



## IMPACT OF ONLINE CUSTOMER REVIEWS AND PROMOTIONS ON CUSTOMER RETENTION OF COSMETICS IN SHOPEE MALL THROUGH PURCHASE DECISIONS

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Decision

### ABSTRACT

**Purpose:** This study aims to analyze the impact of online reviews and promotions on customer retention of cosmetic products among students at the Faculty of Economics and Business, Universitas Bandar Lampung (FEB UBL), in the context of direct shopping on Shopee Mall. **Methodology:** A quantitative research method was used, with primary data collected through an online questionnaire distributed to 280 randomly selected respondents from a population of 936 students. The data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS 4. **Results:** The results show that both online reviews and promotions significantly influence purchase decisions. However, customer retention is only directly affected by promotions and purchase decisions, while online reviews indirectly influence retention through purchase decisions. **Findings:** The study highlights that promotions play a more significant role in customer retention than online reviews, which only indirectly affect retention through their impact on purchase decisions. **Novelty:** This research contributes to digital marketing literature by focusing on the cosmetics industry and the role of online reviews and promotions in customer retention, particularly in an e-commerce context. **Originality:** The study is original in its focus on the cosmetics industry, particularly in relation to e-commerce platforms like Shopee Mall. **Conclusions:** The study recommends that businesses prioritize effective promotional strategies and ensure a positive shopping experience to enhance customer retention. **Type of Paper:** Empirical research paper.

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## INTRODUCTION

Customer Retention is a method used by companies to make customers remain loyal to the company, continue to do business, make repeat purchases, or reuse the services provided by the company (Ascarza et al., 2018). Customer retention can be described as a process to create consumer loyalty to a brand until they decide to repurchase the product or service offered (Mustika

& Farid, 2022). In the book written by (Kotler & Keller, 2016) in Marketing Management states that the main dimensions of Customer retention includes several important aspects to ensure sustainability of customer and company relationships, namely customer satisfaction, perceived value, trust, commitment, frequency of interaction, involvement customers and consistent experience. One of the goals of customer retention is to test and ensure the effectiveness or ineffectiveness of the marketing strategies implemented by the company, including promotions or reviews (Chung, 2020).

Online customer reviews play a vital role in recommending services in online marketplaces by offering personalized insights and recommendations for various products. However, users are often not motivated to leave reviews due to unfavorable perceptions about sharing their experiences. Reviews are typically provided after purchasing or using goods or services (Lestari & Patrikha, 2022). Online customer reviews represent opinions and serve as a form of word-of-mouth communication in the context of online sales. Through these reviews, potential buyers gain insight into the product from previous customers who have benefited from it (Gabriela et al., 2022). Customers are more likely to make online purchases if there is a high percentage of positive evaluations. Conversely, a high percentage of negative evaluations will reduce the likelihood of customers making online purchases (Bo et al., 2023).

Promotion is an essential activity in conveying, educating, and reminding people of the advantages of a product to encourage them to purchase it (Nurliyanti et al., 2022). Promotion aims to increase consumer awareness and understanding of goods and services, thereby encouraging higher consumer demand (Pratiwi et al., 2022). It is the process of highlighting the benefits of a product and convincing potential consumers to buy it online (Qadafi et al., 2023).

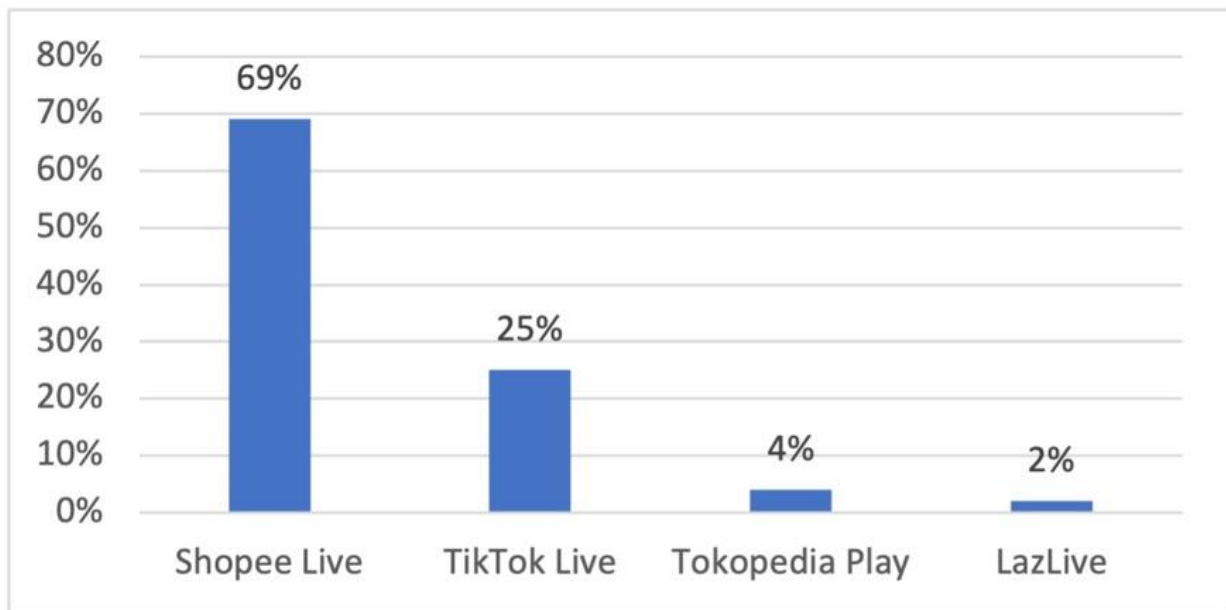
Consumer purchasing decisions play a critical role as they determine how individuals allocate their resources—time, money, and effort—across goods and services. These decisions are influenced by factors such as what to buy, why to buy, where to buy, when to buy, how often to buy, and how to value goods (Kankam, 2022). Consumers make purchasing decisions by selecting, purchasing, and using goods and services that satisfy their needs.

In the digital era, technological progress in Indonesia has occurred very rapidly. This rapid development has led to a continuous increase in the number of individuals using the internet. In addition to being a medium of communication, the internet also allows for information gathering, business activities, social networking, education, entertainment, and various other domains. The current business system has been significantly influenced by the development of internet technology, resulting in free trade through electronic channels (e-commerce). E-commerce makes it easy for people to find what they need with one click and has transformed traditional offline transactions into online ones. According to the German e-commerce research institute ECDB, Indonesia is projected to have the largest e-commerce growth in the world in 2024, with a growth rate of 30.5%—almost three times higher than the global average of 10.4% (databoks.katadata.co.id). Therefore, Indonesia has emerged as the country with the greatest potential for online transactions.

Shopee, founded in 2015, is an e-commerce company that continues to grow rapidly. It is an application engaged in online sales and can be easily accessed via a website or smartphone. Shopee provides a variety of goods to meet customer needs and is the most popular e-commerce platform among Gen Z and Millennials, with 76% of Gen Z and 60% of Millennials using it as of March 2023 (databoks.katadata.co.id).

One of the latest innovations in e-commerce is the live shopping phenomenon. This trend offers an interactive and immersive shopping experience through online platforms that combine live streaming with direct buying and selling transactions. To capitalize on this trend, Shopee introduced the Shopee Live feature, which allows sellers to broadcast live to consumers. Through this feature, sellers can interact directly with buyers, showcase special promotions, introduce new products, and provide additional information about product details, making the purchasing process easier for customers. Shopee Live is one of the most widely used live shopping features in Indonesia, as shown in Figure 1.1.

**Figure 1.** Live Shopping 1Most Used by Indonesian People



Source: <https://infobanknews.com> , 2024

Based on the image above, 69% of respondents stated that Shopee Live is the most used live streaming service by Indonesian people, surpassing its competitors TikTok Live (25%), Tokopedia Play (4%), and LazLive (2%). This illustrates the high interest of Indonesian people in using Shopee Live for shopping. Table 1.1 presents the top three product categories in the Shopee Live feature.

**Table 1.1** Three Best-Selling Product Categories in the Shopee Live Feature

| Position | Product Categories                   |
|----------|--------------------------------------|
| 1        | Beauty and personal care (Cosmetics) |
| 2        | Mother and Baby                      |
| 3        | Residential home                     |

Source: <https://katadata.co.id> , year 2023

Based on Table 1.1 above, the best-selling product categories in the Shopee Live feature are beauty and personal care (cosmetics), followed by mother and baby products, and home appliances. Therefore, the cosmetics and personal care category is the most popular category for purchases on Shopee Live. This highlights the importance for business actors in the cosmetics and personal care industry to monitor customer purchasing patterns to encourage repeat purchases.

### Theory of Planned Behavior

The Theory of Planned Behavior (TPB) is a theoretical framework for examining attitudes that influence a person's behavior (Ajzen, 2020). It asserts that a person's intentions regarding a particular activity influence that behavior. The idea of planned behavior states that a person's intention to act in a certain way will shape their behavior. Both universal and individual behaviors are addressed by the concept of planned behavior. A person's motivation to behave can be predicted by three factors: perceived behavioral control, subjective norms, and attitudes toward the behavior.

A person's general opinion about how good or bad a certain behavior is known as their attitude toward that behavior. Beliefs about what important people expect from them, and whether

they are willing to fulfill those expectations, are known as subjective norms. A person's perception of their ability to engage in a particular behavior is known as perceived behavioral control.

### **Customer Retention**

The process of growing customer loyalty towards a brand until they need to repurchase the goods or services provided is known as customer retention (Mustika & Farid, 2022). Indicators that can measure customer retention are loyalty, willingness to continue buying, enjoyment, and repeat purchases (Mustika & Farid, 2022). Customer retention is defined as customer commitment towards the company and its offerings over a period of time through repeat purchases and a tendency to spread positive word of mouth in their social environment (Barusman & Rulian, 2019). Customer retention can provide significant benefits for companies, namely reducing operational costs and increasing revenue through references. Therefore, companies prioritize customer retention as a primary task because the cost of acquiring new customers is greater than the cost of maintaining relationships with current customers (Barusman & Rulian, 2020).

### **Buying decision**

Decisions about what to buy, why to buy, where to buy, when to buy, how often to buy, and how to evaluate purchased items, as well as those planned for future purchases, significantly influence consumer purchasing behavior. These decisions are important because they determine how consumers allocate their resources (time, money, and effort) to goods and services. In making future purchasing decisions, consumers aim to select and utilize products or services that meet their needs. Various factors influence these choices as consumers seek to identify and acquire the most valuable goods (Kankam, 2022). Purchasing behavior reflects the consumer's final decision-making process, both for individuals and households, when acquiring goods or services for personal use (Apriani & Bahrin, 2023). Indicators used to measure purchasing decisions include product commitment, habitual purchasing patterns, providing recommendations to others, and making repeat purchases (Apriani & Bahrin, 2023).

### **Online Customer Reviews**

In the context of online sales, online customer evaluation is a form of word-of-mouth advertising and opinion representation. Potential clients can learn more about the product from previous users who have felt the benefits of reading these reviews (Gabriela et al., 2022). A high proportion of positive reviews increases the likelihood of consumers making online purchasing decisions. Conversely, a higher proportion of negative reviews reduces this likelihood (Bo et al., 2023). Promotion plays an important role as a tool to introduce businesses and showcase products in local and international markets (Kankam, 2022). On e-commerce platforms, encouraging customers to leave meaningful reviews is an important strategy for sellers, as these reviews significantly influence other consumers' purchasing decisions (Guo et al., 2020). Reviews can be positive or negative, depending on the reviewer's perspective, and are often based on previous information or experience with the product (Taharu et al., 2019). Purchasing decisions are influenced by several factors related to reviews, including the number of reviewers, content of reviews, and the format of presentation. For example, when there are many reviewers alongside some significant negative feedback, potential buyers are often reluctant to make a purchase. On the other hand, a large number of positive reviews can instill confidence and encourage purchases (Arief et al., 2023). Key indicators for evaluating online customer reviews include the informativeness of the review, the accuracy and format of the review, its timeliness, and the rating given to the product or seller (Arief et al., 2023).

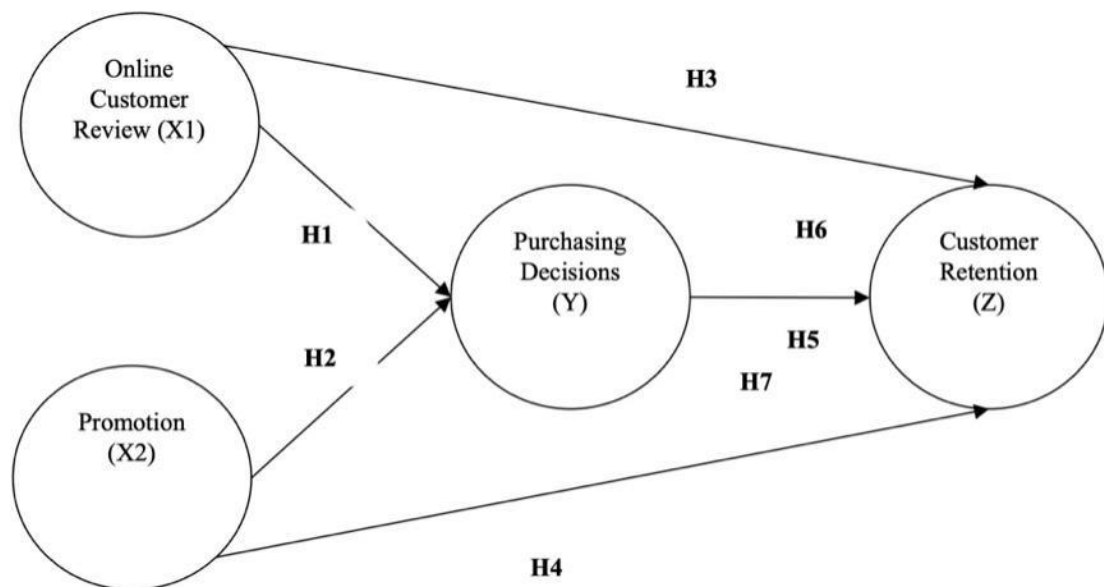
### **Promotion**

Promotion is an activity that communicates the benefits of a product and persuades target consumers to buy products via the internet, creating a desire to buy (Qadafi et al., 2023). Consumer

knowledge of upcoming promotions significantly increases consumer purchasing decisions for a product (Perera & Fahimnia, 2024). Promotion is a form of marketing communication that aims to provide information, influence, and persuade consumers to be interested in what is being offered (Fikri et al., 2023). Promotion can be one form of promotional communication, which is a marketing activity to disseminate information, influence, persuade, and remind the target market about a company and its products to encourage acceptance, purchase, and loyalty to the advertised products (Barusman, 2019). Promotions shared through social media or the internet influence consumers in making purchase decisions and strengthen belief and commitment to a particular brand or product (Vasan, 2021). Indicators that can measure promotion include the use of promotion, promotional elements, promotional credibility, and promotional media (Vasan, 2021).

**RESEARCH FRAMEWORK**

**Figure 2. Research Framework**



**RESEARCH HYPOTHESIS**

A hypothesis is a temporary answer to research. Based on the background, problems, and framework of thinking, it can be formulated that:

**The Influence of Online Customer Reviews on Purchasing Decisions**

Online customer reviews play an important role in influencing purchasing choices by providing good and relevant information (Putri et al., 2024). Ramadhany and Isikomah (2024) stated that online customer reviews are not the most used factor in making decisions about what to buy.

H1: Online customer reviews significantly influence the purchase decisions of cosmetic products in Shopee Live Shopping among FEB UBL students.

**The Effect of Promotion on Purchasing Decisions**

Promotions can change a person's disinterest in a product into interest, which will later direct consumers to make a purchase (Wulandari and Sujono, 2024). Larasati (2021) stated that partial promotion does not have a significant effect on purchase decisions.

H2: Promotion significantly impacts the purchase decisions of cosmetic products in Shopee Live Shopping among FEB UBL students.

### **The Impact of Customer Reviews on Customer Retention**

Customer reviews have a positive and significant influence on customer loyalty. The more reviews read on the Shopee application, the more customer loyalty will increase (Seliana et al., 2023).

H3: Online customer reviews significantly influence customer retention of cosmetic products in Shopee Live Shopping among FEB UBL students.

### **Promotion Influence against Retention Customer**

One of the goals of customer retention is to test and ensure whether the marketing strategies implemented by the company are effective, be it promotions or reviews (Chung, 2020).

H4: Promotion significantly impacts customer retention of cosmetic products in Shopee Live Shopping among FEB UBL students.

### **Influence of Purchasing Decisions on Customer Retention**

A consumer who has made a purchase will form a behavior, either loyal or disloyal. This depends on how the consumer perceives the product that has been purchased. If the consumer feels positive about the product purchased, then the consumer will be loyal. Meanwhile, if the consumer experiences a negative perception of the product purchased, then the consumer will be disloyal and switch to another product (Dcahi, 2020).

H5: Purchase decisions significantly influence customer retention of cosmetic products in Shopee Live Shopping among FEB UBL students.

### **Influence of Reviews Online Customers Against Customer Retention Through Purchasing Decisions**

Online reviews from customers are a form of word-of-mouth and opinion. Word-of-mouth marketing in internet sales is the process by which potential customers learn about a product from customers who have used it and found it useful. A high percentage of positive evaluations increases the likelihood that customers will decide to buy something online (Gabriela et al., 2022). However, a high percentage of negative evaluations reduces the likelihood of customers making online purchases and impacts customer loyalty (Bo et al., 2023).

H6: Online customer reviews significantly influence customer retention of cosmetic products in Shopee Live Shopping through purchase decisions among FEB UBL students.

### **Promotion Influence on Customer Retention through Purchasing Decisions**

To encourage increased consumer demand for product purchases, the goal of promotion is to disseminate information and increase knowledge and understanding of the goods or services offered (Pratiwi et al., 2022). Promotion is an action that highlights the advantages of a product and persuades potential consumers to buy it online, thereby fostering a sense of ownership that ultimately results in loyal customers (Qadafi et al., 2023).

H7: Promotion significantly influences customer retention of cosmetic products in Shopee Live Shopping through purchase decisions among FEB UBL students.

## **RESEARCH METHODS**

Population serves to characterize the parameters of thought and inform readers that the research strategy used in this study is quantitative. The primary data is obtained directly from respondents or research participants, both individuals and groups, according to Amruddin (2022). Questionnaire responses from selected individuals who meet the criteria, particularly potential cosmetic consumers on Shopee, provide the main information. This study uses a questionnaire as a data collection technique. A questionnaire is a data collection technique in which participants are

given a list of written statements or questions to answer. The Likert scale is a measuring tool used in this study. Sugiyono (2013) emphasized that the Likert scale is a tool for assessing attitudes, values, and perceptions of individuals or groups of people towards social phenomena. The following is a display of the Likert scale used in this study:

**Table 2. Display of the Likert scale**

| Point | Information       | Code    |
|-------|-------------------|---------|
| 5     | Strongly agree    | English |
| 4     | Agree             | S       |
| 3     | Doubtful          | R       |
| 2     | Don't agree       | TS      |
| 1     | Strongly disagree | STS     |

Source: Sugiyono . 2013

Amruddin (2022) stated that a population is the entire group to be studied within a specific geographical and temporal scope, based on characteristics identified by researchers. The population serves as the data source for research; it can be classified as either finite or infinite, depending on the number of known members. The total of 936 students enrolled in the Faculty of Economics and Business at Universitas Bandar Lampung (FEB UBL) constitutes the selected population for this study. A sample is a subset of the population chosen for examination purposes. A non-probability sampling method, in which each population member does not have an equal chance of being selected, was used in this study. Purposive sampling is a non-random sampling technique in which researchers select samples that meet specific criteria, including:

1. Minimum age of 17 years
2. Domiciled in Bandar Lampung
3. FEB UBL students who have purchased cosmetic products on Shopee Live Shopping Mall

### Sample Size Determination

The sample size was determined using Slovin's formula with a margin of error (e) of 5% (0.05). Slovin's formula is used to calculate the sample size for a finite population. The calculation is as follows:

$$n = \frac{N}{1 + N(e)^2}$$

Where:

$n$  = sample size

$N$  = population size (936 students)

$e$  = margin of error (0.05)

$$n = \frac{936}{1 + 936 (0,05)^2}$$

$$n = \frac{936}{1 + 936 (0,0025)}$$

$$n = \frac{936}{3,34}$$

$$n = 280,23$$

$$n = 280$$

Thus, the sample size determined for this study is 280 respondents

### Research Variables

1. **Exogenous Research Variables:** Exogenous factors are those that influence, trigger, or cause changes in endogenous (dependent) variables. In this study, online customer reviews and promotions serve as exogenous factors.
2. **Intervening Research Variables:** An intervening variable is positioned between endogenous (dependent) and exogenous (independent) variables, enabling their interaction. Purchase decisions act as an intervening variable, as they are not directly influenced by exogenous factors.
3. **Endogenous Research Variables:** If there are independent factors, they can influence or create endogenous variables. Customer retention is an example of an endogenous variable in this study.

### Data Analysis Using SmartPLS

SmartPLS, utilizing Partial Least Squares Structural Equation Modeling (PLS-SEM), was employed as the statistical analysis technique in this research. PLS-SEM was chosen due to its ability to handle complex structural models with multiple constructs, variable indicators, and structural paths simultaneously. PLS-SEM is particularly suitable for this study because:

1. **Complex Model:** PLS-SEM is capable of managing complex models with multiple latent variables and indicators. This aligns with the study, which involves several variables such as online reviews, promotions, purchase decisions, and customer retention.
2. **Small Sample Size:** PLS-SEM does not require a large sample size, making it appropriate for this study, which includes a sample of 280 respondents.
3. **Prediction Focus:** PLS-SEM is more focused on prediction and explaining variance in dependent variables. This aligns with the research objective of understanding the influence of online reviews and promotions on customer retention.

### Sampling Procedure

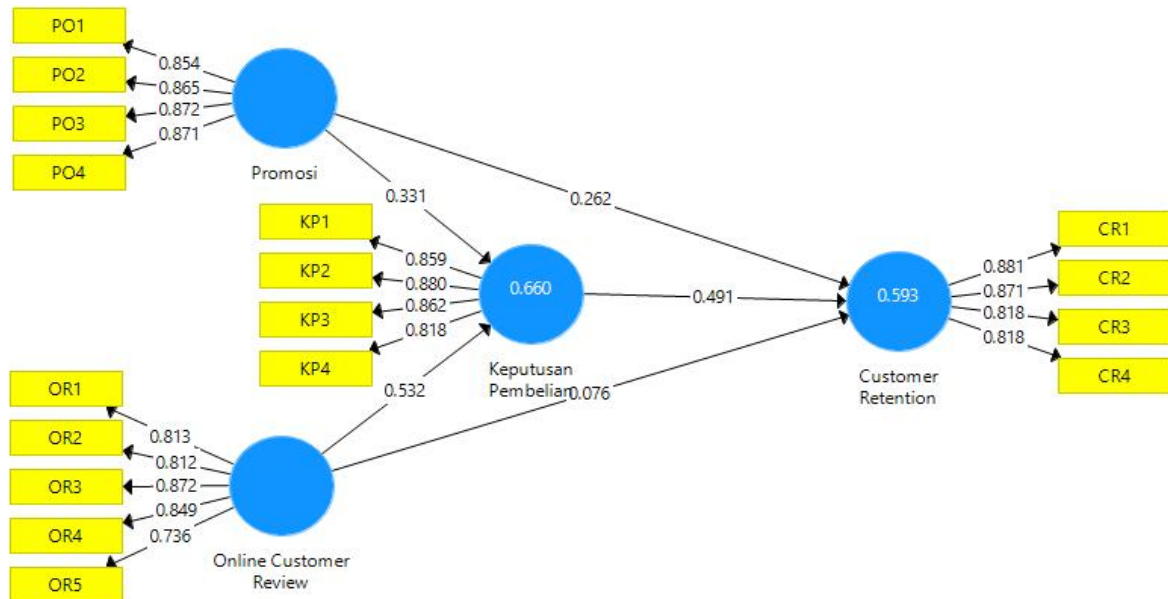
Respondents were selected through an online questionnaire distributed via Google Forms. The questionnaire was shared with FEB UBL students who met the sample criteria, namely being at least 17 years old, residing in Bandar Lampung, and having purchased cosmetic products on Shopee Live. Respondents who met these criteria were invited to complete the questionnaire voluntarily.

## RESULTS

### Measurement Model Analysis (Outer Model)

To visualize the detailed relationship between latent variables and observed variables, the measurement model (outer model) assessment was conducted. This evaluation naturally includes convergent validity, discriminant validity, and reliability testing. The relationship between item/indicator scores and their composite scores demonstrates the convergent validity of the measurement model with reflective indicators. If the correlation coefficient exceeds 0.70, it is considered reliable. However, loadings between 0.50 and 0.60 are still acceptable at this stage of scale development in the study. The findings for outer loadings indicate that some indicators are insignificant and have loadings below 0.60. The model in the following figure illustrates the research structure:

**Figure 3. Structural Model of Partial Least Square Research**



Source: Smart PLS Program Output, 2024

The subsequent desk indicates the effects of the loading elements in the application testing. Smart PLS outer model first stage.

**Table 3. Loading Factor Results**

| Indicators | Promotion | Online Customer Review | Purchasing Decisions | Customer Retention |
|------------|-----------|------------------------|----------------------|--------------------|
| PO1        | 0,854     |                        |                      |                    |
| PO2        | 0,865     |                        |                      |                    |
| PO3        | 0,872     |                        |                      |                    |
| PO4        | 0,871     |                        |                      |                    |
| OR1        |           | 0,813                  |                      |                    |
| OR2        |           | 0,812                  |                      |                    |
| OR3        |           | 0,872                  |                      |                    |
| OR4        |           | 0,849                  |                      |                    |
| OR5        |           | 0,736                  |                      |                    |
| KP1        |           |                        | 0,859                |                    |
| KP2        |           |                        | 0,880                |                    |
| KP3        |           |                        | 0,862                |                    |
| KP4        |           |                        | 0,818                |                    |
| CR1        |           |                        |                      | 0,881              |
| CR2        |           |                        |                      | 0,871              |
| CR3        |           |                        |                      | 0,818              |
| CR4        |           |                        |                      | 0,818              |

Source: Smart PLS Program Output, 2024

According to the outcomes of processing using the Smart PLS application, in Table 4.1 Loading Factor Results, the variable statements for promotion, online customer reviews, purchasing decisions, customer retention have a loading factor value > 0.70. Thus, all promotional variable

statement, online customer review, decision purchases, and customer retentions are declared valid for measurement.

**Evaluating Construct Reliability and Validity**

Validity and reliability criteria are also indicated by the assembly's reliability cost and the common variance extracted (AVE) of each assembly. The construct is deemed extremely trustworthy if the composite reliability and AVE values for each variable are greater than 0.5. Examining the composite dependability value of the dimension blocks that measure the construct is how reliability testing is done. If the composite dependability result is greater than 0.7, it will be considered satisfactory. This suggests that the information was collected reliably. The study's assessment findings of the construct's reliability and validity values are as follows. Table 4.2 presents construct validity and reliability.

**Table 4. Construct Reliability And Validity**

| Variable               | Composite Reliability | Average Variance Extracted (AVE) |
|------------------------|-----------------------|----------------------------------|
| Promotion              | 0,923                 | 0,749                            |
| Online Customer Review | 0,910                 | 0,669                            |
| Purchasing Decisions   | 0,916                 | 0,731                            |
| Customer Retention     | 0,911                 | 0,719                            |

*Source: Smart PLS Program Output, 2024*

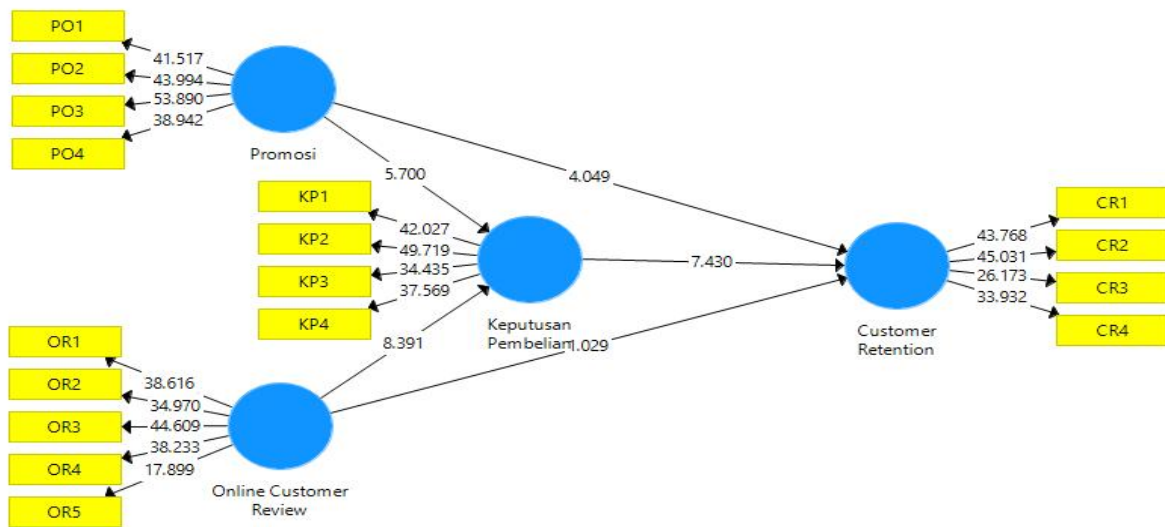
The average variance taken from table 4.2 leads to the conclusion that the AVE value meets the criteria by being more than 0.5. Therefore, it can be claimed that an average variance is well extracted from each promotional variable, online customer review, decision purchase, and customer retention.

The reliability of promotional variables, online customer reviews, purchase decisions, and customer retentions is strong, as demonstrated in Table 4.2, where the composite reliability value of each construct or variable exceeds 0.7.

**Structural Model Analysis (Inner Model)**

To confirm each proposed relationship, the Structural Model (inner model) is statistically tested through simulation. In this study, the hypothesis was tested on the sample using the bootstrap method. Bootstrap testing is also intended to address anomalies in research data. The test results using bootstrapping are displayed in Figure 4.2 below.

**Figure 4. Model Bootstrapping Results**



Source: Smart PLS Program Output, 2024

**R-Square Value**

To decide the connection between constructs, the big charge, and the R-rectangular of the model studies, the internal model or structural model is tested. The R-squared value for the set up assemble t-test and the significance of the parameter coefficients form route have been used to evaluate the structural version. The R-squared value for each latent variable is the primary issue the smart PLS program appears at while comparing the model. The R-square check outcomes are presented in table 4.3 below.

**Table 5. R-Square Test Results**

| Variable             | R Square | R Square Adjusted |
|----------------------|----------|-------------------|
| Purchasing Decisions | 0,660    | 0,657             |
| Customer Retention   | 0,593    | 0,589             |

Source: Smart PLS Program Output, 2024

Promotions and online customer reviews have an R-squared value of 0.660 on purchasing decisions, according to table 4.3's R-Square test results. This result suggests that 66.0% of the purchase decision can be explained by promotions and online customer reviews, while the remaining 34.0% is influenced by other factors.

According to Table 4.3, the R-Square test findings indicate that the R-Square value for online customer reviews and purchase decisions and promotions on customer retention, was 0.593. According to these findings, 59.3% of customer retentions can be explained by promotions, online reviews, and purchase decisions, with the remaining 40.7% determined by other factors.

**Hypothesis Testing Results**

Information on the link between the research variables is provided by the relationship between the research variables. The value reported in the output result for inner weight serves as the basis for evaluating the hypothesis. The output estimates for testing structural models are displayed in Table 4.4. Testing hypotheses A significance level of 5%, or Alpha (0.05), was utilized in this study. The Path Coefficients test results for this study are as follows:

**Table 6. Path Coefficients (Direct Effect) Test Results**

| Variable                                       | Original Sample (O) | T Statistics ( O/STDEV ) | P Values |
|--|---------------------|--------------------------|----------|
| Online Customer Review -> Purchasing Decisions | 0,532               | 8,391                    | 0,000    |
| Promotion -> Purchasing Decisions              | 0,331               | 5,700                    | 0,000    |
| Online Customer Review -> Customer Retention   | 0,076               | 1,029                    | 0,304    |
| Promotion -> Customer Retention                | 0,262               | 4,049                    | 0,000    |
| Purchasing Decisions -> Customer Retention     | 0,491               | 7,430                    | 0,000    |

Source: Smart PLS Program Output, 2024

**Hypothesis testing results:**

Live shoppers' decisions to buy cosmetic products are influenced by online consumer reviews. Shopee Mall for students at the University of Bandar Lampung's Faculty of Business Economics

In live shopping, promotions influence consumers' decisions to buy cosmetics. Shopee Mall for University of Bandar Lampung students enrolled in the Faculty of Business Economics Customers' retention of cosmetic products during in-person shopping is unaffected by online customer reviews. Shopee Mall's impact on University of Bandar Lampung students in the Faculty of Economics and Business.

In live shopping, promotions have an impact on customer retention for cosmetic products. Shopee Mall for Bandar Lampung University's Faculty of Economics students  
 In live shopping, cosmetic product purchases have an impact on client retention. Shopee Mall for students at the University of Bandar Lampung's Faculty of Business Economics

**Table 7. Path Coefficients Test Results (Inirect Effect)**

| Variable   | Original Sample (O) | T Statistics ( O/STDEV ) | P Values |
|--|---------------------|--------------------------|----------|
| Online Customer Review -> Purchasing Decisions -> Customer Retention | 0,261               | 5,610                    | 0,000    |
| Promotion -> Purchasing Decisions -> Customer Retention              | 0,162               | 4,297                    | 0,000    |

Source: Smart PLS Program Output, 2024

**Hypothesis testing results:**

Students from the FEB UBL use online reviews to influence their decisions to buy cosmetic products when they are in-store at Shopee Mall.

Promotion affects live shopping client retention for cosmetic products. Shopee Mall by influencing the shopping decisions of University of Bandar Lampung students in the Faculty of Economics and Business.

The results of this study align with previous findings indicating that online reviews and promotions play a significant role in influencing purchasing decisions (Gabriela et al., 2022; Bo et al.,

2023). However, the finding that online reviews do not directly influence customer retention differs from several prior studies, which suggest that positive reviews can enhance customer loyalty (Seliana et al., 2023). This discrepancy may be due to the live shopping context, where direct interaction between sellers and buyers could have a greater impact than online reviews.

The high R-squared values for purchasing decisions (66.0%) and customer retention (59.3%) suggest that this research model has strong predictive power. This is consistent with previous research that used PLS-SEM to analyze the impact of online reviews and promotions on consumer behavior (Arief et al., 2023).

### **Practical Implications**

For businesses in the cosmetics industry, these findings highlight the importance of leveraging online reviews and promotions to enhance purchasing decisions. Moreover, companies need to ensure that the promotions not only attract new buyers but also retain existing customers through improved satisfaction with the shopping experience.

## **DISCUSSION**

### **The Influence of Online Customer Reviews on Purchase Decisions**

From the results of the first hypothesis test in this study, it can be concluded that the variable of online customer reviews has an impact on purchasing decisions for cosmetics. Positive online reviews, especially on Shopee Mall, can enhance buyer satisfaction and encourage increased purchases among students of FEB UBL. This indicates that online customer reviews play an important role in influencing purchasing decisions by providing relevant and reliable information (Putri et al., 2024).

However, a study by Ramadhany and Isikomah (2024) states that online customer reviews are not the main factor in purchasing decisions. They argue that other factors, such as price and personal preferences, also play a significant role. This difference in findings suggests that the impact of online reviews may vary depending on the type of product and consumer behavior in interpreting the reviews.

### **The Influence of Promotions on Purchase Decisions**

Based on the results of the second hypothesis test in this study, it can be concluded that the promotion variable has an impact on purchasing decisions for cosmetic products among FEB UBL students in live shopping on Shopee Mall. This shows that effective promotions can increase purchase interest. Promotions have the ability to turn someone's lack of interest in a product into attraction, ultimately encouraging consumers to make a purchase (Wulandari and Sujono, 2024).

However, Larasati (2021) states that in some cases, promotions do not always have a significant impact on purchasing decisions, especially if consumers have strong brand preferences. Therefore, while promotions play an important role in attracting consumer interest, other factors, such as brand loyalty and product quality perception, also affect purchasing decisions.

### **The Influence of Customer Reviews on Customer Retention**

From the results of the third hypothesis test in this study, it can be concluded that online customer reviews do not have a direct impact on customer retention for cosmetics on Shopee Mall for FEB UBL students. This suggests that customer loyalty does not solely depend on the reviews they read, but also on their personal experiences with the product.

However, research by Seliana et al. (2023) revealed that customer reviews can indirectly enhance customer loyalty, especially if the reviews successfully build consumer trust in the product. Thus, although customer reviews may not always directly affect customer retention, their role in shaping consumer expectations and satisfaction should still be considered.

### **The Influence of Promotions on Customer Retention**

The results of the fourth hypothesis test in this study show that the promotion variable affects customer retention for cosmetic products on Shopee Mall. Effective promotions not only attract new buyers but also help retain existing customers by offering additional incentives (Chung, 2020). These findings are consistent with research by Pratiwi et al. (2022), which stated that sustainable promotional strategies can enhance customer loyalty.

However, other studies indicate that the impact of promotions on customer retention tends to be short-term, especially if promotions are not supported by a more comprehensive marketing strategy. Therefore, although promotions play an important role in retaining customers, their sustainability and integration with other marketing strategies should be considered.

### **The Influence of Purchase Decisions on Customer Retention**

The results of the fifth hypothesis test in this study indicate that purchase decisions significantly influence customer retention for cosmetic products in live shopping on Shopee Mall among FEB UBL students. This suggests that improved purchase decisions can drive higher customer retention. When consumers are satisfied with their purchasing decisions, they tend to make repeat purchases and demonstrate loyalty to the product (Chung, 2020).

Furthermore, customer retention also serves as an indicator for evaluating the effectiveness of the marketing strategies implemented by companies, both through promotions and product reviews. These findings are consistent with previous research stating that purchase decisions based on positive experiences can enhance customer loyalty in the long term.

### **The Influence of Online Customer Reviews on Customer Retention Through Purchase Decisions**

Based on the results of the sixth hypothesis test in this study, online customer reviews were found to influence customer retention for cosmetic products in live shopping on Shopee Mall through the purchasing decisions made by FEB UBL students. Positive reviews from customers can increase consumer satisfaction with their purchases, which ultimately encourages customer retention behavior. Online customer reviews serve as an effective form of word-of-mouth marketing, where prospective customers learn about a product based on previous user experiences. A high percentage of positive reviews increases the likelihood that consumers will make online purchases (Gabriela et al., 2022).

However, on the other hand, dominant negative reviews can reduce purchase interest and negatively impact customer loyalty, especially if the product received does not meet the expectations built through prior reviews (Bo et al., 2023). Therefore, it is important for companies to manage customer reviews properly, ensuring the accuracy of the information and building consumer trust to maximize the positive impact of reviews on customer retention.

### **The Influence of Promotions on Customer Retention Through Purchase Decisions**

The results of this study show that promotions have a significant influence on customer retention through purchase decisions. Effective promotions not only increase consumer interest in making purchases but also encourage them to remain loyal to products they have already bought (Pratiwi et al., 2022). Additionally, promotions play a crucial role in building a strong brand image, which can help retain customers in the long term (Qadafi et al., 2023).

Promotions also aim to spread product information, enhance consumer knowledge, and highlight product advantages, thereby persuading potential customers to buy. This creates a sense of ownership and satisfaction, which ultimately contributes to building loyal customers.

## **CONCLUSION**

Based on the data analysis and hypothesis testing results, it can be concluded that the purchasing decision for cosmetic products is directly influenced by online reviews and promotions. Positive online reviews and effective promotions can increase consumer purchase interest. However,

customer retention for cosmetic products is not directly influenced by online reviews, but by promotions and purchasing decisions. Attractive promotions and positive purchasing decisions can enhance customer loyalty. Additionally, online reviews and promotions also affect customer retention through purchasing decisions. Positive reviews and the right promotions can increase consumer satisfaction, which ultimately encourages customer retention.

## SUGGESTIONS

Based on the research findings, companies in the cosmetics industry are advised to take advantage of the live shopping features on Shopee by building positive online reviews, quickly responding to negative reviews, and sharing positive reviews with potential buyers. Companies should also ensure that product descriptions match the quality and benefits offered to avoid consumer dissatisfaction. Additionally, collaboration with influencers can help build positive opinions about the products. Long-term promotional strategies, such as special offers and discounts, can increase consumer buying interest. Companies are also advised to develop loyalty programs and provide responsive customer service to improve satisfaction and customer retention in the long term. By implementing these strategies, companies can maximize sales potential and build stronger relationships with customers.

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