

# **CHAPTER I**

## **INTRODUCTION**

### **1.1. Background of the Study**

The beauty and health industries are vital for the survival of society in a country. Business opportunities in the health industry include drug production, distribution, and sales. The health business also provides many job opportunities, including becoming a beauty expert. The beauty industry is a fast-moving and constantly evolving industry. Business opportunities in the beauty industry include cosmetics and skin care products, hair care, and dental health. Herbal-based cosmetic products are also booming, replacing chemical-based cosmetics and skincare. The beauty and health industries require continuous learning and innovation. Only by continuously learning and developing new products, business opportunities in these industries will continue to grow (Turcu & Brancu, 2023).

The development of health and beauty apps continues to grow along with the rapid growth of the beauty and health industry. This app can help beauty salon companies to promote products, send messages, and organize schedules. Health and beauty applications play a crucial role in the effective functioning of health and beauty professionals. A streamlined, structured and well-informed approach is provided by the healthcare application to make sure that the core functions of health and beauty can work effectively and optimally (Kohli et al., 2024).

Guardian has been serving the health and beauty needs of Indonesians since 1990. Guardian first store was in Plaza Indonesia and has never stopped

expanding. In 1995, Guardian opened their first outlet outside Jabodetabek at Tunjungan Plaza Surabaya. The number of Guardian stores reached 10 stores in 1998 and in the same year, Guardian Indonesia officially became part of PT Hero Supermarket. To date, Guardian Indonesia have opened more than 300 stores throughout Indonesia and be the No. 1 Health and Beauty retailer in Indonesia. For more than 31 years, Guardian Indonesia have continued to adapt and develop in order to always be able to provide the best for customers.

Guardian ID is an app that allows users to shop for health and beauty products from the Guardian retail chain in Indonesia. The app offers discounts and other benefits to make shopping more convenient.



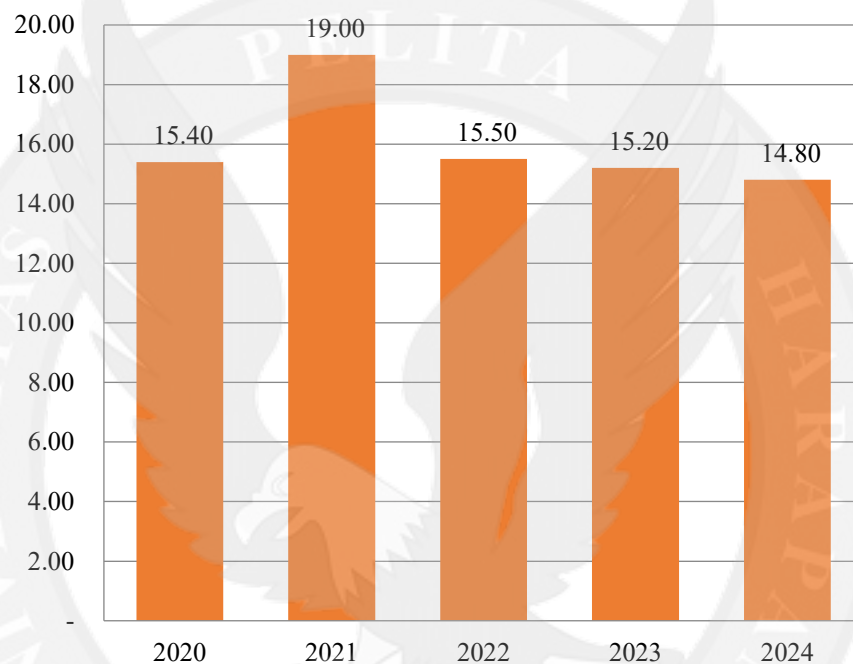
**Figure 1.1. Application Guardian ID**

Sources: Prepared by writer (Playstore, 2025)

According to Hutagaol et al (2024), purchasing decision is the process of choosing a product or service to meet a need or want. It involves identifying a need, generating options, and selecting a specific product and brand. Purchasing

decisions are a key part of the consumer decision-making process and are important for businesses to understand. Customers represent a stage when consumers evaluate options and choose a product or service.

The decline in purchase decisions in the Guardian ID application has decreased. This can be seen from Guardian's top brand award from 2020 to 2024.



**Figure 1.2. Top Brand Award of Guardian ID**  
Sources: Prepared by writer (Top Brand Index, 2025)

Figure 1.2. shows that the top brand award generated by Guardian ID has decreased except in 2021 and then in the following year it experienced a condition that continued to decline. This triggers that Guardian ID's performance is disappointing customers, which has an impact on declining customer purchasing decisions.

An online customer review (OCR) is a form of content generated by users and has a significant impact on the purchase decisions of customers (Rulyagustin,

2023). Online customer reviews are important because they help businesses understand their customers, improve their services, and build brand awareness. Online reviews represent real-life experiences, offering potential customers a glimpse into the quality, value, and reliability of the product or service they're considering. Company provides a form of social proof that is much more relatable than advertising and can significantly influence purchasing decisions.

Based on the data obtained on Google Play, there are many negative reviews from customers. The following data is generated on negative reviews which can be seen in the table below.

**Table 1. 1 Negative Review at Guardian ID**

<b>Name</b>	<b>Review</b>
Asep Awaluddin	Undelivered skintific items and slow applications and no responsibility for returned money from customers (more than 1 month). In other words, the performance of Guardian ID is not satisfactory.
Jessica Anjani	Bad service, in the application the item can still be checked out, but the next day it is informed that the stock is out of stock, so it will be refunded but the refund process is very long 30 working days. Guardian ID's performance is not up to date regarding the stock of each product.
Rina Florencia	I ordered in this application 2 orders, with a total order of approximately 800k, I periodically check that it is still being processed and today I checked the writing is closed. But until now, I have not received the order or the return clarity.
Setiawan Dwi	I want to see the product specifications, but when I click on the image, it automatically exits the Guardian ID application.
Nia Nuraeni	Guardian ID created various events, but orders from customers were not taken care of.





Sources: Prepared by writer (Guardian ID, 2025)

Table 1.1. shows that there are many negative reviews of Guardian ID. The phenomenon of negative reviews is related to customer refunds that take a very long time and there is no clarity, the application system is still slow, causing errors in transactions.

Online customer rating (OCR) is a customer's assessment of a product or service using a star rating system. It's a feature on online stores that can influence a customer's decision to buy something. Online customer ratings are important because company help consumers evaluate products and make purchasing decisions (Almayani & Graciafernandy, 2023).

The ratings obtained by Guardian ID since the beginning of its operation can be seen in the table below.

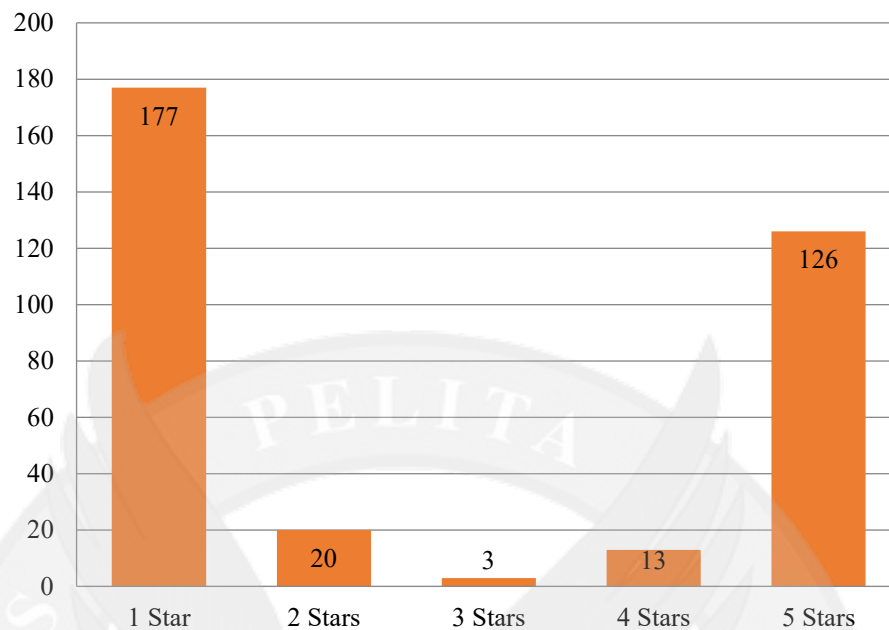
**Table 1. 2 Rating of Health and Beauty Application**

Application	Rating
	2.7
	4.6
	4.3
	5.0

Sources: Prepared by writer (Guardian, watSons, Century and Beauty Haul, 2024)

Table 1.2. shows that among its competitors, Guardian ID has the lowest rating of 2.7. This certainly shows that many customers are disappointed with the Guardian ID app and therefore give it a low rating.

In addition, there is a Guardian ID rating (1-5 stars) which can be seen below this image.



**Figure 1. 3. Online Customer Rating of Guardian ID**

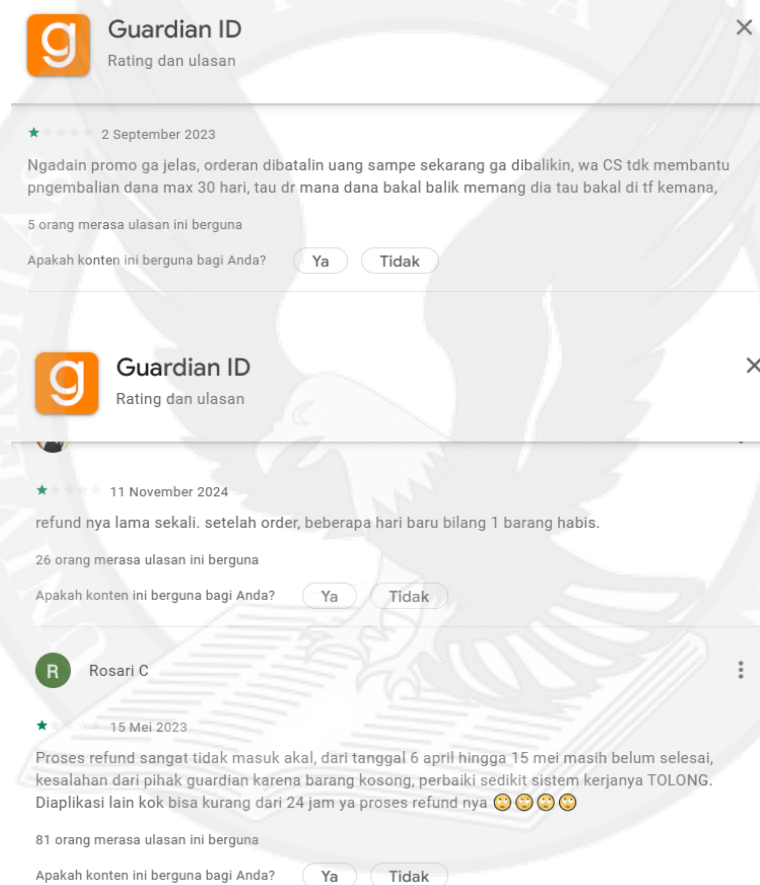
Sources: Guardian ID (2025)

Figure 1.3. shows that there are 177 customers who rate Guardian ID as having very poor performance, 20 customers who give 2 stars, 3 customers who give 3 stars, 13 customers who give 4 stars for the good performance of Guardian ID application and 126 customers who give 5 stars. From the comparison of the stars above that Guardian ID has the most stars, so it can be concluded that the performance of the Guardian ID application is very disappointing to customers. This triggers that the low purchasing decisions made by customers in the Guardian ID application.

Customer trust is the confidence a consumer has in a company's ability to deliver on its promises. Customers who trust a brand are more likely to make repeat purchases and remain loyal. Customer trust is important because it leads to customer loyalty, which can increase a company's profits and reputation. Loyal

customers are more likely to make repeat purchases, recommend the brand, and resist competitors (Febriana & Sukma, 2024).

The level of customer trust has decreased due to the inability of the application to provide effective and efficient performance for customers. As a result, there are many negative things conveyed by customers in the Guardian ID application such as the figure below.



**Figure 1. 4. Distrust of the guardian ID app**  
Sources: Guardian ID (2025)

Figure 1.4. explains that customers do not want to make transactions again on the Guardian ID application due to poor performance of the application, especially related to refunds due to cancellation of orders from Guardian ID due to



out of stock orders. As a result, trust levels declined, causing many respondents to switch to more reliable applications. It can be concluded that the level of trust declined, causing many respondents to switch to more trusted applications and ultimately resulting in a decline in purchase decision rates.

From the description that has been there before, it encourages researchers to discuss in the thesis under the title **“The Influence of Online Customer Reviews, Ratings, and Trust on Purchasing Decisions at Guardian ID.”**

### **1.2. Problem Limitation**

Based on this research, this research conducted by focusing only four variables. Those variables are Online Customer Reviews, Ratings, and Trust as independent variable and Purchasing Decisions as dependent variable. The limitation of the discussion that has been determined by the writer is where the research focused at Guardian ID. Respondents in this study were Guardian ID App users in Medan.

### **1.3. Problem Formulation**

Based on research on the company produced by the writer, the writer makes the problem formulations in the questions in this study such as:

1. Does Online Customer Reviews has partial influence on Purchasing Decisions at Guardian ID?
2. Does Ratings has partial influence on Purchasing Decisions at Guardian ID?
3. Does Trust has partial influence on Purchasing Decisions at Guardian ID?



4. Do Online Customer Reviews, Ratings, and Trust have simultaneous influence on Purchasing Decisions at Guardian ID?

#### **1.4. Objective of the Research**

From the formulation of the problem compiled by the writer, the writer makes the research objective of the problem in this study such as:

1. To explain Online Customer Reviews has partial influence on Purchasing Decisions at Guardian ID.
2. To analyze Ratings has partial influence on Purchasing Decisions at Guardian ID.
3. To investigate Trust has partial influence on Purchasing Decisions at Guardian ID.
4. To describe Online Customer Reviews, Ratings, and Trust have simultaneous influence on Purchasing Decisions at Guardian ID.

#### **1.5. Benefits of the Research**

##### **1.5.1. Theoretical Benefit**

Research of Influence Online Customer Reviews, Ratings, and Trust on Purchasing Decisions at Guardian ID is expected to be used as a lesson, information and as reference material to other parties to focus on future research.

##### **1.5.2. Practical Benefit**

Based on the purpose of this research can provide research benefits:

1. For the Writer

In this study, the writer has the ability and capability about online customer reviews, ratings, trust and purchasing decisions to be able to understand the knowledge in this study.

2. For Guardian ID

In this study, Guardian ID is able to evaluate and understand about the problems regarding the influence of online customer reviews, ratings, and trust on purchasing decisions.

3. For other researchers

In this study results, other parties can be use this research paper about the influence of online customer reviews, ratings, and trust on purchasing decisions to be reference in focusing on future research.

