

The Role of Online Customer Reviews in Determining The Influence of Product Quality on Purchasing Decisions

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ABSTRACT

This study analyzed how product quality affects cosmetic purchasing decisions. Furthermore, this study examines and analyzes the moderate role of Online Customer Reviews in the relationship between product quality and purchase decisions. The survey data was collected using purposive sampling techniques from 196 respondents who used cosmetic makeovers. The questionnaire was distributed via Google form to consumers living in the Jabodetabek area. The data was analyzed using the Structural Equation Model (SEM), with WarPLS. The results of this study show that product quality has a significant influence on purchasing decisions, and online customer reviews play a moderate role in the relationship between product quality and purchase decisions.

Keywords: *Product Quality, Purchase Decision, Online Customer Reviews*

1. INTRODUCTION

In the current era, cosmetic needs are the main basis for people to have a good appearance because looking beautiful cannot be separated from the name cosmetics. Currently, the need for cosmetics in Indonesia always increases every year, this is supported by an increase in companies by 819 to 913 industries from 2021 to July 2022. In addition, there has been an increase in cosmetic sales in Indonesia in the last two years which reached 2.7 billion US dollars. Cosmetic sales in Indonesia are dominated by local cosmetics, one of which is Make Over Products which ranks third after Wardah and Emina.

Currently cosmetics are the main need for women, so to meet their needs women will choose products selectively before making a purchase decision. Purchasing decisions are behaviors that refer to a consumer's final purchase response to goods or services. Purchasing decisions are part of consumer behavior i.e. the study of how individuals, groups, and organizations choose, buy, use, and use goods and services, ideas, or experiences to satisfy their needs and wants. (Kotler et al., 2016, p. 177). In making consumer purchasing decisions, several factors are influenced by psychological factors, business factors, and social factors. Psychological factors include, among others, motives, perceptions, knowledge abilities, attitudes, and personality. Marketing effort factors include product, price, promotion, and place of distribution. At the same time, social factors include family influences, reference groups, social class, culture, and sub-cultures. (Sangdji et al., 2013, p. 335). Consumer purchasing decisions are influenced by many factors, one of which is marketing efforts, namely product quality. Product quality has a direct impact on the products and services offered, as well as being closest and connected to customer value and consumer decisions. Product quality is how the product has a value that can satisfy consumers both physically and psychologically which shows the attributes or properties contained in an item or result. (Kotler et al., 2016, p. 224).

In addition to product quality that can influence consumer purchasing decisions, other things that can influence purchasing decisions, namely Electronic Word of Mouth or often known as Online Customer Review. Online Customer Review is information or information for other buyers who will buy the product, whether the product will be useful as needed or not. Online Customer Review is a product evaluation conducted by customers who have experience with products or services posted on the company's website or online media. (Banjarmahor et al., 2021, p. 181). Online Customer Review is a review given by consumers, both positive and negative reviews so that it becomes information for potential customers as consideration for buying.

The results of previous studies that link product quality with purchasing decisions include research by Wulandary et al. (2019), and Boediono et al. (2018), which showed that product quality has a significant effect on purchasing decisions. Conversely, the results of research by Ababil. R et al. (2019) prove that product quality does not have a significant effect on purchasing decisions. Furthermore, the results of research on the relationship between Online Customer Reviews and purchasing decisions were conducted by Welsa et al. (2022), and Ardianti, A.N (2019) stated a significant influence on purchasing decisions. Meanwhile, research by Rahmawati, A.I (2021) shows that Online Customer Review variables do not have a significant effect on purchasing decisions. The research gap identified above is why it is necessary to design a model that explains the relationship between product quality and purchasing decisions using online customer reviews as a moderate variable. Therefore, this study focuses on the influence of product quality on consumer purchasing decisions with Online Customer Review as a moderating variable.

2. RESEARCH METHODS

This research uses a quantitative research design and the nature of this research is associative. Meanwhile, the research method used is a survey using a questionnaire distributed via social media and WhatsApp. The population in this research are consumers who have used or are currently using Make Over in the Jabodetabek area. In this research, because the population size is not known with certainty, the researcher used the Naresh K. Maholtra (2010, p. 15) formula with a sample size of 196. The data analysis method used in this research is Structural Equation Square (SEM) with the WarPLS approach, The sampling technique used is non probability sampling. The approach technique used is purposive sampling.

In this research, a descriptive analysis was carried out on each variable and indicator to determine the average score of the respondents which would then be interpreted into certain categories. This study uses class interval or class width calculations as criteria for interpreting the average score to provide an assessment. Measuring Product Quality, Online Customer Reviews and Purchasing Decisions uses a Likert scale with a scale of strongly disagree, disagree, neutral, agree and strongly agree. In testing the results of the questionnaire as a research instrument, validity and reliability tests were used. This research uses primary data, primary data collection uses a research instrument in the form of a list of statements containing closed statements sent via social media to respondents with responsive characteristics (Gender, Age, Occupation and Domicile).

3. RESULTS AND DISCUSSIONS

3.1. Data Processing Analysis

This research uses data processing techniques based on the Structural Equation Model (SEM) with software used by WarPLS. In this test, there are two stages of methods that will be used in WarPLS, namely the Outer Model measurement model using the question item measurement model for variables and the Inner Model measurement model as a structural model to find out the results of the hypothesis test used.

3.2. Outer Model Analysis (Measurement Model)

In testing the outer model to measure the validity of the question can be seen in convergent validity (Convergent validity) and discriminant validity (Diskiminan validity). There are several stages in testing carried out through validity tests, namely convergent validity and discriminant validity.

3.2.1. Convergent validity test

According to Solimun and Fernandes (2017, p. 39) on convergent validity the indicator concerned is considered valid if the factor load or component weight is ≥ 0.30 . In this study, 196 respondents were used and tested on 60 respondents. In this research, the factor loading value of each variable is above > 0.30 , indicating that all variables meet the requirements and are valid.

3.2.2. Validity Discriminant Test

According to Solimun and Fernandes (2017, p. 39) for the validity of the discriminant can be said to be valid and discriminant, if the value of the AVE root is greater than the correlation coefficient. The following are the results of discriminant validity ;

Table 1. AVE and Koefisien Korelasi

Variable	Product Quality	Online Customer Review	Buying Decision
X	0.648	0.446	0.624
M	0.446	0.633	0.503
Y	-0.624	0.503	0.798

The results of the table 1 show that the AVE value of each variable is greater than the correlation coefficient, this indicates that each variable has a good discriminant validity value.

3.2.3. Reliability Test

The highest Composite Reliability value is 0.897 and the lowest value is 0.855, indicating that each variable has met the >0.60 value. Thus, with the highest Cronbach's Alpha value of 0.857 and the lowest value of 0.808, this indicates that each variable has performed the condition, which is a value of > 0.60 , meaning that the research instrument is said to be reliable.

3.3. Inner Model Analysis (Structural Model)

Analysis of the structural model or inner model shows the strength of the relationship between latent variables or constructs. The overall inner model evaluation can be seen through the fit and quality indices model. GoF obtained a large result of 0.480 where the fit large criterion was ≥ 0.36 , while other fit models such as ARS, AARS, APC, AVIF, AFVIF, SPR, RSCR, SSR, and NLBCDR obtained good and ideal and acceptable results. This means that all quality indicators of this research model are good because they correspond to the data.

3.3.1. Test The Hypothesis

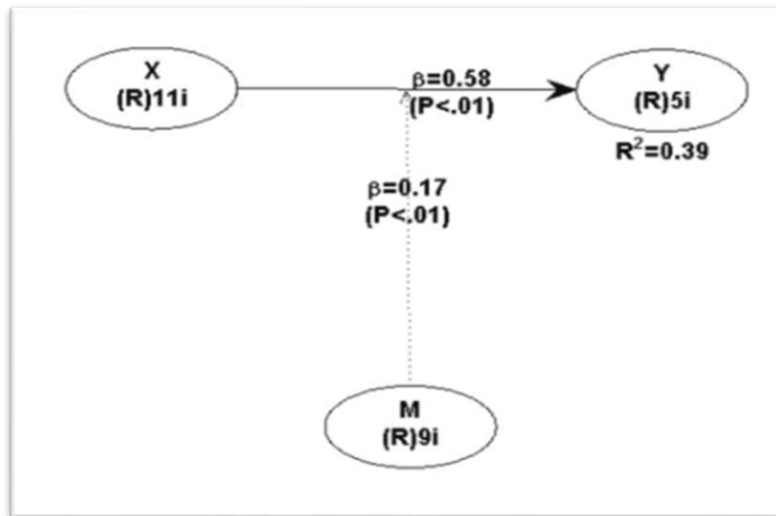


Figure 1. Bootstrapping Data

Table 2 shows that these studies showed different results for each hypothesis. Hypothesis testing is performed to test predetermined structural models. (Solimun and Fernanded., 2017, p. 168) says if the P-value ≤ 0.05 then it is said to be significant. The following are the overall results of hypothesis testing that has been tested on 196 respondents.

Table. 2 Hypothesis Testing Results

Hypothesis	Variable Relationships	Path Coefficient	p-value	Information
H1	X – Y	0.581	< 0.001	Accepted
H2	X – Y*M	0.165	< 0.001	Accepted

4. DISCUSSION

The results of testing the hypothesis of Product Quality on Make Over Purchasing Decisions in Jabodetabek have a path coefficient value of 0.581 with a p-value of < 0.001, so this result shows that H1 is accepted. This means that product quality has a positive and significant influence on purchasing decisions, meaning that if product quality is getting better, it will increase the purchase decision of Make Over products in consumers. This is in line with research by Wulandary et al. (2019), and Boediono et al. (2018) which shows that product quality has a significant effect on purchasing decisions.

The results of this study are related to product quality to purchasing decisions where product quality is very important in a product where it can be enjoyed, felt by consumers and meet consumer expectations as stated by Kotler et al, (2016) that "product quality is the ability of an item to provide performance on a product in accordance with what expectations have been desired by consumers". With the results of this study, it can be an input for the company that product quality is the main part that must be considered in creating a product, because it has an impact on the sustainability of the company and the survival of the company. The more consumers in making purchasing decisions indicates that the better the quality of the products created by the company. With this, the company can continue to improve the quality that will be provided to consumers.

The results of hypothesis testing from Online Customer Review as a moderation variable in influencing the role of Product Quality on Make Over Purchasing Decisions in Jabodetabek have a path coefficient value of 0.165 and a p-value of <0.001 which shows that the hypothesis is accepted. This means that online customer reviews are able to moderate the role of product quality on purchasing decisions. This is reflected in the research of Welsa et al. (2022), and Ardianti A.N (2019) where Online customer reviews directly have a significant influence on purchasing decisions, referring to the results of the study, researchers make updates by positioning online customer reviews as a moderation variabel.

Online customer reviews are reviews given by consumers who have used the product to provide information. With the Online Customer Review, prospective customers can find out about the products they will use through the experience of others. So that consumers can evaluate more deeply related to products both in terms of product quality, price compliance with product quality, ease of use, and differences with other products. This was revealed by Mo et al., (2015, p: 420) explained that online customer reviews are reviews given by consumers about a product they have purchased about various aspects providing additional information that helps other consumers find information about the product by providing an overview of the quality of the product through the reviews provided. Thus, online customer reviews are very important in the development of a company, therefore companies must pay attention to and improve all attributes in the product so that it can meet consumer expectations and they become customers who make a good contribution through positive reviews.

5. CONCLUSION

Product quality has a positive and significant effect on purchasing decisions with a p-value of <0.001, so the hypothesis is accepted. Thus, product quality is something that can influence consumers in making purchasing decisions where this will have an impact on the future of the company. Online customer review as a moderation variable in influencing the role of product quality on purchasing decisions with a p-value of <0.001 then the hypothesis is accepted. This means that online customer reviews can affect product quality on purchasing decisions. Therefore,

companies must pay attention to consumer desires in order to meet consumer expectations and consumers make a good contribution to the company.

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