



Paper 17

The Influence of Perceived Risk and e-WOM towards
Purchase Intention La Paris Products

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Abstract - Even though the Internet has many economic benefits, some customers are still hesitant to buy inspired perfume products online due to perceived risk. The term "Inspired Perfume" is often used in the beauty industry to refer to products that have a similar scent or quality to a certain perfume brand. Buying Inspired perfume online is risky because customers cannot smell the perfume directly. Another point that needs to be investigated is how electronic word of mouth (e-WOM) communication generated by consumer comments on social networking sites can influence customers' purchase intentions in online shopping stores. This research aims to identify the factors that influence consumers' purchase intention of inspired perfume from La Paris and give recommendations that can be implemented by another inspired perfume marketers to create good strategies for online marketing. The data was collected through an online questionnaire and analyzed by PLS-SEM to assess the relationship between the factors. The results show that Perceived Risk does not significantly influence consumers' Purchase Intention, but e-WOM significantly influenced consumers' Purchase Intention. Another highlight is e-WOM variable is significantly influenced consumer's Perceived Risk. Based on this finding, it is suggested that inspired perfume marketers should try and develop online marketing to attract consumers to tell their experience using inspired perfume which may lead to positive purchasing intentions

Keywords - Inspired Perfume, Perceived Risk, e-WOM, and Purchase Intention

I. INTRODUCTION

In today's world, wearing perfume is a pleasant way to display one's individual taste and sense of style. Perfume is now available in a variety of price ranges ranging from quite expensive to relatively inexpensive, and it is also accessible in a variety of intensities. In addition, it is stated that the major market players have concentrated their efforts on generating beautiful, one-of-a-kind, and innovative perfumes that will appeal to a diverse range of consumer groups throughout the world. Asia-Pacific countries such as China, Japan, South Korea, Indonesia, Malaysia, and Singapore are the primary contributors to the region's status as the world's fastest-growing perfume market, surpassing the United States and Europe. During the forecast period, the fragrance and perfume market is expected to grow at a compound annual growth

rate (CAGR) of 5.52 percent (2022-2027). Based on the information provided by [1], Indonesia is a medium-sized market for fragrances and perfumes, as illustrated in the image below derived from the same source.

In the beauty industry, dupes are becoming increasingly popular. The term "Inspired Perfume" is often used in the beauty industry to refer to products that have a similar scent or quality to a certain perfume brand [2]. Inspired perfume, as opposed to fake perfume which claims a product is part of a particular brand that is exactly the same as the original expensive perfume. They always give credit to the original designer's product, but they differentiate themselves by including their own features or characteristics, for example in terms of packaging. In addition, this inspiring presence is not intended to encourage competition or negative connotations between brands, because it appears that each product has a different target market [3].

One of the inspired perfume brands that is now popular among Indonesians is La Paris. The popularity of La Paris has drawn the attention of numerous parties, including customers and other perfume competitors, over the years. Currently, La Paris distributes its products on a variety of channels, including their website, Lazada, JD.ID, Tik Tok Shop (through Tik Tok), Instagram, Facebook, Shopee Mall, Tokopedia, and WhatsApp. The most distinguishing element of a perfume is its scent, which is difficult to demonstrate visually. As a result, the communication effort made by La Paris team to explain the scent of each perfume is to describe the characteristics of each perfume through content on their social media or during live streaming through verbal communication.

There are times when people are hesitant to buy something online because they can't try it first [4]. The Perceived Risk is higher due to a variety of factors, including fear of online purchasing methods and performance of products [5]. Social networks make it easier for businesses to generate and post content for a huge number of potential audiences. In commercial contexts, e-WOM or Electronic Word of Mouth refers to the action of sharing views and ideas about companies, products, or services with others via the internet. Because e-WOM material is frequently viewed as accurate and relevant, e-WOM tends to elicit empathy from customers to buy the products [6].

This study looks at Internet marketing from the

perspective of the consumer. As a result, new and comprehensive research models are required to provide a comprehensive understanding of the mechanism by which Perceived Risk and e-WOM influences consumer purchase intention especially for La Paris products. There is also an opportunity in the fact that Inspired Perfume products are still not widely discussed by many researchers. Therefore, a greater understanding of purchase intention is essential for good sales implementation, particularly to grasp the customer's perspective on La Paris and to comprehend consumer behavior in order to enhance the business of the organization.

II. METHODOLOGY

The quantitative methodology utilized in the study to generate objective measurement and the numerical data gathered via the survey method. A quantitative method is used to answer research questions and specific hypotheses [15]. Furthermore, quantitative research is primarily concerned with gathering numerical data and generalizing it across groups of people or explaining a phenomenon [16]. The survey method is defined as a technique for gathering information from respondents by providing lists of relevant questions [15], which is commonly used to address the issues of what, where, who, and how much, which will then be quantitatively analyzed by the researcher to provide feasible justifications among the variables in the research for specified relationship [17]. When using this strategy, a formal set of questionnaires is usually developed. On this occasion the researchers chose to take a sample of 200 respondents and there are several criteria to become respondents in this study: Domiciled in big cities in Indonesia, 17-30 years old, Female, and Familiar with La Paris brand.

All indicators are rated on a 5-point Likert scale ranging from "strongly disagree" (1) to "strongly agree" (5). In addition to operational variable questions that will be rated on a 5-point Likert scale 1 to 5, the demographic-behavioral and socio-demographic information was also asked. In this study, the research hypotheses were examined using a Structural Equation Model (SEM) technique based on the Partial Least Squares method (PLS). PLS is capable of understanding the link between variables and of carrying out several analyses in a single test, which is unique. In order to assist researchers in confirming their theories and explaining whether or not there is a relationship between latent variables, PLS is used. A latent variable (one that cannot be directly measured) can be described using the PLS approach, according to [18], and can be quantified by employing indicator variables. Here is the conceptual framework that researcher will analyzed for:

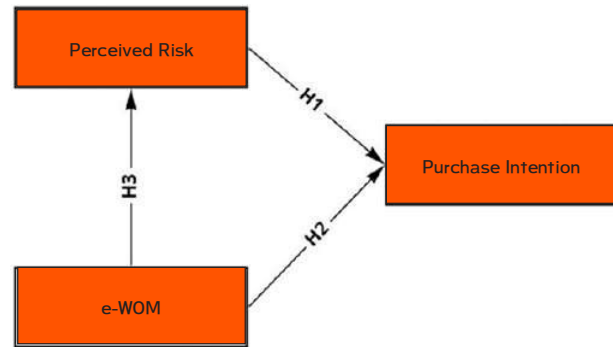


Figure 2.1 Conceptual Framework

III. RESULTS

A. Respondent Profile

A quantitative approach is conducted through a questionnaire-based survey. From the total of 239 respondents, there are 211 respondents (88.3%) who confirmed that they are familiar with La Paris products. The other 28 respondents (11.7%) who are not familiar with La Paris products are not included in further analysis since they do not meet the criteria of this survey.

Based on the result, from 211 respondents, 52.1% are 16-20 years old, 45% are 21-25 years old, 2.8% are 26-30 years old. The respondents of the questionnaire are spread all over Indonesia, with the most respondents domicile in Bandung (53.1%). In the second position the respondents come from Surabaya (10.9%), and respondents from Jakarta in the third place (10.4%). The respondents also have different jobs and almost all of the respondents are college students (86.3%) with a total amount 182 respondents. In the second place, the respondents are employees (9.5%), students (2.4%), and the others are freelancers, entrepreneur, and doctor.

Based on their income, 78.7% of the respondents (166 respondents) have income in a month in a range Rp0-2,000,000. The following would be 11.4% of the respondents (24 respondents) who have income in a month in a range Rp2,000,000-Rp4,000,000. Next in a range Rp4,000,000-Rp6,000,000 with 15 respondents (7.1%). Last, 2.8% of the respondents (6 respondents) have income more than Rp6,000,000. Next, based on their spending for perfume in a month, 54% of the respondents (114 respondents) spent less than Rp100,000 per month on perfume products, 25.1% of the respondents (53 respondents) who spent between Rp100,000-Rp200,000, 10.4% of the respondents (22 respondents) who spent between Rp200,000-Rp300,000, and 4.7% of the respondents (10 respondents) who spent between Rp300,000-Rp400,000, and the last 5.7% of the respondents (12 respondents) who spent more than

Rp400.000 per month on perfume products.

From 211 respondents, 161 respondents (76.3%) said that they ever had doubts about buying La Paris products and another 50 respondents (23.7%) said that they never had doubts about buying La Paris products. The respondents' answers have different reasons why they had doubts about buying a La Paris product and the biggest percentage of all factors is they are afraid that the scent doesn't match with their expectations (49.8%), they are afraid the product is leaking or damaged (20.7%) and they are afraid the scent won't last long (7.9%).

B. Descriptive Analysis

Descriptive statistics are used to summarize data in an organized manner by describing the relationship between variables in a sample or population [19]. The respondents generally agree that e-WOM in La Paris has good quality in providing them with credible information about La Paris products because on average almost all e-WOM indicators are in the range of 4. Specifically, the E1 indicator "I believe the quality of e-WOM on La Paris social media is helpful enough for my decision-making" has the highest mean score of 4.156. It shows that Quality of e-WOM for customers is helpful enough for their decision-making. This indicator has a minimum score of 1 and a maximum score of 5.

The respondents generally perceive buying La Paris products as not risky because on average all Perceived Risk indicators are in the range of 1-2. The mode seen from each indicator is also worth 2 which means they do not agree that buying La Paris is a risky thing. Last, the respondents generally have medium to high Purchase Intention in La Paris products because on average all Purchase Intention indicators are in the range of 3. The mode seen from each indicator is also worth 4 which means they agree that they are interested in buying La Paris products. Specifically, the PR2 indicator "I think that buying La Paris products is definitely not safe for health" has the lowest mean score of 1.749. However, this statement does not refer to a negative influence, because the statement is also written in a negative sentence. So, it can be concluded that customers agree that buying La Paris products is definitely safe for their health. This indicator has a minimum score of 1 and a maximum score of 5.

According to table 4.8, the R2 value of Purchase Intention is 0.506. This suggests that the latent variables used to build Purchase Intention (Perceived Risk and e-WOM) only explain 50.6% of the variance in Purchase Intention and are considered at moderate level. In contrast, the R2 value for perceived risk is 0.126, indicating that e-WOM has a low level of accuracy because it can only explain for 12.6%

of the variance in perceived risk. Specifically, PI1 indicator "I'm interested in finding out more Information about La Paris" has the highest mean score of 3.934. It shows that customers are interested in finding out more information about La Paris. This indicator has a minimum score of 1 and a maximum score of 5.

C. Partial Least Square (PLS-SEM) Analysis Result

The construct's predictive importance is proven by the estimated positive Q2 values. If the value of Q2 equals one, a model can be said to be perfect (mirror reality). The Q2 values of Purchase Intention (0.390) and Perceived Risk (0.067) which are positive or verify the predictive significance of the structural model for each construct. The GoF value for this research model is 0.853. This value indicates that the model accurately captures 85.3% of phenomena that occur in the real world. The SRMR (standardized root mean square residual) value of this model is 0.066, which indicates a good fit model because it is less than 0.08.

E. Other Recommendations

As the Inspired Perfume market in Indonesia expands because of increased brand recognition and demand, people are looking for opinions of luxury brand perfumes to learn more before purchasing. Several elements influence consumers' purchasing intentions toward Inspired Perfume, and businesses (particularly La Paris) must pay attention to these factors in order to deliver precise and clear information to viewers and pique their purchasing desire even further.

This study is provided as a reference of improvement for social marketing activities to promote their brand. The result, insights, and recommendations of this study will help marketers, especially in the inspired industry, gain a practical understanding on how a perceived risk and e-WOM could improve customers' purchase intention toward their products directly and through their social media activities. The results will also benefit marketers from the inspired perfume industry by giving them information about their targeted audience characteristics and behaviors.

Based on the results of the quantitative data analysis in the previous chapter, here are some recommendations that can be used by La Paris as follows.

1. It is important to maintain and increase the activity of consumers who have purchased La Paris products so that they can leave comments in the comment section of social media
2. Let consumers keep commenting on their own initiative

because it will look natural or not artificial. Comments that look too overrated can also make comments look fake

3. Invite consumers to provide a clear and detailed review of the fragrance of La Paris products, both in terms of physical, social, financial, and performance. So that consumers can feel more secure and avoid uncertainty.
4. La Paris can continue to post videos or screenshots of comments that consumers provide so that other consumers are also interested in providing their version of the comment because they see that La Paris is a brand that pays attention and responds to every comment from other consumers.
5. Invite consumers to describe what they feel when they smell perfume from La Paris. Is it sweet, fruity, vanilla, warm, etc. Various descriptions from several points of view make consumers more aware of the fragrance.

IV. DISCUSSION

Table 41 - Hypothesis Testing Result

Hypothesis	Structural Path	T-Values	P-Values	Result
H1	Perceived Risk → Purchase Intention	1.395	0.164	Rejected
H2	e-WOM → Purchase Intention	13.981	0.000	Accepted
H3	e-WOM → Perceived Risk	6.188	0.000	Accepted

- o There is no significant and negative effect between Perceived Risk and Purchase Intention.

Hypothesis 1 stated that Perceived Risk has no significant and negative influence on consumers' Purchase Intention. However, according to the calculation, the t-value of the hypothesis is below 1,96 (1.395) at a significance point of 0.05 (5%). Due to the result, the hypothesis was rejected. It indicates that Perceived Risk does not have any significant influence on customers' Purchase Intention.

- o There is significant and positive effect between e-WOM and Purchase Intention

Hypothesis 2 stated that e-WOM has a significant and positive influence on consumers' Purchase Intention. However, according to the calculation, the t-value of the hypothesis is above 1,96 (13.981) at a significance point of 0.05 (5%). Due to the result, the hypothesis was accepted. It indicates that e-WOM has any significant influence on customers' Purchase Intention.

- o There is significant and negative effect between e-WOM and Perceived Risk.

Hypothesis 3 stated that e-WOM has a significant and negative influence on consumers' Perceived Risk. However, according to the calculation, the t-value of the hypothesis is above 1,96 (6.188) at a significance point of 0.05 (5%). Due to the result, the hypothesis was accepted. It indicates that e-WOM has any significant influence on customers' Perceived Risk.

The strength of the associations between all the latent variables is evaluated using Cohen's F square (f^2) effect size after the model's path significance and hypothesis have been evaluated [7]. The researcher can use the f^2 effect size calculation to assess the strength or magnitude of the associations between the latent variables and to ascertain the value of each construct for model adjustment [8]. [9] claim that values greater than 0.02, 0.15, and 0.35, depict small, medium, and large f^2 effect sizes respectively.

Table 4 2 f Square Result

Variable	Perceived Risk	e-WOM	Purchase Intention
Perceived Risk			0.011
e-WOM	0.144		0.818
Purchase Intention			

From the f^2 result on the table above, it can be concluded that e-WOM to Perceived Risk has a small effect size. Then, e-WOM to Purchase Intention has a large effect size.

From the research there is no indirect influence on the dependent variable via mediating factors. Also, to search the mediating result, the following conditions must be met in order to achieve the mediating effects [10]:

1. Examine the impact of independent variables on dependent variables; the results of this stage should be significant.
2. Examine the impact of independent variables on the mediation variables; the result should be significant as a result.
3. Examine the impact on dependent variables of independent and mediation variables. In contrast to the expected outcome between independent factors and mediation variables, the expected outcome between mediation variables and dependent variables should be significant.

The purpose of the mediating test is to confirm the mediating effects of the mediating variables. [11] claim that the presence of a third variable that mediates the relationship between the independent and dependent variables is the primary characteristic of the mediating effect. The Perceived Risk variable as mediating variable does not meet the three standards based on the requirements that were previously given. According to

the hypothesis's findings, perceived risk seems to have no significant effect on a consumers' Purchase Intention. Therefore, it is evident that the Perceived Risk variable does not mediate the e-WOM and Purchase Intention variables.

V. CONCLUSION

According to the survey, it has been found that Perceived Risk has a negative and no significant influence on the Purchase Intention of La Paris products. The results of this study are not in line with the findings of [20], who concluded that Perceived Risk had a significant negative influence on Purchase Intention. He said this is important for online businesses because the risk (financial, performance, psychological, social, and quality) is higher than in conventional stores. Consumers must not just provide their credit card and personal information when shopping online; they must also believe the online store to deliver the desired product securely and on time. The development of online commerce and service delivery in recent years has made perceived risk a major issue for online behavior, but did not generate any further action, especially the intention to purchase La Paris products. This might be because La Paris is already making greater attempts to avoid information disarray on their social media platforms [21]. As a result, buyers no longer experience uncertainty when purchasing La Paris products and the Perceived Risk does not significantly influence Purchase Intentions.

According to the survey, it has been found that e-WOM has a positive and significant influence on the Purchase Intention of La Paris products. The results of this study are in line with the findings of According to [13] research, she stated that customers consider the substance of e-WOM information crucial when making a final purchasing decision and have a significant effect on consumer purchasing intention. The quality of e-WOM offered by other consumers who purchased La Paris products first can help other consumers make decisions to purchase La Paris products as well. Research conducted by [12] which indicates that E-WOM makes receivers more receptive or trustworthy, as they represent independent voices without any impediments to being genuine/authentic. That is, potential consumers' La Paris feel that e-WOM could be trusted because it is based on their own ideas rather than pressure or directions from others. Because perceived risk has a big impact, La Paris must pay attention to the e-WOM listed on their social media (for example, in the post comments section), because these comments might influence other potential consumers to make them intent to purchase La Paris products.

Last, e-WOM has a significant and negative effect on consumers' Perceived Risk.

The findings of this study are aligned with [14] research. According to him, consumers can lessen the risk they assume when making purchases online by looking for reliable information about the products they intend to buy. As a result of searching for credible information in the comments column via e-WOM, the uncertainty about the risks discovered is perceived to be lessened because they can first examine the purchasing experiences of other consumers. This explains why there is a negative connection between the two variables. Because when e-WOM increases, the perceived risk decreases. Because perceived risk has a big impact, La Paris must pay attention to the e-WOM listed on their social media (for example, in the post comments section), because these comments might influence other potential consumers to learn about the perceived risks that they will be exposed to.

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