

# Source Credibility, Perceived Quality, and Attitude Towards Brand as Predictor on Purchase Intention of Local Beauty Products

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## ABSTRACT

This study aims to determine the prediction of source credibility, perceived quality, and attitude toward brands on purchase intention in the local beauty products. Data were collected using an online questionnaire, that distributed via Google form. The total samples were 168 respondents, in which 132 respondents could be used. All data were analyzed using the Partial Least Square - Structural Equation Modeling (PLS-SEM) method, by using SmartPLS 3.0 software. The results of this research showed that perceived quality and attitude toward brand have a positive and significant prediction on purchase intention. However, source credibility does not have a positive prediction on purchase intention. The results of the study indicate that the firm needs to determine the right marketing strategies to increase purchase intention, in order to compete with other local brands.

**Keywords:** Source credibility, perceived quality, attitude toward brand, purchase intention

## 1. RESEARCH INTRODUCTION

During the Covid-19 pandemic, the beauty industry has evolved and has caused changes in consumer behavior. While at home, people are more often exposed to air conditioners which cause the skin to become drier, so the need to take care of the skin arises. The survey results from Inventure and Alvara Research Center show that as many as 54.9% of respondents use skincare products while at home to maintain healthy skin [1]. There are two products in the beauty industry, makeup and skincare. Makeup is a product that provide added value that can support one's appearance. Meanwhile, skincare products contain natural ingredients that have many benefits for the skin and the results can be seen after regular use.

The beauty industry is growing rapidly in Indonesia and it estimates that there will be an increase in sales of beauty products in 2021 by around 7% [2]. With the development of the beauty industry in Indonesia, the local firms have become interested in producing beauty products, especially skincare. The number of competitors causes the beauty brand X must increase product advantages to be able to compete with other local brands, so as to increase consumers' purchase intention. Purchase intention is a process of evaluation by consumers of a product or service, and there is the possibility to buy in the future. Purchase intention can be used as a tool to measure consumer tendencies when buying a product. When consumers have a strong purchase intention, the consumer's desire to buy a product will also be greater [3]. Consumers'

purchase intention can be influenced by several factors, such as source credibility, perceived quality, and attitude toward the brand.

The credibility of a message depends on the perception of the recipient. The more credible source, the consumer will give a positive attitude towards the product [4]. The credibility of the source depends on the expertise, trustworthiness, and attractiveness of the communicator. When a source has high credibility, it will increase purchase intention. Furthermore, the quality of a product is one of the factors that consumers consider when making a purchase. Good perceived quality from consumers will affect purchase intentions. In addition, attitude toward a brand is a factor that can influence a consumer's purchase intention [5]. When consumers have a positive attitude towards a brand, it will increase purchase intention.

In addition, there are differences in results from previous studies regarding the effect of source credibility on purchase intention, which is the gap in this study. Based on the background above, this study aims to empirically examine source credibility, perceived quality, and attitude toward brands as predictors of purchase intention in local beauty products.

## **2. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT**

### **2.1. Source Credibility**

Cheung and Thadani [6] stated that the source credibility is “the message source’s perceived ability (expertise) or motivation to provide accurate and truthful information (trustworthiness).” Source credibility can also be interpreted as “the believability of the endorser, spokesperson, or individual in an advertisement” [3]. Credible sources will provide accurate information so that can be trusted by the recipient of the message. So, it can be concluded that source credibility is the ability of a communicator to provide an accurate review of a product based on their knowledge and experience, so that it can influence the recipient of the message to use the product.

### **2.2. Perceived Quality**

Perceived quality can influence consumers in choosing products. Keller [7] defined the perceived quality as “customers' perception of the overall quality or superiority of a product or service compared to alternatives and with respect to its intended purpose.” Furthermore, Schiffman and Wisenblit [3] stated “the perceived quality of products and services based on a variety of informational cues that consumers associate with the offerings.” Based on the definition above, it can be concluded that perceived quality is an overall assessment made by consumers regarding the quality of a product compared to what they expect.

### **2.3. Attitude toward Brand**

Attitude toward brand can be defined as “the consumers' preference and overall evaluation of a brand” [8]. From the evaluation, it will give a positive attitude of consumers towards a brand. Hsu [9] explained that “brand attitude represents the general consumption habit and tendency of consumers. In the process of consumption, the consumers may generate a favorable or unfavorable evaluations of a brand.” In this study, attitude toward a brand is the company's ability to fulfill the promise of the brand, which will increase the brand's credibility, so as to create a good perception for consumers.

### **2.4. Purchase Intention**

Purchase intention is a factor that needs to be considered by the company. Wu et al. [10] stated that “purchase intention represents the possibility that consumers will plan a certain product or service in the future.” Consumers will look for the information about the product and plan to make a purchase of the product. Meanwhile, Shwastika and Keni [11] defined purchase intention as “the possibility of consumers to have something they want and influenced by interest so consumers buy the products in the end.” Based on the description above, it can be concluded that purchase intention is the possibility

that someone will make a purchase of a product after evaluating the brand.

### **2.5. The Prediction of Source Credibility on Purchase Intention**

The credibility of a message becomes one of the important factors in the process of influencing others. Reviews about a product will have an influence on consumers' minds and change their decisions in purchasing a product. The results of previous studies show that source credibility has a positive and significant effect on purchase intention [12][13]. In addition, research conducted by Hui [14] shows that the credibility of sources from online communities influences the purchase intention of consumers in Malaysia. When influencers can provide information honestly and are trusted by consumers, it will increase their purchase intention in the future. Based on previous research, the first hypothesis in this study is:

**H1: Source credibility positively predicts purchase intention**

### **2.6. The Prediction of Perceived Quality on Purchase Intention**

The perception of good quality must be implanted in the minds of consumers in order to increase the intention to buy a product or service [15]. This statement is supported by the results of research which show that perceived quality has a positive and significant effect on purchase intention [11][16]. Consumers who have a strong sense of value will have a high purchase intention. Furthermore, research conducted by Haddad et al. [17] also shows that perceived quality has a positive effect on purchase intention. A good quality of product will get a positive perception from consumers, which will affect purchase intention. Based on previous research, the second hypothesis in this study is:

**H2: Perceived quality positively predicts purchase intention**

### **2.7. The Prediction of Attitude toward Brand on Purchase Intention**

A positive attitude towards a brand can influence consumer choices in buying products, so that brand attitude is a determining factor of purchase intention [5]. Previous research has shown that attitude toward a brand has a positive and significant effect on purchase intention [8][18]. Consumers who obtain information about products from certain brands will affect consumer involvement in the brand, which in the end can influence purchase intentions. In addition, research conducted by Hsu [9] also shows that attitude toward brand has a positive and significant influence on purchase intention. Based on previous research, the third hypothesis in this study is:

**H3: Attitude toward brand positively predicts purchase intention**

**3. RESEARCH METHODOLOGY**

This study uses a quantitative descriptive research design, by distributing online questionnaires via Google form. The population in this study is all consumers who had used beauty product X in Indonesia. The sampling method used non-probability sampling with convenience sampling technique. The total data collected in this study were 168 respondents, but 36 respondents did not match the research criteria, so that only 132 responses could be used. To measure each indicator, this study uses a 5-point Likert scale, with 1 (strongly disagree), 2 (disagree), 3 (neutral), 4 (agree), and 5 (strongly agree). Data analysis in this study used Partial Least Square – Structural Equation Modeling (PLS-SEM), using SmartPLS software. The indicators used in this study presented in Table 1 below.

**Table 1** Measurement Model Assessment Results

Variables	Items	References
Source Credibility	9	Muda and Hamzah [4]
Perceived Quality	5	Azzari and Pelissari [19]; Chan and Mansori [20]
Attitude toward Brand	3	Kudeshia and Kumar [18]
Purchase Intention	5	Kudeshia and Kumar [18]; Muda and Hamzah [4]

**4. RESULTS & DISCUSSIONS**

The total respondents in this study were 132 respondents. The majority of respondents were female (82.6%), the latest education was high school (64.4%), aged 21-25 years old (74.2%), and 107 respondents (81.1%) were students. The majority of respondents living in Jakarta, that is West Jakarta (53%), spend less than Rp500.000 per month to buy skincare products (56.8%), and the good quality of the product being the reason of 84 respondents (64%) for choosing product X compared to other brands.

Next, testing the outer model, which consists of validity and reliability. This test is conducted to determine whether each indicator is valid and reliable. To measure the validity, using convergent validity. A model meets the criteria if the factor loadings value is greater than 0.7 and AVE is greater than 0.5 [21]. Then, for the Fornell–Larcker criterion, it is measured based on the AVE value of each variable, which must be greater than the other variables. After all indicators have met the validity requirements, then the reliability test is then carried out. A value is considered reliable if the Cronbach’s Alpha value is greater than 0.6 [21] and composite reliability is greater than 0.7 [22]. The results of the outer model testing in this study are presented in Table 2, Table 3, and Table 4 as follows.

**Table 2** Measurement Model Assessment Results

Variables	Indicators	Loading Factor	AVE
Expertise Source Credibility	SC01	0.845	0.685
	SC02	0.826	
	SC03	0.811	
Trustworthiness Source Credibility	SC04	0.869	0.754
	SC05	0.877	
	SC06	0.859	
Attractiveness Source Credibility	SC07	0.773	0.644
	SC08	0.802	
	SC09	0.832	
Perceived Quality	PQ01	0.883	0.728
	PQ02	0.869	
	PQ03	0.871	
	PQ04	0.718	
	PQ05	0.911	
Attitude toward Brand	ATB01	0.775	0.605
	ATB02	0.717	
	ATB03	0.837	
Purchase Intention	PI01	0.876	0.681
	PI02	0.802	
	PI03	0.822	
	PI04	0.758	
	PI05	0.864	

**Table 3** Outer Model Assessment – Discriminant Validity

Variables	ATB	ASC	ESC	PQ	PI	TSC
ATB	<b>0.778</b>					
ASC	0.614	<b>0.803</b>				
ESC	0.598	0.525	<b>0.827</b>			
PQ	0.674	0.462	0.557	<b>0.853</b>		
PI	0.655	0.478	0.517	0.710	<b>0.825</b>	
TSC	0.556	0.527	0.556	0.544	0.461	<b>0.869</b>

**Table 4** Outer Model Assessment – Reliability Analysis

Variables	Cronbach's Alpha	Composite Reliability	Conclusions
Expertise Source Credibility	0.770	0.867	Reliable
Trustworthiness Source Credibility	0.838	0.902	Reliable
Attractiveness Source Credibility	0.725	0.844	Reliable
Perceived Quality	0.905	0.930	Reliable
Attitude toward Brand	0.688	0.821	Reliable
Purchase Intention	0.882	0.914	Reliable

From the results of the outer model testing, it can be seen that all variables meet the validity and reliability requirements. After testing the outer model, the next step is testing the inner model. This test aims to determine the relationship between variables and to determine whether the research hypothesis is supported or rejected. This study uses a 95% confidence level. If the significance value is less than

0.05 then the hypothesis is supported, and if the significance value is greater than 0.05 then the hypothesis is rejected. The results of the inner model and hypotheses testing are presented in Table 5, Table 6, and Table 7.

**Table 5** R-Squared Results

Variable	R-Squared
Purchase Intention	0.566

**Table 6** Predictive Relevance Results

Variable	Predictive Relevance ( $Q^2$ )
Purchase Intention	0.374

**Table 7** Path Coefficient and Hypotheses Testing Results

Hypotheses	Path Coefficient	t-statistics	p-values	Conclusions
H1: Source credibility positively predicts purchase intention	0.102	0.862	0.389	Not Supported
H2: Perceived quality positively predicts purchase intention	0.463	4.441	0.000	Supported
H3: Attitude toward brand positively predicts purchase intention	0.271	2.228	0.026	Supported

The results of the inner model testing show that the coefficient of determination ( $R^2$ ) is 0.566. It means that 56.6% of the purchase intention variable can be explained by the source credibility, perceived quality, and attitude toward the brand. The remaining 43.4% can be explained

by other variables that were not examined in this study. In addition, the value of predictive relevance ( $Q^2$ ) shows a value of 0.374 which is greater than 0. It means that the variables in this study can predict the research model well.

Based on the results of hypothesis testing, it can be seen that H1 is rejected, which means that source credibility can not predict purchase intention positively. This result is contrary to previous research, which shows that source credibility has a positive and significant effect on purchase intention [12][13]. However, research conducted by Vidyanata et al. [8] shows that source credibility has no effect on purchase intention. It is because when consumers have the desire to make a purchase of a product, they will consider the attributes of the product, such as price and product quality, rather than relying on information from influencers. In addition, influencers who promote similar product from other brands, will lower consumers' purchase intentions [8]. Meanwhile, the results of the second hypothesis testing show that perceived quality has a positive and significant prediction on purchase intention, so H2 is accepted. This result is in line with the results of previous studies which showed that perceived quality has a positive and significant effect on purchase intention [11][16]. Product quality is an important factor for consumers. Before making a purchase, consumers will look for information that is related to product quality. If the quality of the product is good, so will the consumer's perception. The perceived quality of consumers towards a product obtained from the overall evaluation will increase consumer buying intentions. Furthermore, the third hypothesis testing shows that attitude toward brand can predict purchase intention positively and significantly, so H3 is accepted. The results are consistent with previous studies which showed that attitude toward the brand has a positive and significant effect on purchase intention [8][18]. A positive attitude towards the brand is important to note. Consumers who have a positive attitude towards the brand will have a high desire to buy. Therefore, the company must be able to create a brand that can meet and suit consumers, so that it will provide a positive attitude towards the brand, which will affect purchase intention.

## 5. CONCLUSIONS & IMPLICATIONS

Based on the results of the data analysis above, it can be concluded that perceived quality and attitude toward brands can predict the purchase intention of local beauty products positively and significantly. However, source credibility has no prediction on purchase intention. The results of this study can provide an understanding for companies engaged in the beauty industry, regarding what factors can increase consumers' purchase intention. In addition, this research can help the firm to determine the right marketing strategies so that they can compete with other local brands. Nowadays, there are many beauty brands both local and foreign, that make competition in the beauty industry become fiercer. The firm must be able to maintain and improve the quality of the product. Product quality can create a good perception of consumers toward the product. In addition, the firm must increase the credibility of the brand so as to create a positive attitude of consumers towards the brand, which can affect consumers' purchase intention.

Meanwhile, the company also needs to determine the right promotional strategy in order to increase consumer buying intentions. One of them is by intensifying promotions on social media and being able to choose influencers with high credibility, so that can attract the attention of consumers to buy the product.

## 6. LIMITATIONS & SUGGESTIONS FOR FUTURE RESEARCH

Based on the results of this study, the source credibility can not predict purchase intention in local beauty products. Therefore, future researcher can use other variables that affect purchase intention, such as celebrity endorsement, country of origin, etc. By using other variables, it will increase knowledge about the needs and motives of consumer's purchase intention. Then, this study only focuses on the local beauty industry. For future researchers can use different industry, such as fashion or food industry. In addition, future researchers can also examine the same variables that influence purchase intention, but use other local beauty brands or foreign brands as research subjects and use a larger sample than can be used in this study, to get higher validity value.

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