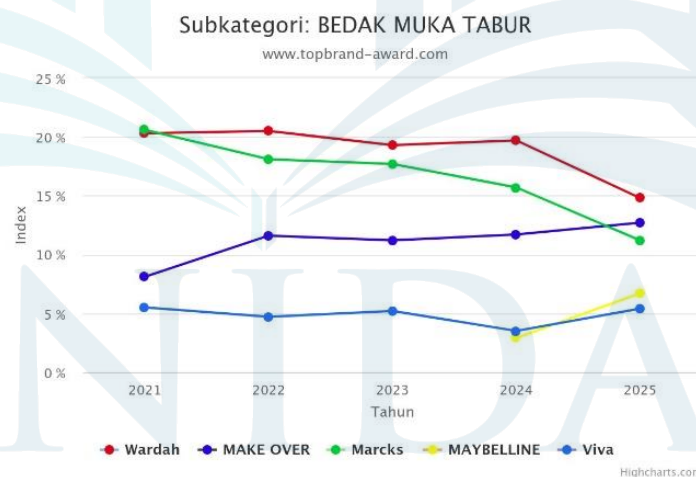


Figure 2. Sales Figures of Sobur Face Powder Products 2021-2025

Source: topbrand-award.com

¹³ Sukma Nur, *Paragon Raih 3 Penghargaan di LPPOM MUI Halal Award 2023* at [11.45], <<https://detikNews>> viewed on 27 February 2025.

¹⁴ Hana Nushratu Uzma, *Wardah Raih Market Share Tertinggi untuk Moisturizer Lokal di E-Commerce* at [21.00], <<https://finance.detik.com>> viewed on 26 February 2025.

The development of digital marketing and E-WOM has changed the way consumers make purchasing decisions. Digital marketing in Islam must uphold honesty, transparency and justice. Likewise, E-WOM has a big role in shaping various consumer perceptions, but often not all of them are in accordance with Islamic values. Muslim consumers must be wise in maintaining Islamic values in buying products, not only looking at price and quality factors.

One of the phenomena that is developing is the frequent appearance of fake reviews and manipulation of E-WOM from e-commerce platforms. Many sellers use artificial reviews such as buzzer services to increase product ratings. Consumers often buy not out of necessity, but because they are afraid of missing out on ongoing trends. The focus objective this study is to find out whether digital marketing's impact and *electronic word of mouth* on consumers' choices to buy Wardah products, with the heading **“The Influence of Digital Marketing and E-WOM on Wardah Product Purchasing Decisions among Unida Gontor Female Students based on Islamic Business Ethics”**.

B. Research Questions

Considering the background information above, the formulation of this research problem is:

1. Does digital marketing influence the decision to purchase Wardah products?
2. Does E-WOM influence the decision to purchase Wardah product?

C. Purpose of Study

Given the backdrop description and formulation of the problem above, the objectives of this research are:

1. To determine whether digital marketing can influence the purchase decision of Wardah products.
2. To examine whether E-WOM can influence the purchase decision of Wardah products.

D. Research Scopes and Limitations

To focus on the problems in this study, the researcher has research limitations on how purchasing decisions are impacted by electronic word of

mouth (E-WOM) and digital marketing by students of Universitas Darussalam Gontor is reviewed from Islamic business ethics. Digital marketing and E-WOM are independent factors, whereas decisions about what to buy are dependent factors.

E. Research Benefits

1. Academic Benefits

This research can add to knowledge and be useful for the development of economic and social sciences, especially in the field of business economics in accordance with Islamic law.

2. Practical Benefits

1. For companies, the outcomes of this research can serve as a guide for creating promotional designs using technological advantages and their development in accordance with Islamic law.
2. For other parties, the findings of this study can be utilized as a comparison and reference to conduct other broader and in-depth studies.
3. For researchers, the findings of this study can advance understanding and insight in the field of science related to digital marketing and electronic word of mouth in business.