

Sales Promotion, Celebrity Endorsement and Electronic Word Of Mouth (E-WOM) As Important Factors in Determining Purchase Decision

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Abstract: This research aims to analyze the influence of sales promotions, celebrity endorsements and electronic word of mouth (e-WOM) on female consumers' purchase decisions at Sociolla e-commerce. The population in this study are all female consumers who had made transactions or shopped at Sociolla and live in the area of Jakarta, Bogor, Depok, Tangerang and Bekasi (Jabodetabek). The sample used in this research are 100 respondents using a probability sampling method with a simple random sampling technique. Primary data processing uses IBM SPSS version 26. The research results show that sales promotions, celebrity endorsements and electronic word of mouth (e-WOM) simultaneously have a significant influence on female consumers' purchase decisions at Sociolla e-commerce. In addition, the partial research results show that the celebrity endorsement variable does not have a significant influence on female consumers' purchase decision at Sociolla e-commerce. On the other hand, the sales promotion and electronic word of mouth (e-WOM) variables have significant influence on female consumers' purchase decision at Sociolla e-commerce.

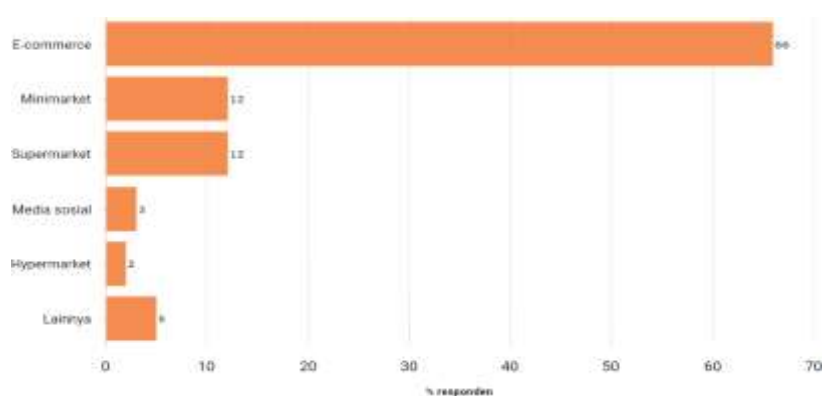
Key Words: Sales Promotion, Celebrity Endorsement, Electronic Word of Mouth (e-WOM), Purchase Decision, E-Commerce

I. Introduction

The very rapid development of technology has an impact on changes in all fields, such as social, economic, cultural as well as changes in people's lifestyles and consumption patterns. Changes in lifestyle in various fields have encouraged the creation of new businesses that aim to meet customer needs and desires. Therefore, companies must continue to follow market developments and understand what the market needs in order to maintain and expand their business.

The ease of accessing the internet has given rise to online shops which are currently very popular with the public and have become an alternative choice for shopping. Products for daily self-care in health and hygiene are ones that are in great demand, especially among young people. Self-care products or cosmetics are products that are now really needed by almost all women. Nowadays, people often choose to purchase cosmetic products online or e-commerce, since it is easier for customers to use e-commerce to find what they need.

Figure 1. Place to Buy Cosmetics



(Populix, 2022)

The survey reported by Populix in Databoks (2022) shows that the majority of the public or 66% of the respondents purchase cosmetics via e-commerce. These results are quite far compared to purchases through Minimarkets, Supermarkets and Hypermarkets. Only 12% of visitors purchase cosmetics through minimarkets and supermarkets. Purchase cosmetics through hypermarkets is only 2%. Meanwhile, the remaining 3% made purchases on social media and 5% of respondents made cosmetic purchases elsewhere.

The leading beauty e-commerce website in Indonesia currently is Sociolla. It is e-commerce in Indonesia that sells skin and body care products. On its website (Sociolla.com), it has many offers for all products every day (sociolla.com). The SOCO by Sociolla website and application allow the presentation of beauty items from various manufacturers. It also provides many brand choices, ranging from local products to even international products. From the website, there can be several factors that might encourage Sociolla to attract consumers' attention in making purchases, such as sales promotions, celebrity endorsements, and electronic word of mouth (e-WOM).

Some previous researches have revealed different results about the influence of sales promotion, celebrity endorsement, and e-WOM. Research conducted by (Raya, 2020) states that sales promotions have a significant effect on purchase decisions. In the contrary, research conducted by Nasution, Linzy, & Lesmana (2019) proves that sales promotions do not have a significant effect on purchase decisions. Ramadhani & Nadya (2020) said that celebrity endorsement does not significantly influence purchase decisions. However, Anas & Sudarwanto (2020) proves that celebrity endorsements have a significant influence on purchase decisions. Studies conducted by Prasad, Gupta, & Totala (2017) and Arif (2021) revealed that e-WOM has a significant influence on purchase decisions. On the other hand, Luthfiyatillah et al. (2020) found that e-WOM does not have influence on purchase decisions. The differences of the previous research have triggered the authors to conduct study on sales promotion, celebrity endorsement, electronic word of mouth, and purchase decision. Moreover, this study aims at analyzing the influence of sales promotion, celebrity endorsements, and electronic word of mouth (e-WOM) on Women's purchase decision of Sociolla's products.

II. Literature Review

Sales Promotion

Sales promotion cannot be separated from the desire of customer to buy their needs. It is considered as the main key in a marketing campaign, consisting of a collection of incentive tools, most of which are short term, designed to stimulate the purchase of certain products or services more quickly or more by consumers or trade. Kotler & Keller, Syahputra & Herman, (2020). Moreover, Belch & Belch, 2017 argue that sales promotions are defined as direct inducements that offer extra value or incentives for products to sales personnel, distributors, or end consumers with the primary goal of creating direct sales. In addition, Malau (2017) underlined that sales promotion is a form of direct persuasion through the use of various incentives that can be arranged to stimulate immediate product purchases and/or increase the number of goods purchased by customers." Through sales promotions, companies can attract new customers, encourage customers to buy more, attack competitors' promotional activities, increase impulse buying (purchases without prior planning), or seek closer cooperation with retailers. There are several consumer-oriented sales promotion tools that can be used to stimulate purchases by consumers according to Belch & Belch (2017). The tools include (1) sampling; (2) coupon; (3) free premium gifts; (4) contest and sweepstakes; (5) cash refund offers/rebates; (6) bonus Packs; (7) price off deals; (8) loyalty programs; (9) marketing events.

Celebrity Endorsement

Sari (2020) stated that Celebrity Endorser is using artists as advertising stars in the media, starting from print media, social media, and television media to support a product. While using celebrity endorsements to promote a product, marketers must be willing to pay more for celebrity endorsements that have many fans or are liked by many people. The influence of celebrity endorsements in promoting products can be seen on increasing product or service sales, especially advertisements displayed on social media platforms. This has made many companies now look at celebrity endorsements as a platform to promote the products they sell. The indicators of celebrity endorsement are (1) Trustworthiness; (2) Expertise; (3) Attractiveness; (4) Respect; (5) Similarity

Electronic Word of Mouth (e-WOM)

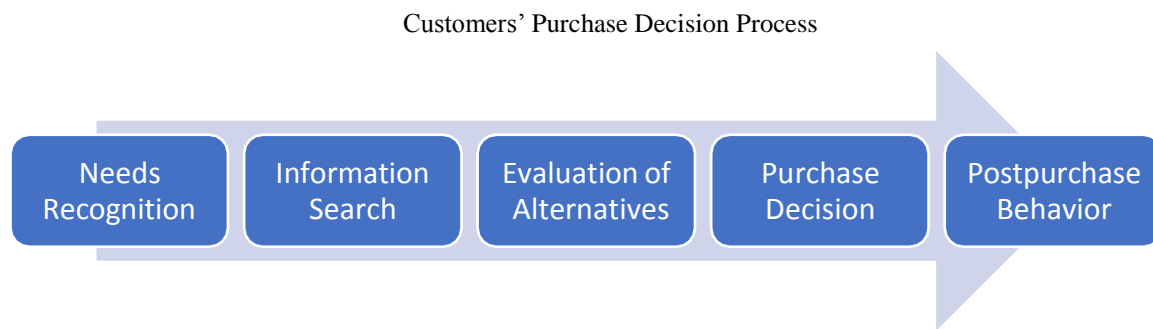
Kotler & Armstrong (2018) state that electronic word of mouth (e-WOM) is the internet version of word-of-mouth advertising. Electronic word of mouth (e-WOM) can be in the form of websites, advertisements and mobile online applications, online videos, emails, blogs, social media and other marketing events that are so interesting that consumers are interested in sharing them with other people. Electronic word of mouth (e-WOM) is a new form of word of mouth (WOM) with different coverage and media for conveying audience opinions. Electronic word of mouth (e-WOM) can be in the form of reviews that can be supported by images, video or

audio that influence consumers via internet platforms such as e-commerce/marketplace,

YouTube, Instagram, Twitter, Facebook and even TikTok. There are some factors that motivate customers to do e-WOM. Tose factors are desire for social interaction, desire for economic incentives, their concern for other consumers, and the potential to enhance their own self-worth (Hening, et al., 2004). Four dimensions of electronic word of mouth (e-WOM) that are used in this research are (1) Intensity; (2) Positive valence of opinion; (3) Negative valence of opinion; (4) Content (Goyette et al., 2010).

Purchase Decision

Purchase decisions are the activities of individuals who are directly involved in making decisions to purchase products or services offered by marketers. Consumers who decide to purchase a product or service will provide profits to the company. Therefore, companies must pay attention to consumer purchase decisions because they are a benchmark for the company's success. Kotler & Armstrong (2018) define purchase decision as behavior refers to the customers behaviors (individuals and households) who buy goods and services for personal consumption. In general, a purchase decision is an action of selecting of two or more alternative options. Furthermore, Kotler and Amstrong describe the process of purchase decisions as follows.

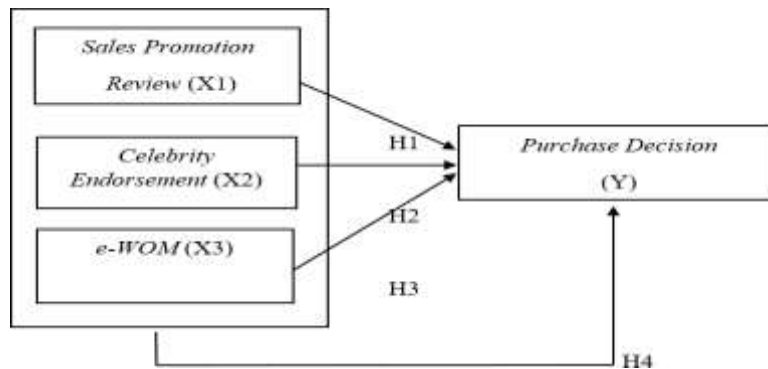


Source: Kotler & Amstrong (2018)

Research Framework

From previous explanation, the framework of tis research can be described as follow.

Figure 2. Research Framework



Source: Author (2023)

Based on the description above, the hypothesis of this study are as follow.

- H1: There is an influence of Sales promotions on Customer’s purchase decisions on Sociolla e-commerce.
- H2: There is an influence of Celebrity Endorsement on Customer’s purchase decisions on Sociolla e-commerce.
- H3: There is an influence of Electronic Word of mouth (e-WOM) on Customer’s purchase decisions on Sociolla e-commerce.
- H4: There is an influence of Sales promotions, Celebrity Endorsement, and Electronic Word of Mouth (e-

WOM) on Customer's purchase decisions on Sociolla e-commerce.

III. RESEARCH METHOD

This research uses quantitative research methods. The respondents in this research are individuals, namely all female consumers who have made transactions or shopped at Sociolla. The independent variables in this research are sales promotion (X1), celebrity endorsement (X2), and electronic word of mouth/e-WOM (X3) while the dependent variable is the purchased decisions (Y). The population used in this research are all female consumers who have made transactions or shopped at Sociolla and live in the area of Jakarta, Bogor, Depok, Tangerang and Bekasi (Jabodetabek). The sample from this study used a probability sampling method with a simple random sampling technique. In this research, because the population is unknown and large in size and the sample chosen by the researcher is in the Jabodetabek area, the researcher applies Roscoe's theory in Sekaran & Bougie (2016) determining the number of samples in this research is 25 times the number of variables. The sample of this research are 100 female respondents who have made transactions or shopped at Sociolla. The type of data used is primary sourced from questionnaires. This research conducted validity and reliability tests on

30 respondents, normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test. To determine the influence of variables, this research conducted multiple linear regression tests, t tests, F tests, and coefficient of determination tests.

IV. RESULTS AND DISCUSSION

Table 1. Result of Validity Test

Item	<i>Purchase Decision</i>	<i>Sales Promotion</i>	<i>Celebrity Endorsement</i>	<i>Electronic Word of Mouth (eWOM)</i>	<i>Table r</i>	<i>Result</i>
	Nilai r-Hitung	Nilai r-Hitung	Nilai r-Hitung	Nilai r-Hitung		
1	0.798	0.893	0.812	0.816	0,361	Valid
2	0.840	0.782	0.866	0.768	0,361	Valid
3	0.882	0.822	0.902	0.787	0,361	Valid
4	0.854	0.849	0.865	0.904	0,361	Valid
5	0.879	0.889	0.898	0.847	0,361	Valid
6	0.870	0.816	0.890	0.804	0,361	Valid
7	0.826	0.932		0.824	0,361	Valid
8	0.810	0.840		0.774	0,361	Valid
9		0.740			0,361	Valid
10		0.874			0,361	Valid

Table 2. Result of Reliability Test

Variable	Jumlah Item Valid	Cronbach's Alpha	Result
Sales Promotion	10	0.928	Reliabel
Celebrity Endorsement	6	0.948	Reliabel

Sales Promotion, Celebrity Endorsement and Electronic Word Of Mouth (E-WOM) As Important.

Electronic Word of Mouth (e-WOM)	8	0.902	Reliabel
Purchase Decision	8	0.948	Reliabel

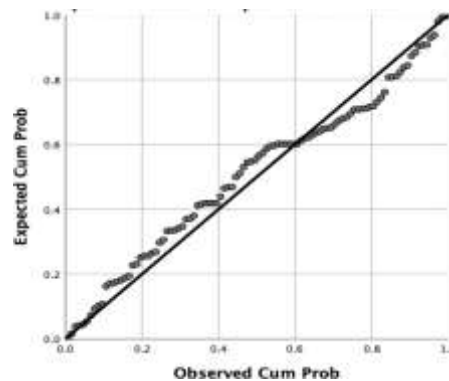
Each statement item in the sales promotion, celebrity endorsement, electronic word of mouth (e-WOM) and purchase decision variables has a calculated r that is greater than the r table of 0.361. The results of the reliability test using Cronbach's Alpha, each variable has a value greater than 0.60. So, each variable statement is declared valid and reliable because it meets the validity and reliability test requirements.

Classical Assumption Test

Normality Test

Figure 3. Normality Test Result

Normal P-P Plot of Regression Standardized Residual Dependent Variable: Purchase Decision



Based on the normality test using Kolmogorov Smirnov, it shows that the curve line is normal. Where these points follow the direction of the diagonal line, so it can be concluded that the data studied is normally distributed. The regression model between sales promotion, celebrity endorsement and electronic word of mouth (e-WOM) variables on purchase decisions is suitable for use in the next analysis stage.

Multicollinearity Test

Tabel 3. Result of Multicollinearity Test

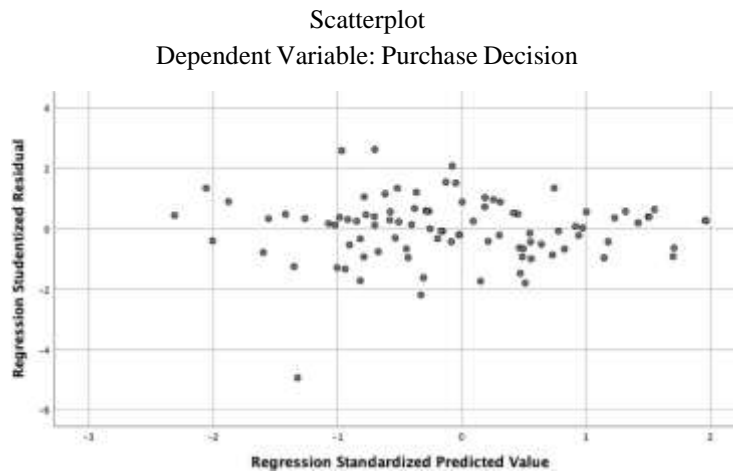
Coefficients^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	7.493	3.193		2.347	.021		
	Sales Promotion	.329	.076	.372	4.325	.000	.789	1.268
	Celebrity Endorsement	.022	.107	.019	.210	.834	.703	1.423
	eWOM	.362	.088	.396	4.089	.000	.622	1.607

a. Dependent Variable: Purchase Decision

The multicollinearity test by comparing the VIF value and tolerance value, the three independent variables, which are sales promotion, celebrity endorsement, and electronic word of mouth (e-WOM) shows that the tolerance value and variance inflation factor (VIF) value are not greater than 0.10 and nothing less than 10, meaning that there is no multicollinearity in the data.

Heteroscedasticity Test

Figure 4. Result of Heteroscedasticity Test



The Scatterplot results shows that the distribution points do not form a particular pattern and also the data distribution points are spread above and below the number 0 on the X and Y axes, so that the points are spread well and do not accumulate in one location. Thus, it can be said that there is no heteroscedasticity problem in the regression model that will be used.

Autocorrelation Test

Table 4. Result of Autocorrelation Test

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.664 ^a	.441	.423	3.64373	2.296
a. Predictors: (Constant), eWOM, Sales Promotion, Celebrity Endorsement					
b. Dependent Variable: Purchase Decision					

From the test results above, it can be stated that

$$dW = 2,296 \qquad 4 - dU = 4 - 1,7364 = 2,2636$$

$$dL = 1,6131 \qquad 4 - dL = 4 - 1,613 = 2,3869$$

$$dU = 1,7364$$

The value of dW shows 2.296 which is greater than the upper limit value (dU) of 1.7364 and smaller than (4-dU) of 2.2636. Thus, it can be said that the results of this research do not occur autocorrelation.

Multiple Linear Regression Test

Sales Promotion, Celebrity Endorsement and Electronic Word Of Mouth (E-WOM) As Important.

The following is the multiple linear regression equation in the research.

$$Y = 0,372X1 + 0,019X2 + 0,396X3 + e$$

The regression coefficient value of the sales promotion is 0.372 with a significance value of $0.000 < 0.05$. It can be said that the sales promotion influences the purchase decision variable. The regression coefficient value for the celebrity endorsement is 0.019 with a significance value of $0.834 > 0.05$. It shows that the celebrity endorsement does not have influence on the purchase decision. The regression coefficient value for the electronic word of mouth (e-WOM) is 0.396 with a significance value of $0.000 < 0.05$. It is a proof that the electronic word of mouth (e-WOM) variable influences the purchase decision variable.

T Test

Table 5. Result of T Test

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	7.493	3.193		2.347	.021
	Sales Promotion	.329	.076	.372	4.325	.000
	Celebrity Endorsement	.022	.107	.019	.210	.834
	eWOM	.362	.088	.396	4.089	.000

a. Dependent Variable: Purchase Decision

The results of the T test reveals that the sales promotion variable has a value of 4,325 > t-table of 1,985 and a significance value of $0.000 < 0.05$. So, it can be said that sales promotions have a significant effect on purchase decisions. The celebrity endorsement variable has a value of $0.210 < t$ -table of 1.985 and a significance value of $0.834 > 0.05$. It means that celebrity endorsement does not have a significant effect on purchase decisions. The electronic word of mouth (e-WOM) variable has a value of 4,089 > t-table 1,985 and a significance value of $0.000 < 0.05$. It proves that electronic word of mouth (e-WOM) has a significant influence on purchase decision.

F Test

Table 6. Result of F Test

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1004.188	3	334.729	25.212	.000 ^b
	Residual	1274.572	96	13.277		
	Total	2278.760	99			

a. Dependent Variable: Purchase Decision

b. Predictors: (Constant), e-WOM, Sales Promotion, Celebrity Endorsement

The F test shows that the significance level is $0.000 < 0.05$ and the calculated F value is 25,212 with an F table value of 2.70 or it could be said that the calculated F is $25,212 > F$ table 2.70. So, it can be concluded that the sales promotion, celebrity endorsement and electronic word of mouth (e-WOM) variables have a simultaneous influence on the purchase decision variable.

Determination Coefficient Test (R²)

Table 7. Result of Determination Coefficient Test (R²)

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.664 ^a	.441	.423	3.644

a. Predictors: (Constant), eWOM, Sales Promotion, Celebrity Endorsement

The coefficient of determination test results was obtained and the R Square results were 0.441 or 44.1%. It can be said that overall, the sales promotion, celebrity endorsement and electronic word of mouth (e-WOM) variables have a weak correlation influence on purchase decisions.

Based on the results of research analysis, data processing and discussions that have been carried out regarding "The Influence of Sales Promotion, Celebrity Endorsement and Electronic Word of Mouth (e-WOM) on Purchase Decisions of Female Consumers in Sociolla E-Commerce" it can be concluded that the sales promotion variables and the electronic word of mouth (e-WOM) variable has a significant effect on purchase decisions at Sociolla. Meanwhile, the celebrity endorsement variable has no significant effect on purchase decisions at Sociolla. The variables sales promotion, celebrity endorsement and electronic word of mouth (e-WOM) show that these variables simultaneously and significantly influence the purchase decisions of female consumers on Sociolla e-commerce.

V. CONCLUSION

The Sales Promotion Variable has a significant influence on purchase decisions at Sociolla. This is supported by the results of hypothesis testing using the t test. Thus, the result of this study supports the previous research conducted by Raya (2020), who stated that sales promotions have a significant effect on purchase decisions. Moreover, the result of this study is contradictory with the previous research conducted by Nasution, Linzy, & Lesmana (2019), which proved that sales promotions do not have a significant effect on purchase decisions.

The result of this study also reveals that the variable of Celebrity Endorsement variable doesn't have significant influence on purchase decisions at Sociolla. This is supported by the results of hypothesis testing using the t test. The proof that Celebrity endorsement doesn't have influence on purchase decision supports the previous research conducted by Ramadhani & Nadya (2020). However, it is contradictory with the research conducted by Anas & Sudarwanto (2020), which revealed that celebrity endorsements have a significant influence on purchase decisions.

The Electronic Word of Mouth (e-WOM) variable has a significant influence on purchase decisions at Sociolla. This is supported by the results of hypothesis testing using the t test. Moreover, the result of this study supports the research conducted by Prasad, Gupta, & Totala, (2017) and Arif (2021). On the other hand, it is contradictory with the research conducted by Luthfiyatillah, Milatina, Mujahidah, & Herianingrum (2020). Moreover, the variables Sales Promotion, Celebrity Endorsement, and Electronic Word of Mouth (e-WOM) show that these variables have a simultaneous and significant effect on the purchase decisions of female consumers on Sociolla e-commerce.

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