



# Analysis Of The Influence Of Online Consumer Reviews And Influencers On Trust In Reaching Online Cosmetics Purchasing Decisions Among Gen Z

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**Abstract. Objective** – The aim of this research is to analyze the influence of Consumer Online Reviews and Influencers on Trust in achieving Gen Z purchasing decisions. **Methodology** – The data in the study were analyzed using Smart-PLS software. This study collected 70 Gen Z samples. Evaluation is carried out with the outer model and the inner model to ensure the robustness of the proposed model. **Findings** – The results obtained show that online consumer and brand trust have a direct and significant influence on online purchase decisions. As already calculated, we also obtained results showing that influencer affect and transaction trust do not have a direct and significant influence on online purchase decisions. **Novelty** – This research analyzes the combined influence of Consumer Online Reviews (COR) and the influence of influencers on purchasing decisions. The combination of these two variables provides a more comprehensive understanding of the factors that influence Gen Z's online purchasing decisions.

**Keywords:** brand trust, e-commerce, online purchase decision, consumer review, influencer

## 1. INTRODUCTION

Technological advancements have a favorable effect on the present digitalization trend since they facilitate individuals' ability to satisfy their demands. This ease of use is demonstrated by the development of e-commerce, which makes it easier for people to make purchases. The variety of items offered in e-commerce has led to a considerable growth in commercial competitiveness across e-commerce businesses. Cosmetics are among the products that are being purchased and sold online more and more. Sales of cosmetic products happen swiftly, no matter how old the customer is. This is a direct result of the fierce competition between national and multinational firms to offer the highest caliber of goods. Data from Kompas (2022), which shows that the growth of beauty transactions is among the highest categories among other categories in the first semester of 2022, supports this claim. FMCG, which dominates Shopee and Tokopedia with total product sales of 48.5 million, is one example of the beauty products. This suggests that people now consider cosmetics to be necessities.

It is known that 66% of customers prefer to purchase cosmetics online, according to a 500-respondent Populix (2022) poll. This proportion yields higher outcomes than purchases done in supermarkets, minimarkets, hypermarkets, social media, and other outlets combined. The overall number of customers differs dramatically when purchases are conducted outside of e-

commerce. About 12% of consumers shop at supermarkets and minimarkets respectively. Only 2 percent of purchases are done in hypermarkets. Subsequently, social media accounts for 3% of overall purchases, while other means account for up to 5%. The information below then shows that, when it came to Gen Z purchases, 54% of respondents said they favored local cosmetic items (Populix, 2022). The information below then shows that, when it came to Gen Z purchases, 54% of respondents said they favored local cosmetic items (Populix, 2022). The results of the study then indicated that those between the ages of 18 and 25 made up the majority. This age group falls under the Gen Z umbrella. Gen Z now considers cosmetics to be a need in the modern world. There are more factors to consider while purchasing because Gen Z is more discerning when it comes to online purchases. Their purchase decisions are thought to be influenced by these factors. There is a mediation process known as trust or consumer trust before purchase choices. A number of factors are taken into account while making purchases. Numerous factors, including online evaluations from customers and the impact of influencers, might affect these factors. Trust among consumers influences purchase decisions.

Given the preceding context, the primary issue that this study will look at is how consumer online reviews and influencers affect trust when it comes to Gen Z consumers' purchase decisions. There will be a number of sub-problems examined, one of which is how Gen Z buyers of cosmetic items in e-commerce might be influenced by consumer online reviews in terms of trust. So how may Influencers be used as one of the main variables influencing Trust in order to impact Gen Z's cosmetic product purchase decisions through e-commerce? Furthermore, Gen Z decision-making when it comes to online cosmetic purchases might be influenced by trust ties.

It is believed that by performing this research, it would serve as a foundation and point of reference for future researchers looking to enhance and expand their problem-solving skills. It is also envisaged that more study would allow for its more precise development. In addition, it offers understanding and information on the elements influencing Gen Z's e-commerce purchase decisions. Additionally, information that is theoretically learned in college is intended to be developed through this study.

## **2. LITERATURE REVIEW**

### **Online Consumer Review**

Hennig-Thurau et al. (2004) define online reviews as positive or negative statements made by potential customers, customers who are purchasing, or customers who have already purchased about a product or company, which are then shared with many people over the

Internet. The presence of the online review feature provides additional information that can influence consumers' assumptions and decisions regarding the seller or product in question (Agustina et. al., 2018). Therefore, with the existence of Online Consumer Reviews, potential consumers can get to know the product they want to buy more closely through the available review information. Online consumer reviews also play a role in influencing consumer confidence, especially when shopping online. The experience that other people have previously had regarding a product is an influential source that has an impact when deciding on a purchase. The availability of positive things that are widely known results in consumers' seriousness in purchasing the product becoming greater (Syakira & Karina Moeliono, 2019). This means that the more positive the review given, the more purchasing decisions will increase.

### **Influencer's Affect**

An influencer with high credibility can be judged by the number of followers on their social media accounts (Sudha & Sheena, 2017). By having many followers, the influencer sells a good name. Influencer marketing is the process of identifying and activating individuals who have influence on a particular target audience to become part of a product campaign with the aim of increasing reach, sales, relationships with consumers. Influencers have an important role in increasing sales of a product. Besides that, influencers can also be third parties who shape purchasing decisions for cosmetic products sold in E-Commerce. When an influencer uses a product, it can cause followers to be interested in buying and using the product used by the influencer because of the customer's sense of trust in the influencer. In this case, it can be seen that influencers can influence a customer's purchasing decision.

### **Transaction Trust and Brand Trust**

A business transaction between two or more parties will occur if each of them trusts each other (Munandar & Chadafi, 2016). Trust is the confidence that online buyers have in online sellers and are willing to engage in online shopping. Transactions, even if there is a possibility of loss, are based on the hope that the seller will carry out the practice. Which is generally acceptable, and will be able to deliver the promised product or service (Mayer et al., 1995). Kim et al (2008) in their research stated that the risk factor perceived by consumers is consumer beliefs regarding the potential negative results of uncertainty in making online purchases. By establishing trust, a transaction can run smoothly and properly without any worries. The success of transactions on the internet is largely influenced by the trust factor (Pavlou, 2003).

Brand trust is an important component of brand equity and is one of the basics of developing and forming brand loyalty (Reast, 2005). In addition, customer trust in a brand (brand trust) is defined as the customer's desire to rely on a brand despite the risks they face

because of the expectation that the brand will lead to positive results (Lau & Lee, 1999). A brand can create brand trust if the products produced and sold are of high quality. In this way, customer trust will be created in the brand being sold and can give rise to customer loyalty towards the brand being produced and sold.

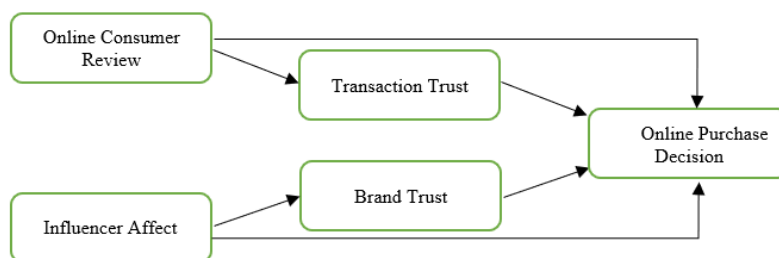
### **Online Purchase Decision**

In a business, consumers are a source of income or market for the company. Companies often pay attention to several things to increase attractiveness and maintain consumer loyalty. Therefore, an online purchasing decision is a process of combining two or more things that include these things as considerations to decide to purchase a product. Online purchasing decisions are the final result of the relationships mentioned above. In purchasing decisions, consumer actions occur in determining whether to purchase a product or not. Purchasing decisions are defined as the stage in the purchasing decision making process where consumers actually buy (Kotler & Armstrong, 2012).

## **3. METHODOLOGY**

This research uses quantitative methods. A causal relationship is a relationship that is cause and effect, so here there are independent variables (variables that influence) and dependent variables (variables that are influenced) (Sugiyono, 2016). Sampling uses the cluster sampling method which is carried out by distributing questionnaires randomly. online starting from November to December.

Based on the demographic profile obtained after distributing the questionnaire. It was found that the majority of respondents were females, 64.3% and the remaining 35.7% were males. The population in this research is generation Z in Indonesia with a population of around 60 million people (Central Statistics Agency, 2023). Based on the Gen Z data, other data was obtained, namely the number of Gen Z who made transactions on E-commerce was 23.2 million users (Kredivo Katadata Insight Center, 2023). Meanwhile, the sampling that will be achieved is generation Z who carry out transactions on E-commerce with an age range of 18-25 years. This research uses the cluster sampling method, with the minimum number of samples to be tested in this research, namely 70 respondents. According to Nazir (1998), the sample size was determined based on personal considerations, provided that the sample adequately represents the population considering costs and time. The proposed research model can be seen in Figure 1.



**Figure 1 Proposed Research Model**

The questionnaire in this study was adapted from several previous studies which confirmed this problem. This was strengthened by re-adopting the questionnaire from previous research with the aim of obtaining more accurate respondent responses through accurate methods. Measuring Online Consumer Reviews is based on 6 indicators used by Zhao et al. (2015): Usefulness of Online Reviews, Reviewer Expertise, Timeliness of Online, Volume of Online Reviews, Valence of Online Reviews, & Comprehensiveness of Online Reviews. Meanwhile, measuring Influencer Affect follows research by Ohanian (1990), which states that there are 3 indicators used to measure influencer affect, namely Trustworthiness, Expertise, & Attractiveness. Then to measure Trust, especially in Transaction Trust (online transactions) it is built through 2 dimensions: (1) Trusting belief & (2) Trusting Intention (McKnight et al., 2002). Then brand trust is measured. According to Norouzi et al. (2016), Brand Trust has two dimensions, namely Brand Reliability and Brand Intention. Finally, the measurement of Online Purchasing Decision uses five dimensions of the purchasing decision process according to (Kotler & Armstrong, 2008), namely buying stability after knowing product information, deciding to buy because it is the most preferred brand, buying because it suits your wants and needs, buying because you get recommendations from other people. The questionnaire used in this research uses a Likert scale. The Likert scale is the most popular scale model used in research to measure attitudes, opinions, perceptions or other social phenomena (Riyanto & Hatmawan, 2020:24). Respondents will choose answers 1-5 as often used in several previous studies.

#### **4. RESULTS AND DISCUSSION**

This research was carried out using one step, through testing the validity and reliability of the model. Value measurements are carried out based on standards where the values (loadings)

and reliability must be above 0.7 to be considered valid. Then, the hypothesis relationship is measured through examining the path estimate.

The R square ( $R^2$ ) test is intended to find out how much influence the independent variable has on the dependent variable. Normally, the R square value will range from 0 to 1, where the higher the value shown, the greater the influence of the variable given by the independent variable on the dependent variable. The  $R^2$  test can be seen in Table 1.

**Table 1. R-Square**

<b>Construct</b>	<b><math>R^2</math></b>	<b><math>R^2</math> Adjusted</b>
Brand Trust	0.697	0.693
Online Purchase Decision	0.916	0.910
Transaction Trust	0.840	0.837

After carrying out validity and reliability tests, the research continued by carrying out bootstrapping tests with 500 subsamples which show the path coefficient in Table 2. The existence of the original sample is intended to determine the positive and negative effects of the variables. The influence is considered negative when it approaches -1 and is considered increasingly positive when it approaches +1. Apart from that, if the influence exceeds +1 and is below -1 then it is considered invalid.

**Table 2. Hypothesis Testing**

<b>Path</b>	<b>Beta Coefficients</b>	<b>Sample Mean</b>	<b>Standard Deviation</b>	<b><i>t</i></b>	<b><i>P</i></b>
Brand Trust → Online Purchase Decision	0.151	0.162	0.080	1.901	0.029
Influencer Affect → Brand Trust	0.835	0.830	0.052	15.961	0.000
Influencer Affect → Online Purchase Decision	0.070	0.091	0.163	0.430	0.334
Online Consumer Review →	0.573	0.573	0.112	5.140	0.000

Online Purchase Decision					
Online Consumer Review → Transaction Trust	0.916	0.911	0.034	27.008	0.000
Transaction Trust → Online Purchase Decision	0.203	0.173	0.162	1.256	0.105
Influencer Affect → Brand Trust → Online Purchase Decision	0.126	0.134	0.065	1.927	0.027
Online Consumer Review → Transaction Trust → Online Purchase Decision	0.186	0.156	0.146	1.277	0.101

The next step is to analyze the relationship between variables according to the outer model structure by calculating path coefficients. To do this, it is necessary to verify the t-values and the influence relationship between the variables used in the research. Analysis of the influence of the relationship between variables can be seen in Figure 1.

The influence of the Online Consumer Review variable on Online Purchase Decision which has been analyzed obtains a statistical T value of 5,140 which is greater than the T Table (1.9) and also obtains a P value of 0.000 which is smaller than the alpha value (0.10). It can be seen that the Online Consumer Review variable has a significant influence on the Online Purchase Decision. Therefore, it can be concluded that hypothesis one is accepted.

The influence of the Online Consumer Review variable on Transaction Trust which has been analyzed obtains a statistical T value of 27.008 which is greater than the T Table (1.9) and also obtains a P Value of 0.000 which is smaller than the alpha value (0.10). It can be seen that the Online Consumer Review variable has a significant influence on Transaction Trust. Therefore, it can be concluded that hypothesis two is accepted.

The influence of the Transaction Trust variable on Online Purchase Decision which has been analyzed obtains a statistical T value of 1.256 which is smaller than the T Table (1.9) and also obtains a P Value of 0.105 which is smaller than the alpha value (0.10). It can be seen that the Transaction Trust variable does not have a significant influence on the Online Purchase Decision. Therefore, it can be concluded that hypothesis three is rejected.

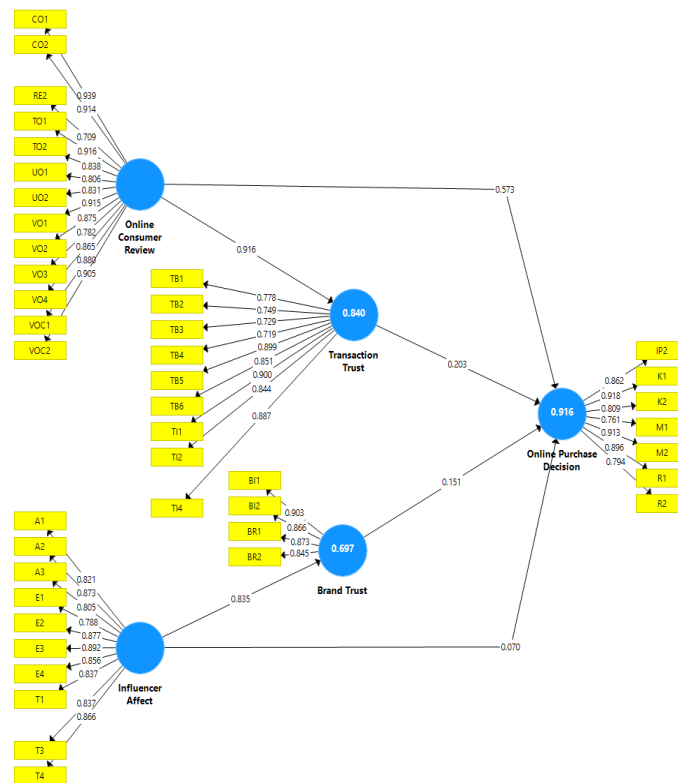


Figure 2. Bootstrapping Result

The influence of the Influencer Affect variable on Online Purchase Decision which has been analyzed obtained a statistical T value of 0.430 which is smaller than T Table (1.9) and also obtained a P Values value of 0.334 which is smaller than the alpha value (0.10). It can be seen that the Influencer Affect variable does not have a significant influence on Online Purchase Decision. Therefore, it can be concluded that hypothesis four is rejected.

The influence of the Influencer Affect variable on Brand Trust which has been analyzed obtained a statistical T value of 15,961 which is greater than the T Table (1.9) and also obtained a P Values value of 0.000 which is smaller than the alpha value (0.10). It can be seen that the Influencer Affect variable has a significant influence on Brand Trust. Therefore, it can be concluded that hypothesis five is accepted.

The influence of the Brand Trust variable on Online Purchase Decisions obtained a statistical T value of 1.901 which was greater than the T Table (1.9) and also obtained a P Values value of 0.029 which was smaller than the alpha value (0.10). It can be seen that the brand trust variable has a significant influence on the Online Purchase Decision variable. Therefore. it can be concluded that the hypothesis six is accepted.



The brand trust variable plays a significant role as a mediating variable that mediates the indirect influence of Influencer Affect on Online Purchase Decision with a path coefficient of 0.126 and *P* Values of 0.027 which is smaller than 0.05. Then, for the direct influence between Influencer Affect on Online Purchase Decision, the path coefficient value is 0.070 and the *P* value is 0.334. Thus, it can be concluded that the brand trust variable has a negative direct and positive indirect influence.

The Transaction trust variable plays a significant role as a mediating variable which mediates the indirect influence between the Online Consumer Review variable on the Online Purchase Decision with a path coefficient of 0.186 and *P* Values of 0.101 which is smaller than 0.05. Then, for the direct influence of the Online Consumer Review variable on the Online Purchase Decision, it produces a path value of 0.573 and a *P* value of 0.000. Thus, it can be concluded that the transaction trust variable has a significant and positive direct and indirect influence.

The results shown show that Online Consumer Reviews have a significant influence on online purchasing decisions among Gen Z. This reinforces previous research that has been carried out. This means that the existence of online consumer reviews has an important effect and role for most customers, especially Gen Z, when making online purchases through the various marketplaces available.

## **5. CONCLUSION**

In the contemporary digital era, e-commerce is a crucial platform for the growth of cosmetic product sales. One of the biggest groups of people using e-commerce to buy cosmetic equipment is Generation Z. According to study done by experts, Shopee is the most popular e-commerce site, with a 100% usage rate on a sample size of 70. Five factors were included in the research: influencer affect, brand trust, transaction trust, online consumer review, and online purchase decision.

A number of characteristics both satisfy and fail to complete the online purchase decision have been identified by the study that was done. In this instance, Gen Z's online buying decisions while utilizing e-commerce to make cosmetic purchases are greatly influenced by online consumer reviews and brand trust. In the meanwhile, Gen Z's online purchasing decisions when using e-commerce to make cosmetic purchases are not significantly influenced by Influencer Affect or Transaction Trust. By giving a questionnaire to seventy Gen Z participants who had made e-commerce purchases of cosmetic equipment, researchers were able to collect this data.

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