

Purchasing decisions: The effects of electronic word-of-mouth, product quality, and price

Victorio Anandito Kristianto

Universitas Gadjah Mada, Yogyakarta, Indonesia

victorio.kristianto2305@gmail.com

ARTICLE INFO

Article History

Received: 07-09-2024

Revised: 24-10-2024

Accepted: 26-11-2024

Keywords

Electronic Word-of-Mouth;

Product Quality;

Price;

Purchasing Decision.

Paper Type: Research paper

ABSTRACT

Purpose-Every individual certainly wants to take care of their body to keep looking attractive. Currently, there are many types of cosmetic brands for body care. This raises various considerations for consumers when making purchases. Multiple factors influence consumer purchasing decisions. This study analyzes purchasing decisions influenced by electronic word-of-mouth, product quality, and price.

Design/Methodology/Approach-The research sample was the entire community of Indonesia, who had purchased skincare products, totaling 90 respondents. The research sampling technique was purposive, and a questionnaire was distributed via Google Forms. Then, this research used SPSS to process the data.

Findings-This study proves that only one of the three hypotheses developed is accepted. Electronic word-of-mouth has no positive effect on purchasing decisions. Product quality is proven to have a positive impact on purchasing decisions. Price is proven to have no positive effect on purchasing decisions.

Research limitations/implications-The limitation of this study is that the number of respondents is still relatively small, so it needs to be increased. The research object is also still relatively specific, namely users of skincare products in Indonesia rather than users of skincare products in various regions of Indonesia. Therefore, the results of this study cannot represent the purchasing decisions of users of skincare products in general.

Originality/value-This research is relatively rare among previous researchers, who used the users of skincare products in Indonesia, as the research object. Previous studies generally used skincare products of different brands or from other regions as their object of study.

This is an open-access article under the [CC-BY-SA](#) license.



1. The Introduction

In this era of progress, all aspects of life are developing rapidly, including the advancement of information and communication technology (Ahad & Hossain, 2020). This advancement has given rise to new lifestyles and phenomena in Indonesian society, including the emergence of the

internet. People can obtain information and interact with each other via the Internet (Sethi & Sarangi, 2017). The Internet has helped many people meet their needs for information.

Self-care, especially skincare, is a necessity in today's society. Advances in information and communication technology affect consumers and producers from production to marketing (Dellaert, 2019). Technological innovation opens up new opportunities for marketing skin care products that are more effective, personal, and accessible to consumers. Additionally, the Internet enables closer interaction between brands and customers, provides information, and encourages sustainability and transparency.

People from all walks of life are aware of the importance of skin care. Healthy and well-groomed skin can boost confidence and support one's appearance. Skincare products are now available under various brand names. Skincare products began to gain fame in Indonesia in 2022 after implementing various marketing strategies, such as creating positive electronic word-of-mouth, producing products of competitive quality, and marketing products at competitive prices. According to Vasić et al. (2019), consumers decide to buy a product by considering whether or not they will use it. Consumers often consider the quality, price, and reputation of a product or service when purchasing, which affects their choices. In short, purchasing decisions are decisions made by people influenced by many factors.

Many social media users are willing to provide recommendations and reviews after using products (Rachmad, 2022). The reviews provided can be a reference for potential consumers who want to purchase products (Filieri et al., 2018). Consumers' attitudes before deciding to buy can be influenced by e-WOM (Baber et al., 2016). Electronic word-of-mouth is one of the most significant product marketing strategies. Electronic word-of-mouth makes it easy for customers to express their thoughts, opinions, and feelings about a product. Electronic word-of-mouth can be used as an informative place to obtain various information and work faster and more extensively so that, in the end, it influences consumer purchasing decisions. According to Wang et al. (2016), electronic word-of-mouth through social media dramatically influences purchasing decisions. Electronic word-of-mouth reaches more consumers using social media to spread their experiences with specific products. Basri et al. (2016) and Romadhoni et al. (2023) found that electronic word-of-mouth positively affects consumer purchasing decisions.

Illegal and counterfeit products continue to circulate in the market and are a significant problem for producers and consumers. These illegal and counterfeit products often contain hazardous ingredients and are not registered with the Food and Drug Authority, potentially endangering consumers. Therefore, consumers must consider the quality of the products they buy (Lina, 2022). With the level of income and education that each consumer has, it is hoped that they will be more careful about the goods they buy. According to Nguyen et al. (2019) and Aeni (2020), product quality positively affects consumer purchasing decisions.

For consumers, price is not only an exchange rate but also a factor that influences purchasing decisions (İşoraitè, 2016). If consumers want goods that suit their needs, they must pay a certain amount for them. The indicators include affordability, the match between price and product quality, competitiveness with competitors' prices, and the match between price and profit. Brata et al. (2017) and Limpo et al. (2018) show that price greatly influences purchasing decisions. Price is strongly influenced by consumers' income levels when deciding to make a purchase (Zhang et al., 2018). Each consumer has a different preference for the price of a product, which affects their purchase decision. Consumers will consider prices that match their income so that it helps them make wiser purchasing decisions.

2. Literature Review and Hypothesis Development

Stephen (2016) states that social media is a source of information and significantly influences consumer purchasing decisions. This can happen because social media users tend to trust other people's opinions more than direct marketing by companies (Manzoor et al., 2020). Research conducted by Basri et al. (2016) and Romadhoni et al. (2023) showed that electronic word-of-mouth significantly affects consumer purchasing decisions. Based on these findings, it can be concluded that word-of-mouth communication on various digital media strongly influences consumer purchasing decisions (Poturak & Turkyilmaz, 2018). Electronic word-of-mouth is a

marketing strategy that utilizes social media to share information based on the experience of using products. The goal is for people to quickly receive this information, which can ultimately influence their purchase decisions. When consumers are satisfied with the products they use, they usually express this satisfaction through word-of-mouth reviews (Moore & Lafreniere, 2020). These reviews can be an important reference and influence the purchasing decisions of consumers. **H₁: Electronic Word-of-Mouth Has a Positive Effect on Purchasing Decision**

Product quality is closely related to purchasing decisions because one of the primary consideration consumers consider when purchasing is product quality. Therefore, companies must understand and fulfil the wants and needs of consumers by paying attention to the quality standards that apply in today's market. Thus, consumers remain loyal to the products offered. Nguyen et al. (2019) and Aeni (2020) reveal that product quality positively impacts consumer purchasing decisions. Product quality is an important factor influencing consumer preferences in the purchase decision-making process (Chovanová et al., 2015). According to Brettel et al. (2017), when developing a product, manufacturers must ensure the highest level of product quality to support its position in the target market. The results of this study show that consumers make purchasing decisions based on the quality of the products. **H₂: Product Quality Has a Positive Effect on Purchasing Decision**

Price is strongly influenced by consumers' income levels when deciding to make a purchase (Zhang et al., 2018). Each consumer has a different preference for the price of a product, which affects their purchase decision. Consumers will consider prices that match their income so that it helps them make wiser purchasing decisions. Brata et al. (2017) and Limpo et al. (2018) state that price positively affects purchasing decisions. The product marketing strategy can attract consumers' attention with its main attraction of affordable prices. Relatively affordable prices compared to other competing products make these products attractive to many consumers. **H₃: Price Has a Positive Effect on Purchasing Decision**

Figure 1 illustrates the research model framework, showing the factors that influence purchasing decisions. Electronic word-of-mouth, product quality, and price are the factors that have a positive effect on purchasing decisions.

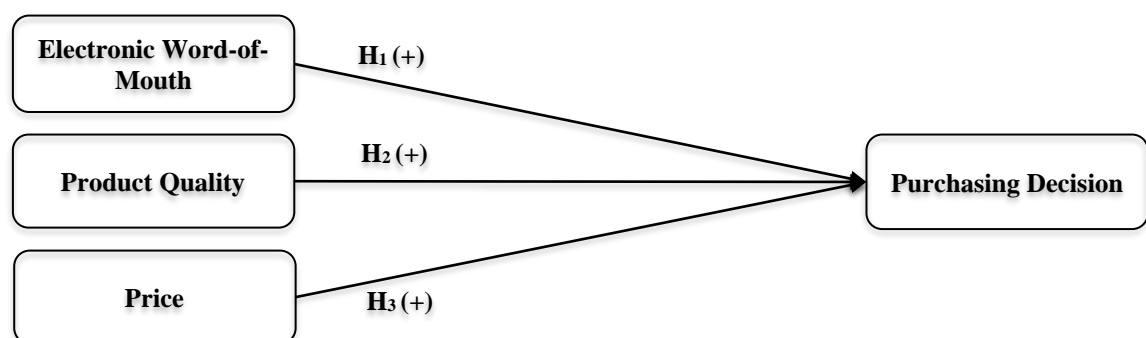


Figure 1. Research Framework

3. Research Methodology

This study used skincare users as the research object. This study used purposive sampling to determine respondents with specific considerations. These considerations included users of skincare products aged at least 17 years who had purchased skincare products in at least three transactions. Google Forms was used to distribute the questionnaires online to collect data. Each variable was represented by indicator items on the questionnaire, which were rated on a Likert scale with five rating points. Three indicator items were used to measure electronic word-of-mouth (EWOM), product quality (PQ) with four indicator items, price (PC) with four indicator items, and purchase decision (PD) with five indicator items.

SPSS software was used to analyze the research data, including validity, reliability, and regression tests. The validity test was carried out by evaluating the factor loading value of each indicator item of each variable. If the factor loading value of the indicator item is more than 0.6, it can be considered valid, and vice versa (Yamato et al., 2017). Invalid indicator items must be eliminated from the data analysis, and revalidation tests must be performed. After the validity test, a reliability test was performed. Cronbach's alpha was used as a criterion to evaluate the reliability of the research variables. The variables were considered reliable if Cronbach's alpha was higher than 0.6. The next step in determining the impact of the hypothesis and its acceptance or rejection was regression testing. Regression testing was based on the significance of each hypothesis. If the significance value is less than 0.05, the hypothesis can be accepted, and vice versa (Ghozali, 2018).

4. Result and Discussion

Characteristics of Respondents

Table 1 presents the respondents' characteristics. In general, the majority of respondents were female (73 respondents, 81.1%). The age of respondents was dominated by the age range of 7-25 years, with 88 respondents (97.8%). Most respondents earned less than IDR 2,500,000, with 76 respondents (84.4%). Most respondents worked as civil servants (n = 77 respondents, 85.6%).

Table 1. Characteristics of Respondents

Classification	Description	Frequency	
		Total	Percentage
Gender	Male	17	18.9
	Female	73	81.1
Age	17 – 25 years old	88	97.8
	26 – 34 years old	2	2.2
	More than 34 years old	0	0
Salary	Less than IDR 2,500,000	76	84.4
	IDR 2,500,001 – 5,000,000	14	15.6
	More than IDR 5,000,000	0	0
Jobs	Student	2	2.2
	Public Servant	77	85.6
	Private Employee	4	4.4
	Others	7	7.8

Validity Test

Table 2 shows the factor loading values from the validity test. Based on these results, all indicator items representing the variables of electronic word-of-mouth, product quality, price, and purchasing decisions were proven valid. This can be seen from the factor loading value of each indicator item being greater than 0.6.

Table 2. Validity Test Result

Indicator	Electronic Word-of-Mouth	Product Quality	Price	Financial Decision
EWOM 1	0.727			
EWOM 2	0.697			
EWOM 3	0.653			
PQ 1		0.883		
PQ 2		0.663		
PQ 3		0.846		
PQ 4		0.888		
PC 1			0.654	
PC 2			0.860	
PC 3			0.784	
PC 4			0.830	
FD 1				0.816

Indicator	Electronic Word-of-Mouth	Product Quality	Price	Financial Decision
FD 2				0.869
FD 3				0.835
FD 4				0.874

Reliability Test

Based on Table 3, all the variables in this study are valid. This is because the Cronbach's alpha values of the financial management practices, financial satisfaction, and life satisfaction variables were greater than 0.6. Therefore, this data analysis can be continued to the next test stage, namely the hypothesis test.

Table 3. Reliability Test Result

Variable	Cronbach's Alpha
Electronic Word-of-Mouth	0.734
Product Quality	0.841
Price	0.738
Purchasing Decision	0.940

Hypothesis Test

Table 4 presents the results of the hypothesis testing. Based on these results, only the second hypothesis in this study is accepted or supported, which can be proven by the significance value of the hypothesis being less than 0.05. Simultaneously, the first and third hypotheses were proven to be rejected or not supported because the significance value of the hypothesis was greater than 0.05, and the coefficient beta value was negative.

Table 4. Hypothesis Test Result

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	0.654	0.604		1.083	0.282
Electronic Word-of-Mouth → Purchasing Decision	-0.309	0.137	-0.180	-2.257	0.027
Product Quality → Purchasing Decision	1.246	0.142	0.874	8.747	0.000
Price → Purchasing Decision	-0.119	0.173	-0.067	-0.684	0.496

Discussion

The Effect of Electronic Word-of-Mouth on Purchasing Decision

Electronic word-of-mouth has become important for consumers to express their opinions (Huete-Alcocer 2017). It is more effective than conventional word-of-mouth because it is more accessible and reaches a larger audience. Consumers judge a product when there is an exchange of information between consumers through word-of-mouth (Godes, 2017). This study proves that electronic word-of-mouth does not positively impact purchasing decisions. This can be explained using the cognitive dissonance theory developed by Miller et al. (2015), which states that consumers will try to reduce the discrepancy between beliefs and actions. Based on this theory, electronic word-of-mouth cannot positively impact consumer purchasing decisions when they have already liked and decided to buy a product. In contrast, consumers tend to look for information that can reinforce their purchasing decisions and ignore information that can weaken them. The results of this study align with those of Slamet et al. (2022) and Suharyanto and Rahman (2022), who found that the electronic word-of-mouth variable does not affect purchasing decisions. The success of a product will undoubtedly face challenges, such as counterfeiting and exaggerated claims about the product's benefits. This has led to negative word-of-mouth for the

product. Babić Rosario et al. (2016) state that electronic word-of-mouth can be good or bad reviews, allowing consumers to rethink their purchasing decisions.

The Effect of Product Quality on Purchasing Decision

According to Brettel et al. (2017), when developing a product, manufacturers must ensure the highest level of product quality to support its position in the target market. The results of this study show that consumers make purchasing decisions based on the quality of the products. This can be explained using the theory of reasoned action developed by Ajzen (2020), which states that when producers can provide products of the highest quality and superior to those of their competitors, consumers' action is to make purchasing decisions. This is in line with the findings of this study, which states that better purchasing decisions are influenced by product quality. These results align with Nguyen et al. (2019) and Aeni (2020) research, which shows that product quality positively affects consumer decisions. A product that can survive and compete in the market shows that consumers are increasingly innovative in choosing the products they buy and use. Before deciding to make a purchase, many factors must be considered, including product quality (Muliasari, 2019).

The Effect of Price on Purchasing Decision

Lien et al. (2015) state that one of the factors that influences purchasing decisions is price. This study proves that price does not positively affect the purchasing decisions. This can be explained using the cognitive dissonance theory developed by Miller et al. (2015), which states that when consumers like an item and decide to buy it, they tend to look for information that can encourage them to make a purchase decision and ignore information that weakens their decision. Based on this explanation, price is not the primary consideration for consumers when purchasing a product (Ritter et al., 2015). Consumers are willing to pay more for quality products that meet their needs. The results of this study align with those of Lestari et al. (2021) and Amin et al. (2022), who found that price does not significantly influence consumer purchase decisions. The product marketing strategy can attract consumers' attention with its main attraction of affordable prices. Relatively affordable prices compared to other competing products make these products attractive to many consumers. However, current phenomena show that consumers are willing to pay more to get products that suit their needs; therefore, price does not affect purchasing decisions.

5. Conclusion

Based on the study results, electronic word-of-mouth has no positive effect on purchasing decisions. Product quality has a positive effect on purchasing decisions, whereas price has no positive effect on purchasing decisions. This study had several limitations. The first limitation is the relatively small sample size and the fact that the sample distribution is still focused on specific regions. Therefore, the results of this study cannot be used as a reference for purchasing decisions by consumers of skincare products in Indonesia. This study also analyzes electronic word-of-mouth, product quality, and price as determining factors in purchasing decisions. Future research should analyze other factors that have not been researched or use the concepts of moderation and mediation.

REFERENCES

- Aeni, N. (2020). Effect of product quality, prices and places on purchase decisions. *Journal of Research in Business, Economics, and Education*, 2(1), 391–398.
- Ahad, M. A., Paiva, S., Tripathi, G., & Feroz, N. (2020). Enabling technologies and sustainable smart cities. *Sustainable cities and society*, 61, 102301. <https://doi.org/10.1016/j.scs.2020.102301>
- Ajzen, I. (2020). The theory of planned behaviour: Frequently asked questions. *Human Behavior and Emerging Technologies*, 2(4), 314–324. <https://doi.org/10.1002/hbe2.195>

- Amin, A. M., Angelia, R., Eddy, P., & Yuliendi, R. R. (2022). The effect of product quality, price, and word of mouth on packing sticker purchase decision at CV. Blitz Media Kreasindo Pekanbaru City. *Journal of Applied Business and Technology*, 3(3), 214-225. <https://doi.org/10.35145/jabt.v3i3.105>
- Baber, A., Thurasamy, R., Malik, M. I., Sadiq, B., Islam, S., & Sajjad, M. (2016). Online word-of-mouth antecedents, attitude and intention-to-purchase electronic products in Pakistan. *Telematics and Informatics*, 33(2), 388-400. <https://doi.org/10.1016/j.tele.2015.09.004>
- Babić Rosario, A., Sotgiu, F., De Valck, K., & Bijmolt, T. H. (2016). The effect of electronic word of mouth on sales: A meta-analytic review of platform, product, and metric factors. *Journal of Marketing Research*, 53(3), 297-318. <https://doi.org/10.1509/jmr.14.0380>
- Basri, N. A. M. H., Ahmad, R., Anuar, F. I., & Ismail, K. A. (2016). Effect of word of mouth communication on consumer purchase decision: Malay upscale restaurant. *Procedia-Social and Behavioral Sciences*, 222, 324–331. <https://doi.org/10.1016/j.sbspro.2016.05.175>
- Brata, B. H., Husani, S., & Ali, H. (2017). The influence of quality products, price, promotion, and location on product purchase decisions on Nitchi at PT. Jaya Swarasa Agung in Central Jakarta. *Saudi Journal of Business and Management Studies*, 2(4), 357-374. <https://doi.org/10.21276/sjbms>
- Brettel, M., Friederichsen, N., Keller, M., & Rosenberg, M. (2017). How virtualization, decentralization and network building change the manufacturing landscape: an industry 4.0 perspective. *FormaMente*, 12.
- Chovanová, H. H., Korshunov, A. I., & Babčanová, D. (2015). Impact of the brand on consumer behaviour. *Procedia Economics and Finance*, 34, 615-621. [https://doi.org/10.1016/S2212-5671\(15\)01676-7](https://doi.org/10.1016/S2212-5671(15)01676-7)
- Dellaert, B. G. (2019). The consumer production journey: marketing to consumers as co-producers in the sharing economy. *Journal of the Academy of Marketing Science*, 47(2), 238-254. <https://doi.org/10.1007/s11747-018-0607-4>
- Filieri, R., McLeay, F., Tsui, B., & Lin, Z. (2018). Consumer perceptions of information helpfulness and determinants of purchase intention in online consumer reviews of services. *Information & Management*, 55(8), 956–970. <https://doi.org/10.1016/j.im.2018.04.010>
- Ghozali, I. (2018). *Aplikasi analisis multivariate dengan program IBM SPSS 23*. Badan Penerbit Universitas Diponegoro.
- Godes, D. (2017). Product policy in markets with word-of-mouth communication. *Management Science*, 63(1), 267–278. <https://doi.org/10.1287/mnsc.2015.2330>
- Huete-Alcocer, N. (2017). A literature review of word of mouth and electronic word of mouth: Implications for consumer behaviour. *Frontiers in Psychology*, 8, 1256. <https://doi.org/10.3389/fpsyg.2017.01256>
- Işoraité, M. (2016). Marketing mixes theoretical aspects. *International Journal of Research-Granthaalayah*, 4(6), 25–37. <https://doi.org/10.29121/granthaalayah.v4.i6.2016.2633>
- Lestari, I., Manullang, M., Butar-Butar, R. S., & Daulay, Z. R. (2021). The effect of brand ambassadors and prices on the purchase decision of android hand phone through interest in buying consumers in Medan City. *International Journal of Science, Technology & Management*, 2(4), 1321-1326. <https://doi.org/10.46729/ijstm.v2i4.274>
- Lien, C. H., Wen, M. J., Huang, L. C., & Wu, K. L. (2015). Online hotel booking: The effects of brand image, price, trust and value on purchase intentions. *Asia Pacific Management Review*, 20(4), 210–218. <https://doi.org/10.1016/j.apmr.2015.03.005>
- Limpo, L., Rahim, A., & Hamzah, H. (2018). Effect of product quality, price, and promotion on purchase decision. *International Journal on Advanced Science, Education, and Religion*, 1(1), 9-22. <https://doi.org/10.33648/ijoaser.v1i1.2>
- Lina, R. (2022). Improving product quality and satisfaction is a fundamental strategy for strengthening customer loyalty. *AKADEMIK: Jurnal Mahasiswa Ekonomi & Bisnis*, 2(1), 19-26. <https://doi.org/10.37481/jmeb.v2i1.245>

- Manzoor, U., Baig, S. A., Hashim, M., & Sami, A. (2020). Impact of social media marketing on consumer's purchase intentions: The mediating role of customer trust. *International Journal of Entrepreneurial Research*, 3(2), 41-48. <https://doi.org/10.31580/ijer.v3i2.1386>
- Miller, M. K., Clark, J. D., & Jehle, A. (2015). Cognitive dissonance theory (Festinger). *The Blackwell encyclopedia of sociology*, 1, 543-549.
- Moore, S. G., & Lafreniere, K. C. (2020). How online word-of-mouth impacts receivers. *Consumer Psychology Review*, 3(1), 34-59. <https://doi.org/10.1002/arcp.1055>
- Muliasari, D. (2019). The effect of product price and product quality on purchasing decisions for Samsung brand handphones among STIE AAS Surakarta Students. *International Journal of Economics, Business and Accounting Research (IJEBAR)*, 3(04). <https://doi.org/10.29040/ijebar.v3i04.805>
- Nguyen, P. T., Ali, H., & Hudaya, A. (2019). Model buying decision and repeat purchase: Product quality analysis. *Dinasti International Journal of Management Science*, 1(1), 2686-5211. <https://doi.org/10.31933/DIJMS>
- Poturak, M., & Turkyilmaz, M. (2018). The impact of eWOM in social media on consumer purchase decisions: A comparative study between Romanian and Bosnian consumers. *Management and Economic Review*, 3(2), 138-160.
- Rachmad, Y. E. (2022). Perception of social media marketing by users of e-commerce marketplace and online food delivery. In *Proceeding of The International Conference on Economics and Business* (Vol. 1, No. 1, pp. 121-134). <https://doi.org/10.55606/iceb.v1i1.209>
- Ritter, Á. M., Borchardt, M., Vaccaro, G. L., Pereira, G. M., & Almeida, F. (2015). Motivations for promoting the consumption of green products in an emerging country: Exploring attitudes of Brazilian consumers. *Journal of Cleaner Production*, 106, 507-520. <https://doi.org/10.1016/j.jclepro.2014.11.066>
- Romadhoni, B., Akhmad, A., Naldah, N., & Rossanty, N. P. E. (2023). Purchasing decisions affect social media marketing, electronic word of mouth (eWOM), and purchase intention. *Journal of Accounting and Finance Management*, 4(1), 74-86. <https://doi.org/10.38035/jafm.v4i1.194>
- Sethi, P., & Sarangi, S. R. (2017). Internet of things: Architectures, protocols, and applications. *Journal of Electrical and Computer Engineering*, 2017(1), 9324035. <https://doi.org/10.1155/2017/9324035>
- Slamet, S., Prasetyo, B. P. W., & Azmala, I. (2022). The impact of electronic word of mouth and brand image on online purchase decisions moderated by price discount. *European Journal of Business and Management Research*, 7(2), 139-148.
- Stephen, A. T. (2016). The role of digital and social media marketing in consumer behaviour. *Current Opinión in Psychology*, 10, 17-21. <https://doi.org/10.1016/j.copsyc.2015.10.016>
- Suharyanto, S., & Rahman, N. R. (2022). Electronic word of mouth and social media marketing affect the decision to purchase billionaires' project products through product quality. *International Journal of Economics, Business and Accounting Research (IJEBAR)*, 6(1), 475-488. <https://doi.org/10.29040/ijebar.v6i1.4816>
- Vasić, N., Kilibarda, M., & Kaurin, T. (2019). The influence of online shopping determinants on customer satisfaction in the Serbian market. *Journal of Theoretical and Applied Electronic Commerce Research*, 14(2), 70-89. <http://dx.doi.org/10.4067/S0718-18762019000200107>
- Wang, T., Yeh, R. K. J., Chen, C., & Tsydypov, Z. (2016). What drives electronic word-of-mouth on social networking sites? Perspectives of social capital and self-determination. *Telematics and Informatics*, 33(4), 1034-1047. <https://doi.org/10.1016/j.tele.2016.03.005>
- Yamato, T. P., Maher, C., Koes, B., & Moseley, A. (2017). The PEDro scale had acceptably high convergent validity, construct validity, and interrater reliability in evaluating the methodological quality of pharmaceutical trials. *Journal of Clinical Epidemiology*, 86, 176-181. <https://doi.org/10.1016/j.jclinepi.2017.03.002>
- Zhang, B., Fu, Z., Huang, J., Wang, J., Xu, S., & Zhang, L. (2018). Consumers' perceptions, purchase intention, and willingness to pay a premium price for safe vegetables: A Beijing, China case study. *Journal of Cleaner Production*, 197, 1498-1507. <https://doi.org/10.1016/j.jclepro.2018.06.273>