

# The Influence of Online Customer Reviews and Perceived Quality on Purchase Intention Through Customer Trust of Luxrime Official Shop Cosmetic Products on Shopee

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## ABSTRACT

Through customer trust in Luxrime Official Shop cosmetic products on Shopee, this study seeks to ascertain the impact of online customer reviews and perceived quality on purchase intention. People in Pekanbaru City who were familiar with Luxrime cosmetics from the Official Shop Shopee made up the study's demographic. One hundred respondents served as the sample size for this study, which employed the non-probability sampling approach. The Structural Equation Modeling-Partial Least Square (SEM-PLS) analysis approach with SmartPLS version 4.0 software is the data analysis method used in this study. The findings of the study indicate that Purchase Intention is significantly impacted by Online Customer Reviews, Purchase Intention is significantly impacted by Perceived Quality, Purchase Intention is significantly impacted by Customer Trust, Purchase Intention is significantly impacted by Perceived Quality, and Purchase Intention is significantly impacted by Online Customer Reviews through Customer Trust and Perceived Quality through Purchase Intention.

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## 1. INTRODUCTION

The trend of online shopping via *e-commerce* is no longer something new today. The many conveniences that consumers get, complemented by various supporting features that are always being improved by various *e-commerce platform companies*, have caused a surge in online shopping to occur everywhere. Various *e-commerce* platforms such as Shopee, Lazada, Tokopedia and others are of course competing to provide the best service to remain the consumer's

mainstay platform in meeting their needs. One of the *e-commerce sites* that many people rely on today is the Shopee application, which is predicted to be an *e-commerce platform* with the most users in Indonesia.

One of the industries that is currently growing rapidly is the cosmetics industry, where the cosmetics industry in Indonesia is predicted to grow every year until 2026. The rapid growth that is being experienced by the cosmetics industry in Indonesia is due to the increasing public demand for beauty matters due to the increasing public awareness of this.

According to data from the Food and Drug Supervisory Agency (BPOM), as of September 2022, the number of businesses in the cosmetics sector has increased by as much as 20.6%. Between 2021 and July 2022, the number of cosmetics industries grew from 819 to 913. SMEs accounted for 83% of the growth in the cosmetics sector.

Not only that, it is also known that various local brands have begun to occupy the cosmetic industry market by continuing to develop into brands trusted by the public. Local cosmetic or facial care labels continue to emerge and are able to compete with internationally renowned brands. One of the brands with the most cosmetic product sales in demand by the Indonesian people today is a cosmetic product from a well-known brand, namely Luxcrime.

Year after year, Luxcrime products are still *capable* of achieving *sales revenue* and are very consistent with the quality of their products. Even on the cosmetic review site FemaleDaily, Luxcrime products also get a fairly high rating, which is 4.4 out of 5 stars given by 234 users. This product is considered suitable for all Indonesian skin tones and is durable when used. It is also said that based on internal Luxcrime data, customer interest in facial care products has increased significantly, it is known that the average product sold has increased by 10 percent every month for the past few years.

The increasing interest in consumer purchases through *the official Luxcrime Shop* on the *e-commerce* shopee is certainly not a coincidence. There are several factors that can encourage and cause the high number of *purchase intentions* in the community, one of which is the community in Pekanbaru City. Before making a purchase, consumers tend to collect as much information as possible regarding a product where in this case a strong driving factor is needed to generate buying interest in consumers before finally deciding to buy a product that has been selected by comparing one product with another.

In [1] it is said to prevent consumer disappointment with online purchases, e-commerce such as Shopee provides important

features that can make it easier for consumers to determine their assessment of a product offered, namely the *Online Customer Review feature* where through this feature prospective customers can get an idea of the quality of a product, delivery time and store services.

Because they are authentic and come directly from people who have used or purchased the items, online customer reviews from other users can help customers form an opinion about the quality of the products being sold. Therefore, in addition to the previously mentioned online customer reviews, the perceived quality of the product itself is another element that is thought to have the potential to boost consumer interest in making a purchase.

To strengthen the research, the researcher conducted an initial survey of 30 respondents which aimed to provide an initial overview of the research related to the research variables used. Based on the pre-survey conducted by the researcher, the majority of respondents stated that *online customer reviews* have an influence in selecting a product so that it can be a consideration and help online shopping activities because from these reviews' consumers know the quality of luxcrime products. Seeing *reviews* and knowing the quality of the product itself can create a sense of trust and increase consumer buying interest.

## 2. LITERATURE REVIEW

### 2.1 Online Customer Reviews

Online customer reviews are opinions or experiences expressed by customers about goods or services they have purchased from a company [2]. According to [3], an online customer review is a platform that enables consumers to freely and conveniently express their thoughts and opinions on a range of goods and services. Customers may therefore more readily locate comparisons with comparable goods offered by different companies [4].

### 2.2 Perceived Quality

*Perceived Quality* is a consumer's assessment/perception of the overall product quality regarding the expected product

characteristics. Consumer expectations will increase along with continuous product improvements over the years [5].

Consumer brand assessments of a product or service are positively impacted by perceived quality. It's also believed that people typically think that well-known brands are better than unfamiliar ones. Customers' interest in making a purchase will rise when they perceive a brand to have high quality since it gives them a compelling incentive to pick it over competing ones.

### 2.3 Customer Trust

Kotler and Keller said that, "Trust is the willingness of a firm to rely on a business partner. It depends on a number of interpersonal and interorganizational factors, such as the firm's perceived competence, integrity, honesty and benevolence" [6].

*Trust* is the extent to which someone trusts a source of information, either what they say or what they write [7]. This trust from the consumer will be seen through the attitude shown with feelings of liking until the consumer continues to choose to use products from a particular brand [8].

### 2.4 Purchase Intention

Referring to [8], *Purchase Intention* is the emergence of something when there is a

stimulus where the product seen can be accepted, then the desire to buy and own it begins to arise. While [3] said, Purchase intention refers to a customer's intention to purchase a certain product and the quantity of the product that will be required within a given time frame. A scenario in which a client has not acted is known as purchase intention, and it may be used to forecast that behavior or action.

## 3. METHODS

The study was carried out at Pekanbaru City, Riau, 28293. The people in Pekanbaru City who were aware of Luxcrime cosmetics on the Official Shop Shopee made up the study's demographic. One hundred respondents served as the sample size for this study, which employed the non-probability sampling approach. This study's data analysis approach makes use of the SmartPLS software version 4.0 and the Structural Equation Modeling – Partial Least Square (SEM-PLS) analytical method. The researcher used a number of prior research sources in this study in order to create the research framework, which is as follows:

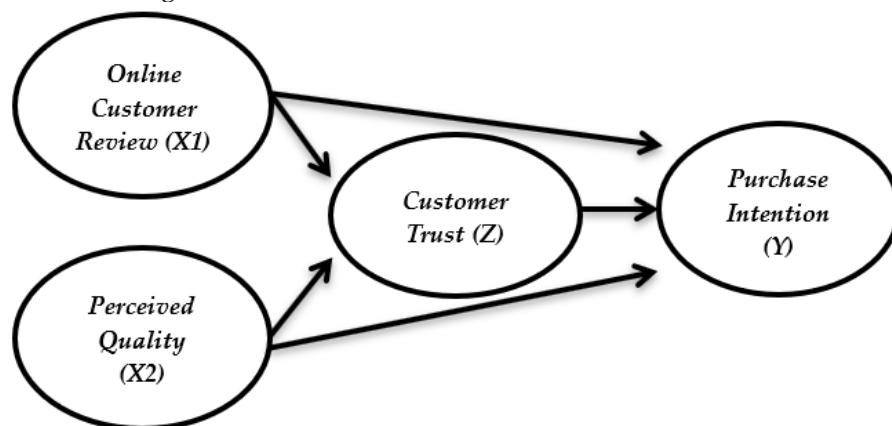


Figure 1. Research Framework

## 4. RESULTS AND DISCUSSION

Using the Partial Least Square (PLS) method of the Structural Equation Model (SEM) and Smart-PLS Software version 4.0, inferential statistical analysis was carried out. The measurement model, also known as the outer model, and the structural model, often

known as the inner model, are the two sub-models that typically make up this PLS-SEM study.

### 4.1 Measurement Model / Outer Model

Convergent validity (loading factor and average variance extracted), discriminant validity (cross loading and the Fornell-

Larcker criterion), composite reliability, and Cronbach's alpha are among the tests that are carried out. The following are the outcomes of the tests that were carried out:

#### 4.1.1 Convergent Validity

In convergent validity, two tests will be carried out, namely loading factor and

Average Variance Extracted (AVE). An indicator is said to be valid if the loading factor value is  $> 0.7$ . Then, an indicator is considered valid if it has an AVE value  $> 0.5$ . The results of the Convergent Validity Test can be seen as follows;

**Table 1. Convergent Validity Test Results (Loading Factor)**

|      | Online Customer Reviews | Perceived Quality | Customer Trust | Purchase Intention |
|------|-------------------------|-------------------|----------------|--------------------|
| X1.1 | 0.929                   |                   |                |                    |
| X1.2 | 0.923                   |                   |                |                    |
| X1.3 | 0.913                   |                   |                |                    |
| X1.4 | 0.942                   |                   |                |                    |
| X1.5 | 0.915                   |                   |                |                    |
| X1.6 | 0.946                   |                   |                |                    |
| X2.1 |                         | 0.909             |                |                    |
| X2.2 |                         | 0.853             |                |                    |
| X2.3 |                         | 0.930             |                |                    |
| X2.4 |                         | 0.833             |                |                    |
| X2.5 |                         | 0.870             |                |                    |
| X2.6 |                         | 0.895             |                |                    |
| Z.1  |                         |                   | 0.966          |                    |
| Z.2  |                         |                   | 0.945          |                    |
| Z.3  |                         |                   | 0.951          |                    |
| Z.4  |                         |                   | 0.946          |                    |
| Z.5  |                         |                   | 0.966          |                    |
| Y.1  |                         |                   |                | 0.896              |
| Y.2  |                         |                   |                | 0.931              |
| Y.3  |                         |                   |                | 0.891              |

Source: Researcher Processing, 2024

Since every indication for every variable in the given table has a loading factor value more than 0.7, it may be considered legitimate. This outcome clarifies why each indicator has strong convergent validity. The

Average Variance Extracted (AVE) value can then be examined in addition to the loading factor value in order to perform the convergent validity test. The following are the test results:

**Table 2. Average Variance Extracted (AVE) Test Results**

|                         | Average Variance Extracted (AVE) | Information |
|-------------------------|----------------------------------|-------------|
| Online Customer Reviews | 0.861                            | Valid       |
| Perceived Quality       | 0.778                            | Valid       |
| Customer Trust          | 0.912                            | Valid       |
| Purchase Intention      | 0.821                            | Valid       |

Source: Researcher Processing, 2024

In the table above, it can be seen that the value of each research variable has a result above 0.5, so based on these results it can be said that all

variables are valid and have met the test criteria.

#### 4.1.2 Discriminant Validity

Discriminant validity is a measurement of validity by comparing the correlation of

indicators of a construct with other constructs which is measured by looking at the cross-loading value and can also be done using the Fornell-Larcker method by looking at the

Average Variance Extracted (AVE) value which is square rooted. The test of discriminant validity is obtained as follows:

**Table 3 Validity Test (Cross Loading)**

|       | Online Customer<br>Reviews | Perceived<br>Quality | Customer<br>Trust | Purchase<br>Intention |
|-------|----------------------------|----------------------|-------------------|-----------------------|
| X1.1  | <b>0.929</b>               | 0.805                | 0.731             | 0.771                 |
| X1.2  | <b>0.923</b>               | 0.799                | 0.718             | 0.774                 |
| X1.3  | <b>0.913</b>               | 0.727                | 0.731             | 0.735                 |
| X1.4  | <b>0.942</b>               | 0.823                | 0.764             | 0.811                 |
| X1.5  | <b>0.915</b>               | 0.730                | 0.733             | 0.738                 |
| X1.6  | <b>0.946</b>               | 0.833                | 0.772             | 0.820                 |
| X2.1  | 0.802                      | <b>0.909</b>         | 0.788             | 0.798                 |
| X2.2  | 0.655                      | <b>0.853</b>         | 0.681             | 0.732                 |
| X2.3  | 0.772                      | <b>0.930</b>         | 0.814             | 0.837                 |
| X2.4  | 0.807                      | <b>0.833</b>         | 0.735             | 0.825                 |
| X2.5  | 0.694                      | <b>0.870</b>         | 0.780             | 0.773                 |
| X2.6  | 0.749                      | <b>0.895</b>         | 0.796             | 0.769                 |
| Z.1   | 0.744                      | 0.817                | <b>0.966</b>      | 0.836                 |
| Z.2   | 0.782                      | 0.859                | <b>0.945</b>      | 0.859                 |
| Z.3   | 0.742                      | 0.787                | <b>0.951</b>      | 0.836                 |
| Z.4   | 0.792                      | 0.854                | <b>0.946</b>      | 0.860                 |
| Z.. 5 | 0.753                      | 0.833                | <b>0.966</b>      | 0.836                 |
| Y.1   | 0.796                      | 0.829                | 0.830             | <b>0.896</b>          |
| Y.2   | 0.803                      | 0.839                | 0.835             | <b>0.931</b>          |
| Y.3   | 0.661                      | 0.761                | 0.734             | <b>0.891</b>          |

Source: Researcher Processing, 2024

It is evident from the preceding table that, in comparison to the cross-loading values of other latent variables, the cross-loading value for each indication of each latent variable is the biggest. This indicates

that every latent variable is deemed legitimate and has strong discriminant validity. The following outcomes were produced by applying the Fornell-Larcker technique to the subsequent testing criteria:

**Table 4 Fornell-Larcker Test Results**

| Variables               | Customer<br>Trust | Online Customer<br>Reviews | Perceived<br>Quality | Purchase<br>Intention |
|-------------------------|-------------------|----------------------------|----------------------|-----------------------|
| Customer Trust          | <b>0.955</b>      |                            |                      |                       |
| Online Customer Reviews | 0.799             | <b>0.928</b>               |                      |                       |
| Perceived Quality       | 0.870             | 0.846                      | <b>0.882</b>         |                       |
| Purchase Intention      | 0.885             | 0.835                      | 0.895                | <b>0.906</b>          |

Source: Researcher Processing, 2024

One may conclude that the construct has a strong level of validity since the square root value of AVE along the diagonal line in the above table shows a greater connection between one construct and another.

#### 4.1.3 Cronbach Alpha and Composite Reliability

The Cronbach's alpha table and the Composite Reliability value demonstrate the two criteria used in the reliability test to measure or assess dependability. If the

Cronbach's Alpha value is greater than 0.6 and the Composite Reliability score is greater than 0.7, then the construct may be said to

have strong reliability or the research tool, the questionnaire, has been consistent. The following are the reliability test's findings:

**Table 5 Reliability Test Results (Cronbach Alpha and Composite Reliability)**

| Variables                      | Cronbach's<br><i>alpha</i> | Composite<br><i>reliability</i> | Information |
|--------------------------------|----------------------------|---------------------------------|-------------|
| <i>Online Customer Reviews</i> | 0.968                      | 0.969                           | Reliable    |
| <i>Perceived Quality</i>       | 0.943                      | 0.944                           | Reliable    |
| <i>Customer Trust</i>          | 0.976                      | 0.976                           | Reliable    |
| <i>Purchase Intention</i>      | 0.891                      | 0.895                           | Reliable    |

Source: Researcher Processing, 2024

In It is evident from the above table that every variable has a Composite Reliability value > 0.7 and a Cronbach's Alpha value > 0.6. This demonstrates that every variable in the calculated model satisfies the requirements (reliable).

#### 4.2 Structural Model / Inner Model

*Inner* The link between latent variables based on substantive theory is described by the model, which is also referred to as the structural model, linear relation, or substantive theory. Because it examines the R-squared value and the Hypothesis Test of

direct and indirect effects, structural model testing is carried out. The following are the outcomes of the tests that were conducted:

##### 4.2.1 R-Square Test

*R-Square* value is used to measure the level of variation in changes in the independent variable against the dependent variable. The higher the *R-Square value* means the better the proposed research. It is said that if the *R-square value* of 0.67 indicates a good model, a value of 0.33 indicates a moderate model, while a value of 0.19 the model can be said to be weak. The results of the *R-square test* can be seen in the following:

**Table 6- Square Test Results**

| Structural Model          | <i>R-square</i> | <i>R-square adjusted</i> |
|---------------------------|-----------------|--------------------------|
| <i>Customer Trust</i>     | 0.770           | 0.765                    |
| <i>Purchase Intention</i> | 0.858           | 0.853                    |

Source: Researcher Processing, 2024

As can be seen from the above table, the R-Square value for Customer Trust is 0.770, which indicates that online customer reviews and perceived quality account for 77% of the Customer Trust variable. However, other factors not included in this study have an impact on the remaining 23%. Purchase Intention's R-Square value is 0.858, indicating that online customer reviews and perceived quality have a significant 85.8% effect on the variable. However, other factors not included in this study have an impact on the remaining 14.2%.

##### 4.2.2 Hypothesis Testing

The results of the correlation between constructs, which are assessed by examining the path coefficients and the degree of significance, may be used to evaluate hypotheses. These findings are then compared with the hypotheses. Examining the route coefficient values to ascertain the direct effect and the Specific Indirect Effects value to ascertain the indirect influence was how hypothesis testing was done in this study. The following are the findings of the direct impact hypothesis test:

**Table 7 Hypothesis Testing Results (Direct Effect)**

| Influence  | Path<br>Coefficients | T statistics<br>( O/STDEV ) | P values | Information |
|--|----------------------|-----------------------------|----------|-------------|
| <i>Online Customer Review -&gt;<br/>Customer Trust</i> | 0.220                | 2.313                       | 0.010    | Accepted    |

|   |       |       |       |          |
|---|-------|-------|-------|----------|
| Perceived Quality -><br>Customer Trust          | 0.683 | 7,833 | 0.000 | Accepted |
| Online Customer Review -><br>Purchase Intention | 0.185 | 2.135 | 0.016 | Accepted |
| Perceived Quality -><br>Purchase Intention      | 0.398 | 3.352 | 0.000 | Accepted |
| Customer Trust -><br>Purchase Intention         | 0.391 | 3,668 | 0.000 | Accepted |

Source: Researcher Processing, 2024

Then, the researcher also conducted a hypothesis test to determine the indirect effect which can be seen in the following table:

**Table 8 Results (Indirect Effect)**

| Influence  | Path<br>Coefficients | T statistics<br>( O/STDEV ) | P<br>values | Information |
|--|----------------------|-----------------------------|-------------|-------------|
| Online Customer Review -><br>Customer Trust -> Purchase<br>Intention | 0.113                | 2.259                       | 0.027       | Accepted    |
| Perceived Quality -><br>Customer Trust -> Purchase<br>Intention      | 0.267                | 3.290                       | 0.001       | Accepted    |

Source: Researcher Processing, 2024

## 5. CONCLUSION

The study's findings demonstrate that Purchase Intention is significantly impacted by Online Customer Reviews, Purchase Intention is significantly impacted by Perceived Quality, Purchase Intention is significantly impacted by Perceived Quality,

Purchase Intention is significantly impacted by Customer Trust, Purchase Intention is significantly impacted by Perceived Quality, and Purchase Intention is significantly impacted by Online Customer Reviews through Customer Trust and Perceived Quality through Purchase Intention.

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