

# Digital Marketing Study: The Role of Country of Origin, Product Quality and Celebrity Endorser on Purchase Decisions

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## ABSTRACT

This study This study aims to determine the effect of country of origin, product quality, and celebrity endorser on purchasing decisions of Nature Republic Aloe Vera Soothing Gel in Yogyakarta. Samples were taken as many as 112 respondents using purposive sampling technique. The population in this study were all users of Nature Republic Aloe Vera Soothing Gel products in Yogyakarta. Multiple linear regression analysis was used to test the hypothesis of this study. The results of this study indicate that country of origin and product quality have a positive effect on purchasing decisions, while celebrity endorsers have no effect on purchasing decisions.

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## I. Introduction

The world has developed rapidly in all aspects in the increasingly advanced millennial era as it is today, one of which is the industrial aspect. This aspect of the industry has experienced an increase in its development, namely the cosmetics industry [1]. The development of the domestic cosmetics industry is now facing challenges with the circulation of imported cosmetic products in the domestic market. This was due to the high domestic market demand for premiums. This has made many foreign cosmetic brands enter and develop the Indonesian cosmetic market [2]. One country that is currently intensively marketing cosmetics in South Korea. Generally, the beauty industry in Korea is developing very rapidly. The trend of using beauty care/skincare oriented towards brands or products from the West has also experienced a shift towards Asian products or brands, especially in South Korea [3]. According to data from research conducted by Rakuten, as many as 49% of Indonesian respondents use South Korean cosmetic products. This proves that South Korean cosmetic products are more in demand by Indonesian people compared to products from other countries [4]. Many products from South Korea have been entered and developed in Indonesia, one of which is the product Nature Republic Aloe Vera 92% Shooting Gel [2]. Nature Republic is the most popular product in Indonesia, supported by the Korean Wave, which has spread Korean culture worldwide, including in Indonesia. Since the Hallyu Wave's popularity in Indonesia, it has also raised the prestige of various beauty products, including skincare and make-up, from South Korean brands [5]. In selecting products for brands, they play an essential role in getting quality products [6][7][8]. Evaluations made by consumers for a particular product are based not only on the product's attractiveness and physical characteristics but also on the country that produces it [9][10][11]. Consumers use the country of origin as an attribute in purchasing decisions because the product's image can be drawn from the product's country of origin [12]. Country of origin can influence consumer purchasing decisions for a product. Country of origin, or Country Of Origin (COO), is where a product was first produced [13]. Another factor in choosing a product is that most consumers also want a product that has good quality, in the sense that the product has benefits for fulfilling needs and is safe for consumers. Consumers have peace and comfort when using these safe products, which have more benefits. Purchase decisions can be improved through advertising activities. Advertisements that will be used need to be designed as optimally as possible using suitable media. One advertising approach is to use a celebrity endorser

[14]. celebrity Endorser use artists as advertising star in the media, starting from print media, social media, and television media [15][16][17]. Nature Republic uses celebrity endorser NCT 127 in marketing its products. NCT 127 has won many awards, making this group one of the most popular K-pop groups in Korea and other countries [6].

## II. Methods

The population in this study were all users of Nature Republic Aloe Vera Soothing Gel products in Yogyakarta. The number of samples used was 112 respondents using a purposive sampling technique, namely a sampling technique in which the researcher determines sampling by setting special characteristics/criteria according to the research objectives. The criteria determined in this study were respondents who had bought Nature Republic Aloe Vera Soothing Gel in Yogyakarta. The data collection technique used in this research is to use a questionnaire. The questionnaire method is a data collection technique that is used by giving a questionnaire or a set of questions or written statements to respondents [18]. The sampling technique carried out in this study was taken online using the help of Google Form which was distributed through Instagram social media by looking at the followers of several beauty shops in Jogja, namely on the accounts: Mutiaracosmetic\_id, Puspaindahjogja, nccbeautyshop, Suryakosmetik\_, and naturerepublicjog..

## III. Result and Discussion

### 1. Test Research Instruments

The initial stage in analyzing the data is to test the validity and reliability of the proposed questionnaire's statements. The questionnaire contains 16 statements, one for each variable: processing validity and reliability test data with SPSS 22.0 software.

#### 1) Validity test

The validity test is used to find out whether the items in the questions contained in the questionnaire are valid or not. The value of r-calculated is compared with the value of r table with product moment (pearson) correlation. The validity test is declared valid if the r-calculated is greater than the r-estimated. In this study the r-estimated value used was 0.3610 with  $\alpha=5%$  or 0.05.

Table 1. Validity Test

Variable	r-calculated	r-estimated	Status
<i>Country of Origin (X1)</i>			
X1.1	0.835	0.306	Valid
X1.2	0.805		
X1.3	0.753		
X1.4	0.805		
<i>Product Quality (X2)</i>			
X2.1	0.561	0.306	Valid
X2.2	0.508		
X2.3	0.484		
X2.4	0.477		
X2.5	0.524		
<i>Celebrity Endorser (X3)</i>			
X3.1	0.554	0.306	Valid
X3.2	0.446		
X3.3	0.524		
<i>Purchase Decision (Y)</i>			
Y1	0.685	0.306	Valid
Y2	0.593		
Y3	0.511		
Y4	0.471		

The results of the validity test in Table 1 show that each indicator in this study is declared valid; this can be seen from the value of  $r\text{-calculated} > r\text{-estimated}$  so that the indicators in this study can be

used as a measuring tool to measure country of origin, product quality, celebrity endorsers, and purchasing decisions.

## 2) Reliability Test

A reliability test was conducted to determine the extent to which the questionnaire could be trusted or relied upon. To measure the reliability, Cronbach's alpha value is used. If Cronbach's alpha value is more significant than 0.6, the statement items in the questionnaire are declared reliable.

Table 2. Reliability Test

Variables	Cronbach Alpha	Standar Value	Information
Country of Origin (X1)	0.809	0,60	Reliable
Product Quality (X2)	0.836		
Celebrity Endorser (X3)	0.632		
Purchase Decision (Y)	0.813		

Based on the reliability test in Table 2 it is shown that the country of origin variable (X1) is 0.836, the product quality variable (X2) is 0.836, the celebrity endorser variable (X3) is 0.632, and the purchase decision variable (Y) is 0.813. Each variable in this study was declared reliable because it was  $> 0.60$  and deserved to be used as a variable in measuring this study.

## 2. Classic assumption test

The multiple linear regression model test is called a good model if it fulfills the classical assumptions. Therefore the classical assumption test is needed before carrying out a regression analysis (Sarjono & Julianita, 2011). In this study, the classical assumption test consists of a normality test, heteroscedasticity test, and multicollinearity test. The following are the results of testing the classical assumptions.

### 1) Normality test

The normality test aims to test whether, in the regression model, the confounding or residual variables have a normal distribution. The data normality test is needed to carry out other variable tests by assuming that the residual values follow a normal distribution. This study uses the Kolmogorov-Smirnov statistical test approach. The test criteria are as follows:

1. If the significance number is  $< 0.05$ , the variable is not normally distributed.
2. The variable is normally distributed if the significance number is  $> 0.05$ .

The following are the results of data processing using SPSS 22 for Windows.

Table 3. Kolmogorov-Smirnov Test

		Unstandardized Residual
<i>N</i>		<b>112</b>
<b>Normal Parameters<sup>a,b</sup></b>	Mean	0.00000000
	Std. Deviation	0.3563755
<b>Most Extreme Differences</b>	Absolute	0.081
	Positive	0.052
	Negative	-.081
<b>Test Statistic</b>		0.081
<b>Asymp. Sig (2-tailed)</b>		0.070

Based on Table 3 shows that the value of Asymp. Sig. (2-tailed) of  $0.070 > 0.05$  (5%), so it can be stated that the residuals in this study are normally distributed.

### 2) Multicollinearity Test

The multicollinearity test was carried out by looking at the Tolerance and Inflation Factor (VIF) values from the residuals from one observation to another. The test criteria are if the VIF is less than 10 and the tolerance is more than 0.1 then multicorrelation is declared not to occur. The following are the results of data processing using SPSS 22 for windows.

Table 4. Multicollinearity Test

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(constant)	1.815	.317		5.722	.000		
Country of Origin	0.271	0.095	.319	2.837	.005	.467	2.143
Product Quality	.183	.089	.216	2.067	.041	.537	1.861
Celebrity Endorser	.135	.070	.175	1.915	.058	.701	1.426

Based on table 4 it can be seen that the Tolerance value of each variable is > 0.1 and the VIF of each variable is < 10. So it can be concluded that in the regression model there is no multicollinearity between the independent variables.

### 3) Heteroscedasticity Test

The heteroscedasticity test is used to test whether in the regression model there is an inequality of variance from the residuals of one observation to another. In this study the heteroscedasticity test was carried out using the Glejser Test. The Glejser test where an indicator of whether there is a heteroscedasticity problem can be seen from the SPSS output in the Sig column. If the absolute value of Sig > 5%, then the equation can be declared free from heteroscedasticity problems. The following are the results of data processing using SPSS 22 for windows

Table 5. Uji Glejser

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(constant)	1.815	.317		5.722	.000
Country of Origin	0.271	0.095	.319	2.837	.005
Product Quality	.183	.089	.216	2.067	.041
Celebrity Endorser	.135	.070	.175	1.915	.058

Based on table 5, it shows that each variable has a Sig value > 0.05, so it can be concluded that there are no symptoms of heteroscedasticity in the regression model.

### 3. Multiple Linear Regression Analysis

This analysis is used to measure the influence of the independent variable on the dependent variable or examine how much influence the country of origin, product quality, and celebrity endorser have on the dependent variable, namely purchasing decisions.

Table 6. Multiple Linear Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(constant)	1.815	.317		5.722	.000		
Country of Origin	0.271	0.095	.319	2.837	.005	.467	2.143
Product Quality	.183	.089	.216	2.067	.041	.537	1.861
Celebrity Endorser	.135	.070	.175	1.915	.058	.701	1.426

From the multiple regression analysis, the following equation is obtained:

$$Y = 1.815 + 0.271.X1 + 0.183.X2 + 0.135.X3$$

- a. Constant (a) = 1.815. This shows a constant level: if the country of origin, product quality, and celebrity endorser = 0 (zero), then the level of purchasing decisions will remain at 1.815 units, assuming a fixed variable.

- b. Coefficient value (b1) = 0.271. variable country of origin has a positive regression coefficient of 0.271 at a significance level of  $0.005 < 0.05$ , which means that for every one unit increase in the country of origin, the purchase decision will increase by 0.271 units, assuming other variables are constant.
- c. Coefficient value (b2) = 0.183. The product quality variable has a positive regression coefficient of 0.183 at a significance level of  $0.041 < 0.05$ , which means that for every increase in the product quality variable by one unit, the purchase decision increases by 0.183 units, assuming other variables are constant.
- d. Coefficient value (b3) = 0.135. Celebrity Endorser has a positive regression coefficient of 0.135 at a significance level of  $0.058 > 0.05$ , which means it is insignificant. So the celebrity endorser does not affect purchasing decisions.

#### 4. Hypothesis test

Testing the hypothesis in this study using the t-test. The t-test functions to determine the effect each independent variable, namely country of origin, product quality, and celebrity endorser, has on the dependent variable on purchasing decisions. If the significance value is less than 0.05 ( $\text{sig} < 0.05$ ), it can be concluded that the independent variable has a significant effect on the dependent variable.

Table 7. Hypothesis Testing

Model	t	Sig
(constant)	5.722	.000
Country of Origin	2.837	.005
Product Quality	2.067	.041
Celebrity Endorser	1.915	.058

Based on Table 7, then:

- a. Effect of Country of Origin on Purchasing Decisions. It is known that the significance value of the country-of-origin variable is 0.005, and the t-calculated value is  $2.837 > 1.983$ . This indicates that the country of origin positively affects purchasing decisions, so it can be concluded that Hypothesis 1 (H1) is supported.
- b. Effect of Product Quality on Purchasing Decisions. It is known that the significance value of the product quality variable is  $0.041 < 0.050$ , and the t-calculated value is  $2.067 > 1.983$ . This indicates that product quality positively affects purchasing decisions, so it can be concluded that Hypothesis 2 (H2) is supported.
- c. The influence of celebrity endorsers on purchasing decisions. It is known that the significance value of the product quality variable is  $0.058 > 0.050$ , and the t-value is  $1.915 < 1.983$ . This indicates that celebrity endorsers have no effect on purchasing decisions, so it can be concluded that Hypothesis 3 (H3) is not supported.

## Discussion

### 1. Effect of Country of Origin on Purchasing Decisions.

Based on the hypothesis test shows that the country of origin has a positive effect on purchasing decisions. Respondents' answers to statements regarding cosmetic companies from South Korea using sophisticated technology in their production activities, South Korea is known to produce a variety of cosmetic products that are suitable for Asian skin types and in making products using natural ingredients with South Korean quality, they are always known to innovate in producing cosmetics, have a good impression on consumers in Yogyakarta. In buying a product, consumers tend to see various information, one of which is where the product comes from. So the better or more advanced a country can increase the decision to purchase cosmetics produced in that country. The results of this study also support research conducted by [4] [2], which state that country of origin has a significant effect on purchasing decisions.

## 2. *Effect of Product Quality on Purchasing Decisions.*

Based on the hypothesis test shows that product quality has a positive effect on purchasing decisions. This means that consumers of Nature Republic Aloe Vera Soothing Gel in Yogyakarta consider product quality when deciding to buy Nature Republic. Having a unidirectional relationship or having a positive influence, the better the quality of the product owned by Nature Republic Aloe Vera Soothing Gel, the higher the consumer's decision to buy. This research also supports research conducted by Mayumi & Sitinjak (2020), Safira & Prabowo (2020), Anggraini et al. (2019), Hayuningtyas & Ummat (2021), which states that product quality has a significant effect on purchasing decisions.

## 3. *The influence of celebrity endorsers on purchasing decisions.*

Based on the hypothesis test shows that the celebrity endorser has no effect on purchasing decisions. This means that if the celebrity endorser is increased, it will not have an effect on increasing purchasing decisions. This shows that celebrity endorsers from Nature Republic have not been able to increase purchases of Nature Republic Aloe Vera Soothing Gel products in Yogyakarta. This research also supports research conducted by Ramadhani Nadya (2020) [14], which states that celebrity endorsers have no significant effect on purchasing decisions.

## 5. Conclusion

The results showed that country of origin and product quality had a positive effect on purchasing decisions. Meanwhile, celebrity endorsers have no effect on purchasing decisions. Companies need to highlight the country of origin of Nature Republic products and further enhance the image of Nature Republic as a South Korean cosmetics brand by contributing more to building a positive image of their country of origin. Besides that, companies also need to maintain and continue to improve the quality of Nature Republic products by proving to consumers that the quality of Nature Republic products is guaranteed to be better than other products and that the results obtained after using Nature Republic will get more benefits.

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