Impact of e-WOM and Brand Image on Wardah Product Purchases Among College Students in Surabaya

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ABSTRACT

The cosmetics industry in Indonesia is growing rapidly with many local brands competing in the market, including Wardah, which is known as the first halal cosmetic product in Indonesia. The objective of this study is to investigate the influence of electronic word of mouth (eWOM) and brand image on purchasing decisions for Wardah products. A quantitative research method was employed, with a sample size of 100 respondents. Convenience sampling techniques were employed to select the sample for this study. The sample comprised students at Surabaya who had expressed an interest in Wardah products. Partial Least Squares (PLS) was used as the analytical technique, with the data analysed using SmartPLS 4 to conduct validity, reliability and hypothesis testing. The findings of this research demonstrate a positive and statistically significant influence of electronic word of mouth (E-WOM) and brand image upon consumer purchasing decisions in relation to Wardah products.

Keywords: Electronic Word of Mouth (E-WOM), Brand Image, Purchasing Decisions, Wardah, Students, Surabaya.

INTRODUCTION

In this modern era, physical appearance is one of the important aspects of daily life, especially for women who are often required to look attractive on various occasions. Ashad Kusuma Djaya in (Chinta, Ghassani and Lidwina, 2023) stated that many beauty stereotypes that emphasize white skin, acne-free, and pink lips encourage many women to meet these beauty standards through various cosmetic products.

Indonesia is witnessing a rapid proliferation of companies engaged in the cosmetics industry. A comparison of data from the previous year and the current one reveals an increase of 20.6% in the number of companies. The majority of these new additions were small and medium-sized enterprises (SMEs), which collectively accounted for 83%. This cosmetics facial skin care industry in Indonesia in 2021 reached US$6.3 billion or around IDR 98 trillion.

In the midst of increasingly fierce competition, many local brands have emerged and successfully competed with international brands. One of the well-known local brands is Wardah, which is known as the first halal cosmetic product in Indonesia. Wardah has become a popular choice among consumers due to its good product quality and halal label. The brand was founded in 1995 by PT Pustaka Tradisi Ibu (later became PT Paragon Technology and Innovation) and has experienced rapid growth since then.

Wardah ranked first in sales of cosmetic products in e-commerce in 2020 with 7.37 million sales. However, there are indications of a decline in sales in 2022 which may be caused by negative reviews from consumers regarding Wardah's brand image. In today's digital world, the role of e-WOM is becoming increasingly point of view for business. Reviews from consumers on social media can affect the reputation of a brand so that it affects the perceptions and purchasing decisions of other potential consumers.

The objective of this study is to examine the impact of electronic word of mouth (e-WOM) and brand image on consumer purchasing decisions for Wardah products among students in Surabaya. Adopting a quantitative research design with the Partial Least Square (PLS) method, the study aims to elucidate the underlying factors influencing consumer purchasing behavior and to provide strategic recommendations for Wardah, with a view to enhancing sales and maintaining customer loyalty.

Literature Review

Management
Management is the process of planning, directing, organizing, and controlling organizational resources to achieve the specific goals which effectively and efficiently. In the context of marketing, management includes various activities aimed at meeting the needs and wants of consumers, as well as creating value for customers.

Marketing Management
Marketing management is the systematic analysis, planning, implementation, and subsequent control of programs designed to foster the creation, establishment, and sustenance of profitable exchanges with target markets. It entails a comprehensive grasp of consumer needs and preferences, coupled with the formulation of efficacious strategies to meet those needs.

Consumer Behavior
Consumer behavior is defined as the examination of the processes through which individuals, groups, and organizations make choices about the acquisition, utilization, and disposition of goods, services, ideas, or experiences, with the objective of fulfilling their needs and desires. The factors that influence consumer behavior encompass a range of cultural, social, personal, and psychological elements.

E-WOM
This method is informal communication between consumers regarding the characteristics, use, or owner of a product or service, which occurs on the internet. E-WOM can be in the form of reviews, comments, and recommendations posted on various digital platforms such as social media, blogs, and online forums. This method is regarded as one of the most significant sources of information during the decision-making process regarding purchases due to its perceived objectivity and trustworthiness in comparison to the information presented by companies.

Brand Image
The consumer's perception of a brand is defined as brand image, which is shaped based on the consumer's experience and interaction with said brand. This includes the consumer's mental associations with the brand, the reputation that the consumer holds the brand in, and any unique characteristics that the consumer associates with the brand. When a brand image is positive, consumer confidence may be increased, and purchasing decisions may be influenced.

Purchase Decision
Purchasing decisions involve a process where consumers identify needs or wants, gather information, assess alternatives, and ultimately decide to use the product. The formation of these decisions is influenced by a multitude of factors, including the dissemination of information via electronic word-of-mouth (E-WOM) and the perception of brand image.
This literature review offers an in-depth analysis of the theoretical and empirical aspects that influence consumer purchasing decisions with regard to Wardah products. By elucidating this relationship, companies are better positioned to devise more effective marketing strategies that enhance sales and consumer loyalty.

METHOD

The study employs a quantitative approach with a causal research design. The study aims to examine the influence of electronic word-of-mouth (E-WOM) and brand image on purchasing decisions for Wardah products among a student population in Surabaya. The study population consists of students in Surabaya who have used Wardah products. A convenience sample of 100 respondents was selected using convenience sampling. Data collection involved the distribution of questionnaires to students at the University of Surabaya who were consumers of Wardah products. The data analysis utilized structural equation modeling (SEM) with partial least squares (PLS) techniques.

RESEARCH RESULTS AND DISCUSSION
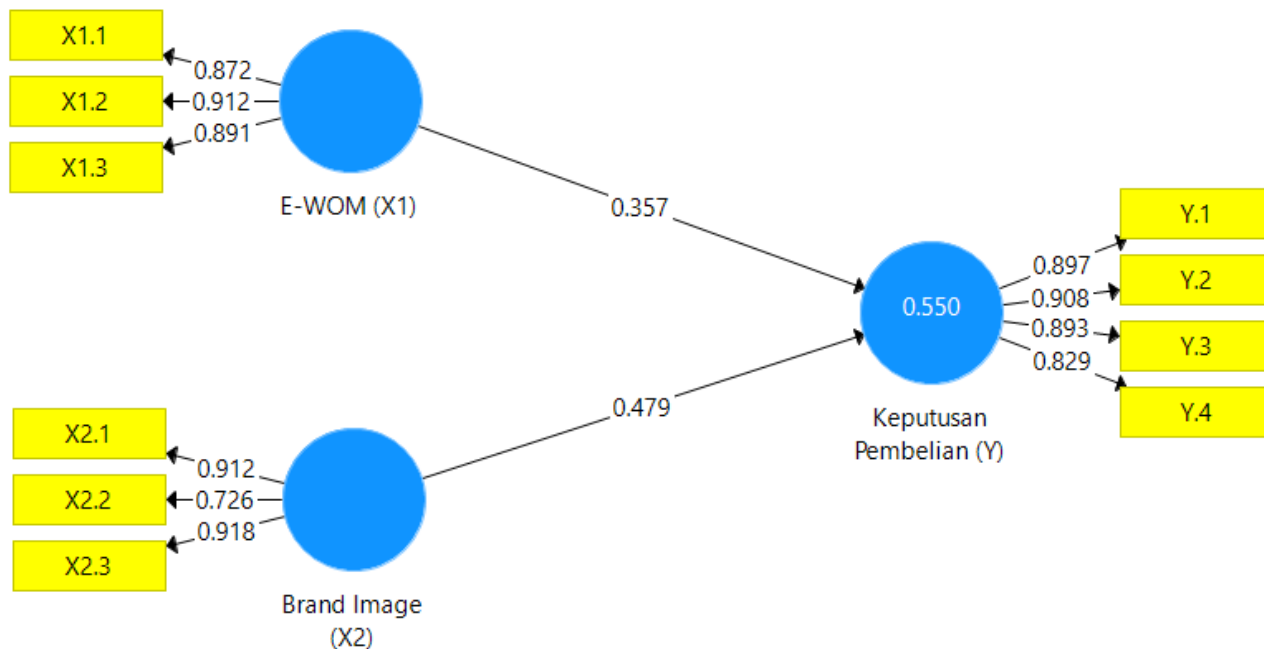
(Source: data processing, smartPLS output)
Figure 1. PLS Measurement Model

Figure 1 of the conceptual model depicts This study explores the influence of electronic word-of-mouth (e-WOM) on brand image and its subsequent effect on purchasing decisions. The proposed model posits that e-WOM is assessed through three key indicators, while brand image is also measured by three analogous indicators. Both variables positively influence Purchasing Decisions.

Table 1. Outer Loadings

	Brand Image (X2)	E-Word of Mouth (X1)	Purchasing Decisions (Y)
X1.1		0,872	
X1.2		0,912	
X1.3		0,891	
X2.1	0,912		
X2.2	0,726		
X2.3	0,918		
Y.1			0,897
Y.2			0,908
Y.3			0,893
Y.4			0,829

(Source: data processing, smartPLS output)

As indicated by the outer loading table, the reflective indicators for the electronic word-of-mouth (E-WOM) variable (X1) and brand image (X2) in relation to purchasing decisions (Y) demonstrate factor loadings exceeding 0.50 in the original sample. This signifies that the estimation outcomes of all indicators have fulfilled the criteria for convergent validity or good validity.

Table 2. Cross Loading

	Brand Image (X2)	E-Word of Mouth (X1)	Keputusan Pembelian (Y)
X1.1	0,490	0,872	0,469
X1.2	0,463	0,912	0,531
X1.3	0,547	0,891	0,650
X2.1	0,912	0,504	0,671
X2.2	0,726	0,563	0,381
X2.3	0,918	0,439	0,640
Y.1	0,645	0,573	0,897
Y.2	0,606	0,537	0,908
Y.3	0,619	0,510	0,893
Y.4	0,527	0,594	0,829

(Source: data processing, smartPLS output)

The results of the cross-loading data processing indicate that all loading factor values for each indicator highlighted on the electronic word of mouth (eWOM) variable (X1) and brand image (X2) with respect to purchasing decisions (Y) are greater than the loading factor values of the remaining variables. Thus, it can be concluded that all indicators in this study have met the criteria for discriminant or good construct validity.

Table 3. Average Variance Extracted (AVE)

	Average Variance Extracted (AVE)
E-Word of Mouth (X1)	0,796
Brand Image (X2)	0,734
Keputusan Pembelian (Y)	0,778

(Source: data processing, smartPLS output)

The results of the AVE analysis indicate that the variable representing Electronic Word of Mouth (E-WOM) (X1) has a value of 0.796, the Brand Image variable (X2) has a value of 0.734, and the Purchase Decision variable (Y) has a value of 0.778. As all of these values exceed 0.5, it can be concluded that the variables in this study demonstrate acceptable levels of validity.

Table 4. Composite Reliability

	Composite Reliability
E-Word of Mouth (X1)	0,921
Brand Image (X2)	0,891
Keputusan Pembelian (Y)	0,933

(Source: data processing, smartPLS output)

The Composite Reliability test results this variable (X1) has a value of 0.921, the variable (X2) has a value of 0.891, and this variable (Y) has a value of 0.933. Since all these values exceed 0.70, it can be concluded that reliable.

Table 5. Latent Variable Correlations

	Brand Image (X2)	E-Word of Mouth (X1)	Keputusan Pembelian (Y)
Brand Image (X2)	1,000	0,565	0,681
E-Word of Mouth (X1)	0,565	1,000	0,627
Keputusan Pembelian (Y)	0,681	0,627	1,000

(Source: data processing, smartPLS output)

A review of the latent variable correlation table reveals that the average value for correlation between variables is moderate. The highest correlation value is between the brand image variable, X2, and the purchase decision variable, Y, with a value of 0.681. Additionally, it is evident from the research model that the relationship between the brand image and purchase decision variables exhibits a stronger correlation than that observed for the other variables.

Table 6. R Square

	R Square
Keputusan Pembelian (Y)	0,550

(Source: data processing, smartPLS output)

The model demonstrates a 55% explanatory power with respect to consumer purchasing behavior, which is influenced by two key factors: electronic word of mouth (E-WOM) and brand image (X2). The remaining 45% is attributed to other variables that are not addressed in the present study.

Table 7. Path Coefficients (Mean, STDEV, T-Values, P-Values

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
E-Word of Mouth (X1) ->Keputusan Pembelian (Y)	0,357	0,379	0,093	3,850	0,000
Brand Image (X2) -> Keputusan Pembelian (Y)	0,479	0,466	0,097	4,916	0,000

(Source: data processing, smartPLS output)

The results of the study demonstrate a statistically significant and positive effect of this variable (X1) on purchasing decisions, as indicated by path coefficients of 0.357 and a T-Statistic value of 3.850, which is greater than 1.96. Furthermore, the P-Value of 0.000 is less than 0.05, indicating that these results are statistically significant, and hypothesis 1 can be accepted. Brand Image (X2) has a positive and significant effect on Purchasing Decisions with path coefficients 0.479 and the T-Statistic value of 4.916 > 1.96 or a P-Value of 0.000 < 0.05 indicating that these results are significant and hypothesis 2 can be accepted.

The Effect of E-WOM on the Decisions of purchase
The influence of electronic word-of-mouth (e-WOM) on consumer purchasing decisions has been established as a significant factor within contemporary market research. Positive information disseminated through E-WOM can increase consumer interest and trust in the product, thereby encouraging them to make purchases. Conversely, negative information can reduce consumer interest and trust.
This result align with the previous research by (Rahmawati, Supriyono and Fitriyah, 2022) who explained that word of mouth contributes to the decision of Sariayu face masks. The more positive reviews of Sariayu masks on YouTube, the more influence it can have in determining the purchase decision of Sariayu mask.

The Impact of Brand Image on Consumer Behavior

A positive image can increase consumer confidence in products and brands, thus encouraging them to make purchases. Consumers tend to choose products from brands that have a good image because they believe that the product is of high quality and can meet their needs.

The findings of this study align with those of (Bahri and Aminah, 2022), whose research was titled "The Effect of E-WOM on Instagram Social Media Content and Brand Image on MS Glow's Purchase Intention. " The study found the image has a great impact on the interest in MS Glow products. The greater brand image created by a brand in consumers' minds regarding the products and brands, the greater the consumer buying interest.

CONCLUSIONS

The findings of the analysis and discussion concerning the impact of electronic word-of-mouth (E-WOM) on consumer purchasing decisions and its relationship to brand image in the context of Wardah products, as observed among students in Surabaya, suggest that E-WOM plays a significant role in influencing consumer purchasing decisions for these products. A positive e-wom for Wardah products is significantly correlated with the probability that students will purchase the products. Furthermore, brand image exerts a substantial positive influence on purchasing decisions, whereby the stronger the brand image associated with the product, the higher the probability that consumers will purchase Wardah products. This reinforces the pivotal roles of e-wom and brand image within marketing strategies aimed at increasing sales and fostering customer loyalty.

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