The Impact of Country of Origin, Celebrity Endorsement, and Electronic Word of Mouth (eWOM) Towards Purchase Intention

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ABSTRACT

This study aims to examine the impact of country of origin, celebrity endorsement, and electronic word of mouth (eWOM) on the purchase intention of skin care products. The research design is descriptive. Collecting data using a questionnaire through a google form with a Likert scale. Of the 218 questionnaires distributed, 192 customers of Jakarta skin care products can be used. The sample selection method is non-probability sampling. For data analysis, this study uses Partial Least Square – Structural Equation Modeling (PLS-SEM) with SmartPLS software. The results showed that country of origin, celebrity endorsement, and electronic word of mouth (eWOM) had an impact on purchase intention. This research is expected to be able to contribute when evaluating or considering increasing purchase intention.

***Keywords*:** *Purchase Intention, Country of Origin, Celebrity Endorsement, Electronic Word of Mouth (eWOM)*

1. INTRODUCTION

Skincare is a profitable facial care product, especially in Indonesia. This is based on the survey results [1] which revealed that people are increasingly aware of the importance of using skin care products from a young age, even some Indonesian women have started using them before the age of 13.

Not only profitable, skincare is also a promising facial care product. This is because skincare has become one of the important needs for most Indonesian people, leading to many imported facial care products entering the competition. Japan, the United States (US), Europe, Australia, and South Korea are the favorite skincare producing countries of the Indonesian people.

South Korea is the favorite skincare producing country, with a market percentage of 57.6% [1]. One of the causes is the Korean wave or Hallyu phenomenon in Indonesia. The Korean wave began and is synonymous with the world of entertainment. Over time, Korean culture has been widely implemented in the daily lives of Korean culture fan, from fashion to skincare. This phenomenon is taken advantage of by facial care (skincare) product brands from South Korea to be able to easily enter and compete in the Indonesian market.

However, the many brands of facial care (skincare) products that have emerged to enliven the market in Indonesia have made the competition even tougher. In addition, many local skincare product brands have sprung up and are no less competitive. Therefore, it is important to be able to generate consumer purchase intention so that they can survive in the midst of competition and increase sales.

Purchase intention is an evaluation stage in which consumers describe preferences between brands which leads to an intention to make a purchase of the brand of interest [2]. Purchase intention is an important review for companies to understand diverse consumer desires [3]. Therefore, it is important for companies to know the various factors that can lead to purchase intention, such as the country of origin, celebrity endorsement, and electronic word of mouth.

Country of origin is important to observe because consumers will use it as an indicator in assessing a product [4]. In addition, the use of celebrity endorsements as an icon of a product can encourage purchase intention [5]. Electronic word of mouth (eWOM) is also important to note because with the information from previous users related to certain goods or services it will be considered by consumers and purchase intention may occur [6].

2. LITERATURE REVIEW

2.1. Variable Definition

2.1.1. Purchase Intention

"Purchase intention is a form of behavior from consumers who wish to buy or choose products based on experience, its use and desire in a product" [7]. In addition, "purchase

intention is also the extensive attention of consumers towards the specific brand" [8]. Based on some of the opinions above, it can be concluded that purchase intention is an intention that arises from an individual to make a purchase on a product.

2.1.2. Country of Origin

Country of origin is "original country from which a product is produced; it can be an important piece of information in the decision-making process" [9]. Country of origin is also defined as "an association and a person's mental belief in a product that is triggered by the country of origin of the product" [10]. Based on some of the definitions that have been mentioned, country of origin can be interpreted as information about the country of origin of a product being produced.

2.1.3. Celebrity Endorsement

"Celebrity endorser is using the artist as an advertisement star in the media, ranging from print media, social media, and telegraph media" [11]. In addition, "celebrity endorsement is the use of sources as an attractive or popular figure in advertising" [12]. From the several description, it can be concluded that celebrity endorsement is the use of celebrities who are well-known in the wider community to promote a product or service.

2.1.4. Electronic Word of Mouth (eWOM)

"Electronic word of mouth (eWOM) is any positive or negative statement made by present or previous customers" [13]. In addition, it can also be interpreted that electronic word of mouth (eWOM) is "consumers gather information about a company or product using the internet, and hence electronic word of mouth (eWOM) has emerged as an important tool" [14]. Based on the description of some of the opinions above, it can be said that electronic word of mouth (eWOM) is the provision of positive or negative information from previous users about a product that occurs online.

2.2. Hypothesis Development

2.2.1. The relationship between country of origin and purchase intention

Khouaja [15] explains that consumers will have an intention to buy a product when they have positive stereotypes about the country of origin of the product. This is supported by research conducted by Nilasari and Handayani [16]. Thus, it can be hypothesized that:
H1: There is a positive impact of country of origin on purchase intention

2.2.2. The relationship between celebrity endorsement and purchase intention

Ho et al. [17] stated that celebrity endorsement plays an important role on purchase intention. This is because consumers can easily believe what a celebrity says. Research conducted by Aziz, Omar, and Ariffin [18] also explains that the use of celebrity endorsement has a major role in persuading consumers. Thus, the hypothesis is:
H2: There is a positive impact of celebrity endorsement on purchase intention.

2.2.3. The relationship between electronic word of mouth (eWOM) and purchase intention

Mehyar et al. [19] showed that the existence of online reviews or comments from previous users of a product or service will affect the intention to buy from other users. Research by Liew and Falahat [20] also revealed that consumers have a tendency to read reviews or reviews given by previous users in presenting an intention to buy. Based on this, the hypotheses made are:
H3: There is a positive impact of electronic word of mouth (eWOM) on purchase intention.

2.3. Research Model

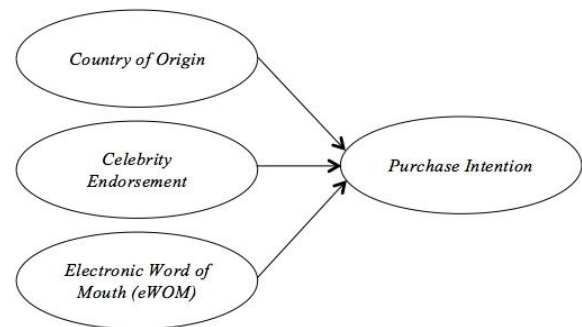The following is the model in this study:

Figure 1 Research Model

3. METHOD

The design used in this study is a descriptive research design with a cross-sectional approach. The population in this study is all customers of facial care products (skincare). The sample in this study were customers of Korean facial care products (skincare) living in Jakarta. In selecting the sample, the method used is non-probability sampling with convenience sampling as the sampling technique.
Data collection in this study used an online questionnaire via google form with the types of questions being open and closed. This study uses a Likert scale, with criteria and scoring on the questionnaire, such as Strongly Disagree (1)

to Strongly Agree (5). Of the 218 questionnaires distributed, 192 respondents can be used. For the measurement of validity, this study uses convergent validity and discriminant validity. For reliability measurement, this study uses cronbach's alpha and composite reliability measurements.

Data analysis was conducted using Partial Least Square - Structural Equation Modeling (PLS-SEM) method with the help of SmartPLS software. Items for each variable can be seen in Table 1.

Validity and reliability testing can be seen in Table 2, Table 3, and Table 4.

Table 1 Items of Each Variable

Variables	Items	Reference
Country of origin	COO01	Le et al. [21]; Singh et al. [22]
	COO02	
	COO03	
Celebrity Endorsement	CE01	Akbar et al. [23]; Ningrat and Yasa [24]
	CE02	
	CE03	
	CE04	
Electronic Word of Mouth (eWOM)	EWOM01	Liew and Falahat [20]; Jalilvand and Samiei [25]
	EWOM02	
	EWOM03	
	EWOM04	
	EWOM05	
Purchase Intention	PI01	Khouaja [15]; Ho et al. [17]; Evgeniy et al. [26]
	PI02	
	PI03	
	PI04	
	PI05	

Table 2 Convergent Validity Test Results

Variables	Items	Loading Factor	AVE
Country of Origin	COO01	0.787	0.635
	COO02	0.844	
	COO03	0.757	
Celebrity Endorsement	CE01	0.757	0.658
	CE02	0.849	
	CE03	0.835	
	CE04	0.801	
Electronic Word of Mouth (eWOM)	EWOM01	0.819	0.641
	EWOM02	0.806	
	EWOM03	0.808	
	EWOM04	0.768	
	EWOM05	0.801	
Purchase Intention	PI01	0.7	0.61
	PI02	0.796	
	PI03	0.809	
	PI04	0.772	
	PI05	0.822	

Table 3 Validity Test Results for Heterotrait-Monotrait Ratio (HTMT)

Variable	Celebrity Endorsement	Country of Origin	Electronic word of Mouth (eWOM)	Purchase Intention
Celebrity Endorsement				
Country of Origin	0.76			
Electronic Word of Mouth (eWOM)	0.731	0.816		
Purchase Intention	0.898	0.803	0.821	

Table 4 Reliability Test Results for Cronbach's Alpha and Composite Reliability

Variable	Cronbach's Alpha	Composite Reliability
Country of Origin	0.712	0.839
Celebrity Endorsement	0.826	0.885
Electronic Word of Mouth (eWOM)	0.860	0.899
Purchase Intention	0.839	0.886

Hair et al. [27] provided information that convergent validity is valid if the AVE value is greater than 0.5 (> 0.5) and the loading factor of each indicator is greater than 0.7 (> 0.7) [27]. Based on the results of data processing, it can be said that all items have met the criteria or requirements. Furthermore, the fulfillment of discriminant validity criteria can be seen based on Heterotrait-Monotrait Ratio (HTMT). A construct has good discriminant validity if the HTMT value < 0.9 [28]. From the results of data processing, it has met the requirements and possesses good discriminant validity. Reliability testing uses Cronbach's alpha and composite reliability. According to Hair et al. [27], cronbach's alpha coefficient and composite reliability must be greater than 0.7 although a value of 0.6 is still acceptable, and a value of 0.8 means that reliability is considered good. From the results of data processing that can be seen in table 4 above, the data has met the criteria or requirements.

4. RESULT AND DISCUSSION

Table 5 below shows the results of this study.

Table 5 Hypothesis Testing Results

	Hypothesis	T-Statistics	P-Values	Test Result
H1	Country of Origin → Purchase intention	2.39	0.017	Accepted
H2	Celebrity Endorsement → Purchase Intention	7.002	0	Accepted
H3	Electronic Word of Mouth (eWOM) → Purchase Intention	4.517	0	Accepted

The rules of thumb used in this study was t-statistics > 1.96 and p-values < 0.05. Based on the results of data processing in table 5 above, it can be seen that the country of origin has an impact on purchase intention. In other words, hypothesis 1 is accepted. These results are the same as the research conducted by Khouaja [15]. Positive stereotypes about the country of origin of the product can lead to consumer intention to make a purchase. This makes consumers have a tendency to see and rely on information about the country of origin of a product. In addition, these results are supported by research conducted by Nilasari and Handayani [16]. Consumers have a high desire to buy a product based on the country of origin of the product. In addition, consumer perceptions of a country will produce an opinion on products originating from that country.

In this study, South Korea as the country of origin has a positive stereotype of the Indonesian people. Moreover, the Korean wave or commonly referred to as Hallyu that occurred in Indonesia made consumers have an interest and made it possible to have an intention to make purchases of everything that comes from South Korea, one of which is facial care products (skincare).

Table 5 above also shows the results for hypothesis 2, where celebrity endorsement has an impact on purchase intention. In other words, hypothesis 2 is accepted. A celebrity is considered effective in generating intentions to make a purchase, especially in this case a facial care product (skincare). In addition, consumers also often have the desire to use the same product or products endorsed by celebrities. This is in line with previous research conducted by Ho et al. [17]. Celebrity endorsement plays an important role on purchase intention. This is because consumers can easily believe what a celebrity says. Especially when the celebrity is widely known by the public or a celebrity who becomes an idol of a consumer. In addition, these results are also supported by research conducted by Aziz, Omar, and Ariffin [18]. The use of celebrity to do endorsement has a big role in persuading consumers. This makes celebrity endorsement one of the effective ways to attract consumers and help create purchase intention.

Furthermore, table 5 also shows that electronic word of mouth (eWOM) has an impact on purchase intention. Providing good information or reviews online makes consumers have the intention to make purchases of skin care products. These results are in line with the research conducted by Mehyar et al. [19]. The existence of positive comments online from previous users about a product or service will generate intentions to buy from other users. In addition, the large amount of information available online makes electronic word of mouth (eWOM) a reference material and consideration in generating purchase intentions. In addition, these results are also supported by research by Liew and Falahat [20]. Generally, consumers have a tendency to seek first information related to the product they want to buy and have a tendency to read reviews by previous users in generating an intention to buy.

5. CONCLUSION & IMPLICATIONS

Facial care products (skincare) are profitable and promising products in Indonesia. This is because people are starting to realize how to use skin care products and have become a necessity. Seeing such a potential opportunity makes skin care products companies compete in the Indonesian market, one of them is from South Korea.

However, increasingly fierce competition forces companies to know various factors that can lead to purchase intention. The results of this study indicate that country of origin, celebrity endorsement, and electronic word of mouth (eWOM) have an impact on purchase intention.

The results of this study are expected to be an evaluation material or input to companies, especially companies in the field of facial care products. Companies can also implement various strategies to increase purchase intention, such as promoting the benefits of the country of origin, intensifying the use of celebrity endorsements, and presenting attractive products.

6. LIMITATIONS & SUGGESTIONS FOR FUTURE RESEARCH

The results of this study only focused on Jakarta. Further researchers can conduct research in different cities. This research also only focuses on the skincare sector. Further researchers can conduct research in various sectors, increase the number of samples, or use other independent variables that can lead to purchase intention.

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