

## **CHAPTER II**

### **LITERATURE REVIEWS**

#### **2.1 Previous Research**

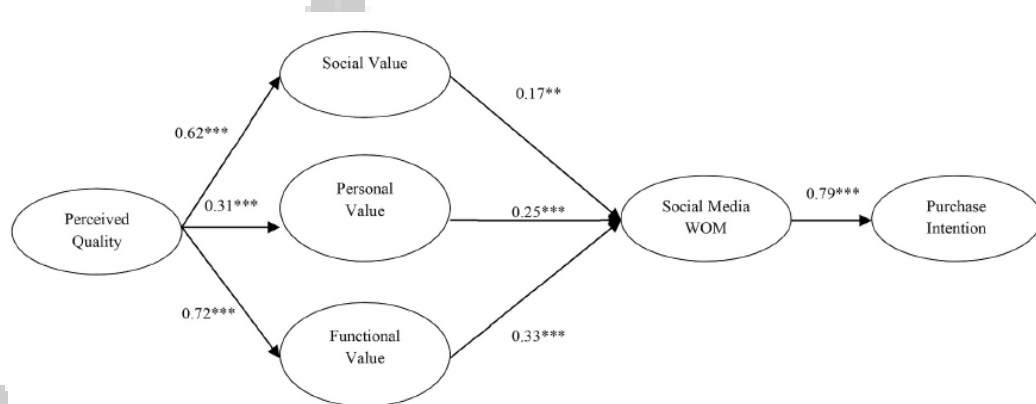
This study uses several previous studies which are used as guidelines and theoretical foundations to support the theory to be proposed, this can also be one of the references as research material, here are some previous studies used.

##### **2.1.1. Park J, Hyun H, Thavisay T (2021)**

This research was conducted by Park J, Hyun H, Thavisay T (2021). The purpose of this study was to determine the role of luxury perception in social media WOM and purchase intention of luxury goods. This study uses primary data type with questionnaire method. The sample in this study was 282 respondents who were validated using structural equation modeling (SEM).

The results of this study indicate that, first, perceived quality has a significant positive effect on social value, personal value, and functional value. Second, social value significant has a significant positive effect on social media WOM. Third, personal value has a significant positive effect on social media WOM. Fourth, functional value has a significant positive effect on social media WOM. Finally, social media WOM has a significant positive effect on purchase intention.

The following is a framework for research by Park J, Hyun H, Thavisay T (2021):



Source: Data processed by Park et al. (2021)

Figure 2. 1

Framework Park J, Hyun H, Thavisay T (2021)

Similarities between previous research and current research:

This research has similarities with previous research. These similarities include, first, using social media WOM variables and purchase intention. Second, this study took sample data using a questionnaire.

Differences between previous and current research:

This research has differences with previous research. These differences include, first, the sample used in this study is Indonesian consumers aged 15-35 years who have purchased iPhone products, while the previous research sample used is consumers aged 30 - 60 years who will buy luxury goods in the future. Second, the current study only uses social media WOM and purchase intention variables, while previous research uses several variables, namely perceived quality,

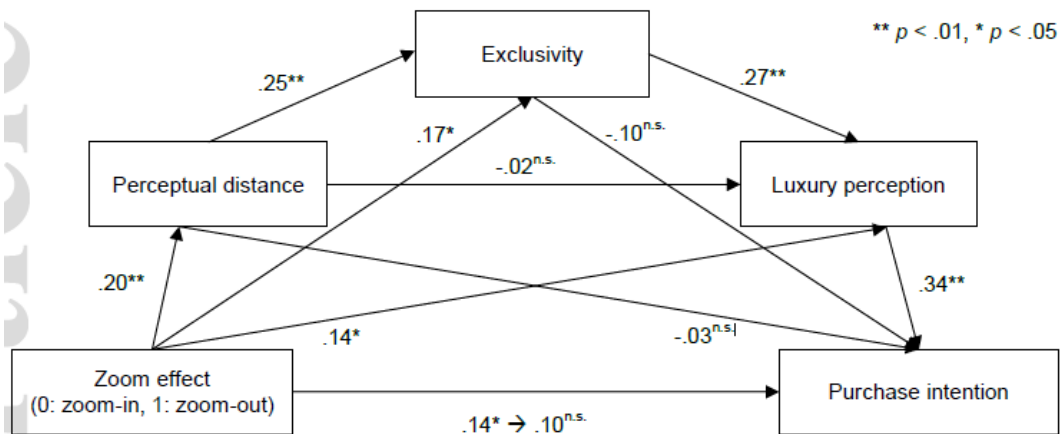
social value, personal value, functional value, social media WOM, and purchase intention. Third, this research data analysis technique uses structural equation modeling - partial least square (SEM-PLS) analysis, while previous research used structural equation model analysis - analysis of moment structure (SEM-AMOS).

### **2.1.2. Togawa T, Sugitani Y (2021)**

This research was conducted by Togawa T, Sugitani Y (2021). The purpose of this study was to change the focus from product details to product overviews, increase consumer perceptions of product luxury, and purchase intentions for product videos recorded with a zoom-out effect (vs. zoom-in). This study uses primary data type with questionnaire method. The sample in this study amounted to 208 respondents who were validated using ANOVA.

The results of this study indicate that, first, the zoom effect significantly positively affects perceptual distance, exclusivity, luxury perception, and purchase intention. Second, perceptual distance significantly positively affects exclusivity, luxury perception, and purchase intention. Third, exclusivity significantly has a positive effect on luxury perception and purchase intention. Finally, luxury perception significantly has a positive effect on purchase intention.

The following is a framework for research by Togawa T, Sugitani Y (2021):



Source: Data processed by Togawa & Sugitani (2022)

Figure 2. 2

Framework Togawa T, Sugitani Y (2021)

Similarities between previous research and current research:

This study has similarities with previous research. These similarities include, first, using perceptual distance and luxury perception variables. Second, this study took sample data using a questionnaire.

Differences between previous and current research:

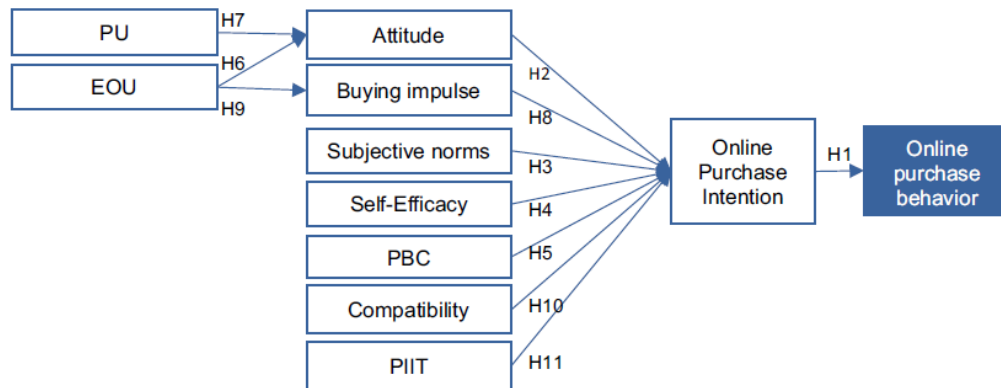
This research has differences with previous research. These differences include, first, the sample used in this study is consumers who have purchased iPhone products in Indonesia, while the previous research sample used was the zoom effect in the product video. Second, the current study only uses perceptual distance and luxury perception variables, while previous studies used several variables, namely zoom effect, perceptual distance, exclusivity, luxury perception, and purchase intention.

### **2.1.3. Peña-García N, Gil-Saura I, Rodríguez-Orejuela A, Siqueira-Junior J**

This research was conducted by Peña-García N, Gil-Saura I, Rodríguez-Orejuela A, Siqueira-Junior J (2020). The purpose of this study is to explore critical factors in e-commerce adoption from elements of social psychology, such as attitudes, subjective norms, perceived behavioral control, ease of use and perceived benefits, introducing the study of non-traditional elements such as purchase impulse, compatibility, and self-efficacy in online stores, contrasting relationships in a cross-cultural environment. This study uses primary data type with a questionnaire method. The sample in this study amounted to 585 online consumers in Colombia and Spain, who were validated using confirmatory factorial analysis (CFA) and partial least square (PLS-SEM).

The results of this study indicate that, first, consumer online purchase intention has a positive effect on online purchase behavior. Second, attitude toward e-commerce has a positive effect on online purchase intention. Third, subjective norms have a positive effect on online purchase intention. Fourth, PBC has a positive effect on online purchase intention. Fifth, self-efficacy in online stores has a positive effect on online purchase intention. Sixth, EOU of e-stores has a positive effect on attitudes toward e-commerce. Seventh, the perceived usefulness of online stores has a positive effect on consumers' attitudes towards online shopping. Eighth, buying impulse has a positive effect on online purchase intention. Ninth, the perceived EOU of e-stores has a positive effect on buying impulse. Tenth, compatibility with e-commerce has a positive effect on online purchase intention. Finally, PIIT has a positive effect on online purchase intention.

The following is a framework for research by Peña-García et al. (2020)



Source: Data processed by Peña-García et al. (2020)

Figure 2. 3

Framework Peña-García N, Gil-Saura I, Rodríguez-Orejuela A, Siqueira-Junior J

Similarities between previous research and current research:

This study has similarities with previous research. These similarities include, first, using purchase intention and purchase behavior variables. Second, this study took sample data using a questionnaire.

Differences between previous and current research:

This research has differences from previous research. These differences include, first, the sample used in this study was consumers who have purchased iPhone products in Indonesia, while the previous study used samples from consumers in Colombia and Spain. Second, the current study only uses purchase intention and purchase behavior variables. In contrast, previous research uses several variables: personal innovation in IT, buying impulse, self-efficacy, attitude,

subjective norms, perceived control behavior, compatibility, ease of use, perceived usefulness online, online purchase intention, and purchase behavior.

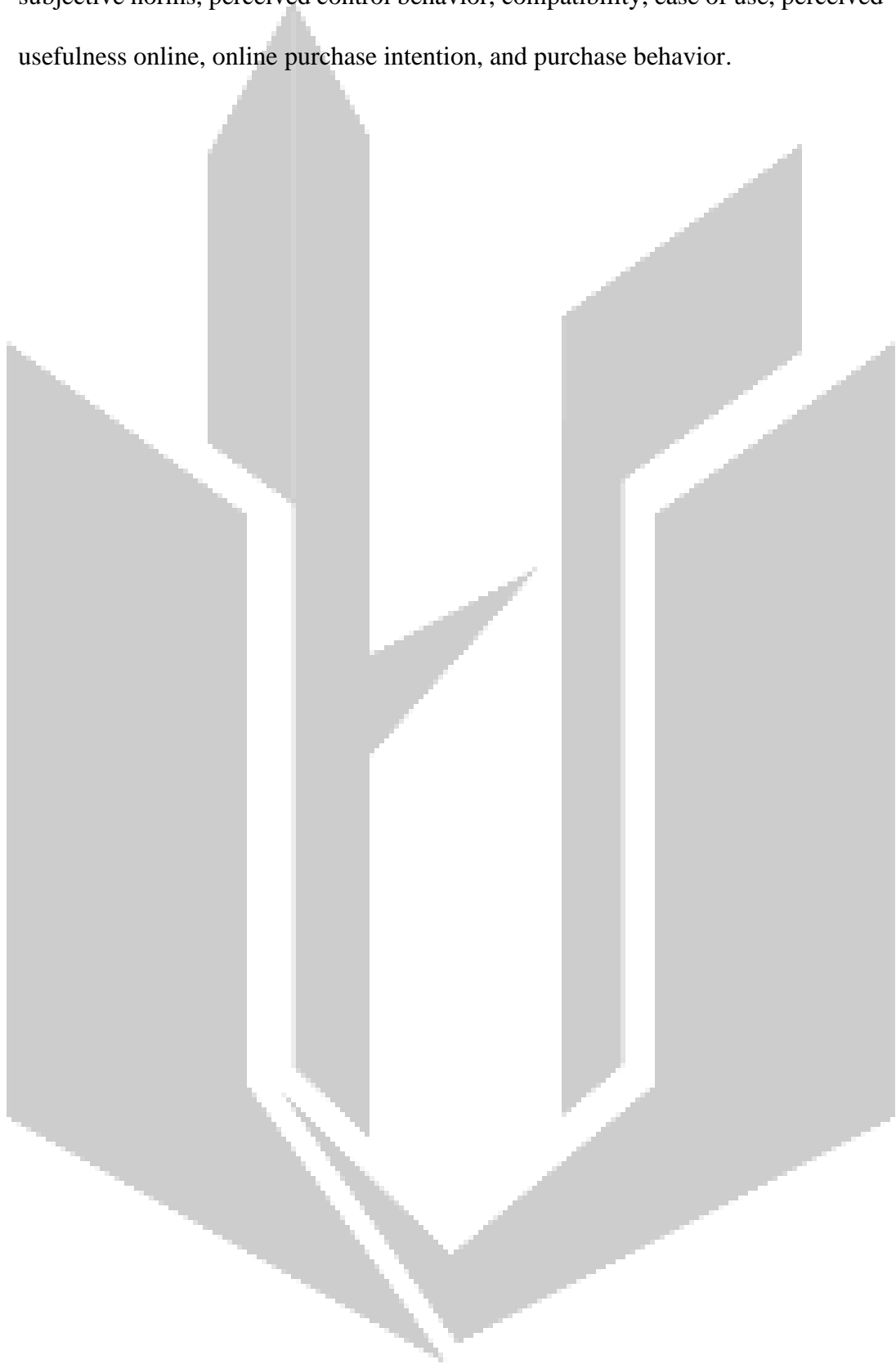


Table 2. 1  
Summary of Previous Research

Research	Title	Methods			Results
		Sample	Variables	Analysis	
Park J, Hyun H, Thavisay T (2021)	A Study of Antecedents and Outcomes of Social Media WOM Towards Luxury Brand Purchase Intention	282 respondents from luxury consumer users	1. Perceived Quality 2. Social Value 3. Personal Value 4. Functional Value 5. Social Media WOM 6. Purchase Intention	Structural Equation Modeling (SEM) – Analysis of Moment Structure (AMOS)	<ol style="list-style-type: none"> <li>1. Perceived quality has a significant positive effect on social value.</li> <li>2. Perceived quality has a significant positive effect on personal value.</li> <li>3. Perceived quality has a significant positive effect on functional value.</li> <li>4. Social value has a significant positive effect on social media WOM.</li> <li>5. Personal value has a significant positive effect on social media WOM.</li> <li>6. Functional value has a significant positive effect on social media WOM.</li> <li>7. Social media WOM significantly has a positive effect on purchase intention.</li> </ol>
Togawa T, Sugitani Y (2021)	Looks Far Beyond My Reach: The Zoom Effect in Product Videos Influences Luxury Perception and Purchase Intention	H1a: 208 respondents H1b and H2: 201 respondents H3: 204 respondents	1. Zoom Effect 2. Perceptual Distance 3. Exclusivity 4. Luxury Perception 5. Purchase Intention	ANOVA	<ol style="list-style-type: none"> <li>1. Zoom effect significantly has a positive effect on perceptual distance.</li> <li>2. Zoom effect significantly has a positive effect on exclusivity.</li> </ol>



					<ol style="list-style-type: none"> <li>3. Zoom effect significantly has a positive effect on luxury perception.</li> <li>4. Zoom effect significantly has a positive effect on purchase intention.</li> <li>5. Perceptual distance significantly has a positive effect on exclusivity.</li> <li>6. Perceptual distance significantly has a positive effect on luxury perception.</li> <li>7. Perceptual distance significantly has a negative effect on purchase intention.</li> <li>8. Exclusivity significantly has a positive effect on luxury perception.</li> <li>9. Exclusivity significantly has a positive effect on purchase intention.</li> <li>10. Luxury perception significantly has a positive effect on purchase intention.</li> </ol>
Peña-García N, Gil-Saura I, Rodríguez-Orejuela A, Siqueira-Junior J (2020)	Purchase Intention and Purchase Behavior Online: A Cross-Cultural Approach	584 respondents from online consumers in Colombia and Spain	<ol style="list-style-type: none"> <li>1. Personal Innovation in IT</li> <li>2. Buying Impulse</li> <li>3. Self-Efficacy</li> <li>4. Attitude</li> <li>5. Subjective Norms</li> <li>6. Perceived Control Behavior</li> <li>7. Compatibility</li> <li>8. Ease of Use</li> <li>9. Perceived Usefulness Online</li> <li>10. Online Purchase Intention</li> </ol>	Confirmatory Factorial Analysis (CFA), Partial Least Square (PLS) - Structural Equation Modeling (SEM)	<ol style="list-style-type: none"> <li>1. Consumer online purchase intention has a positive effect on online purchase behavior</li> <li>2. Attitude toward e-commerce has a positive effect on online purchase intention</li> <li>3. Subjective norms have a positive effect on online purchase intention</li> <li>4. PBC has a positive effect on online purchase intention</li> <li>5. Self-efficacy in online stores has a positive effect on online purchase intention</li> </ol>

			11. Purchase Behavior		<ol style="list-style-type: none"><li>6. EOU of e-stores has a positive effect on attitudes toward e-commerce</li><li>7. The perceived usefulness of online stores has a positive effect on consumers' attitudes towards online shopping</li><li>8. Buying impulse has a positive effect on online purchase intention</li><li>9. The perceived EOU of e-stores has a positive effect on buying impulse</li><li>10. Compatibility with e-commerce has a positive effect on online purchase intention</li><li>11. PIIT has a positive effect on online purchase intention</li></ol>
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## **2.2 Theoretical Foundation**

The theoretical foundation is important for researchers to understand as a basic guideline for research. The theory that underlies and supports researchers when conducting research according to the topic is as follows:

### **2.2.1 Social Media WOM**

Social media WOM entails the act of sharing information through digital platforms. Social media is internet-based applications that enable users to generate and exchange content and media impressions and engage in general communication, allowing individuals to share personal experiences and opinions with others (Tsai & Bui, 2021). Word-of-mouth refers to informal communication between a sender and a recipient concerning a brand, product, organization, or service driven by non-commercial motives (Tsai & Bui, 2021). Social media WOM defined as “informal communication between a sender and a recipient through social media concerning a brand, product, organization, or service, driven by non-commercial motives” Tsai & Bui, (2021), p.4. The emergence of social media has revolutionized how consumers discover and evaluate product-related information (Tsai & Bui, 2021). Text-based messages, photos, videos, and word-of-mouth interactions on social media effectively facilitate consumer engagement with individuals they perceive as reliable (Tsai & Bui, 2021). Word-of-mouth is a critical strategy in shaping consumer attitudes toward a product (Salem & Alanadoly, 2021).

Social media WOM has been the subject of previous studies. Among the studies are those relating to cruise ship travel products in Taiwan (Tsai & Bui,

2021), sustainable fashion in Malaysia (Salem & Alanadoly, 2021), and film consumption in Spain (Álvarez-Monzoncillo et al., 2018). However, studies on social media WOM regarding smartphone products in Indonesia are lacking, despite the extensive smartphone usage in the country (Ariyani et al., 2022). It has been estimated that approximately 70% of consumers in Indonesia rely on social media platforms to seek information (Álvarez-Monzoncillo et al., 2018). Word-of-mouth serves as a vital information source during the pre-purchase process and plays a pivotal role in driving product sales (Álvarez-Monzoncillo et al., 2018).

### **2.2.2 Perceptual Distance**

Perceptual distance is essential to investigate to advance our understanding of masstige purchase behavior. Increasing perceptual distance to the product signifies the perceived difficulty of obtaining the product (Togawa & Sugitani, 2022). Perceptual distance refers to the perceived difficulty to obtain a desirable product which brings pleasure, but relatively expensive (Hansen & Wänke, 2011; Togawa & Sugitani, 2022). Consumers perceive that brands help manage the image they want to maintain, but the high price of branded goods causes these consumers to compromise (Chatterjee et al., 2023). Perceptual distance within the masstige context helps understand how consumers tackle difficulties managing their image (Chatterjee et al., 2023; Togawa & Sugitani, 2022).

A body of knowledge on perceptual distance within the masstige context is scarce. Studies on perceptual distance within the masstige context are limited to Togawa & Sugitani (2022), who found perceptual distance makes consumers more sensitive to product values symbolizing exclusivity. In other words, the more

difficult the consumer perceives in obtaining the products, the higher the exclusivity of the products. Because capitalizing on consumer perceptions of prestige is crucial within the masstige context, perceptual distance is crucial to investigate in this regard (Togawa & Sugitani, 2022). In particular, the determinants and the consequences of perceptual distance within the masstige context (Togawa & Sugitani, 2022).

### **2.2.3 Luxury Perception**

Luxury perception holds significant importance from the consumer's perspective. Luxury perception refers to consumers' judgment that a product represents social segregation and exclusion (Togawa & Sugitani, 2022). According to Amatulli et al., (2020), p.4, "the individual aspect of luxury perception, termed "luxury for oneself," encompasses self-identity values, particularly hedonic benefits". Income level and education can contribute to variations in luxury perceptions (Park et al., 2021). Companies must undertake marketing activities that foster the perception of luxury. Building, maintaining, and enhancing the perception of luxury are pivotal objectives in luxury branding (Sung & Phau, 2019).

Luxury perception has been the subject of prior studies. Among the studies are those relating to luxury value perceptions across different generations in China (Jiang & Shan, 2018) as well as Bosnia and Herzegovina (Alić et al., 2022). Additionally, luxury perception has been investigated to examine the interactive effects of perceived envy and pride on luxury perceptions and brand attitudes (Sung & Phau, 2019). These studies highlight the lack of exploration of luxury perception in the context of masstige products.

#### **2.2.4 Purchase Intention**

Many consumers consider before deciding to buy a masstige product. Purchase intention refers to “possibility that a consumer will buy a product” Ho et al. (2022), p.5. It signifies the likelihood of consumers buying a particular product (Ho et al., 2022). Before making a purchase decision, consumers are influenced by various factors (Doniec et al., 2020). Important characteristics considered by consumers include price, product interactions, and seasonal effects, among others (Doniec et al., 2020). An increase in purchase intention indicates an increase in potential purchase opportunities (Mustafi & Hosain, 2020).

Purchase intention has been extensively studied in prior research. Studies have examined online purchase intentions among consumers in developing countries, revealing significant differences compared to consumers in developed countries (Peña-García et al., 2020). Purchase intention has also been employed to investigate the relationship between customers and products (Doniec et al., 2020). Research has explored the use of purchase intention variables in the context of masstige products in India (Purohit & Radia, 2022) and Indonesia (Burhanudin, 2023). However, purchase intention within Indonesian context relates to services (Burhanudin, 2023). The current study addresses masstige relates to goods.

#### **2.2.5 Purchase Behavior**

Purchase behavior is an essential element in behavioral science. Purchase behavior is defined as “consumers’ power of making decisions in purchasing any products and services available in the market” Ishak et al. (2020), p.3. Purohit & Radia (2022) state that the purchase behavior of consumers towards products varies

over time. Brands and promotional media are important in shaping purchase behavior (Ishak et al., 2020). The frequency of consumer purchases can indicate the success of purchase behavior (Peña-García et al., 2020).

Purchase behavior has received attention in previous studies. Among the studies relating to the cosmetic purchasing behavior of educated Muslim women in Malaysia (Ishak et al., 2020). Another study relates to purchase behavior in an online context using a cross-cultural approach in Colombia and Spain (Peña-García et al., 2020). However, an investigation on masstige purchase behavior within the Indonesian context has not been the focus of the previous studies, despite consumers in that country showing a high willingness to purchase masstige (Burhanudin, 2023).

### **2.3 Variable Relationships**

The relationship between variables is important for researchers to understand. The variable relationship explains the main analysis by proving the strength and relationship between two variables. The relationship between the variables studied in this study is as follows:

#### **2.3.1 The Influence of Social Media WOM on Perceptual Distance**

Investigating the influence of social media WOM on perceptual distance is crucial. Reynaldy et al. (2023) state that marketing communications, consumer experiences, and social consequences play an essential role in how consumers perceive a brand. Social media marketing can improve brand perception by influencing consumer emotions and online word of mouth (Samosir et al., 2023). Social media WOM can impact perceptual distance (Damarwulan, 2015). This

study is critical because previous studies were limited to the context of the product video zoom effect (Togawa & Sugitani, 2022).

This study argues that social media WOM has a positive influence on perceptual distance. Previous studies show that emphasizing effective social media WOM communication can improve brand perception (Reynaldy et al., 2023). Jalilvand & Samiei (2012) state that the effect of social media WOM communication on brand perception is favorable. Consumer experiences and opinions through social media influence individual perceptions of a product or brand (Reynaldy et al., 2023). Therefore:

H1: Social media WOM positively influences perceptual distance

### **2.3.2 The Influence of Social Media WOM on Luxury Perception**

The influence of social media on luxury perception needs further investigation. Park et al. (2021) state that social media WOM plays an important role in shaping consumers' luxury perception. Luxury brands widely use social media sites to communicate their exclusivity and uniqueness. Park et al. (2021) state that social media WOM is useful for improving brand perception, sales volume, and ultimately profits and market competitiveness (Li et al., 2019). Luxury brand companies can easily convey their desired image and perception to consumers around the world through their social media (Togawa & Sugitani, 2022). Social media WOM has a great influence on consumer perceptions, so examining the influence of social media WOM on luxury perception is important.



This study argues that social media WOM has an effect on luxury perception. This is based on Sung & Phau (2019), who state that the inherent and important purpose of luxury branding on social media is to build, maintain, and improve luxury perception. Social media WOM can improve brand evaluation, encourage consumption, and strengthen the relationship between consumers and brands (Feng et al., 2021). Social media platforms have been shown to have a positive effect on various consumer outcomes, including luxury perception (Creevey et al., 2022). Therefore:

H2: Social media WOM positively influences luxury perception

### **2.3.3 The Influence of Social Media WOM on Purchase Intention**

Gaining a deeper understanding of the impact of social media WOM on purchase intention is crucial. Social media WOM represents a novel form of digital communication through which information is exchanged and shared among users (Park et al., 2021). Many consumers rely on the luxury experiences shared by others on social media platforms, which in turn influences their brand evaluation and purchase intention (Moran et al., 2014). Social media users can assume the roles of "self-improvers" or "opinion leaders," disseminating knowledge about luxury brands to assist prospective buyers in their future purchases (Wojnicki & Godes, 2008). Given the potential of social media WOM to shape consumers' future purchasing decisions, investigating its influence on purchase intention is of utmost importance. It is noteworthy that previous studies have primarily focused on the context of traditional luxury goods (Park et al., 2021) and the tourism industry (Tsai & Bui, 2021).

This study posits that social media WOM exerts a positive influence on purchase intention, which is supported by prior research indicating a positive direct impact of social media WOM on purchase intention (Jalilvand & Samiei, 2012). According to Park et al (2021), social media WOM significantly affects purchase intention by fostering positive brand messages and discussions on social media platforms. As the volume of social media WOM increases, so does the likelihood of higher purchase intention (Park et al., 2021). This trend can persist as consumers recommend brands on social media, thereby influencing others to make purchases. Therefore:

H3: Social media WOM positively influences purchase intention

#### **2.3.4 The Influence of Perceptual Distance on Purchase Intention**

It is important for marketers to investigate the influence of perceptual distance on purchase intention. Consumers who will make a purchase already have a perceptual distance from the product to be purchased (Togawa & Sugitani, 2022). Decreasing the perceptual distance to a product will reduce the perception of exclusivity (Togawa & Sugitani, 2022) and make consumers unwilling to buy the product. The influence of perceptual distance on purchase intention in the context of mass-market products has not been the focus of previous studies (Burhanudin, 2023).

This study argues that perceptual distance has a negative influence on purchase intention. Perceptual distance can affect consumers' perception of product value, which in turn affects their purchase intention (Yang, 2022). Before predicting the extent of purchase intention, it is necessary to consider consumers' judgments

(Peña-García et al., 2020). Consumers who have a long perceptual distance are weak in their purchase intentions for products (Mustafi & Hosain, 2020). Therefore:

H4: Perceptual distance negatively influences purchase intention

### **2.2.5 The Influence of Luxury Perception on Purchase Intention**

The influence of luxury perception on purchase intention is crucial to investigate. Masstige products have a stigma of luxury (Fasya & Burhanudin, 2022). Luxury perception is a condition where a person feels quality, social value, personal value, and functional value (Park et al., 2021). Luxury perception can increase consumer evaluation of a product (Togawa & Sugitani, 2022). Purchase intention comes from consumer perceptions of benefits and is an important factor in predicting consumer purchasing behavior (Vijaranakorn & Shannon, 2017).

This study argues that luxury perception has a positive influence on purchase intention. Previous research shows that the consumption value of luxury goods can influence perceptions (Vijaranakorn & Shannon, 2017) and consumer purchasing decisions (Ünal et al., 2013). Luxury perception acts as an important factor involved in shaping consumer behavior (Park et al., 2021). Luxury perception brings conspicuousness, uniqueness, quality, hedonic, and extended self-value to their consumers (Jiang & Shan, 2018). Therefore:

H5: Luxury perception positively influences purchase intention

### **2.2.6 The Influence of Purchase Intention on Purchase Behavior**

The influence of purchase intention on purchase behavior is essential to investigate. Consumer purchase intention is an important indicator of purchase

behavior (Huang & Ge, 2019). Ishak et al. (2020) found that purchase intention plays an important role in shaping consumer purchase behavior. This is in line with the Theory of Planned Behavior (TPB) (Ajzen, 1985), which states that behavioral intention predicts related behavior. However, the inclusion of variables other than those stated in TPB is highly suggested to advance our understanding of the intention-behavior relationship (Ajzen, 2011).

This study argues that purchase intention has a positive influence on purchase behavior. Peña-García et al. (2020) state that purchase intention can measure the extent to which consumers are willing to perform certain behaviors. Consumer purchase behavior is influenced by many factors and can be stimulated by real or perceived features associated with the product (Doanh et al., 2021; Ishak et al., 2020). Ho et al. (2022) state that when purchase intention is weak, the probability of an actual purchase also decreases. Consistent purchase intention can increase purchase behavior (Zhu et al., 2019). Therefore:

H6: Purchase intention has a positive influence on purchase behavior

## 2.4 **Research Framework**

The research framework is important in this study. The research framework describes the relationship between the variables to be studied based on a theoretical basis or previous research. The framework in this study is as follows:

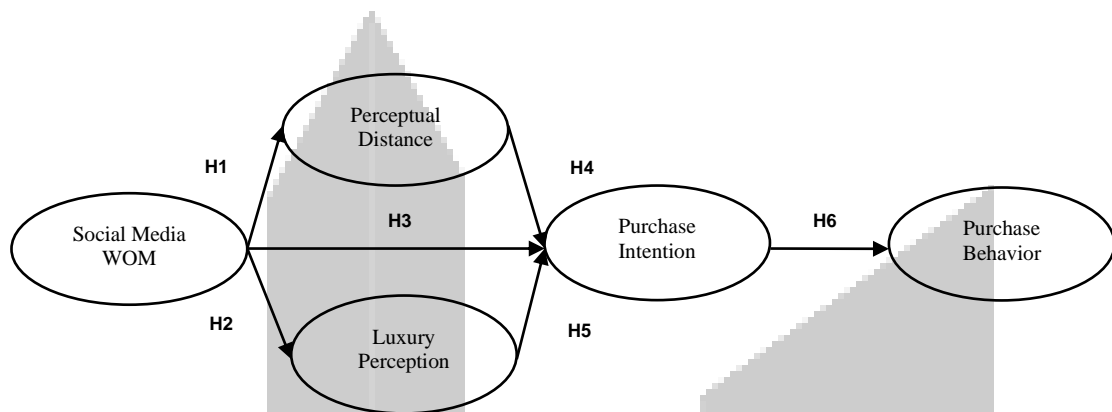


Figure 2. 3

### Research Framework

Source: Park et al. (2021), Togawa & Sugitani (2022), Peña-García et al. (2020)

## 2.5 Research Hypothesis

Based on the research framework designed, the researcher proposes the following hypothesis:

- H1 : Social media WOM has a significant influence on perceptual distance.
- H2 : Social media WOM has a significant influence on luxury perception.
- H3 : Social media WOM has a significant influence on purchase intention.
- H4 : Perceptual distance has a significant influence on purchase intention.
- H5 : Luxury perception has a significant influence on purchase intention.
- H6 : Purchase intention has a significant influence on purchase behavior.