



The Influence Of Word Of Mouth And Price On Purchasing Decisions On Skincare Products The Originote

Betti Sinaga

Betsinaga3@gmail.com

Faculty Of Economics, State University Of Jakarta

Dita Puruwita

Dita_puruwita@unj.ac.id

Faculty Of Economics, State University Of Jakarta

Suherdi

Suherdi@unj.ac.id

Faculty Of Economics, State University Of Jakarta

Abstract:

This study aims to gain new knowledge and analyze the effect of word of mouth and price on purchasing decisions for local skincare products. This research was conducted in DKI Jakarta. For six months from August 2023 to January 2024. The method used is a questionnaire survey method with the population used is people who have bought local cosmetic products and live in DKI Jakarta. The sampling technique used was purposive sampling technique as many as 150 respondents. While the research analysis technique uses multiple linear regression, F test, and T test. The hypothesis of this study shows that: (1) there is a positive and significant influence between word of mouth on purchasing decisions, this hypothesis is proven by Word of mouth has a significant value of 0.005, which is <0.05 significant rate, it can be concluded that partially the word of mouth variable has a partially significant effect on purchasing decisions on The Originote skincare products in DKI Jakarta. (2) there is a positive and significant effect between price and purchasing decisions, this hypothesis is proven by Price (X2) has a significant value of 0.000, which is <0.05 significant rate, it can be concluded that partially the price variable has a partially significant effect on purchasing decisions on The Originote skincare products in DKI Jakarta. The multiple linear regression equation obtained is $Y = 8.437 + 0.306X_1 + 0.926X_2$. The effect of word of mouth and price on purchasing decisions for local skincare products obtained a coefficient of determination of 0.682 or 68.2%.

Keywords: Word Of Mouth, Price, Purchasing Decisions

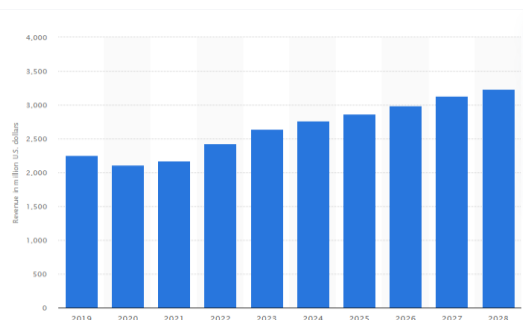
Background

The development of the business world is running increasingly rapidly in accordance with the times, both macro businesses and micro businesses, the needs and desires of consumers are always changing. This affects the lifestyle of consumers who will buy products according to their needs, desires and finances. The competition that arises is so intense that companies are required to innovate more on existing policies so that they can create and provide added value for consumers in making purchasing decisions to achieve company goals and objectives in ensuring the survival of the company. However, the progress of the industrial world produces social and environmental problems including changes that occur in the cosmetics industry. Consumers are uniquely affected by the tendency of cosmetics to use chemicals. In addition, increased awareness of environmental health and safety is driving customers to change their perception of cosmetics. In this increasingly competitive era, people are now increasingly aware of the importance of beauty care, especially for women, as a result of economic, social, and cultural developments. Cosmetics is one of the fast-



growing secondary and tertiary needs industries in Indonesia. Based on the Indonesia Halal Economic Report, the national Halal Cosmetics Industry is recorded to have a market value of 4.19 billion USD in 2022 and is projected to grow up to 8% per year until 2023. In addition, there is a trend of combining natural ingredients as an innovation in beauty products that can drive the cosmetics and personal care market (Ministry of Industry of the Republic of Indonesia, 2020).

In Indonesia, cosmetics today can not only fulfill women's basic needs for skin care and body care, but can also help consumers clarify their self-identity in society. Therefore, there are various cosmetic brands that prioritize environmentally friendly ingredients and processes. Eco-friendly products are essential for creating environmental safety and ensuring that businesses and economies are responsible for eco-sustainability (Abdullah, 2020). The skincare cosmetics industry, continues to grow rapidly every year, and is now one of the trends in the country. To meet the needs of women, various skincare products are constantly being created and updated. Women usually use facial care products to help them perform facial treatments. The routine of performing facial skin care is referred to as a facial care routine. The phenomenon has led to the emergence of many beauty skincare products spread across Indonesia that offer treatments, services, and products to meet people's demand for self-care. With increasing competition in beauty clinics, companies must optimize their products and services to compete in the skin beauty care market (Sayoga & Prihatini, 2020). The revenue of the 'Skincare' segment of the beauty & personal care market in Indonesia is expected to continue to increase between 2023 and 2028 totaling USD 588.3 million (up 22.22 percent). After eight consecutive years of increase, this indicator is expected to reach USD 3.2 billion and therefore a new peak in 2028 (Statista Research Department, 2022).



Data source: (Statista Research Department, 2022)

There are several well-known skincare brands including Wardah, Emina, Ms. Glow, Scarlett Whitening, The originote, Avoskin, Garnier, and others. However, information collected from the INFOBRAND.ID. website conducted in November 2022 shows that The oroginote skincare product has the highest sales category in e-commerce. This shows that this product has an effective strategy to dominate the market, and until now this product is still being developed. Since 2018, Originote has been produced and sold by a well-known artist, namely Nagita Slavina, then The Originote skincare product has gone viral in 2022 on various social media platforms, especially TikTok. The Originote, successfully attracted the attention of skincare enthusiasts, many products from this brand are viral and continue to be discussed on social media. The first brand media in Indonesia that is believed to appreciate and recognize brands that have successfully become the choice of consumers in the digital realm, INFOBRAND.ID. This media has given the prestigious Brand Choice Award 2023 in collaboration with TRAS N CO Indonesia as a research institute to The Originote skincare, because of the glorious record of moisturizer products that went viral on TikTok social media with positive testimonials from consumers after using this product, it was even difficult to find



consumers, aka sold out because of the many people who wanted to try it. This happened because of the increase in purchasing decisions on The originote skincare.

In the decision to purchase skincare products, it will certainly be influenced by many factors. Cultural, social, individual, and psychological factors are some of the factors that can influence consumers when they choose cosmetic products. In addition, there are other factors that influence purchasing decisions; these include brand image, price, brand quality, how the product is promoted, the influence of beauty vloggers, the influence of advertising, product benefits, halal labels, people's words, and many more. Of these many factors, the two factors that will be discussed further are word of mouth, and price.

THEORETICAL FRAMEWORK

Word of Mouth

Word of mouth Marketing Association is an activity of consumers providing information about brands or products to others (Silverman, 2011). Meanwhile, according to Sumardy (2011), Word of mouth is a marketing activity carried out by a brand so that its customers talk, promote, and want to sell their brand to others. (Stephen & Lehmann, 2016) proposing a good mechanism to increase the likelihood of customers transmitting WOM is to choose friends with higher connectivity as recipients. Indicators can be used to determine the success or failure of the variable under study. In this study, the word of mouth (WOM) variables are as follows:

a. talking, b. Recommend, and c. Motivate.

Price

According to Swastha (2010), price is the amount of money (plus some products if possible) needed to get a combination of a number of goods and services. According to this definition, price policy is only temporary, so the company must observe its position in the market and observe price changes. Price indicators, according to Kotler and Armstrong, are divided into 4 (four), namely:

a. price affordability, b. price compatibility with product quality, c. price competitiveness, d. price compatibility with benefits.

Purchasing Decision

The purchase decision is the process by which customers are encouraged to identify needs, create choices, and choose a particular brand or product. It means a series of choices before a purchase occurs. This can be in the form of where to buy a particular product, what brand or model to buy, when to buy, how much to buy the shopping customer, what payment method to use (Komalasari et al., 2021). In research conducted (Asia, 2020), there are five indicators of purchasing decision variables used in this study, which are combined by Kotler and Keller (2016) as follows:

a. product selection, b. brand selection, c. selection of purchase channels, d. purchase time dan e. number of purchases

METHOD

This research uses a quantitative approach. This research was conducted in the DKI Jakarta area which lasted for 6 months. Starting from August 2023 to January 2024. The population of this study are people who live in DKI Jakarta and have bought The Originote skincare products. In addition, this study used purposive sampling as a sampling technique with the criteria of consumers who have



purchased The Originote skincare products. The number of samples that researchers used was 150 respondents. The variable used in this study is the purchase decision (Y) as the dependent variable. Word of mouth (X1) and Price (X2) as independent variables. The data analysis method used is to use SPSS 26 software.

RESULT

1. Validity

Tabel 3.1 Result valid

Variabel	Item pertanyaan	r hitung	r tabel	Keterangan
Word of mouth (X1)	X1.1	0,713	0,361	Valid
	X1.2	0,717	0,361	Valid
	X1.3	0,740	0,361	Valid
	X1.4	0,578	0,361	Valid
	X1.5	0,529	0,361	Valid
	X1.6	0,661	0,361	Valid
	X1.7	0,861	0,361	Valid
	X1.8	0,660	0,361	Valid
	X1.9	0,479	0,361	Valid
Harga (X2)	X2.1	0,652	0,361	Valid
	X2.2	0,575	0,361	Valid
	X2.3	0,556	0,361	Valid
	X2.4	0,561	0,361	Valid
	X2.5	0,432	0,361	Valid
	X2.6	0,460	0,361	Valid
	X2.7	0,563	0,361	Valid
	X2.8	0,536	0,361	Valid
	X2.9	0,477	0,361	Valid
	X2.10	0,579	0,361	Valid
	X2.11	0,621	0,361	Valid
	X2.12	0,626	0,361	Valid
Keputusan Pembelian (y)	Y1	0,626	0,361	Valid
	Y2	0,705	0,361	Valid
	Y3	0,600	0,361	Valid
	Y4	0,606	0,361	Valid
	Y5	0,575	0,361	Valid
	Y6	0,464	0,361	Valid
	Y7	0,681	0,361	Valid
	Y8	0,648	0,361	Valid
	Y9	0,747	0,361	Valid
	Y10	0,544	0,361	Valid
	Y11	0,701	0,361	Valid
	Y12	0,629	0,361	Valid
	Y13	0,693	0,361	Valid
	Y14	0,672	0,361	Valid
	Y15	0,522	0,361	Valid
	Y16	0,487	0,361	Valid

Source: Data processed by researchers, 2024

Based on the table presented above, it shows that each variable question item has r count greater than r table. So it can be stated, the question items in the questionnaire are considered "Valid".

2. Reliability

Tabel 3.2 Result Reliability

No	Variabel	Cronbach's Alpha
1	Word of Mouth	0,836
2	Harga	0,790
3	Keputusan Pembelian	0,884



Source: Data processed by researchers, 2024

The reliability test results presented in the table above show that each variable has a Cronbach's Alpha value > 0.60, which indicates that the variables used in this study can be considered reliable.

3. Pearson Correlation Coefficient Analysis

1) Based on this table, it can be seen that the coefficient number owned by word of mouth is 0.690, indicating that there is a strong positive relationship with purchasing decisions. This means that word of mouth has a unidirectional relationship with purchasing decisions, that the higher the level of word of mouth, the higher the likelihood that someone will make the decision to buy The Originote product.

2) Found in the table, it can be seen that the coefficient number owned by the price of 0.818 indicates that there is a very strong positive relationship with purchasing decisions. This means that price has a unidirectional relationship with purchasing decisions, that the higher the price of a product, the lower the possibility of someone making a decision to buy The Originote product.

4. Multiple linear regression analysis

$$Y = 8,437 + 0,306X_1 + 0,926X_2 + e$$

Based on the multiple linear regression equation, it can be concluded that the constant value of 8.437 is positive, this indicates that the word of mouth variable, and the price does not exist or is equal to zero, then the value of the purchasing decision variable is 8.437 units. The word of mouth coefficient value is positive, which is 0.306, indicating that every increase in word of mouth by 1 unit, the purchasing decision will increase by 0.306. The price coefficient value is positive, amounting to 0.926, indicating that every time the price increases by 1 unit, the purchasing decision will increase by 0.926.

5. Simultan significance (F)

Based on the results of the research that has been done, the results of the F test are obtained < 0.05 significant level. So it can be concluded that the independent variables, namely Word of mouth (X1) and Price (X2), simultaneously or significantly affect the dependent variable, namely Purchasing Decisions (Y) on The Originote skincare products in DKI Jakarta.

6. Partial significance (T)

Based on the results of the T test analysis carried out, it can be explained as follows:

1) Word of mouth variable (X1) has a significant value of 0.005, which is < 0.05 significant rate, it can be concluded that partially the word of mouth variable has a partially significant effect on purchasing decisions on The Originote skincare products in DKI Jakarta.

2) The Price variable (X2) has a significant value of 0.000, which is < 0.05 significant rate, it can be concluded that partially the price variable has a partially significant effect on purchasing decisions on The Originote skincare products in DKI Jakarta.

7. Coefficient of Determination Analysis

Tabel 3.3 Result Coefficient Determination

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,828 ^a	,686	,682	3,67479

Source: Data processed by researchers, 2024

Based on the calculation results on the coefficient of determination, it shows that the coefficient of determination is 0.682 or 68.2%. This shows that changes in the dependent variable purchasing decisions are influenced by the independent variable word of mouth, and price is 68.2% and the rest



is influenced by other factors that are not in this study.

DISCUSSION

Based on research conducted by researchers with the title "The Effect of Word of mouth and Price on Purchasing Decisions on The Originote Skincare Products", a discussion of the research results is obtained as follows:

1. Dependent Variables That Affect Simultaneously on Purchasing Decisions on The Originote Skincare Products.

Based on the results of the research that has been done, the results of the F test are obtained <0.05 significant level. So it can be concluded that the independent variables, namely Word of mouth (X1) and Price (X2), simultaneously or significantly affect the dependent variable, namely Purchasing Decisions (Y) on The Originote skincare products in DKI Jakarta.

2. Dependent Variables that Partially Affect Purchasing Decisions on The Originote Skincare Products.

a. The Effect of Word of mouth on Purchasing Decisions

Based on the results of the research conducted, it shows that the significance value of the t test on the word of mouth variable (X1) is 0.005, which is <0.05 significant rate, it can be concluded that partially the word of mouth variable has a partially significant effect on purchasing decisions on The Originote skincare products in DKI Jakarta. The results of this overall study support the theory of marketing efforts that encourage customers to talk, promote, recommend and sell our goods and brands to other customers. Word of mouth variables also influence customers to buy The Originote products, especially for the people of DKI Jakarta. Someone is interested in buying The Originote products because of word of mouth information and invitations from the closest people.

b. The Effect of Price on Purchasing Decisions

The price variable (X2) has a significant value of 0.000, which is <0.05 significant rate, it can be concluded that partially the price variable has a partially significant effect on purchasing decisions on The Originote skincare products in DKI Jakarta. The overall assessment results show that the price of The Originote is in accordance with its benefits and is very affordable for students because many students have limited money. As a result, consumers tend to consider prices and compare them with similar products before buying something. Consumers also buy because of the perceived skin changes that are increasing. Therefore, they choose The Originote products because of the perceived skin change benefits, which match the price offered and are superior to other skincare products at the same price. The better the price perception, the more confident consumers will buy The Originote.

CONCLUSION

Based on the results of the research conducted, it can be concluded as follows:

1) Word of mouth variable (X1) has a significant value of 0.005, which is <0.05 significant rate, it can be concluded that partially the word of mouth variable has a partially significant effect on purchasing decisions on The Originote skincare products in DKI Jakarta.

2) The price variable (X2) has a significant value of 0.000, which is <0.05 significant rate, it can be concluded that partially the price variable has a partially significant effect on purchasing decisions on The Originote skincare products in DKI Jakarta.

3) Based on the calculation results on the coefficient of determination, it shows that the coefficient of determination is 0.682 or 68.2%. This shows that changes in the dependent variable purchasing decisions are influenced by the independent variable word of mouth, and price is 68.2% and the rest is influenced by other factors that are not in this study.

BIBLIOGRAPHY



- Abdullah, M. A. F. (2020). Pembelian Produk Skin Care. *Jurnal Ilmiah Manajemen Bisnis*, 6(02), 254–262.
- Asia, N. (2020). Pengaruh Word of Mouth (Wom) Terhadap Keputusan Pembelian Bagi Konsumen Alfamart Di Lembang Kabupaten Pinrang. *Ekonomi Dan Bisnis Islam Institut Agama Islam Negeri Parepare*, 4(2).
- Afifah Fathiin, dkk. (2018). Faktor-Faktor yang Mempengaruhi Keputusan Konsumen Membeli Produk di Waroeng Spesial Sambal “SS” Condongcatur Timur. *Journal of Culinary Education and Technology*, Vol 7, No, 1–10.
<https://journal.student.uny.ac.id/ojs/index.php/boga/article/view/13404>
- Amalia, N. (2019). Pengaruh Citra Merek, Harga Dan Kualitas Produk Terhadap Keputusan Pembelian (Studi Kasus Pada Konsumen Mie Endess Di Bangkalan). *Jurnal Studi Manajemen Dan Bisnis*, 6(2), 96–104. <https://doi.org/10.21107/jsmb.v6i2.6688>
- Komalasari, F., Christianto, A., & Ganiarto, E. (2021). Factors Influencing Purchase Intention in Affecting Purchase Decision: A Study of E-commerce Customer in Greater Jakarta. *BISNIS & BIROKRASI: Jurnal Ilmu Administrasi Dan Organisasi*, 28(1).
<https://doi.org/10.20476/jbb.v28i1.1290>
- Sayoga, J. sega D., & Prihatini, A. E. (2020). Pengaruh Kualitas Pelayanan, Harga dan Word of Mouth terhadap Keputusan Pembelian pada Konsumen Natasha Skincare Candibaru Semarang. *Jurnal Ilmu Administrasi Bisnis*, 9(3), 232–241. <https://doi.org/10.14710/jiab.2020.28036>
- Statista Research Department. (2022). Indonesia: Skin Care Market Revenue 2017-2025. In *Statista*.
<https://www.statista.com/forecasts/1214255/indonesia-revenue-skin-care-market>
- Stephen, A. T., & Lehmann, D. R. (2016). How word-of-mouth transmission encouragement affects consumers’ transmission decisions, receiver selection, and diffusion speed. *International Journal of Research in Marketing*, 33(4), 755–766.
<https://doi.org/10.1016/j.ijresmar.2016.08.003>