CHAPTER IV

DATA ANALYSIS AND DISCUSSIONS

The researcher used SPSS version 16 and AMOS version 24 in order to analyse the statistical data obtained in this study and used descriptive analysis to discuss the data obtained in this study. As explained in chapter 3, the researcher needed to collect at least 150 respondents for doing the analysis. There was a total of approximately 235 respondents, however only 166 of them could be used in this research because those 166 respondents have actually purchased any kind of South Korean beauty products and since the research was about repurchase intention of South Korean beauty products, only those (who have purchased or used South Korean beauty products) could be identified as usable respondents for this study.

4.1. Statistics Descriptive

In this section, the researcher explained the statistics descriptive of data obtained regarding respondents' characters and indicators that were used in this study.

4.1.1. Respondents' Characteristics

This section explained the characteristics of the respondents such as their genders, their residences, their ages, their latest education backgrounds, their monthly expenses, the frequency of them buying South Korean beauty products both offline and online.

4.1.1.1. Respondents' Classification Based on Gender

In this section, the respondents were classified in accordance to their genders. Below is a table that shows how many women respondents and men respondents participated in this study.

Table 4.1 Respondents' Classification Based on Gender

No	Gender	Quantity	Percentage
1.	Men	22	13.3
2.	Women	144	86.7
Total:		**166**	**100**

Sources: Primary Data (Processed), 2019

The table shows that the majority respondents in this study are women with the percentage of 86.7%. There were men respondents but only 22 of them out of 166 respondents. There was a big different in number when it comes to men and women respondents in this study.

4.1.1.2. Respondents' Classification Based on Age

This section showed how old most of the respondents in this study are. In the questionnaire, the question regarding the respondents' ages was in the style of an open question instead of a multiple-choice question. However, in order to make the data easier to be read, the researcher classified the respondents' ages into five age groups. The table below presented the classification of the respondents' ages.

Table 4.2 Respondents' Classification Based on Age

No	Age Group	Quantity (Person)	Percentage
1.	15 – 21 years old	68	40.964
2.	22 – 28 years old	75	45.181
3.	29 – 35 years old	17	10.241
4.	36 - 42 years old	4	2.410
5.	> 45 years old	2	1.204
Total:		**166**	**100**

Sources: Primary Data (Processed), 2019

From the table shown above, it can be concluded that the majority of this study's respondents are 22 – 28 years old, as this age group consists of 75 respondents (45.181%). The second place belonged to the age group of 15 – 21 years old with the total of 68 respondents. The third place belonged to the age group of 29 – 35 years old since there was 17 respondents who belong in this age group. There were several respondents that are older than 36 years old, however the amount was only 6 people.

4.1.1.3. Respondents' Classification Based on Residence

This section was intended to give the readers information about where this study's respondents live (as of when they filled up the questionnaire).

Table 4.3 Respondents' Classification Based on Residence

No	Residence Location	Quantity (Person)	Percentage
1.	Java	150	90.4
2.	Outside of Java	16	9.6
Total:		**166**	**100**

Sources: Primary Data (Processed), 2019

As shown in table 4.3 most of the respondents are residing in Java area. Only 16 of them reside outside of Java area. This, however, did not show where the respondents originated from or in another word, the question regarding where they live could not show the respondents' hometowns, which is quite important, as some people who are originated from outside of Java area move to Java and vice versa. Alas, most respondents came from Java area with the total of 90.4 % of the respondents.

4.1.1.4. Respondents' Classification Based on Educational Background

The educational background may or may not be affecting how the respondents react or answer the questions asked in the questionnaire. The researcher made a multiple-choice question in regards of asking the respondents' latest educational background/level. That being said, the respondents were classified into 4 groups of educational background as shown below:

Table 4.4 Respondents' Classification Based on Educational Background

No	Education Background/Level	Quantity (Person)	Percentage
1.	High School	111	66.9
2.	Bachelor	41	24.7
3.	Master	7	4.2
4.	Others (post-graduate, associate degree, etc.)	7	4.2
Total:		**166**	**100**

Sources: Primary Data (Processed), 2019

Most of the respondents, 111 out of 166 of them, chose high school as their latest educational level that they have finished. It implied that the respondents are either high school graduates or students in bachelor's degree who have not graduated yet as most of the respondents are 15 – 28 years old. 41 respondents have finished their bachelor's degree, 7 of them finished their master's degree, and finally 7 of them have finished other education levels (postgraduate, associate degree, etc.). It can be concluded that the highest educational level of most respondents was high school.

4.1.1.5. Respondents' Classification Based on Monthly Expenses

In this section, respondents were classified into four groups, the first group is for those who spend less than Rp1.000.000 a month, the second group is for those who spend Rp1.100.000 – Rp3.000.000 a month, the third group is for those who

spend around Rp3.100.000 – Rp5.000.000 monthly, and the last or fourth group is

for those whose monthly expenses exceeds Rp5.000.000.

Table 4.5 Respondents' Classification Based on Monthly Expenses

No	Monthly Expenses	Quantity (Person)	Percentage
1.	< Rp1.000.000	41	24.7
2.	Rp1.100.000 – Rp3.000.000	102	61.4
3.	Rp3.100.000 – Rp5.000.000	15	9.1
4.	> Rp5.000.000	8	4.8
Total:		166	100

Sources: Primary Data (Processed), 2019

Based on table 4.5, most of the respondents (around 102 of them), spend

approximately Rp1.100.000 – Rp3.000.000 a month. The second place belonged to

group 1 which is respondents whose monthly expenses is less than Rp1.000.000.

There were 15 respondents whose monthly expenses is around Rp3.100.00 –

Rp5.000.000, while for the group 4 or the group of respondents who spend more

than Rp5.000.000 a month, there was only 8 people classified into that group.

4.1.1.6. Respondents' Classification Based on The Frequency of Buying South Korean Beauty Products Offline

Since the research was about repurchase intention of South Korean beauty products, the researcher included two questions regarding how often the respondents buy South Korean beauty products. The questions were intended to know whether the respondents have bought South Korean beauty products before, if so, their answer would be used for this study. In this section, the researcher asked the respondents how often they buy South Korean beauty products offline, be it buying from the brand's official physical store, or stores like Sephora, Watsons, Guardian, and the like.

Table 4.6 Respondents' Classification Based on The Frequency of Buying South Korean Beauty Products Offline

No	Buying Frequency	Quantity (Person)	Percentage
1.	Never	37	22.3
2.	Rarely	60	36.1
3.	Sometimes	56	33.7
4.	Often	12	7.2
5.	Always	1	0.6
Total:		**166**	**100**

Sources: Primary Data (Processed), 2019

As shown in table 4.6, the most prominent buying frequency of South Korean beauty products through offline (official stores, stores such as Watsons, etc.) was rarely as 36.1% of the respondents chose that option. 33.7% of the respondents chose sometimes to describe their buying frequency of South Korean beauty products offline. 37 respondents have never bought South Korean beauty products through offline. 12 respondents often buy South Korean beauty products through offline. Lastly, only 1 respondent chose always to describe their buying frequency of South Korean beauty products through offline.

4.1.1.7. Respondents' Classification Based on The Frequency of Buying South Korean Beauty Products Online

Here, the respondents were classified into five groups depending on how often they buy South Korean beauty products through online (be it official site or marketplace such as Shopee, Tokopedia, etc.).

Table 4.7 Respondents' Classification Based on The Frequency of Buying South Korean Beauty Products Online

No	Buying Frequency	Quantity (Person)	Percentage
1.	Never	21	12.7
2.	Rarely	34	20.5
3.	Sometimes	52	31.3
4.	Often	50	30.1
5.	Always	9	5.4
Total:		**166**	**100**

Sources: Primary Data (Processed), 2019

As can be seen in table 4.7, most of the respondents (total of 52 respondents) chose sometimes as their buying frequency of buying South Korean beauty products through Online. Often came in the second place as the most used word to describe 50 respondents' buying frequency of South Korean beauty products Online. Meanwhile 34 respondents chose rarely, 21 respondents chose never, and 9 respondents chose always as their words to describe their buying frequency of South Korean beauty products through online.

4.1.2. Statistics Descriptive of Variables and Indicators

As what has been mentioned on chapter 3, which is research methodology, this research used Five-Point Likert scale as the itemized rating scale in order to measure data from the respondents. If the respondents chose 1 it means that they

strongly agree with the statement about a variable or an indicator, if they chose 5 it means that they strongly agree with the statement. Other numbers such as 2 means disagree, 3 means neutral, and 4 means agree. In order to assess the questionnaire result based on the Five-Point Likert scale, there is a certain calculation as shown below:

The lowest perception point is 1

The highest perception point is 5

Intervals $= \frac{|5-1|}{5} = 0.8$

Therefore, the obtained perception limits are as follows:

1.00 – 1.79 = strongly disagree

1.80 – 2.59 = disagree

2.60 – 3.39 = fair (neutral)

3.40 – 4.19 = agree

4.20 – 5.00 = strongly agree

4.1.2.1. Statistics Descriptive of Perceived Price

The result of descriptive analysis of perceived price can be seen in Table 4.8 below:

Table 4.8 Statistics Descriptive of Perceived Price

No	Indicators of Perceived Price	Mean	Category
1.	South Korean beauty products charge a reasonable price for what they offer	3.596	Agree
2.	South Korean beauty products provide products at competitive price	3.566	Agree
3.	South Korean beauty products value for the money	4.030	Agree
4.	South Korean beauty products provide quality for the price	4.006	Agree
5.	The price of South Korean beauty products meets my expectation	3.367	Fair (neutral)
6.	The price of South Korean beauty products is appropriate relative to its performance	3.981	Agree
Mean:		**3.758**	**Agree**

Sources: Primary Data (Processed), 2019

As shown in Table 4.8 above, the average assessment of 166 respondents on perceived price variable was 3.758, which was considered good since 3.758 means agree. All of the indicators of perceived price variable were deemed as good since most of them (except one), categorised as agree, meaning that the respondents were agreeing with those indicators. The only indicator categorised as fair (neutral) was the fifth indicator: the price of South Korean beauty products meets my

expectation. The statistic description of perceived price variable and indicators were all considered as good as it did not show any disagreements from the respondents toward the variable and indicators.

4.1.2.2. Statistics Descriptive of Country of Origin

The result of descriptive analysis of country of origin can be seen in Table 4.9 below:

Table 4.9 Statistics Descriptive of Country of Origin

No	Indicators of Country of Origin	Mean	Category
1.	South Korea has excellent international reputation	3.981	Agree
2.	South Korean is fashionable	4.120	Agree
3.	South Korea offers products with reliable ingredients	3.915	Agree
4.	South Korean is acceptable as international standard	3.855	Agree
5.	You will get good results from using beauty products made in South Korea	3.692	Agree
6.	Beauty products made in South Korea are very reliable	3.843	Agree
7.	You can depend on beauty products made in South Korea	3.783	Agree

Mean:	**3.884**	**Agree**

Out of all indicators of country of origin variable, the second indicator – South Korean is fashionable – got the highest mean among all of the indicators, implying that most respondents agreed with that statement more than the other statements. The fifth indicator – you will get good results from using beauty products made in South Korea – got the lowest mean among other indicators. However, the overall mean of country of origin variable was 3.884, which makes it categorised as good since it means that the respondents agree with all the indicators and variable. Furthermore, the fifth indicator, which holds the lowest mean among all of the indicators, was still categorised as good since 3.692 mean score means that the respondents agree with that statement.

4.1.2.3. Statistics Descriptive of Customer Satisfaction

The result of descriptive analysis of Customer Satisfaction can be seen in Table 4.10 below:

Table 4.10 Statistics Descriptive of Customer Satisfaction

| No	Indicators of Customer Satisfaction	Mean	Category
1.	I feel good about my decision to purchase South Korean beauty products	3.933	Agree
2.	I am pleased that I purchased beauty products from South Korea	3.849	Agree
3.	There is no reason to complain when it comes to buying South Korean beauty products	3.283	Fair (neutral)
4.	I am satisfied with the purchase I made on South Korean beauty products	3.807	Agree
5.	I have satisfying experience with South Korean beauty products	3.813	Agree
6.	Commonly, I feel satisfied with the decision to buy South Korean beauty products	3.716	Agree
Mean:		**3.733**	**Agree**

Sources: Primary Data (Processed), 2019

Based on the statistics descriptive result shown in table 4.10, the average assessment of 166 respondents on customer satisfaction variable and its indicator was 3.733, which categorised as good because it indicates that most of the respondents agreed with customer satisfaction variable and its indicators. Out of six indicators or statements of customer satisfaction variable, only one of them was

categorised as fair (neutral) – there is no reason to complaint when it comes to buying South Korean beauty products – which means that most respondents feel neutral about that statement, they neither agree nor disagree. The first indicator which is – I feel good about my decision to purchase South Korean beauty products – got the highest mean (3.933) out of all six indicators, implying that most of the respondents agreed with that statement more than the other statements concerning customer satisfaction.

4.1.2.4. Statistics Descriptive of Repurchase Intention

The result of descriptive analysis of repurchase intention can be seen in Table 4.11 below:
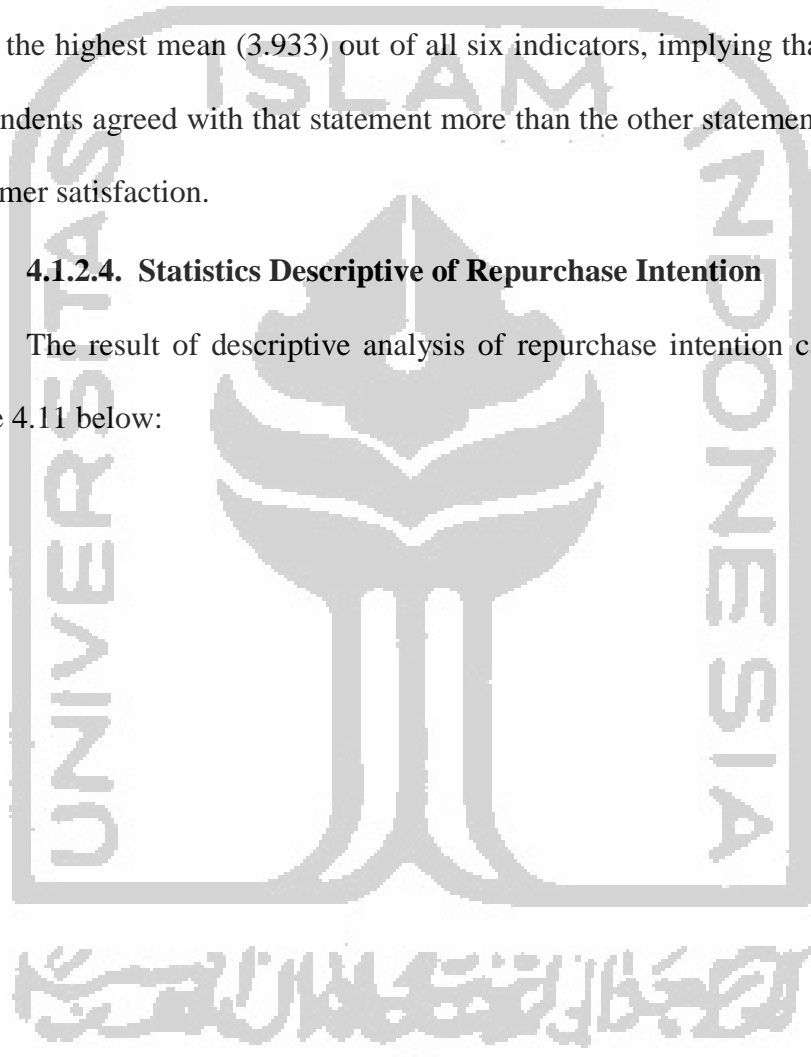
Table 4.11 Statistics Descriptive of Repurchase Intention

No	Indicators of Repurchase Intention	Mean	Category
1.	I would buy South Korean beauty products again next time	3.457	Agree
2.	I plan to use more South Korean beauty products in the future	3.608	Agree
3.	I would not switch to other country beauty products	2.855	Fair (neutral)
4.	I would consider other country beauty products before buying them	3.789	Agree
5.	I intend to continue buying South Korean beauty products in the future	3.680	Agree
6.	I will continue buying South Korean beauty products in the future	3.518	Agree
7.	I will regularly buy South Korean beauty products in the future	3.198	Fair (neutral)
8.	The probability that I will use South Korean beauty products again is high	3.759	Agree
Mean:		**3.483**	**Agree**

Sources: Primary Data (Processed), 2019

The overall mean of repurchase intention indicator and variables was 3.481

which shows that the respondents mostly agree with the variable and its indicators.

The third indicator – I would not switch to other country beauty products – got the

lowest mean (2.855) among all repurchase intention indicators and was categorised as fair (neutral). Compared to other variables in this study, repurchase intention variable had the lowest mean, which is 3.483. Nonetheless, it is still classified as good because 3.483 means that most of the 166 respondents agree with repurchase intention variable and indicators.

4.2. Reliability and Validity Test

For the researcher to test the reliability and validity of the data obtained in this study, the researcher used classical assumption tests namely: normality test, outlier test, confirmatory analysis test, goodness-of-fit criteria test, and so on. The researcher used software called AMOS version 24 to do normality test, outlier test, confirmatory analysis test, goodness-of-fit criteria test, reliability test, validity test, and hypothesis test of this study.

4.2.1. Confirmatory Analysis

Confirmatory analysis was used to test concepts that were built, by using several measurable indicators. In confirmatory analysis, a model was tested by using *Goodness of Fit* evaluation. *Goodness of Fit* evaluation consists of Chi-Square ($\chi2$), probability, RMSEA, GFI, AGFI, CFI, TLI and CMIN/DF. There were four variables in this study namely perceived price, country of origin, customer satisfaction, and repurchase intention. Variable perceived price has six indicators, variable country of origin has seven indicators, variable customer satisfaction has six indicators, and variable repurchase intention has 8 indicators,

which totalled 27 indicators. The result of all four variables and twenty-seven indicators that were analysed by using AMOS version 24 can be seen below:
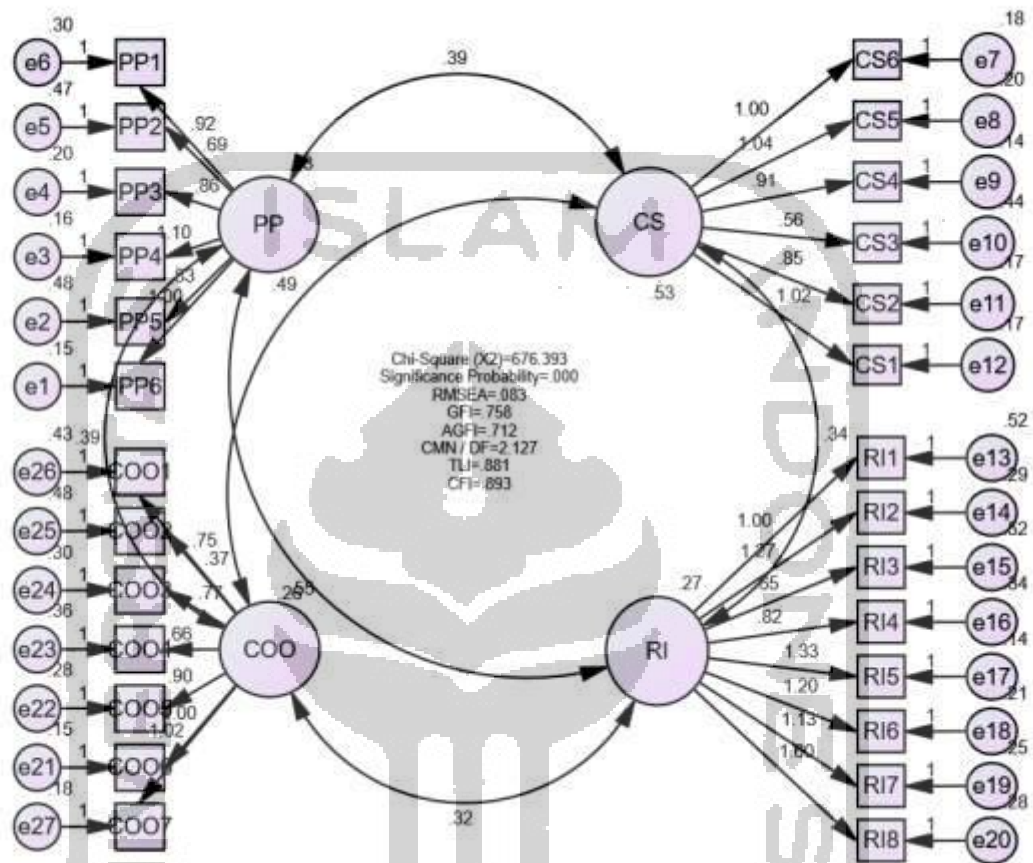
Figure 4.1 Result of Research Model

Source: Primary Data (Processed), 2019

The indicators' loading factors obtained from the analysis can be seen as follows:

Table 4.12 Validity Test Result Before Modification

			Estimate
PP6	<---	PP	0.858
PP5	<---	PP	0.618
PP4	<---	PP	0.877
PP3	<---	PP	0.786
PP2	<---	PP	0.552
PP1	<---	PP	0.745
CS6	<---	CS	0.864
CS5	<---	CS	0.860
CS4	<---	CS	0.874
CS3	<---	CS	0.524
CS2	<---	CS	0.829
CS1	<---	CS	0.875
RI1	<---	RI	0.590
RI2	<---	RI	0.780
RI3	<---	RI	0.426
RI4	<---	RI	0.592
RI5	<---	RI	0.878
RI6	<---	RI	0.811
RI7	<---	RI	0.763
RI8	<---	RI	0.847
COO6	<---	COO	0.888
COO5	<---	COO	0.781
COO4	<---	COO	0.633
COO3	<---	COO	0.722
COO2	<---	COO	0.369
COO1	<---	COO	0.648
COO7	<---	COO	0.873

Source: Primary Data (Processed), 2019

The loading factors obtained from the analysis shown in the table above could be used to measure construct validity. According to Brown (1996), the general concept of concept of validity is defined as the degree to which a test measure what it claims, or purpose, to be measuring. A questionnaire can be said as valid if the questions on the questionnaire can measure or reveal something related to what the questionnaire supposed to measure. Hair et al., (2013) stated that the minimum number of loading factor is ≥ 0.5 or ideally ≥ 0.7. Through following

Hair et al., (2010) statement, it can be concluded that most of the questions or indicators used for measuring the variables in this study can be categorised as valid. However, there were two indicators that were deemed as not valid because their loading factors are below the minimum number of ideal loading factor (≥ 0.5). The two indicators that were not valid are Country of Origin 2 and Repurchase Intention 3 due to their loading factors being .426 and .369. Therefore, indicators COO2 and RI3 were removed from the research model. After conducting the validity test for the indicators, the next step was carrying out confirmatory analysis of goodness of fit test. The result of confirmatory analysis of goodness of fit index can be seen in table below:

Table 4.13 Goodness of Fit Analysis Before Modification

Goodness of Fit	Criteria	Cut-off Value	Category
Chi-Square (X^2)	Expected to be small	678.393	*Not Fit*
Significance Probability	≥ 0.05	0.000	*Not Fit*
RMSEA	≤ 0.08	0.083	*Fit*
GFI	≥ 0.90	0.758	*Not Fit*
AGFI	≥ 0.90	0.712	*Not Fit*
CMN/DF	≤ 2.00	2.127	*Not Fit*
TLI	≥ 0.90	0.881	*Marginal Fit*
CFI	≥ 0.90	0.893	*Marginal Fit*

Source: Primary Data (Processed), 2019

Out of all the goodness of fit criteria, only RMSEA that met the minimum requirement of acceptable values and is deemed as fit. The rest of the criteria such as Chi-Square (X^2), GFI, AGFI, and CMN/DF were deemed as not fit while TLI and CFI were deemed as marginal fit. Since only one out of all the criteria was categorised as fit, a model modification had to be done. The researcher did the model modification by referring to the modification indices, which require removing some indicators in order to obtain a new model. The new model was obtained as follows:

Figure 4.2 Modified Research Model
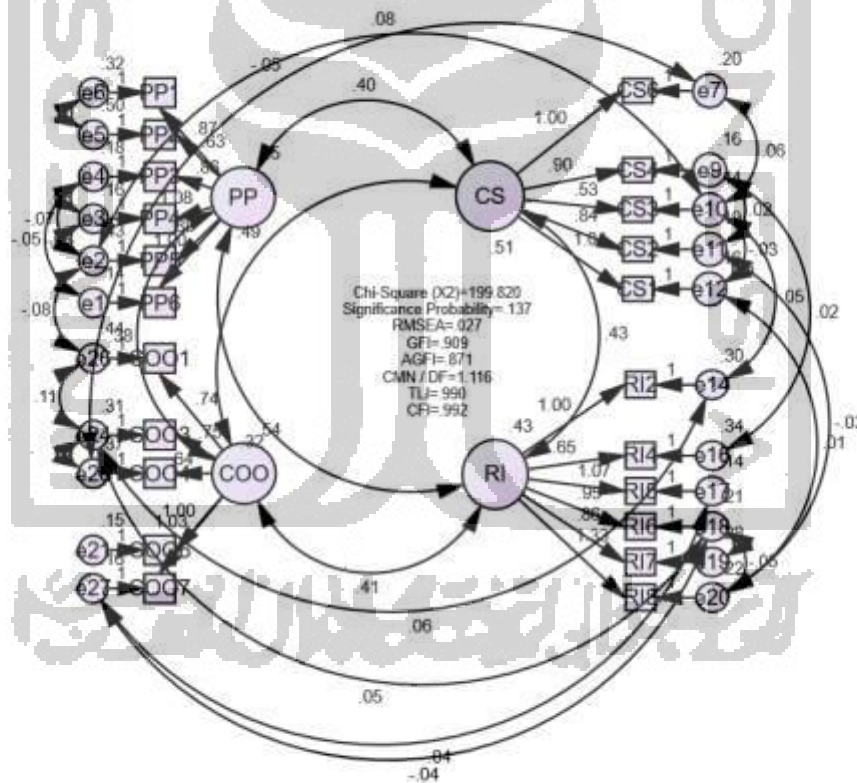
Source: Primary Data (Processed), 2019

Figure 4.2 presents the new model that has been modified. In the new model, perceived price variable still has six indicators, country of origin variable went from having seven indicators to only five indicators, customer satisfaction variable now has five variables, and repurchase intention variable got its two indicators removed, meaning that it only has six indicators left. The researcher then conducted a goodness-of-fit evaluation on the new model to know whether the new model has fit the values of goodness-of-fit criteria or not. Below is the result of goodness-of-fit evaluation of the modified model:

Table 4.14 Goodness of Fit Analysis Result of the New Model

Goodness of Fit	Criteria	Cut-off Value	Category
Chi-Square (X^2)	Expected to be small	199.820	*Fit*
Significance Probability	≥ 0.05	0.137	*Fit*
RMSEA	≤ 0.08	0.027	*Fit*
GFI	≥ 0.90	0.909	*Fit*
AGFI	≥ 0.90	0.871	*Marginal Fit*
CMN/DF	≤ 2.00	1.116	*Fit*
TLI	≥ 0.90	0.990	*Fit*
CFI	≥ 0.90	0.992	*Fit*

Sources: Primary Data (Processed), 2019

Table 4.14 shows that the modified model's cut-off values have met all the criteria of goodness-of-fit evaluation except for AGFI who was considered as

marginal fit only. However, despite having one marginal fit, the new model was still accepted and thus the researcher could do a detailed analysis of the modified model that consists of normality analysis, outliers, and the like.

4.2.2. Validity Test

A research needs to use well-validated and reliable measures to ensure that the research is scientific (Sekaran and Bougie, 2016). According to Hair et al., (2013), validity itself refers to the degree to which a measure accurately represents what it is supposed to. To ensure validity, it starts with a thorough understanding of what is to be measured and then making the measurement as "correct" and accurate as possible (Hair et al., 2013). As what have been mentioned before, this research's model was modified because the previous research model did not meet the minimum requirement of acceptable values of goodness of fit criteria. After going through a modification, this research now has twenty-two indicators with five perceived price indicators, six country of origin indicators, five customer satisfaction indicators, and eight repurchase intention indicators. The total respondents of this research were 166 respondents. The software used to test the validity of these indicators was AMOS version 24. Below is the result of the indicators' loading factors:

Table 4.15 Validity Test Result After Modification

			Estimate
PP6	<---	PP	0.874
PP5	<---	PP	0.669
PP4	<---	PP	0.874
PP3	<---	PP	0.804
PP2	<---	PP	0.507
PP1	<---	PP	0.717
CS6	<---	CS	0.846
CS4	<---	CS	0.850
CS3	<---	CS	0.496
CS2	<---	CS	0.809
CS1	<---	CS	0.880
RI2	<---	RI	0.765
RI4	<---	RI	0.589
RI5	<---	RI	0.881
RI6	<---	RI	0.808
RI7	<---	RI	0.728
RI8	<---	RI	0.880
COO6	<---	COO	0.883
COO4	<---	COO	0.614
COO3	<---	COO	0.705
COO1	<---	COO	0.638
COO7	<---	COO	0.887

Source: Primary Data (Processed), 2019

The loading factors obtained from each indicator can be used to measure the construct validity of this research' questionnaire. Construct validity test is conducted to testify how well the results obtained from the use of the measure fit the theories around which the test is designed (Sekaran and Bougie, 2016). Hair et al., (2013) stated that the minimum number of loading factor is ≥ 0.5 or ideally ≥ 0.7. Thus, it can be concluded that all the indicators or questions used to measure the variables in this study are valid.

4.2.3. Reliability Test

After the validity of the indicators is assured, the next step was to consider the reliability of the variables. Hair et al., (2013) described reliability as the degree to which the observed variable measures the "true" value and is "error free". The classical definition of measurement reliability is the extent to which the variance of the observed variable is explained by the true score that the variable is supposed to measure (Lord and Novick, 1968; in Wang and Wang, 2012). Another definition of reliability is that the reliability of a measure is an indication of the stability and consistency with which the instrument measures the concept and help to assess the "goodness" of a measure (Sekaran and Bougie, 2016).

The reliability coefficient ranges from 0-1, the higher the coefficient (the closer it is to number 1), the more reliable the measuring instrument. A good construct reliability is the one whose construct reliability value is greater than 0.7 and whose extracted variance value is greater than 0.5 (Yamin and Kurniawan, 2009). From the reliability analysis, the following results were obtained:

Table 4.16 Reliability Test Result

Variable	Indicator	Standard Loading	Standard Loading²	Measurement Error	CR	VE
Perceived Price	PP6	0.874	0.764	0.236		
	PP5	0.669	0.448	0.552		
	PP4	0.874	0.764	0.236		
	PP3	0.804	0.646	0.354	0.9	0.6
	PP2	0.507	0.257	0.743		
	PP1	0.717	0.514	0.486		
		4.445	3.393	2.607		
		19.758				
Customer Satisfaction	CS6	0.846	0.716	0.284		
	CS4	0.85	0.723	0.278		
	CS3	0.496	0.246	0.754		
	CS2	0.809	0.654	0.346	0.9	0.7
	CS1	0.88	0.774	0.226		
		3.881	3.113	1.887		
		15.062				
Repurchase Intention	RI2	0.765	0.585	0.415		
	RI4	0.589	0.347	0.653		
	RI5	0.881	0.776	0.224		
	RI6	0.808	0.653	0.347		
	RI7	0.728	0.530	0.470	0.9	0.7
	RI8	0.88	0.774	0.226		

		4.651	3.666	2.334		
		21.632				
Country of Origin	COO6	0.883	0.780	0.220		
	COO4	0.614	0.377	0.623		
	COO3	0.705	0.497	0.503		
	COO1	0.638	0.407	0.593	0.9	0.6
	COO7	0.887	0.787	0.213		
		3.727	2.848	2.152		
		13.891				

Source: Primary Data (Computed), 2019

From table 4.16, it can be seen that the construct reliability of all variables are ≥ 0.7 and all of the extracted variance of each variable exceeded 0.5. Therefore, it can be concluded that the questionnaire that was used in this research was declared as reliable.

4.2.4. Normality Test

The normality testing was done by observing the value of skewness and kurtosis data would be used. If the value of CR on skewness and CR on kurtosis data are in the range of $\pm$ 2.58, then the research data can be said to be normal. Normality test obtained from the normality test using AMOS version 24 are presented in the following table:

Table 4.17 Normality Test Result

Variable	min	max	skew	c.r.	kurtosis	c.r.
COO7	3.000	5.000	.003	.018	-.038	-.101
COO1	3.000	5.000	-.037	-.194	-.271	-.712
COO3	3.000	5.000	.086	.453	-.343	-.901
COO4	3.000	5.000	-.014	-.072	-.135	-.355
COO6	3.000	5.000	-.102	-.535	-.490	-1.289
RI8	3.000	5.000	.084	.444	-1.362	-3.582
RI7	3.000	5.000	.495	2.603	-.705	-1.855
RI6	3.000	5.000	-.301	-1.583	-.681	-1.790
RI5	3.000	5.000	-.011	-.059	-.044	-.117
RI4	3.000	5.000	-.060	-.317	-.429	-1.129
RI2	3.000	5.000	-.092	-.481	-.404	-1.063
CS1	3.000	5.000	.081	.424	-.686	-1.805
CS2	3.000	5.000	-.109	-.572	-.531	-1.397
CS3	3.000	5.000	.062	.325	-.469	-1.233
CS4	3.000	5.000	-.129	-.676	-.841	-2.212
CS6	3.000	5.000	-.115	-.604	-.467	-1.227
PP1	3.000	5.000	-.211	-1.109	-.882	-2.320
PP2	3.000	5.000	-.091	-.480	-.509	-1.340
PP3	3.000	5.000	-.083	-.437	-.413	-1.085
PP4	3.000	5.000	.421	2.213	-.519	-1.364
PP5	3.000	5.000	-.115	-.604	-.468	-1.231
PP6	3.000	5.000	.001	.003	.018	.048
Multivariate					**10.776**	**2.136**

Sources: Primary Data (Processed), 2019

As shown in table 4.17 above, the values of the critical ratio (C.R.) and kurtosis that was obtained are in the range of -2.58 to 2.58. It can also be seen that the value of c.r. of the multivariate was 2.136 which is in the range of -2.58 to 2.58, meaning that the data is normally distributed. Hence, the data in this study can be analysed by using Structural Equation Modelling (SEM).

4.2.5. Outliers Test

Hair et al., (2013) described outliers as observations with a unique combination of characteristics identifiable as distinctly different from other

observations. Unique characteristic in this context refers to an unusually high or low value on a variable or a unique combination of values across several variables that make the observation stand out from the others (Hair et al., 2013). The outliers can be evaluated using multivariate outliers' analysis seen from the Mahalanobis Distance value. The Mahalanobis Distance test was evaluated by using the Chi-Square value of the degree of freedom of 27 indicators at the level of $p < 0.001$, and by using the formula $X_2 (27;0,001) = 43.820$. The results of the analysis of whether there are multivariate outliers can be seen in the table below:

Table 4.18 Outliers Test Result

Observation number	Mahalanobis d-squared	p1	p2
81	41.372	.007	.710
84	41.119	.008	.382
13	40.282	.010	.233
…………	………………………	……	…..
…………	………………………	……	…..
…………	………………………	……	…..
…………	………………………	……	…..
…………	………………………	……	…..
19	20.103	.577	.515
98	20.080	.578	.467
114	20.001	.583	.456
142	19.937	.587	.435
38	19.816	.595	.452

Sources: Primary Data (Processed), 2019

From the data that has been processed in table 4.18, it can be seen that there were no values of more than 43.820. Thus, it can be concluded that there were no data that was unusual.

4.2.6. Model Identification Analysis

Model identification analysis determines whether there is a unique solution for all the free parameters in the specified model (Wang and Wang, 2012). Model identification cannot be implemented if a model is not identified, and model estimation may not converge or reach a solution if the model is mis specified (Wang and Wang, 2012). One of many ways to see whether there is a problem identification is by looking at the estimation results. SEM analysis can only be done if the result of the model identification shows that the model is over identified. Said identification is done by looking at the df value of the model created.

Table 4.19 Computation of Degrees of Freedom (Default Model)

Number of distinct sample moments:	253
Number of distinct parameters to be estimated:	74
Degrees of freedom (190 – 66):	179

Sources: Primary Data (Processed), 2019

AMOS output results indicated that the df model value is 179. This implied that the model is categorised as over identified because it has a positive df value. Therefore, data analysis can proceed to next stage.

4.2.7. Goodness of Fit Criteria Analysis and Model Identification

The researcher tested the proposed model by using Goodness of Fit indices in order to measure the goodness of the proposed model. The result of the Goodness of Fit criteria analysis of this research could be seen in the table below:

Table 4.20 Goodness of Fit Analysis Result

Goodness of Fit	Criteria	Cut-off Value	Category
Chi-Square (X^2)	Expected to be small	199.820	*Fit*
Significance Probability	≥ 0.05	0.137	*Fit*
RMSEA	≤ 0.08	0.027	*Fit*
GFI	≥ 0.90	0.909	*Fit*
AGFI	≥ 0.90	0.871	*Marginal Fit*
CMN/DF	≤ 2.00	1.116	*Fit*
TLI	≥ 0.90	0.990	*Fit*
CFI	≥ 0.90	0.992	*Fit*

Sources: Primary Data (Processed), 2019

As shown in table 4.20, this study's model has met the minimum or expected value of all of the goodness of fit criteria. All of the criteria except AGFI were categorised as fit, while the AGFI criteria was categorised as marginal fit. However, Haryono (2017) stated that the use of 4 to 5 criteria for goodness of fit is considered as sufficient in order to assess the feasibility of a model. Implying that having one criterion being categorised as marginal fit can still be tolerated and that the model proposed in this study is accepted. With that being said, the finalised model path analysis in this study was obtained and can be seen as follows:
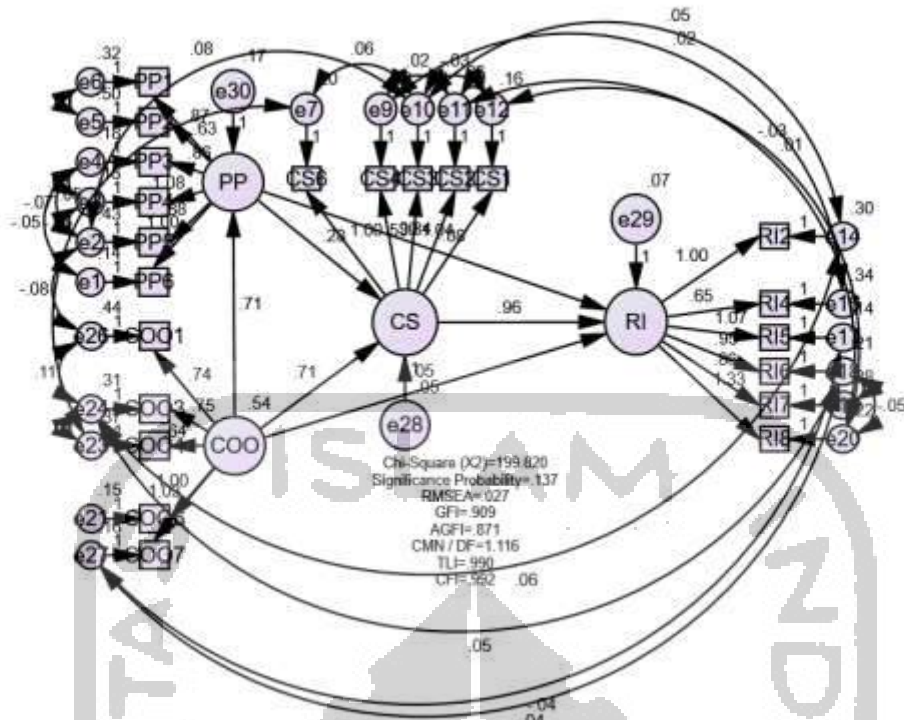
Figure 4.3 Finalised Path Model Analysis
Sources: Primary Data (Processed), 2019

4.3.   Hypotheses Testing

In order to investigate the impacts of perceived price, country of origin, and customer satisfaction on repurchase intention, six hypotheses were proposed. To test the hypotheses proposed in this research and to find out whether the hypotheses were accepted or not, the researcher analysed the probability result of the standardized regression weight estimate. The regression weight test result in this research was presented below:

Table 4.21 Hypotheses Testing Result

Hypothesis	Variable Relationship			Estimate	S.E.	C.R.	P-Value	Label
H1	Repurchase Intention	←	Perceived Price	-.079	.109	-.729	.466	Not Supported

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Hypothesis	Variable Relationship			Estimate	S.E.	C.R.	P-Value	Label
H2	Customer Satisfaction	←	Perceived Price	.278	.089	3.139	.002	Supported
H3	Customer Satisfaction	←	Country of Origin	.705	.089	7.928	***	Supported
H4	Repurchase Intention	←	Country of Origin	-.055	.212	-.258	.797	Not Supported
H5	Perceived Price	←	Country of Origin	.707	.068	10.406	***	Supported
H6	Repurchase Intention	←	Customer Satisfaction	.955	.271	3.520	***	Supported

Sources: Primary Data (Processed), 2019

To determine whether a hypothesis is supported or not supported is by observing its Critical ratio (CR) value and its Probability (P) value. If the hypothesis' CR value is greater than 1.96 and its probability value is lower than 0.05, it means that the hypothesis is supported. In this research, there were six hypotheses that were proposed by the researcher. Below are the hypotheses testing results of the six proposed hypotheses in this research:

H1:   Perceived Price significantly influences Repurchase Intention

Based on the result of hypotheses testing, it can be seen that hypothesis one has a CR value of -0.729 and P value of 0.446. The result showed that hypothesis one's CR value is lower than 1.96, and that its P value is greater than 0.05. Meanwhile in order for a hypothesis to be considered as accepted, its CR value has to be greater than 1.96 and its P value has to be lower than 0.05. Therefore, it can be concluded that there was no significant influence of perceived price on

repurchase intention, which means this hypothesis was **not accepted.**

H2:   Perceived Price significantly influences Customer Satisfaction

Based on the hypotheses testing result, the CR value of hypothesis 2 is 3.319 and the P value of hypothesis two is 0.002. The result implied that hypothesis two did meet the criteria of being accepted as a hypothesis because its CR value is greater than 1.96 and its P is less than 0.05. Hence, it can be concluded that there was a significance influence of perceived price on customer satisfaction, making hypothesis two deemed as **accepted.**

H3:   Country   of   Origin   significantly   influences   Customer Satisfaction

It can be seen in table 4.21 that hypothesis 3 has the CR value of 7.928 while its P value is 0.000. The result showed that both CR value and P value of hypothesis three have met the criteria since its CR value has exceed 1.96 and its P value is less than 0.05. The result implied that in this study, country of origin's influence on customer satisfaction was significant. Hence, hypothesis three was **accepted**.

H4:   Country of Origin significantly influences Repurchase Intention

The result of the fourth hypothesis analysis showed that there was no significant influence of country of origin on repurchase intention. As shown in table 4.21, the fourth hypothesis' CR value is -0.258, which is lower than 1.96. Meanwhile, for a hypothesis to be considered as accepted, it has to have a CR value greater than 1.96. Furthermore, the P value of the fourth hypothesis is lower than 0.05, which did not meet the P value criteria. Consequently, the fourth hypothesis in this study was **not accepted.**

H5: **Country of Origin significantly influences Perceived Price**

From the analysis result, the fifth hypothesis was proven to be significant. That is because the CR value and P value of the fifth hypothesis are 10.406 and 0.000, meaning that they have met the minimum/maximum value of CR and P. Hence, it can be concluded that country of origin has a significant influence on perceived price.

H6: **Customer Satisfaction significantly influences Repurchase Intention**

From table 4.21, it can be seen that the CR value of the sixth hypothesis is 3.520, which exceeded the minimum value of CR. It also can be seen that the P value of the sixth hypothesis is 0.000, which is lesser than 0.05. Thus, the conclusion that was drawn was customer satisfaction has a significant influence on repurchase intention and that the sixth hypothesis was **<u>accepted.</u>**

4.4. Discussions

4.4.1. The Influence of Perceived Price on Repurchase Intention

Based on the result of hypotheses testing, hypothesis one has a CR value of -0.729 and P value of 0.446. The result implied that hypothesis one's CR value is lower than 1.96, and that its P value is greater than 0.05. Meanwhile in order for a hypothesis to be considered as accepted, its CR value has to be greater than 1.96 and its P value has to be lower than 0.05. Therefore, it can be concluded hypothesis one was not accepted. Which means, in this research, there was no significant influence of perceived price on repurchase intention. More specifically, perceived

price did not influence the repurchase intention of South Korean beauty products in Indonesia. Even though the price of South Korean beauty products is considered as quite competitive, it does not guarantee that customer will repurchase South Korean beauty products. In other circumstances, for example when the price of South Korean beauty products meets the customers' price expectation, it does not always mean that the customers are willing to buy South Korean beauty products.

There are some studies that studied the influence of price perception on repurchase intention. Those studies have found that there is a positive relationship between perceived price and repurchase intention and that repurchase intention is positively influenced by perceived price. One example of those studies is a study conducted by Lee et al., (2011) about key determinants of online repurchase intentions. Lee et al., (2011) believed that if the consumers feel the price of the product is reasonable, then they are more likely to continue buying the particular product in the future again. Additionally, there was a study regarding perceived price's influence on repurchase intention that was conducted by Khan et al., (2012). Khan et al., (2012) stated that perceived price is important to determine repurchase intention because customers' price perception is considered as the final expected key driver of repurchase intention. However, their study found otherwise. They found that perceived price has negative impact on repurchase intention on Japanese B2B service.

The difference in findings between those previous researches and this research might be caused by the different types of industries that are being studied in each research. This study for example, was studying about the factors that can

influence repurchase intention in terms of South Korean beauty products. While the other researches were about online shop industry and B2B service industry. The place where the research was conducted could also be a factor of why the outcome can be different from one research to another. Other reasons why customers perceived price of South Korean beauty products did not influence customers' will to repurchase the products is because of preferences. It is known that everyone has different skin, one product may give a good effect on one customer's skin but give bad reaction on another customer's skin. Furthermore, beauty industry nowadays has becoming more oversaturated and thus there will always be better products made in other countries and brands coming from other countries. That is saying that a customer may like one South Korean beauty product (for example liking a mascara made in South Korea), but then the customer prefers other beauty products made in other countries (lipstick made in USA, powder made in France), making the customer believe that there are great beauty products made all over the world and that South Korea is not the best at making all types of beauty products.

4.4.2. The Influence of Perceived Price on Customer Satisfaction

Based on the hypotheses testing result, the CR value of hypothesis 2 is 3.319 and the P value of hypothesis two is 0.002. The result implied that hypothesis two did meet the criteria of being accepted as a hypothesis because its CR value is greater than 1.96 and its P is less than 0.05. Thus, it can be concluded that in this study, perceived price has a positive influence on customer satisfaction. That is saying that when the customers feel the price of a product is reasonable for what

they offer, the likeliness of them being satisfied is high. Customers may feel satisfied when the price of South Korean beauty products are competitive enough for them. It is very likely that other price related reasons such as: South Korean beauty products provide value for the money, South Korean beauty products provide quality for the price, the price of South Korean beauty products meets the customers' expectations, and the price of South Korean beauty products is deemed as appropriate comparative to its performance, will guarantee customers' satisfactions towards South Korean beauty products.

This hypothesis was supported by several studies such as Herrmann et al., (2007) study that showed that perceived price directly influences satisfaction judgements as well as indirectly through perceptions of price fairness in the context of automobile purchases in major German car dealerships. Jiang and Rosenbloom (2005) conducted a study about several factors that can influence customer intention to return online. Price perception was included as one of the four factors that were used in their study. Their study found that price perception, when measured on a comparative basis, has a direct and positive effect on customer overall satisfaction. Another study conducted about whether perceived price influence customer satisfaction or not was conducted by Ma and Yang (2018) concerning female e-shopper's satisfaction with cosmetic products in China. Their study was close to this study in term of topic since both of the studies are around cosmetic/beauty products. Their study discovered that price affects consumers' satisfaction and that price is the most important factor influencing e-shopper's satisfaction. Hence, it can be concluded that perceived price is an important factor

in term of customer satisfaction since it influences customer satisfaction effectively and positively.

4.4.3. The Influence of Country of Origin on Customer Satisfaction

Hypothesis three has the CR value of 7.928 and has the P value of 0.000. The result means that both CR value and P value of hypothesis three have met the criteria since its CR value has exceed 1.96 and its P value is less than 0.05. The result implied that in this study, country of origin influence on customer satisfaction was significant, or in another word, customer satisfaction is positively influenced by country of origin. Meaning that the origin of a product can evoke the customers' willingness to repurchase the product. Implying that customers may have preferred to purchase and repurchase a certain type of product from a certain country since several customers tend to associate a particular company or brand with a particular country, which is generated from the effect of country of origin (Citra and Syahlani, 2008). Customers may feel satisfied with South Korean beauty products because they believe that South Korea has excellent international reputation and is acceptable as international standard. Customers believing South Korea to be able to offer products with reliable ingredients and thus making their products dependable and reliable, guarantees the satisfactions of customers.

This study's finding of country of origin significant effect on customer satisfaction was supported by Hussein (2018) study that showed that brand of origin does moderate the effect of brand experience (both local and international brands) on customer satisfaction. Both local and international brands have the same effect

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on customer satisfaction because when customers get satisfactory experiences in a casual dining restaurant, it will enhance their satisfaction notwithstanding the restaurant's brand of origin. Brand of origin itself is described as a country where a brand belongs to, based on customer perception (Koubaa, 2008; Thakor, 1996; cited in Huessein, 2018). Hilman and Hanaysha (2015) conducted a research about the impact of country of origin on relationship quality in automotive industry in Norther region of Malaysia. Their finding indicated that country of origin has significant positive affect on brand trust, brand commitment, and brand satisfaction. Brand satisfaction can be included as customer satisfaction. A study related to country of origin was carried out by Guttmann et al., (2017). They were studying on customer's country of origin. Their study initiated that service managers can implement specific service recovery solutions based on the customer's culture, or at least understand how customer satisfaction scores may be influenced by customer's country of origin. Their study implied that consumers' country of origins may affect the way they assess products that they would like to use and that it is possible for the consumers to have bias towards either products that are made locally or products made in other countries.

Unfortunately, there are not many of researchers that conduct a research on country of origin effect on customer satisfaction, especially in the sector of beauty industry. Nonetheless, this study proved that in Indonesian beauty industry, in the context of South Korean beauty products, country of origin does influence Indonesian customers satisfaction.

4.4.4. The Influence of Country of Origin on Repurchase Intention

The result of the fourth hypothesis analysis showed that there was no significant influence of country of origin on repurchase intention. As what has been shown in table 4.21, the fourth hypothesis' CR value is -0.258, which is lower than 1.96. Meanwhile, for a hypothesis to be considered as accepted, it has to have a CR value greater than 1.96. Furthermore, the P value of the fourth hypothesis is lower than 0.05, which did not meet the P value criteria where the P value can only be considered as accepted if the P value is lower than 0.05. Consequently, the fourth hypothesis in this study was not supported. Meaning that in this study, country of origin does not influence customers' intentions to repurchase.

Although South Korea has excellent international reputation and is acceptable as international standard, it does not mean that those facts will influence customer's willingness to purchase South Korean beauty products. Despite the fact that South Korea offers products with reliable ingredients, it will not guarantee that customers will have the intention to purchase South Korean beauty products again in the future. Customers found that even though South Korean beauty products are reliable and dependable, it would not always make them want to buy the products again.

Though there are several researches examining influence of country of origin on purchase intention, it is still very rare to find researches that examine influence of country of origin on repurchase intention. However, there are various studies that found that purchase intention has a positive influence on repurchase intention including one study that was conducted by Akhter (2010). Akhter (2010)

stated that consumers who have positive purchase intention will intend to purchase more of the same product in the future. Reportedly, Yu et al., (2013) found that country of origin has significantly positive influence toward customers' intention to repurchase. One study conducted by Moslehpour et al., (2017) examines the relationship between country of origin and repurchase intention mediated by word-of-mouth. Their analysis showed that country of origin significantly and positively influences repurchase intention in the context of Taiwanese customers repurchase intention on beauty products made in other country, specifically South Korea.

The indication of the result of this study is that customers will not always consider country of origin as a factor to determine whether they want to repurchase a product or not. It is very likely that customers consider other factors more when they decide to repurchase a product. For example, a customer may feel that the country of origin of a product does not mean much as long as the product reacts well on her or his skin. Another reason being customer may not be nit-picky when it comes to the origins of beauty products as long as they like the products the first time they buy or try it, and find something that is unique enough in that beauty product that they do not care about where the product was made in. Thus, it can be concluded that there was no influence of country of origin on repurchase intention in this study.

4.4.5. The Influence of Country of Origin on Perceived Price

From the analysis result, the fifth hypothesis was proven to be significant. That is because the CR value and P value of the fifth hypothesis are 10.406 and

0.000, meaning that they have met the minimum/maximum value of CR and P. Hence, this study proved that country of origin significantly influences perceived price. The result showed that customers may associate a price with where the product is made in, determining whether the product is worth the price based on where the product comes from. Customers may expect a particular type of product made in a particular country is better than the one that is made in another country and are willing to pay more for the product made in a country that they believe excels at making a particular type of a product. For example, customers may find that since the beauty products were made in South Korea, the price that the charge is very reasonable, and they are willing to pay the price for South Korean beauty products. Another example, customers may find beauty products that were made in South Korea provide value for the money, provide quality for the price, and is appropriate considering the performance of South Korean beauty products, thus making them willing to spend money on South Korean beauty products.

A research conducted by Drozdenko and Jensen (2009) showed that US consumers are willing to pay more for US-made products compared to paying more for China-made products. The result also indicated that consumers are more willing to pay a premium for a product from USA, Germany, or India over those from China. It implies that country of origin has an effect on perceived price. In agreement, a research conducted by Brookshire and Yoon (2012) revealed that country of origin has a negative effect on perceived price when the apparel is made in China from their textile industry. Additionally, consumers are willing to pay different premium prices for the same product and brand based on information from

manufacturing country of origin of the product (Hulland, Todiño, and Lecraw, 1996). Their study concludes that country of origin has a significant influence on perceived price in the Philippines. This study is the further prove that country of origin did indeed influence perceived price.

4.4.6. The Influence of Customer Satisfaction on Repurchase Intention

The CR value of the sixth hypothesis is 3.520, which exceeded the minimum value of CR. It was also shown that the P value of the sixth hypothesis is 0.000, which is lower than 0.05. This study showed that customer satisfaction has a significant influence on repurchase intention. Customer satisfaction is said to be resulted from the measurement of products and service to meet one's desires, expectations, and demands, and it was the overall level of customer pleasures and contentment (Hellier, Geursen, Carr, and Rickard, 2003). It implied that customers would plan to use more South Korean beauty products in the future if they are pleased by the fact that the purchase beauty products from South Korea. Another interpretation is customers, when they often feel satisfied with their decision to buy South Korean beauty products and when they feel like they have nothing to complain about the products, there is a high chance for the customers to buy South Korean beauty products again in the future.

There are numerous studies regarding repurchase intention and its relationships with other marketing variables such as customer satisfaction, conducted throughout the years in several industries and sectors. Anderson and Sullivan (1993), found that high level of customer satisfaction decreases the

perceived benefits of service provider switches, thus increasing repurchase intentions of customers. A study conducted by Getty and Thompson (1994) about investigating the relationship between service quality, satisfaction, and behavioural intentions, implied that customer behavioural intentions to recommend and repurchase a product or service are positive functions of their perception of satisfaction and service quality. Kotler indicated if the customer was satisfied, it was more likely for them to have willingness to buy again, namely repeating to purchase or recommending others to buy (cited in Feng and Yanru, 2013). Additionally, satisfaction also often regarded as the mediating variable of post-purchase behaviour, which links the beliefs of prior selection of products to cognitive architecture, consumer communication, and repurchase intentions (Westbrook, 1987). Thus, the conclusion that was drawn was customer satisfaction has a significant influence on repurchase intention in this study and that the respondents who are satisfied with South Korean beauty products will buy the products again since the products meet their expectations, desires, and demands.