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Exploratory analysis of natural cosmetic products purchase intention: Evidence from Jakarta, Indonesia

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ABSTRACT

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In the COVID-19 era, green consumption has risen into a global trend, leading beauty products to be more environmentally friendly to satisfy these new consumers' needs. However, not every natural beauty brand, especially natural cosmetic products, survived in the market. This study aimed to examine the cause and effect of a phenomenon of storytelling marketing strategies on the public's purchase intention for cosmetic products made from natural ingredients. The literature study showed that the relationship between storytelling and purchase intention is somewhat inconsistent. As a countermeasure and study gap, this study implemented product innovation as a mediating variable. This research was carried out quantitatively in Jakarta, Indonesia. Data used in this study was primarily obtained through questionnaires in 2021 and judgement sampling of 200 respondents. The data were tested using Structural Equation Model Partial Least Square (SEM-PLS) models' technique on SmartPLS 3.0. The results showed that storytelling positively increases natural cosmetic purchase intention through product innovation.

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1. Introduction

The demand for beauty products globally has increased rapidly in the last decade. Based on IBISWorld (2021), cosmetic manufacturing reached \$418.3 billion in 2023 which increased from \$265 billion in 2017. Unfortunately, this trend negatively impacted the environment and the human body, especially during COVID-19. Common ingredients usually found in cosmetics, such as parabens, triclosan, and siloxane, are discharged into aquatic and terrestrial environments daily and pose ecological risks and toxic effects on the users (Munerah et al., 2021). This information makes people demand safer alternative cosmetic products and spurred many industries to develop products made from natural ingredients (Fonseca-Santos et al., 2015; Rubin & Brod, 2019). For example, L'Oréal states that it has changed all its product formulations to achieve 96% natural ingredients using strong natural active, and sustainable ingredients (Withisuphakorn, 2019). Pop et al. (2020) state that not every natural cosmetic brand survived. Previous research stated the most significant issue of natural cosmetics is brand inability to sell because the company does not use the appropriate business and marketing strategy (Corazza et al., 2009; Fonseca-Santos et al., 2015; Rubin & Brod, 2019). Current studies have shown that it is important to show off the product's positive point and uniqueness to generate consumer purchase intention, which directly impacts consumers' emotional response (Lee-Yun Pan & Chen, 2019; Peng et al., 2019; Schmidt and Steenkamp, 2018). Various instruments, such as pamphlets and advertising, can deliver this value. But story-based advertising was the most popular advertising to deliver cosmetic product value (Amanatidou, 2022). Dessart (2018) shows that a good story can stimulate the human senses. The impetus to buy a product because of interesting stories about its benefits is a phenomenon found by Lund et al. (2018) and Van Laer et al. (2019). Winning product marketing needs stories about products that evoke consumer empathy (Sanders & Van Krieken, 2018). Most studies pertaining to storytelling have discussed brands or products (Delgado-Ballester, 2020; Goldschmied et al., 2017). In

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today's era of competition, innovation is key for survival, and telling an interesting story about the product will impact purchase intention (Madhoushi et al., 2011; Stock & Zacharias, 2011). Product innovation is another factor impacting natural cosmetic purchase intention besides storytelling. Recent studies have revealed the effect of product innovation on purchase intention (Indriastuti, 2019; Chen et al., 2017). Fu et al. (2017) argue that product innovation yields a significant positive effect on storytelling creation and product purchase intention. This finding is supported by other researchers, namely Chen et al. (2017) and Bello and Karupiah (2022), who found that innovation is crucial in increasing the company's shared value with customers. Indonesia was primarily chosen as the research object because of its geographical eminence. Of the range of endemic plants in Indonesia, 7,000 species of plants are currently widely used for medicinal, aromatic, and beauty purposes worldwide (Jumiarni & Komalasari, 2017). Many players in this industry are now mulling switching to natural materials that are environmentally friendly and ethically sourced. Hence, they have a positive impact on environmental sustainability (Bom et al., 2019; Fonseca-Santos et al., 2015). It encourages many local brands to develop and sell natural cosmetic products that are effective and cheap. It also has local value based on philosophical value and the unique story behind Nusantara (Indonesia) biodiversity (Anastasia et al., 2019; Sembiring et al., 2015). The Jakarta area was chosen as a population sample because most consumers of cosmetic products in Indonesia came from Jakarta instead of the other area or region (Faza et al., 2022; Ferdinand & Ciptono, 2022; Kawa et al., 2013).

This study aimed to discover storytelling and product innovation's impact on natural cosmetic purchase intention. Understanding storytelling, product innovation, and purchase intention of natural cosmetics can be used as policy considerations to be related stakeholders. Not only that, but this research is also expected to fill a literacy gap in beauty product purchase intention in Jakarta, Indonesia.

2. Literature Review

Currently, beauty products have become a primary need for women in the whole world. Manufacturers have marketed many beauty products with various marketing efforts to build an awareness of their products' positive values in society. To get consumers' purchase intention, a marketing person must have good marketing skills to introduce a product (Popp & Woratschek, 2017). An important skill is building a positive emotional response to the purchase intention (Lee-Yun Pan & Chen, 2019). This opinion is supported by Chowdhury et al. (2015), who stated that storytelling has a positive impact on society. Lund et al. (2018) and Van Laer et al. (2019) stated that consumers are interested in buying products because they are interested in stories about the product's benefits. Product marketing needs stories about products to gain consumers' empathy (Sanders & Van Krieken, 2018).

Previous studies related to storytelling mostly only discussed brands or products (Delgado-Ballester, 2020; Goldschmied et al., 2017). However, stories about these products must be accompanied by interesting points that can give added value to the products (Schmidt and Steenkamp, 2018; Steenkamp et al., 2005). In addition, emotion is an important element in product marketing (Peng et al., 2019). Through storytelling, emotion can be perceived, and it will attract the public's attention (Carnevale et al., 2018; Thirumoorthy & Muneeswaran, 2021). Telling an interesting story about a product will impact the purchase intention. In today's era of tough competition, companies must innovate to survive (Madhoushi et al., 2011; Stocks & Zacharias, 2011). This finding is also supported by Atristain-Suárez and García-Álvarez (2020), Kryger (2017), and Williams et al. (2020). However, some studies state that marketing activity using a storytelling strategy does not affect the purchase intention for a product (Kao, 2019; Lim & Childs, 2020; Nikhashemi & Delgado-Ballester, 2021). The cosmetic industry is starting to put new elements in storytelling and product innovation as a countermeasure. Horn & Salvendy (2006) found that detailed information about the product given to the consumers will affect their purchase intention. This is the marketing strategy that The Body Shop successfully executed. This evidence was in line with Boyd & Mason (1999), which found that innovation's attractiveness affects purchase intention. Holak and Lehmann (1990) also show that the more innovative a product is, the higher the consumer's purchase intention. If a story can be presented in an interesting, captivating approach, then the audience will form a value co-creation. This is a form of collaboration between the company and customers in innovating products (Prahalad & Ramaswamy, 2004). Although innovation is closely related to the value of co-creation, product innovation can increase people's purchase intention directly (Coombs & Holladay, 2018). Furthermore, various studies also state that product innovation has a significant effect on value co-creation (Indriastuti, 2019; Kanten & Yaslioglu, 2012; Killa, 2014; O'Cass & Ngo, 2012; Sok et al., 2013; Van Horne et al., 2006; Voelpel et al., 2006; Yaşhoğlu et al. 2013).

3. Hypotheses Development

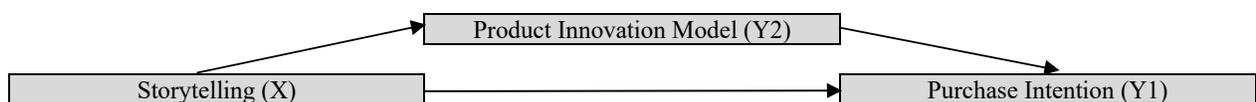


Fig. 1. Research Conceptual Model

Source: Primary Data, 2022.

The research model used in this study is depicted in Fig. 1, and the model examines the relationship between storytelling (X), purchase intention (Y1), and production innovation (Y2). The model is constructed based on similar research models in various literature related to cosmetic and beauty product purchase intention. Based on the literature review chapter, there are inconsistent findings regarding the relationship between storytelling and consumers' purchase intention. The cause of this inconsistency is suspected to be related to cultural differences in the research methods. To resolve this problem, this study used a product innovation variable which was chosen as a mediating variable. The use of product innovation variables distinguished our research from other studies. The reason for selecting product innovation as a research variable, and the other variables, are explained in Table 1.

Table 1
Research Hypotheses

Hypotheses	Description	Reference
H1: Storytelling has a positive and significant effect on purchase intention.	The public's purchase intention for some products cannot increase instantly. It must be increased through some marketing and business strategies. Promoting products through stories or storytelling is necessary so the public grows their intention to buy and use these products. Various research also stated that storytelling effectively conveys increasing the public's awareness of products.	Atristain-Suárez and García-Álvarez (2020); Kemp (2021); Kryger (2017), Williams et al. (2020).
H2: Storytelling has a positive and significant effect on product innovation.	Product innovation is very important for companies because it attracts consumers' attention. On the contrary, the innovation process takes much effort and time to develop a desire. That is the right strategy to market the product to consumers is essential, such as storytelling based on marketing strategies. It was revealed that when storytelling is associated with purchase intention, it has a positive and significant effect on product innovation. It is because storytelling strategies highlight product efficacy, usefulness, and uniqueness based on innovation activity and increase the product based on consumers' points of view.	Caroline et al., (2009).; Strand, et al., (2016); Wittmayer, (2019)
H3: Product innovation has a positive and significant effect on purchase intention.	To increase the public's purchase intention in the context of beauty, it is necessary to prioritize product innovation which buyers, especially women, highly expect. Nowadays, buyers, in general, are millennials and Generation Z, who have many considerations in buying a product, especially with the wide choice of products at competitive prices.	Agag, Gomaa, et al., (2016).; Kyootai Lee et al., (2021); Tang, Z., Luo, J., and Xiao, J. (2011)
H4: Product innovation mediates the effect of storytelling on purchase intention.	Product innovation acts as a mediator between storytelling and purchase intention. Several studies suggested that storytelling does not affect purchase intention. Meanwhile, other studies stated that storytelling had a significant effect on product innovation, and product innovation had a significant effect on purchase intention.	Agag et al., (2016); Caroline et al., 2009; Lee et al., (2021); Lim & Childs (2020); Kao (2019); Nikhashemi and Delgado-Ballester (2021); Strand, et al., (2016); Tang et al. (2011); and Wittmayer (2019)

4. Methodology

This study was carried out quantitatively, and it was conducted in Jakarta, Indonesia, in 2021. The primary data used in the study were collected through a survey in the form of a questionnaire research model in Fig. 1. The respondents were chosen using a non-probability sampling technique. This method takes samples based on the researcher's judgement (Malhotra & Birks, 2012). Judgement sampling involves a wide selection of research subjects with the best or most advantageous position in providing information (Sekaran, 2013). The desired sample of this study are 200 users of natural cosmetic product users in the research area. The size of 200 samples was determined based on Crocker and Algina (1986), who stated that the minimum required respondent number is 200 people to ensure the research stability and validity.

The implemented data analysis technique was Partial Least Square (PLS), i.e., a Structural Equation Modeling (SEM) equation model with a variance-based approach or component-based structural equation modelling. PLS-SEM was chosen because it is suitable for understanding the relationship between variables (prediction) and can develop theory and work well with a small number of samples (Ghozali, 2016). In addition, the questionnaire in this research also used the five-point Likert-type scale with a rating scale of SS: Strongly Agree, S: Agree, BS: Moderate, TS: Disagree, and STS: Strongly Disagree (Sapuan & Zeni, 2021). For the data analysis, the SmartPLS 3.0 software was utilized to first examine the reliability of the scales, and then establish the relationship between the constructs of the research model.

Table 2
Research Hypotheses

	Demographic Variable	Frequency	Percentage (%)
Gender	Female	181	90.5
	Male	19	9.5
Age	17-23 years old	30	15
	24-40 years old	113	56.5
	41-56 years old	57	28.5
Occupation	Housewife/working husband	100	50
	ASN (Government)	5	2.5
	Private employee	47	23.5
	Entrepreneur	24	12
	College student	19	9.5
	Others	5	2.5
Production Type	Facial Foam	127	63.5
	Lightening Moisturizer	15	7.5
	Foundation	9	4.5
	Cleanser & Toner	12	6
	Shampoo	8	4
	Regular Compact Powder	23	11.5
	Other products	6	3
Education	Senior High School	164	82
	Diploma	17	8.5
	Undergraduate	19	9.5

Apart from the foregoing, there are also demographic questions asked to obtain more information related to the respondents' gender, age, education, occupation, and natural cosmetic product type. Table 2 shows the demographic structure of the respondents included in the questionnaire in this study. The respondents are mainly millennials of 24 to 40 years old (56.50%), and most of them are women (90.50%). Moreover, the background education of the largest number of the respondents was high school graduates (50%) and worked as a housewife (82%). This result is understandable because most cosmetic users are women, and they are willing to pay more so their face and body stay well-groomed. Especially if they spend most of their time at home rather than outside. Men mostly only take care of their body in limited ways, like taking a bath, washing their hair, and washing their face (Tengli & Srinivasan, 2022). It is the reason why the best seller product is the facial wash (63.5%). Because products such as facial wash and shampoo are usually used by everyone regardless of age, occupation, education level, and gender.

5. Result And Discussion

5.1. Result

This study analyzes the data through the validation and reliability process using outer loading analysis (item loading), average variance extracted (AVE), composite reliability, and discriminant validity of the reflective construct, which is: Storytelling (X), Purchase Intention (Y1), and Product Innovation (Y2) (Nelloh et al., 2019; Satria et al., 2023).

Table 3
The Reliability Model Result

Construct	Item	Loading (> 0.7)	Cronbach α (> 0.7)	AVE (> 0.5)	Composite Reliability (> 0.7)	Discriminant Validity ¹
Storytelling	X1	0.884	0.954	0.963	0.812	YES
	X2	0.855				
	X3	0.907				
	X4	0.923				
	X5	0.928				
	X6	0.907				
Purchase Intention	Y1.1	0.777	0.948	0.958	0.765	YES
	Y1.2	0.883				
	Y1.3	0.886				
	Y1.4	0.821				
	Y1.5	0.912				
	Y1.6	0.926				
	Y1.7	0.908				
Product Innovation	Y2.1	0.926	0.951	0.961	0.805	YES
	Y2.2	0.934				
	Y2.3	0.792				
	Y2.4	0.900				
	Y2.5	0.936				
	Y2.6	0.887				

¹ Discriminant validity test result (cross loading value) can be seen in appendix section.

First, outer loading analysis is applied in the study to each indicator, an indicator having good reliability if the outer loading value is greater than 0.7 (Ericcka et al., 2022). Based on the results, each variable is proven to have a value of more than 0.70. Hence all indicators are considered feasible or valid.

Second, according to Pop et al. (2020), Cronbach's α was used to test the reliability of the constructs, the value of which was greater than 0.7 in all cases, reflecting the internal consistency of the scale and the competency for confirmatory purposes. The result showed that each construct is greater than 0.7 and considered valid and reliable.

Third, a discriminant validity test is applied in the study to evaluate the value of the average variance extracted (AVE). An indicator is valid when its AVE value exceeds 0.5 (Erjavec & Manfreda, 2022). Table 3 shows that all research indicators of the AVE value are greater than 0.5, thus indicating that all the indicators have convergent validity. In addition, discriminant validity can also be seen from the cross-loading value (see appendix). To meet the requirements of discriminant validity, an indicator must have the largest cross-loading indicator value in its variable compared to other variables (Ghozali, 2016).

Fourth, an internal consistency test based on the composite reliability value was done. The research indicator is reliable when the composite reliability value is greater than 0.7 (Amoah & Jibril, 2021). Based on the result, the composite reliability value of each indicator is greater than 0.7, which shows that the research indicators have good internal consistency. Overall, the results of the model test can be seen in Table 3.

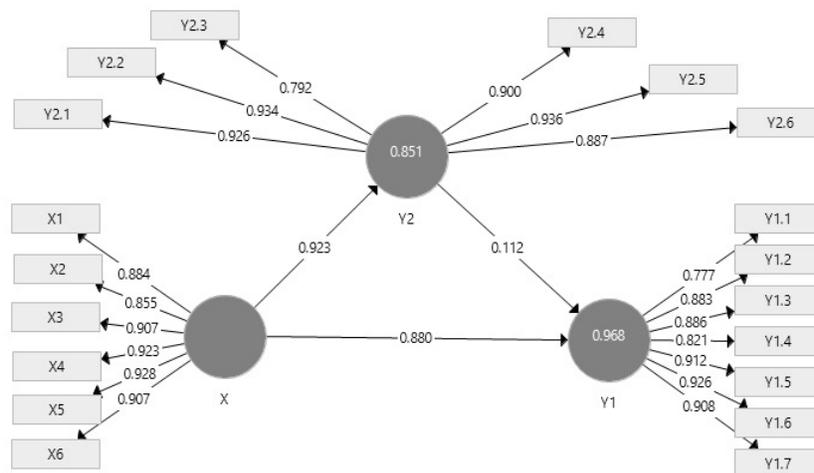


Fig. 2. Structural Model Constructed using SmartPLS

Source: Primary Data, Processed by SmartPLS 3.0 in 2022

Fig. 2 presents the results of the SEM-PLS algorithm and the relations between the elements of the model. Based on the t -statistics, all the hypotheses are accepted with a positive and significant impact. Table 4 shows statistical test results based on the bootstrapping procedure. H1-H3 was processed based on direct effects, while H4 was done indirectly because product innovation (Y2) is a mediating variable.

Table 4
The Statistical Test Result

	Hypotheses	Original Sample	t-statistic	p-value	Decision
H1	$X \rightarrow Y1$	0.880	18.432	0.000	Supported
H2	$X \rightarrow Y2$	0.923	27.449	0.000	Supported
H3	$Y2 \rightarrow Y1$	0.112	2.134	0.033	Supported
H4	$X \rightarrow Y2 \rightarrow Y1$	0.103	2.097	0.036	Supported

Table 4 shows that storytelling has a significant effect on buying interest by 0.880 or 88% with a t statistic of 18.432 which is greater than 1.96 with a p -value of 0.000, meaning that H1 was accepted. H2 is also accepted because storytelling also has a significant effect on product innovation by 0.932 or 93% with a t statistic of 27.449 which is greater than 1.96. Product innovation has a significant effect on purchase intention by 0.112 or 11% with a t statistic of 2.134 which is greater than 1.96. Lastly, product innovation has partially mediated the effect of storytelling on buying interest by 0.103 or 10.3% with a t statistic of 2.097 greater than 1.96. Thus, the relationship between all variables is positive, which means H4 was accepted. The goodness of fit test was carried out to understand the storytelling impact on purchase intention and product innovation variables. The result was that variable purchase intention has 0.968 R-Square and 0.967 R-Square Adjusted. This value

explains that the purchase intention received support from storytelling by 0.968 or 97%. Furthermore, the R-square value for product innovation is 0.851, and the R-Square Adjusted was 0.850. It means that product innovation can be explained by 85% through storytelling, and this result is in line with Lee et al. (2021), Tang, Z., Luo, J., & Xiao, J. (2011), and Agag, Gomaa et al. (2016).

5.2. Discussion

The present research explores the impact of storytelling on natural cosmetic purchase intention through product innovation. The empirical finding indicates that storytelling has a positive impact on the purchase intention of natural cosmetics. This result is in line with the various previous study from Atristain-Suárez and García-Álvarez (2020), Kryger, A. (2017), and Williams et al. (2020). Storytelling is a story strategy about the efficacy of a product so that with this story, the audience puts their interest and buys the company's products. According to the responses, storytelling can influence the consumer purchasing decision because they perceive trustworthy and believable information. It is also in line with the H2 result which stated that storytelling had a significant effect on product innovation. People need information related to product innovation that differentiates them from similar products in other brands. This type of information usually was conveyed through storytelling. This result was supported by previous studies by Caroline et al. (2009), Strand et al. (2016), and Wittmayer (2019). Lastly, regarding product innovation as a storytelling mediator to increase consumer purchase intention, the results showed that it has a significant positive impact (Table 4, H4). Table 4 shows that there is a significant positive impact between product innovation and purchase intention in a positive way (Kyootai Lee et al., 2021; Tang et al., 2011; Agag et al., 2016). The positive relationship was also supported by this study in H3. The result of H3 also supported production innovation and can be used as a mediator variable between storytelling and purchase intention. Previously in the literature review section, some research opposed the relationship between storytelling and purchase intention (Nikhashemi & Delgado-Ballester, 2021; Lim & Childs, 2020; Kao, 2019). However, based on H3 and H4 (Table 4), the research showed that innovation plays an important role in bridging storytelling with purchase intention. This result is also supported by several studies from Agag et al. (2016), Lee et al. (2021), and Tang et al. (2011). By adding product innovation as added value, it will create an interesting story that directly impacts the product purchase intention.

6. Conclusion, Suggestion and Limitation

The purpose of this research is to examine the cause and effect of a phenomenon in which the public's purchase intention can only be achieved by the hard work of a cosmetics company in Jakarta by marketing their new innovative products, such as natural cosmetic products. The most important conclusion that may be drawn from this study is that storytelling has a significant impact on consumer's purchase intention, especially when mediated with product innovation. Product innovation will create an extra value called the value co-creation process. It will attract more people and directly increase the product purchase intention in Jakarta. On the contrary, product innovation will not be successful if not marketed properly through storytelling because it is a unique marketing technique with an interesting approach that proves that interesting material or information was needed to create interesting and targeted content. Finally, the relevancy of storytelling, product innovation, and purchase intention need to have continuous research in a wider variety. This study suggests putting value co-creation for future research as a variable including a larger population, such as a province or island population. It is to capture a bigger picture of natural cosmetic purchase intentions in Indonesia. This study was incapable of doing that because of time and funding limitations.

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Appendix

Table 1
Cross-Loading Value

	Indicator	Storytelling	Purchase Intention	Product Innovation
X1	Listening to stories about natural cosmetic products is always fun	0.884	0.888	0.827
X2	Listening to stories about agricultural beauty products is easy to remember the content	0.855	0.816	0.735
X3	Listening to stories about marketing beauty products makes consumers understand the content	0.907	0.905	0.835
X4	Listening to cosmetic product marketing stories can add to consumer insight	0.923	0.920	0.852
X5	I believe that the marketing story of cosmetic products can attract buying interest	0.928	0.902	0.808
X6	I believe that beauty product marketing stories make consumers know the brand	0.907	0.878	0.920
Y1.1	I always buy eco-friendly cosmetic products	0.683	0.777	0.758
Y1.2	I will buy cosmetic products in the near future	0.816	0.883	0.829
Y1.3	I always use products with natural raw materials on my body	0.879	0.886	0.823
Y1.4	Products made from natural ingredients are efficacious.	0.855	0.821	0.740
Y1.5	I will not switch to other products	0.907	0.912	0.839
Y1.6	I would recommend this cosmetic product.	0.924	0.926	0.857
Y1.7	My family always buys natural cosmetic products.	0.923	0.908	0.809
Y2.1	I believe that new cosmetic products have added value	0.896	0.873	0.926
Y2.2	I believe new cosmetic products are beneficial for body care	0.869	0.863	0.934
Y2.3	I am always the first to try new cosmetics	0.676	0.686	0.792
Y2.4	I always monitor the development of new products from cosmetics.	0.817	0.834	0.900
Y2.5	I feel a loss if I don't buy new cosmetic products.	0.854	0.846	0.936
Y2.6	With the new product, I do not feel bored.	0.835	0.852	0.887



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