

Effect of Online Reviews, Brand Image, and Trust on Purchase Intention Case Study: Purchasing Beauty Products Via Marketplace

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Abstract

The beauty sector is a very large market today. The number of beauty influencers who become role models for women is a trigger for their followers to follow the style of the influencers so that the interest in beauty products is increasing rapidly. For producers and practitioners in the beauty business sector, knowing the driving factors for the emergence of an intention to buy a beauty product is an absolute must, so the company feels the need to know the triggers for the emergence of an intention. In this era of high digital media usage, online reviews from buyers who have purchased online are very important for potential buyers who are looking for beauty products to be used as references before buying. A good brand image is also a factor that is considered by potential buyers, then trust is certainly something vital in the emergence of purchase intentions. This study aims to examine the effect of online reviews, brand image and consumer trust on the intention to buy beauty products via online. This study uses a quantitative approach, the data collection method uses a survey method through an online questionnaire. The sample in this study includes 250 women who have purchased beauty products online via the marketplace. The results of this study indicate that all hypotheses are supported and have a positive and significant influence in influencing women's purchase intention of beauty products via the marketplace.

Keywords

online reviews; brand image; trust; purchase intention



I. Introduction

Along with changes in the trend of Indonesian people who are starting to pay attention to beauty products, this continues to encourage an increase in the growth of domestic and export demand for beauty products. According to the Minister of Industry, cosmetic products have become a primary need for women who are the main target of the cosmetic industry. In addition, along with the times, the cosmetic industry has also begun to innovate on cosmetic products for various ages, even beauty products for men.

With abundant raw materials, the Indonesian government is optimistic that the beauty product industry has the potential to continue to grow. Based on a report from the Ministry of Industry, the beauty and personal care market in Indonesia is estimated to reach US\$ 6.03 billion in 2019. This figure will grow to US\$ 8.46 billion in 2022.

In this era of globalization, consumer demands and needs are certainly increasing and varied due to conditions that continue to change from time to time. In the end, the market will be filled with various types of beauty products, from long-standing brands to new brands that are constantly emerging. As a result, competition between companies will be

increasingly tight. In order to face an increasingly critical market share, companies must understand the factors that can influence the purchase intention of beauty products.

Purchase intention is one of the most important consumer behavior concepts. Every year, marketers spend billions of dollars on advertising just to influence consumers' purchase intentions. According to (Arnould et al. 2002), by influencing purchase intentions, marketers expect to influence their buying behavior. Madahi and Sukati (2012) describe that purchase intention is a complicated matter and has a significant effect in the recent era. Purchase intentions can be influenced by the existence of various forms of advertisements, reports, and also various types of articles about the product.

There are several findings that emerged from the results of Sheng-Hsien Lee's study in 2009 regarding purchase intentions that are influenced by online reviews. The first is that the argument quality of online reviews has a positive effect on the purchase intention of online shoppers. Second, the number of reviews positively influences the purchase intention of online shoppers. Third, consumers who are familiar with the product are more influenced by the quality of the reviews. On the other hand, consumers who are not very familiar with the product tend to be peripheral in forming attitudes; that is, they are more convinced by the quantity of reviews than by the quality of the reviews themselves.

Previous research has shown that online reviews are about consumers' initial experiences with the product, and buyers are more likely to learn product information from these online reviews (Arnould et al. 2002). In this aspect, the effect of online review sentiment on buyer decisions comes from the presence of signals that describe the quality of the product.

The results of this study are expected that the company must pay attention to the factors of product quality, brand image and brand trust in the company's operational activities. This is because these three factors have the potential to create customer decisions that will increase buying interest.

II. Review of Literature

2.1 Online Review

When consumers make purchasing decisions in conditions of uncertainty or doubt, sellers will encourage these decisions by giving positive product quality signals (Gambetta, 2011). Stock & Balachander (2005) provide an example of a signal in the form of scarcity, this can effectively indicate the high quality of the product. From this perspective, several literature studies view online reviews as a signal from consumers who have experience with the product, then inform potential buyers of product quality and satisfaction (Kirmani, 2000; Yang, 2012). In this aspect, consumers may consider online reviews for decision making as they seek to minimize uncertainty about product quality and purchase risk (Roselius, 1971; Woodside, 1976).

2.2 Brand Image

Brand image is an interpretation of the accumulation of various information received by consumers (Simamora & Lim, 2002). Image information can be seen from the logo or symbols used by the company to represent its products, where these symbols and logos are not only differentiators from similar competitors but also can reflect the quality and vision and mission of the company. In addition to the logo, advertising also plays an important role in creating a brand image. The use of advertising is to improve brand image, where in the advertisement consumers can see directly what the product provides. The brand image that is built can be an identity and

a reflection of the vision, excellence, quality standards, service and commitment of the business actor or owner.

2.3 Trust

Brand trust is the ability of a brand to be trusted, which is based on consumer confidence that the product is able to fulfill the promised value and is based on consumer confidence that the brand is able to prioritize consumer interests (Delgado 1999). Trust is built because of the expectation that the other party will act in accordance with the needs and desires of consumers. When someone has trusted the other party, they are sure that expectations will be fulfilled and there will be no more disappointment (Ryan, 2002). While Lau and Lee (1999) state that brand trust is the willingness of consumers to trust the brand with all the risks because of the expectations promised by the brand in providing positive results for consumers.

2.4 Purchase Intention

Zafar & Mahira (2013) explain that consumer purchase intention is the desire and tendency of consumers to buy advertised products because there is a possibility that consumers will buy these products in the future. Thus, consumer purchase intention is the desire and tendency that drives consumers to buy the advertised product in the future. According to Belch (2004) purchase intention is the tendency to buy a brand, generally based on the suitability of the purchase motive with the attributes or characteristics of the brand that can be considered.

III. Research Methods

This study uses Smart PLS, a statistical tool to test data through partial least squares equation modeling (PLS-SEM). Similarly, this approach has gained much prominence in studies of human resource management, marketing and related fields (Hair, 2014). SEM is a second-generation multifaceted data investigation method that examines theoretically developed linear and additive casual relationships. This allows the researcher to examine the relationship between research variables. SEM consists of internal and external model analysis, which examines the relationship between the independent and dependent variables and the relationship between the observed latent variables. PLS focused on analysis of variance, which can be done using Smart PLS. Therefore, this approach was chosen for this study.

This study survey using a Likert scale with a range of 1- 5, namely strongly disagree (STS), disagree (TS), Neutral (N), agree (S), strongly agree (ST). The three questionnaires have also been tested for reliability. Validity test using construct validity and discriminant validity. Reliability test in this study using Cronbach's alpha and composite reliability. the selection of respondents in this study used a non-probability sampling technique with a convenience sampling method. The number of samples in this study was 250 women that ever buy beauty product by online via website, social media or marketplace.

Research Hypothesis

- H1: Online review has a positive and significant effect on purchase intention.
- H2: Brand Image has a positive and significant effect on purchase intention.
- H3: Trust has a positive and significant effect on purchase intention.

IV. Results and Discussion

4.1 Outer Model Testing

The analytical method used in this study was to analyze the data using the PLS SEM method through SMART PLS 3 software. In testing the outer model there are several things that are tested, namely the validity and reliability of research measuring instruments.

a. Validity Test

The validity test can ensure that the set of items used are qualified and representative and see how well the dimensions and elements of the concept have been described in the questionnaire (Sekaran and Bougie, 2016: 221). The validity tests used in this study are content validity, and construct validity, namely convergent validity and discriminant validity.

Table 1. Convergent Validity Test Results

| CONSTRUCT | BRAND IMAGE | ONLINE REVIEW | PURCHASE INTENTION | TRUST |
|-----------|--------------|---------------|--------------------|--------------|
| BI1 | 0.924 | 0.640 | 0.688 | 0.572 |
| BI2 | 0.965 | 0.661 | 0.682 | 0.620 |
| BI3 | 0.954 | 0.627 | 0.684 | 0.605 |
| BI4 | 0.943 | 0.643 | 0.690 | 0.592 |
| OR1 | 0.658 | 0.938 | 0.692 | 0.602 |
| OR2 | 0.617 | 0.944 | 0.712 | 0.572 |
| OR3 | 0.629 | 0.919 | 0.686 | 0.596 |
| PI1 | 0.699 | 0.711 | 0.940 | 0.555 |
| PI2 | 0.672 | 0.725 | 0.965 | 0.560 |
| PI3 | 0.697 | 0.693 | 0.948 | 0.615 |
| TR1 | 0.564 | 0.532 | 0.468 | 0.868 |
| TR2 | 0.568 | 0.528 | 0.540 | 0.923 |
| TR3 | 0.558 | 0.619 | 0.60 | 0.884 |

Source: Data Processed by Researchers, 2022

Based on Table 1 above, it can be seen that all the items have met the existing prerequisites, meaning that these items are able to explain the research variables well. If the loading value has a correlation with other constructs, the correlated items can be deleted, because these items cannot explain the research variables properly. Research items can be said to be valid when the loading value ranges from 0.4 to 0.7 (Hair et al., 2014).

Table 2. Fornell-Larcker Criterion. Discriminant Validity Test

| | BRAND IMAGE | ONLINE REVIEW | PURCHASE INTENTION | TRUST |
|--------------------|-------------|---------------|--------------------|-------|
| BRAND IMAGE | 0.947 | | | |
| ONLINE REVIEW | 0.679 | 0.934 | | |
| PURCHASE INTENTION | 0.725 | 0.746 | 0.951 | |
| TRUST | 0.631 | 0.631 | 0.607 | 0.892 |

Source: Data Processed by Researchers, 2022

Discriminant validity is the extent to which a construct is completely different from another construct by empirical standards. One way to find out whether a construct is discriminantly valid is to use the Fornell-Larcker Criterion. The Fornell-Larcker criterion is an approach that compares the square root of the AVE value with the correlation of the latent variables (Hair, 2014). Based on table 2 above, it can be seen that each variable can be declared valid discriminantly.

b. Reliability Test

Reliability test is used to measure the reliability or level of consistency of a questionnaire if it is used as a measuring instrument at different times.

Table 3. Reliability Parameter Values

| | Cronbach's Alpha | Composite Reliability | Average Variance Extracted (AVE) |
|----------------------------------|------------------|-----------------------|----------------------------------|
| BRAND IMAGE | 0.961 | 0.972 | 0.896 |
| ONLINE REVIEW PURCHASE INTENTION | 0.927 | 0.954 | 0.873 |
| TRUST | 0.947 | 0.966 | 0.905 |
| | 0.872 | 0.921 | 0.796 |

Source: Data Processed by Researchers, 2022

Table 3 shows the value of Cronbach's Alpha and Composite Reliability. Based on the table, the value of Cronbach's Alpha and Composite Reliability shows a value greater than 0.70. So it can be said that all the constructs in this study are reliable and have consistency when used as a measurement from time to time.

4.2 Inner Model Testing

The test of the inner model aims to test the path relationship and the research hypothesis. In this study, testing was conducted to test the three hypotheses in this study by looking at the path coefficient value (β) and the significance of p-value. If the path coefficient value is positive, it indicates that the exogenous construct is positively related to the endogenous construct, whereas if the path coefficient value is negative, the exogenous construct is negatively related to the endogenous construct and the significance value of p value which shows a value of less than 0.05 (significant at 5% level) indicates that the hypothesis is supported (Hair et al., 2014)

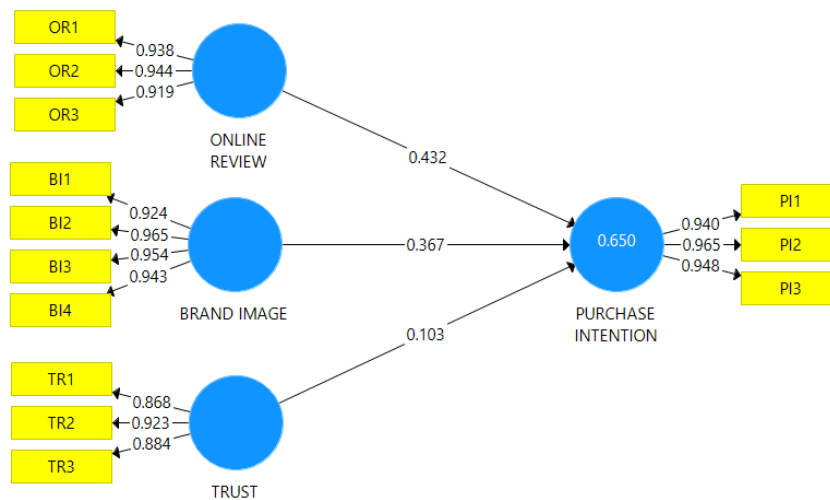


Figure 1. Hypothesis Test Results with Structural Model

Based on the model above, it is known that all the items used in this study have reached the lower limit of the loading value, so it can be said that the items can be used as a measuring tool and can be tested further.

Table 4. Path Coefficient and P-value

| | Path Coefficients | P Values |
|-------------------------------------|-------------------|----------|
| BRAND IMAGE -> PURCHASE INTENTION | 0.367 | 0.000 |
| ONLINE REVIEW -> PURCHASE INTENTION | 0.432 | 0.000 |
| TRUST -> PURCHASE INTENTION | 0.103 | 0.008 |

Source: Data Processed by Researchers, 2022

The path coefficient table above shows all the relationships between the variables studied in this study. It can be seen that all path relationships have p-values less than 0.05 so it can be said that all relationships between variables have a significant relationship and the hypothesis in the study is supported.

4.3 Discussion

This study aims to examine the effect of online review, brand image and trust variables on the intention to buy beauty products online through the marketplace. The results show that online reviews have a positive and significant influence on the intention to buy beauty products online via the marketplace. This study is in line with the results of research conducted by (Mayzlin 2006; Luca 2012) which states that online reviews affect consumer buying interest. User generated online reviews have become an important resource for consumers making purchasing decisions. Extensive and growing literature documents the effect of online user reviews on transaction quantity and price. In theory, online reviews should create producer and consumer surplus by increasing consumers' ability to evaluate unobservable product quality.

Iversen and Hem (2008) have stated that brand image represents the consumer's personal symbolism which consists of all definitions and evaluations related to the brand. Brand image contains information and ideas that consumers have about product differences from brands and product features (Lee et al., 2011). In this study, it was found that brand image has a positive and significant effect on intentions to buy beauty products online through the marketplace. This study supports the previous argument by

Yang et al (2011) which states that online reviews have a role in shaping consumer buying behavior.

Storbacka and Lehtinen (2002) also explain that trust and commitment are important in ensuring long-term relationships and reducing the risk of perceived opportunistic behavior. Trust makes consumers vulnerable to fraud, so it is very important to maintain the trust of consumers. In this study, the trust variable is used to see whether there is an effect of trust on consumers' purchase intentions. The results state that trust has a positive and significant influence on consumers' purchase intentions online via the marketplace. This result is supported by previous research, namely by Griffin (2003) which states that trust is a trigger for the emergence of buying behavior by consumers.

V. Conclusion

Based on the results of the research analysis, it can be concluded as follows:

1. Online reviews have been proven to have a positive and significant effect on the intention to buy beauty products online via the marketplace
2. Brand Image is proven to have a positive and significant effect on the intention to buy beauty products via the marketplace.
3. Trust is proven to have a positive and significant effect on the intention to buy beauty products online via the marketplace.

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