

The Influence of Country of Origin, Perceived Product Quality And Social Media Marketing on Consumers Purchase Decision at E-Marketplace Lazada With Purchase Interest as Intervening

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Abstract—The aim of this research is to analyze the influence of country of origin, social media marketing, product quality perceptions, Consumer interest in visiting Lazada influences consumer decisions to make purchases at Lazada with consumer purchase interest as an intervening variable. The object of this research is consumers' decisions to make purchases at Lazada. The population in this research is all Lazada consumers. The sampling method is purposive sampling taken using Google Form. The total number of respondents in this research was 173 Lazada consumer respondents. The analysis used in the research is structural equation modeling. The results of this research are that country of origin, social media marketing and perceived product quality have a positive and significant effect on consumer interest in visiting Lazada. Social media marketing, perceived product quality, consumer interest in visiting Lazada have a positive influence on consumer decisions to make purchases at Lazada. Country of origin does not have a significant effect on consumers' decisions to make purchases at Lazada. Consumer interest in visiting Lazada intervenes in the influence of country of origin, social media marketing and perceptions of product quality on consumer decisions to purchase at Lazada.

Keywords— country of origin, social media marketing, perceived product quality, purchase interest, purchasing decisions

I. INTRODUCTION

Modern globalization no longer prevents people from communicating and interacting with each other. The fields of technology,

transportation and communication are experiencing very rapid development. Increasingly advanced technology in smartphones allows everyone around the world to communicate via electronic communication devices, also known as cellphones. This type of two-way communication allows people to interact with each other only with the help of telephone and short messages, as well as the internet network, which is currently the most developed [1].

With more than 250 million people in Indonesia using smartphones, digital marketing research institute E-marketer estimates that the number of people actively using smartphones in this country will reach more than 100 million people in 2021, with the entire internet population actively using smartphones. The COVID-19 pandemic has changed people's lifestyles, making people stay at home more and practice *social distancing*. With *Work From Home*, most work is done at home. This condition also causes changes in shopping behavior, such as buying daily necessities and secondary and tertiary needs, which can be fulfilled through marketplace platforms and online stores. Meanwhile competition between sellers on the internet is growing individually and through e-marketplaces.

Lazada Indonesia was founded in 2012 and is still operating today. At first, it was the largest online store with the largest market share in Indonesia. However, Lazada is currently unable to compete with other online stores. Since 2017, Lazada has dropped from 1st to 3rd place, with Shopee at 1st and Tokopedia at 2nd. According to statistics on customers who made purchases

on Lazada, Lazada also experienced a decline. The result show that Lazada is in fourth place, behind Shopee, Tokopedia, and Bukalapak. This shows that customers are not very interested in buying something from Lazada, and this must be addressed because this decreased interest can make customers move to its competitors and reduce its business performance because customers do not make purchases.

The number of Lazada visitors decreased from 117,572,100 in the first quarter of 2018 to 42,044,500 in the first quarter of 2020. This decline shows that customers no longer want to visit Lazada. Purchase interest is a customer's desire to buy something. However, the generation of demand for a product, product identification, and evaluation of information are the result of external influences. Consumers will find it easier to make purchases when they already have an interest in a product [2]. Consumer's decisions to buy something are influenced by their desires or interests, which can be influenced by things unrelated to the product [3]. Other studies [4][5] found that purchase intention influences buyers' decisions. However, other research [6] found that purchase interest does not influence buyers' decisions. Therefore, other variables are needed to increase the influence of buying interest.

The attitude of buyers when they make a purchase and are interested in a product is called "purchasing interest". Based on theory and previous research, there are a number of variables that can influence consumers' interest in buying something. Manufacturing effects, or where a product is made, will influence consumers' interests and their decision to buy something. A country is considered to have a unique reputation for its goods. The country of origin (COO) will create a certain perception about the product brand; This perception can be positive or negative [3]. Positive perceptions will encourage consumers to buy the product. As economies become more global, trade

barriers between countries decrease, which makes foreign products more accessible in local markets than before. In these circumstances, various products and services are evaluated by considering COO as a differentiator in each country's local market. For example, Indonesian consumers' interest in buying products its influenced by the country of origin of the manufacturer [7]. It is known that the COO component influences the purchasing interest of Indonesian consumers who want to buy an iPad [8]. This also applies to other studies, which found that COO components influence purchase intentions [7].

Marketing products through social media, also known as "social media marketing", is an easy way to do it in today's technological era. Social media marketing is a term that refers to empowering individuals to promote goods and services offered through available social media platforms, which can be used as a way to communicate with more people [9]. Marketers currently do not make much use of social media as their promotional tool. Marketers can more easily reach and connect with many potential customers at a lower price or even for free by using the social media platforms most commonly used for marketing, such as Instagram, Facebook, Twitter, and WhatsApp [10].

One of the additional conveniences, offered to customers is their ability to access the internet anytime and anywhere via computers, smartphones and now tablets. This definitely makes it easier for marketers to market their goods or services without time or space limitations [11]. Social media marketing is a type of internet marketing in which content is created and shared on social media networks for marketing and branding purposes. A social media marketing strategy that is appropriate to the product will make the information disseminated more easily accessed and accepted by consumers. Consumers will be more interested in buying because of better use of social media.

Perceived quality is a consumer's perception of the quality or general superiority of a product or service compared to available alternatives based on the goals to be achieved, which encourages them to make a purchase [12]. There is a positive and significant influence on buying interest [13]. This finding is in line [14] who found that perceived quality has a significant influence on purchase intention, despite other studies [15] found that perceived quality did not have a significant influence. Inconsistent results that further research is needed on the influence between variables.

Based on the background, the phenomenon raised in this research is the Lazada problem. This online shop, which in 2017 was still the largest marketplace in Indonesia, experienced a decline until it only ranked 3rd, and this fact is supported by data showing that Lazada visitors are currently ranked 4th only after Shopee, Tokopedia, and Bukalapak. Previous research result show that several factors can influence customers' interest in visiting Lazada and ultimately influence their purchasing decisions in the market, namely country of origin, promotions on social media, and perceptions of the quality of the products being sold.

The aim of this research is to analyze the influence of country of origin, social media marketing and product quality perceptions on consumer interest in visiting Lazada; analyze the influence on country of origin, social media marketing, perceived product quality, consumer interest in visiting Lazada on consumer decisions to make purchases at Lazada; analyze the influence of the role of consumer interest in visiting Lazada in mediating the influence of country of origin, social media marketing and perceived product quality on consumer decisions to purchase at Lazada.

II. METHOD

The design of this research is quantitative research. The population of this study consists of all Lazada consumers in unlimited numbers. The total number of

respondents in this research was 195 Lazada customers who had active Lazada accounts and had made purchases at least twice in three months; however, only 173 respondents were able to complete the questionnaire completely (response percentage 88.7%). The sample used in this research was 173 Lazada customers who had a Lazada account and had made purchases at least twice in three months. The total sample was 173 respondents in accordance with Hair's theory which requires a minimum of 100-150 respondents [16].

The research data source is Lazada customers who are still active and have made purchases at least twice in the last three months. The research uses a questionnaire or questionnaire with questions that have answers on a Likert scale from 1-5. Those who answer the questionnaire will be asked to be active Lazada customers and have made purchases at least twice in the last three months. Google Form will be used to distribute questionnaires to customers via links to WhatsApp, Instagram and personal WhatsApp groups and communities. The target charging time is two weeks. People who meet the sample criteria must be active Lazada customers and have made purchases at least twice in the last three months. An extension of time will be given again if the sample number is not met within the specified time.

The data analysis technique uses *structural equation modelling* (SEM). Statistical variable measurements are carried out using variable description analysis. Next, the overall fit measurement was carried out in the model. If the covariance matrix based on the model is the same as the data matrix covariance (found), then the model is a good fit to the data. This means that, even if only one or more fit measurements show inappropriate values, it is still possible that the model is a good fit to the data. Indirect effects and total effects can be used to determine the possibility of an indirect relationship from the

independent variable to the dependent variable. The indirect effect shows through the mediator variable that there is an indirect relationship between the two. Structural model design shows the relationship between variables in AMOS; direct and indirect testing performed with AMOS plugins; the use of plugins shows an indirect effect, with p value $p < 0,05$. Hypothesis calculation are carried out with a significance value of 5 percent. If the significance value (p) of the independent variable is less than 5 percent, the hypothesis is considered feasible. If the significance value (p) is greater, the hypothesis is considered not feasible. Hypotheses are tested with t tests with estimation tables, also known as regression weight tables [17].

III. RESULTS AND DISCUSSION

A. RESULT

The results of *Structural Equation Modelling* calculations are as follows:

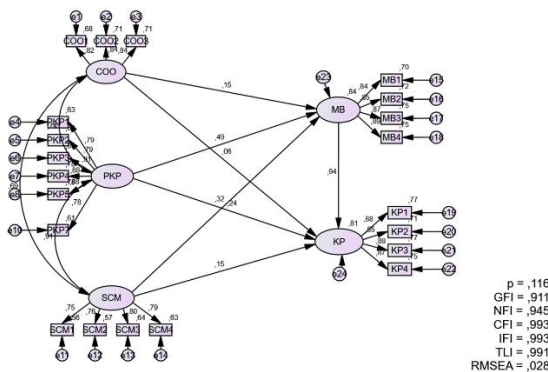


Figure 1. Full Model

The significance value of each variable is used to test the influence of the independent variable on the dependent variable. If the significance value is less than 0.05, the hypothesis which states that there is an influence of the independent variable on the dependent variable can be accepted.

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Hypothesis Test Results

			Estimate	S.E.	C.R.	P
MB	<---	COO	,154	,073	2,098	,036
MB	<---	PKP	,503	,176	2,859	,004

			Estimate	S.E.	C.R.	P
MB	<---	SCM	,387	,191	2,027	,043
KP	<---	COO	,063	,088	,722	,470
KP	<---	PKP	,254	,203	2,247	,032
KP	<---	SCM	,184	,226	2,813	,016
KP	<---	MB	,965	,172	5,624	***

The Influence of Country of origin on Purchase Interest

H1: *Country of origin* has a positive effect on buying interest.

The significance value in table 4.16 shows that the country of origin has a positive influence on purchase intention. A CR of 2.098 meets the requirements, more than 2.00 (coefficient 0.154 and p value 0.036 less than 0.05). As a result, H1 of the study is accepted. This shows that increasing country of origin will increase buying interest.

The Influence of Perceived Product Quality on Purchase Interest

H2: Perception of Product Quality has a positive effect on purchase intention.

Based on the significance value shown in table 4.16, the relationship between perceived product quality and purchase interest is shown by a CR of 2.859, which meets the requirements, namely more than 2.00 (coefficient 0.503), and a p value of 0.004, which is less than 0.05. Consequently, H2 is accepted in this study. This shows that if the perception of product quality increases, purchasing interest will increase.

The Influence of Social Media Marketing on Purchase Interest

H3: *Social Media Marketing* has a positive effect on buying interest.

According to the significance value shown in table 4.16, the relationship between purchase interest and social media promotion is shown by a CR of 2.027,

which meets the requirements, namely more than 2.00 (coefficient 0.387 and p value 0.043 below 0.05). Therefore, H3 can be accepted in this research. This shows that purchasing interest will increase as a result of better social media promotion.

The Influence of *Country of Origin* on Purchasing Decisions

H4: *Country of Origin* has a positive influence on purchasing decisions.

Because the relationship between country of origin and purchasing decisions is shown by a CR of 0.722 which does not meet the requirements, namely below 2.00 (coefficient 0.063 and p value 0.470 greater than 0.05), H4 in this study cannot be accepted.

The Influence of Perceived Product Quality on Purchasing Decisions

H5: Perception of Product Quality has a positive influence on purchasing decisions. The relationship between perceived product quality and purchasing decisions is shown by a CR of 2.247 which meets the requirements, namely more than 2.00 (coefficient 0.254 and p value 0.032 less than 0.05), based on the significance value shown in table 4.16. As a result, H5 can be accepted in this study. This suggests that more people will choose to purchase goods with better perceived quality.

The Influence of *Social Media Marketing* on Purchasing Decisions

H6: *Social Media Marketing* has a positive influence on purchasing decisions.

The relationship between social media marketing and purchasing decisions is shown by a CR of 2.813 which meets the requirements namely more than 2.00 (coefficient 0.184 and p value 0.016 below 0.05). Therefore, H6 can be accepted in this study. This means that increasing social media marketing will increase purchasing decisions.

The Influence of Purchase Interest on Purchase Decisions

H7 : Purchase interest has a positive influence on purchasing decisions.

Purchase interest influences purchasing decisions. This is indicated by a CR of 5.624 which meets the requirements, which is more than 2.00 (coefficient 0.965 and p value $0.000 < 0.05$). Consequently, H7 can be accepted in this study. This shows that increasing buying interest will increase purchasing decisions.

B. DISCUSSION

The country of origin of the product has a positive effect on purchasing interest. The location where the product is made, or the effects it includes, will influence consumers' purchasing interest and their decisions to purchase the item. A country will be considered to have an exclusive reputation for certain goods. The country of origin will create a certain perception of the product brand, which can be positive or negative. Positive perceptions will encourage real purchases. As economies become more international, trade barriers between countries decrease, which makes foreign products easier to purchase on the domestic market than before. As a result, COO is used as a competitive differentiator in each country's local market to assess various products and services. For example, the country of manufacture influences Indonesian buyers' preferences for purchasing certain products. Previous studies have shown [8] that the purchasing interest of buyers who intend to buy an iPad in Indonesia is significantly influenced by their country of origin. This finding is in line with previous research [7], which found that country origin significantly influences purchase intentions.

Perception of product quality influences purchasing interest. One important part of customer satisfaction is looking at product quality. Manufacturers must consider six dimensions of product quality to achieve customer satisfaction. Product quality can be defined as "the ability of a product to

perform its function, this concerns the product's general durability, reliability, precision, ease of operation and repair and other valuable attributes". On the other hand, Kotler stated that product quality is "one of the marketers' main positioning suggestions", and that products can be defined as "free from defects" in a broader sense [18]. Consumers assess the quality of products on the market. Marketing must use the customer's perspective on quality to measure quality. Perceived quality is a customer's perception of the overall quality or relative superiority of a product or service compared to competitors in relation to the goals to be achieved, which encourages consumers to buy the product.

Product marketing through social media, also referred to as "social media marketing", is an approach to encourage people to promote goods and services offered through available social media platforms, which can be used as a means of communication that can reach more people [9]. The influence of product marketing via social media on purchasing interest. The most frequently used platforms for marketing are Instagram, Facebook, Twitter and WhatsApp. Through social media, it is easier for marketers to reach and connect with many potential customers at lower prices or even for free [19]. One of the additional conveniences offered to customers is their ability to access the internet anytime and anywhere via computers, smartphones and now tablets. This clearly helps marketers market their products or services without being limited by time or space [11]. Social media marketing is a type of internet marketing where content is created and shared on social media networks for marketing and branding. Customers will gain more knowledge about the product and the information disseminated will be more easily accessed and accepted through social media marketing that is appropriate to the product. Better use of social media will encourage customer interest in making purchases. This is in accordance with the

results of research such as [20] who found that social media marketing has a major influence on buyer interest.

Perceived product quality influences purchasing decisions positively. Consumers' thoughts about a product can influence their beliefs about the product. Consumers are more likely to remain loyal to a particular brand of product if they believe that the product is of high quality [21]. This is because customers believe that the products made by the brand have useful value for them, can meet their needs, and can improve their social status [22]. As a result, perceived product quality will have a positive impact on their behavior when deciding to buy the product.

Business advertising on social media has a positive effect on customers' decisions to purchase goods. Social media marketing has a positive impact on consumers' choices about what they buy in the Chinese clothing market [23]. Social media marketing greatly influences consumers' choices about what they buy [24]. Marketing on social media that is appropriate to the product will give customers more knowledge about the product and make the information disseminated more easily accessible and accepted. Therefore, a better social media campaign will result in better purchasing decisions. Marketing on social media improves the decision making process. Social media can influence consumer purchasing decisions because advertising on social media will attract customers to make purchases according to the seller's wishes [23] explains that social media can influence consumer decisions to buy something.

Purchasing decisions are significantly influenced by purchasing interest. Consumer behavior when making purchasing decisions about a product is influenced by their views about the brand and the environmental factors that influence it [25]. Before someone decides to buy something, their curiosity will arise. One element of consumer behavior in consumption attitudes is purchase intention,

which refers to the respondent's tendency to act before making a decision to buy something. Measuring consumer buying interest is very important to determine their loyalty to a product or service [26]. Consumers who feel satisfied and satisfied with the goods or services they purchase will likely consider purchasing those goods or services again in the future. The curiosity that arises when making a purchase makes it a strong habit. In the end, the buyer will actualize what is in his mind when his needs are met [27].

Based on the calculating results, it can be concluded that purchase interest mediates the influence of country of origin, social media marketing, and perceived product quality on purchasing decisions. This is because country of origin marketing and social media have an indirect impact on consumer purchasing decisions. This suggests that buying interest may serve as a barrier. These findings indicate that purchase intention is closely related to the possibility of customers making purchases driven by certain motivations. Purchase intention can be used to measure the level of customer transformation into purchasing behavior towards a particular product and can also be used as a tool to predict customer purchasing decisions [28]. There is a greater likelihood of purchasing if there is greater interest. Marketers must also pay attention to buying interest. This is because interest is the main factor in making a decision to purchase goods or services. Purchase intention is a concept that actually exists from several brands available in a certain time period. Companies can encourage customers to buy by providing stimulus or stimulation. Several factors that can increase consumer interest include consumer trust in the product manufacturer's country of origin, company social media campaigns, and good perceptions about the goods they are going to buy. Each of these stimuli is designed to make consumers want to buy something.

IV. CONCLUSION

The research results show that consumer interest in making purchases at Lazada is positively and significantly influenced by country of origin, social media marketing, and perceived product quality. Meanwhile, consumers' decisions to make purchases at Lazada are influenced by social media marketing and perceptions of product quality, but are not influenced by country of origin. It is proven that purchasing interest can influence customers' choices to buy goods on Lazada through factors such as the product's country of origin, promotions on social media, and perceptions of product quality.

In future research, it is hoped that additional variables can be used to complement this research. Service quality can be used as a substitute for insignificant country of origin variables that influence purchasing decisions. Future research should use additional analysis methods, such as path analysis. Apart from that, as a comparison, this research must use other computer programs such as SPSS.

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