PURCHASE INTENTION MODEL BASED ON STORYTELLING, PRODUCT INNOVATION, VALUE CO-CREATION, AND EMPOWERMENT OF FARMERS IN INDONESIAN NATURAL COSMETIC PRODUCTS

a Kilala Tilaar, b Asep Mulyana, c Rita Komaladewi, d Kurniawan Saefullah

ABSTRACT

Objective: This study aimed to examine and explain the effect of storytelling and product innovation on the purchase intention of cosmetics made from natural ingredients through value co-creation and moderated by farmer empowerment.

Method: The method used is a quantitative approach using Structural Equation Model Partial Least Square (SEM-PLS) models technique on SmartPLS 3.0. The sampling technique used is a non-probability sampling technique, and the respondent was natural cosmetic users in Indonesia.

Results: The results show that storytelling is related to purchase intention and is also related to value co-creation which in the end value co-creation can increase purchase intention. In addition, product innovation can also increase purchase intention and value co-creation, which can escalate purchase intention. Empowerment does not significantly affect purchase intention directly, but the empowerment that moderates storytelling proves to exert a significant influence on purchase intention. Value co-creation significantly mediated the effect of storytelling on purchase intention, and it mediated the effect of product innovation on purchase intention.

Conclusion: New product innovations are proven to have a significant effect on the purchase intention and value co-creation process. Value co-creation is proven to be able to increase purchase intention and also able to mediate storytelling and product innovation to increase purchase intention. Finally, farmer empowerment has been able to provide reinforcement when storytelling seeks to increase purchase intention.

Keywords: farmer empowerment, Indonesia, natural cosmetic, purchase intention.

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MODELO DE INTENÇÃO DE COMPRA BASEADO EM NARRATIVA, INOVAÇÃO DE PRODUTOS, COCRIAÇÃO DE VALOR E CAPACITAÇÃO DOS AGRICULTORES EM PRODUTOS COSMÉTICOS NATURAIS DA INDONÉSIA

RESUMO

Objetivo: Este estudo teve como objetivo examinar e explicar o efeito da narrativa e inovação de produtos na intenção de compra de cosméticos feitos a partir de ingredientes naturais através da co-criação de valor e moderado pelo empoderamento do agricultor.

Método: O método utilizado é uma abordagem quantitativa utilizando a técnica de modelos de Equação Estrutural Parcial Least Square (SEM-PLS) no SmartPLS 3.0. A técnica de amostragem utilizada é uma técnica de amostragem não probabilística, e o respondente foi usuários de cosméticos naturais na Indonésia.

Resultados: Os resultados mostram que a narração de histórias está relacionada com a intenção de compra e também está relacionada com a cocriação de valor que, no valor final, a cocriação pode aumentar a intenção de compra. Além disso, a inovação de produtos também pode aumentar a intenção de compra e a cocriação de valor, o que pode aumentar a intenção de compra. O empoderamento não afeta significativamente a intenção de compra diretamente, mas o empoderamento que modera a narrativa prova exercer uma influência significativa na intenção de compra. A cocriação de valor mediou significativamente o efeito da narração de histórias na intenção de compra, e mediou o efeito da inovação do produto na intenção de compra.

Conclusão: Está provado que as inovações de novos produtos têm um efeito significativo na intenção de compra e no processo de co-criação de valor. A cocriação de valor é comprovadamente capaz de aumentar a intenção de compra e também de mediar a narração de histórias e a inovação de produtos para aumentar a intenção de compra. Finalmente, o empoderamento do agricultor tem sido capaz de fornecer um reforço quando a narrativa busca aumentar a intenção de compra.


1 INTRODUCTION

In the last two decades beauty industry the developed innovative products that have impacted the economic, social, and cultural transformation globally (Gebashe et al., 2022). But during 2020, the beauty industry trend was disturbed to respond to the COVID-19 crisis and completely changed the trend even after the crisis ended. The industry has responded positively to the crisis to survive and fundamentally change the beauty industry trend even after COVID-19 (Gerstell et al., 2020).

The rise in environmental awareness during the pandemic COVID-19 also increased various concerns of the beauty and cosmetic industry. Because various hand sanitizer and cleaning products have a harmful impact on the environment, human health, and animal testing (Gerstell et al., 2020; Kalyani, 2021). Such trends have also been
linked to the need for self-care, such as healthcare-promoting products that are beneficial for one’s emotional and mental well-being (Gebashe et al., 2022). The increasing demand for eco-friendly products that have minimal or no side effects/adverse reactions, and are not harmful to the environment, especially from Gen Z and Millennials. Many global beauty giants brand such as L’Oreal, Estee Lauder, Nivea, Clinique, Garnier, Dove, and Revlon responds to this demand positively by prioritizing the use of natural and sustainable ingredients in their products. This phenomenon has become the major driver of the cosmetic industry that completely changed the industry trend globally (Gebashe et al., 2022; Tilaar et al., 2023).

Nowadays many players in this industry are now mulling switching to develop products made from natural ingredients that are environmentally friendly and ethically sourced (Bom et al., 2019; Fonseca-Santos et al., 2015). In South Africa, the developing of natural cosmetic and beauty market was developed and manufactured by small, medium, and micro enterprises (SMMEs) (Gebashe et al., 2022). In India the demand for natural beauty products because of the health protocols implementation negative impact. Many people suffer from skin peel due to harmful chemicals because of frequent hand washing and using sanitizer and demands of the distinct clients like the anti-bacterial creams, sanitizers meant for sensitive skin, natural ingredients, and the products may be labeled differently for kids and adults such as hand body or hand cream (Kalyani, 2021).

Unfortunately, not all of beauty brands that use natural and sustainable ingredients can be successful in the market. In the case of Indonesia, many beauty brands can’t survive in the market even after using natural and sustainable ingredients (Tilaar et al., 2023). There are various reasons causing this, such as the lack of market awareness of to the brand, the low of economic incentive to the farmers or producers of raw materials, and the lack of people trust to the benefits offered by raw materials from local plants is the main reason for this low demand (Askadilla & Krisjanti, 2017; Corazza et al., 2009; Fonseca-Santos et al., 2015; Rubin & Brod, 2019; Suswardany et al., 2017).

The aim of this study is to answer previous research entitled “Explanatory analysis of natural cosmetic products purchase intention: Evidence from Jakarta Indonesia”. In a previous study, product innovation, and storytelling is the only variable used to explain customer purchase intention toward natural cosmetic products in Indonesia (Tilaar et al., 2023). This study will input empowerment and value co-creation as new variables as gaps, and refute limitations in the previous research.
In the beginning, empowerment is expected to strengthen marketing stories to increase purchase intention as expressed by (Irshad et al., 2020). It’s believed that empowering farmers communities, it will directly impact to the increase in agricultural income as economic value. In addition, Fu et al., (2017) value co-creation variable was chosen because it yields a significant positive effect to product innovation and storytelling. This finding is supported by other researchers, namely Chen et al., (2017), who found that innovation is crucial in increasing the company’s shared value with customers. Value co-creation is essential to increase people's purchase intention of a product (Bai, 2018; Chen et al., 2017). Furthermore, value co-creation has a significant relationship with storytelling strategies in marketing (Üçok Hughes et al., 2016). Hansen (2017) states that well-packaged storytelling can increase value creation.

This study is organized into five sections. The first section will explain the research background on the beauty industry during the COVID-19 era as well as the research gap. The second section provides a conceptual framework and past studies related to the purchase intention product and other related theories. The third section provides information about the research analysis methodology, data, and tools used in this research. The fourth section discussed the research result and important findings of natural cosmetic products purchase intention in the updated market. The final section presents the concluding remarks.

2 THEORITICAL FRAMEWORK

To generate consumer purchase intention, astute marketing skills are needed by marketing personnel in introducing a product (Popp & Woratschek, 2017). One of these skills is the ability to elicit a positive emotional response to the products (Kim et al., 2018). This opinion is supported by Chowdhury et al. (2015) who state that storytelling has a positive impact on people’s purchasing intentions. A good story can stimulate the human sense (Dessart, 2018). It can increase the urge to buy a product because of interesting stories (Lund et al., 2018; van Laer et al., 2019). However, interesting points must be included in the story to provide added value which ultimately can prompt customer purchase intentions (Schmidt & Steenkamp, 2019; Steenkamp et al., 2003).

Nowadays, innovation is key for survival in the market, and telling an interesting story about the product will have an impact on purchase intention (Madhoushi, 2011; Stock & Zacharias, 2011). If a story can be presented in an interesting, captivating
approach, then the audience will form a value co-creation. This is a form of collaboration between the company and customers in innovating products (Prahalad & Ramaswamy, 2004). Boyd & Mason (1999) found that the attractiveness of innovation affects purchase intention. Holak (1990) shows that the more innovative a product, the higher the consumer purchase intention for that product. Stated that the provision of detailed product information to consumers will affect their purchasing intentions.

Although innovation is closely related to the value of co-creation, product innovation is directly able to increase people's purchase intention (Coombs & Holladay, 2018). Recent studies have revealed that product innovation has a significant positive effect on value co-creation. Several researchers state that product innovation has a significant effect on value co-creation, storytelling, and purchase intention (Indriastuti, 2019; Kanten & Yasiloglu, 2012; Killa, 2014; O’Cass & Ngo, 2012; Sok et al., 2013; van Laer et al., 2019; Voelpel et al., 2006; Yaşlıoğlu et al., 2013). Chen et al. (2017); Sarmah et al. (2018) stated innovation is crucial in increasing the company’s shared value with customers, to support the successfulness Value co-creation increases in tandem with successful product innovation.

Another collaboration of value co-creation is the relationship with storytelling. Storytelling and value co-creation have been explored by several researchers who assert that storytelling has a significant influence on value co-creation. Üçok Hughes et al. (2016) found that storytelling strategies in marketing are essential to increase value co-creation. Likewise, Hansen (2017) states that well-packaged storytelling can increase value creation. Meanwhile, the relationship between value co-creation and people's purchase intention of a product has been revealed by Bai (2018) and Kanten & Yasiloglu, (2012)

Value co-creation of Indonesian natural cosmetics can be obtained by the source of raw materials derived from Indonesian farmers. Indonesian farmer involvement has an important role in value co-creation variables through empowerment variables. The concept of empowerment is the key to involving communities that share the same vision and values as value co-creation towards purchase intention. Research on farmer empowerment conducted by Rahmat & Izudin (2018) showed the implementation of empowerment digitally was positively impacted to agricultural product selling in the market. Thus, the empowerment variable was used as a mediation of value co-creation towards purchase intention.
3 METHODOLOGY

This study will investigate natural cosmetic purchase intention in Indonesia. The sample size was 200 of natural cosmetic users in natural cosmetic shops in Indonesia. The respondent was picked using the non-probability sampling technique. The research was descriptive and explanatory quantitative, through statistical analysis of Partial Least Squares Structural Equation Modeling (PLS-SEM) using SMART-PLS 3.0. All variables were measured through a 5-point Likert scale survey asking respondents to rate their agreement or disagreement of questionnaire statements (Suhartini et al., 2023; Utomo et al., 2023). The hypothesis and questionnaire were formed based on Figure 1.

Figure 1. is a research conceptual model that is constructed based on similar research models in various literature related to cosmetic and beauty product purchase intention. The use of value co-creation is used as a mediator variable towards purchase intention. Even so, all variables can affect natural cosmetic purchase intention directly as stated in table 1, including the description and reference.

Fig 1. Research Conceptual Models

<table>
<thead>
<tr>
<th>Storytelling (X1)</th>
<th>Empowerment (Y2)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Value co-creation (Y1) → Purchase Intention (Y3)</td>
</tr>
<tr>
<td></td>
<td>Product Innovation</td>
</tr>
</tbody>
</table>

Source: Primary Data, 2023

Table 1. Research Hypotheses

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Description</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hypothesis 1: Storytelling has a significant effect on purchase intention</td>
<td>People's purchase intention in a product cannot simply arise but must be pursued by the company through some effort to ensure the public is aware of the product. For this reason, it is necessary to promote products through offering stories or storytelling so people are interested in purchase and using these products. Because storytelling is an effective way to convey promotions in increasing the public's purchase intention.</td>
<td>Atristain-Suárez &amp; García-Álvarez (2020); Delgado-Ballester &amp; Munuera-Alemán (2005); Kryger (2017); Sanders &amp; van Krieken (2018); Thirumooorthy &amp; Muneeswaran (2023); Williams et al. (2020)</td>
</tr>
<tr>
<td>Hypothesis 2:</td>
<td>Storytelling strategies in product promotion are also important in increasing the value co-creation between the company and its customers. Storytelling is vital in creating value co-creation between companies and customers.</td>
<td>Hansen (2017); Üçok Hughes et al. (2016)</td>
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<td>-------------------------------------------------</td>
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<tr>
<td>Hypothesis 3:</td>
<td>Creativity, inventiveness, and strong initiative can produce something materially superior than previous inventions. One of the goals of innovation is to create new conveniences for human life through the discovery or development of innovative ideas that are successfully realized. Innovation is also closely related to product innovation, a new creation that contains elements of change that make the product not monotonous/boring. By providing more detailed information about innovative products will positively stimulate consumer purchase intention.</td>
<td>Chen et al. (2017); Fu et al. (2017); Horn &amp; Salvendy (2006); Sarmah et al. (2018)</td>
</tr>
<tr>
<td>Hypothesis 4:</td>
<td>Customers who have a satisfying or pleasant experience with a particular product or service tend to buy that product/service. Therefore, innovation can facilitate the creation of people's purchase intention. It conclude, that product innovation affects value co-creation.</td>
<td>Chen et al. (2017); Indriastuti (2019)</td>
</tr>
<tr>
<td>Hypothesis 5:</td>
<td>Co-creation has become a widely used term to describe the shift in thinking from the organization as a value determinant towards a more participatory process in which people and organizations come together to generate and develop shared values. Customers need the benefits of the product, while the company requires that their products are purchased by customers. Therefore, the company strives to create value with customers. The results show that value co-creation can increase people's purchase intention.</td>
<td>Bai (2018); Fu et al. (2017); Van Klyton et al. (2022)</td>
</tr>
<tr>
<td>Hypothesis 6:</td>
<td>In this study, value co-creation is used as an important variable which is expected to be a solution to bridge the opinion differences regarding the influence of storytelling on purchase intention. among others, argue that storytelling has no effect on people's purchase intention. Meanwhile, other research contends storytelling has a significant effect on value co-creation, as does value co-creation on purchase intention.</td>
<td>Bai (2018); Delgado-Ballester &amp; Munuera-Alemán (2005); Hansen (2017); Kao (2019); Lim &amp; Childs (2020); Üçok Hughes et al. (2016)</td>
</tr>
<tr>
<td>Hypothesis 7:</td>
<td>Value co-creation is expected to mediate the relationship between product innovation and people's purchase intention. Innovation affects value co-creation, while value co-creation affects purchase intention as expressed.</td>
<td>Bai (2018); Chen et al. (2017); Indriastuti (2019)</td>
</tr>
<tr>
<td>Hypothesis 8:</td>
<td>Empowerment is focused on efforts to build community capacity by encouraging, motivating, increasing awareness of their</td>
<td>Irshad et al. (2020)</td>
</tr>
</tbody>
</table>
4 RESULTS AND DISCUSSION

4.1 VALIDITY AND RELIABILITY

The first analysis was to examine outer model measurement linked to the latent variable, by by examining the validity of the indicators and the composite reliability of the block indicators, through convergent and discriminant methods. Based on the results, each variable is proven to have a value of more than 0.70. Hence all indicators are considered feasible or valid and have a good internal consistency (Amoah & Jibril, 2021; Ericska et al., 2022; Ghozali & Fuad, 2006; Satria et al., 2023). Cronbach’s α and discriminant validity test were also applied to test the reliability of the constructs and evaluate the value of the average variance extracted (AVE). The result shows every indicator value exceeds 0.7 for Cronbach α and exceeds 0.5 for AVE. It indicates that all the indicators have convergent validity and re-confirm the internal consistency of the model (Erjavec & Manfreda, 2022; Pop et al., 2020). All the results of the validity and reliability test can be seen in Table 2.

<table>
<thead>
<tr>
<th>Construct</th>
<th>Item</th>
<th>Loading ( &gt; 0.7 )</th>
<th>Cronbach α ( &gt; 0.7 )</th>
<th>AVE ( &gt; 0.5 )</th>
<th>Composite Reliability ( &gt; 0.7 )</th>
</tr>
</thead>
<tbody>
<tr>
<td>Storytelling (X1)</td>
<td>X1.1</td>
<td>0.856</td>
<td></td>
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<tr>
<td></td>
<td>X1.2</td>
<td>0.900</td>
<td></td>
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<tr>
<td></td>
<td>X1.3</td>
<td>0.856</td>
<td></td>
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<tr>
<td></td>
<td>X1.4</td>
<td>0.904</td>
<td></td>
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<tr>
<td></td>
<td>X1.5</td>
<td>0.950</td>
<td></td>
<td>0.970</td>
<td>0.829</td>
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<tr>
<td></td>
<td>X1.6</td>
<td>0.958</td>
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<td></td>
<td>X1.7</td>
<td>0.946</td>
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<td></td>
<td>X1.8</td>
<td>0.910</td>
<td></td>
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<tr>
<td>Product Innovation (X2)</td>
<td>X2.1</td>
<td>0.906</td>
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<tr>
<td></td>
<td>X2.2</td>
<td>0.961</td>
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<tr>
<td></td>
<td>X2.3</td>
<td>0.917</td>
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<tr>
<td>Value Co-creation (Y1)</td>
<td>Y1.1</td>
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</tr>
<tr>
<td></td>
<td>Y1.2</td>
<td>0.940</td>
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<tr>
<td></td>
<td>Y1.3</td>
<td>0.956</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Empowerment (Y2)</td>
<td>Y2.1</td>
<td>0.976</td>
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<td></td>
</tr>
<tr>
<td></td>
<td>Y2.2</td>
<td>0.976</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Y2.3</td>
<td>0.939</td>
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<td></td>
<td>Y2.4</td>
<td>0.897</td>
<td></td>
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<td></td>
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<tr>
<td>Purchase Intention (Y3)</td>
<td>Y3.1</td>
<td>0.911</td>
<td></td>
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<tr>
<td></td>
<td>Y3.2</td>
<td>0.844</td>
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<tr>
<td></td>
<td>Y3.3</td>
<td>0.945</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Storytelling (X1)*Empowerment (Y2)</td>
<td>-</td>
<td>-</td>
<td>1.000</td>
<td>1.000</td>
<td>1.000</td>
</tr>
</tbody>
</table>

Source: Primary data, processed in 2023

4.2 BOOTSTRAPPING

Bootstrapping is a process to assess the level of significance or probability of direct effects, indirect effects, and total effects. In addition, the bootstrap can also assess the level of significance of other values, including adjusted r square and r square, f square, outer loading, and outer weight. Fig. 2 presents the results of the bootstrapping process and the relations between the elements of the model. Based on the t-statistics, almost all the hypotheses are accepted with a positive and significant impact. Table 3 shows statistical test results on direct effect analysis, while table 5 shows statistical test results on indirect effect analysis.

![Fig 2. Bootstrapping Results](image)

Source: Primary Data, processed in 2023
Table 3. Direct Effect Analysis

<table>
<thead>
<tr>
<th>Path</th>
<th>Path-Coefficients</th>
<th>t-value</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Storytelling → Purchase Intention</td>
<td>0.304</td>
<td>3.100</td>
<td>Significant</td>
</tr>
<tr>
<td>Storytelling → Value Co-creation</td>
<td>0.809</td>
<td>19.564</td>
<td>Significant</td>
</tr>
<tr>
<td>Product Innovation → Purchase Intention</td>
<td>0.300</td>
<td>4.946</td>
<td>Significant</td>
</tr>
<tr>
<td>Product Innovation → Value Co-creation</td>
<td>0.170</td>
<td>3.652</td>
<td>Significant</td>
</tr>
<tr>
<td>Value Co-creation → Purchase Intention</td>
<td>0.531</td>
<td>4.792</td>
<td>Significant</td>
</tr>
<tr>
<td>Empowerment → Purchase Intention</td>
<td>-0.039</td>
<td>0.462</td>
<td>Not Significant</td>
</tr>
<tr>
<td>Storytelling*Empowerment → Purchase Intention</td>
<td>0.052</td>
<td>2.756</td>
<td>Significant</td>
</tr>
</tbody>
</table>

Source: Primary data, processed in 2023

Table 3 shows that there is a direct influence between storytelling on purchase intention with a t value of 0.304 higher than 0.05 or 3.100 higher than 1.96 which means significant. Storytelling also has a significant effect on the co-creation value with a t value of 0.809 higher than 0.05 or 19.564 higher than the standard 1.96. The results indicate that product innovation has a significant effect on purchase intention with a t value of 0.300 higher than 0.05 or a t value of 4.946 higher than 1.96. Product innovation also has a significant effect on the co-creation value with a t value of 0.170 higher than 0.05 or a t value of 3.652 higher, than 1.96 which in the end the co-creation value has a significant effect on purchase intention with a t value of 0.531 higher than 0.05 or 4.792 value higher than 1.96. Empowerment also has no significant effect on purchase intention with a t value of -0.039 lower than 0.05 or 0.462 lower than 1.96. However, empowerment moderates the effect of storytelling on purchase intention with a t value of 0.052 higher than 0.05 or 2.756 higher than 1.96. Ostensibly, community empowerment is an effort to prepare the community and strengthen community institutions to enable them to attain progress, independence, and prosperity in an atmosphere of sustainable social justice to escape the trap of poverty and underdevelopment (Sumodiningrat, 1999). In this study, it was found that empowerment has been able to provide this reinforcement when storytelling seeks to increase purchase intention.

Table 4. Indirect Effect Analysis

<table>
<thead>
<tr>
<th>Path</th>
<th>t-value</th>
<th>Decisions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Storytelling → Value Co-Creation → Purchase Intention</td>
<td>5.127</td>
<td>Significant</td>
</tr>
<tr>
<td>Product Innovation → Value Co-Creation → Purchase Intention</td>
<td>2.861</td>
<td>Significant</td>
</tr>
</tbody>
</table>

Source: Primary data, processed in 2023
Table 6 shows that the value co-creation mediated storytelling on purchase intention with a t value of 5.127 which is higher than 1.96 (significant), while the value co-creation was significant in mediating the effect of product innovation on purchase intention with a t value of 2.861 which is higher than 1.96.

4.3 DISCUSSION

Although some studies state that marketing activity using a storytelling strategy does not affect the purchase intention for a product (Kao, 2019; Lim & Childs, 2020; Nikhashemi & Delgado-Ballester, 2022). The result of this study showed there are significant positive relationship between storytelling and purchase intention. Stories are bound to interest people and tend to be memorable. The study conducted by Kemp et al., (2021) found that storytelling had a positive impact on purchase intention. This finding is also supported by Atristain-Suárez & García-Álvarez (2020); Kryger (2017); Williams et al. (2020). A well-told story about a brand appears to have the potential to influence a consumer's brand experience, which consists of all the "sensations, feelings, cognitions, and behavioral responses evoked" by brand-related stimuli that are part of brand design and identity, packaging, communication, and the environment (Lundqvist et al., 2013).

Storytelling presented in a planned and measured way in marketing will create unlimited consumer enthusiasm for products and become embedded in consumers’ minds, especially related to tourist destinations. Storytelling is key in marketing and can increase purchase intention (Kim et al., 2018). The longer the duration of the advertising story, the more positive the consumer perception of the brand image and brand identity, and the more likely it is to promote purchase intention toward the brand (Tsai, 2020). People even project their own experiential feelings, such as desire or jealousy, into brand stories, thereby giving rise to their distinct brand preferences (Paharia et al., 2011). Furthermore, it is imperative to clearly state added values into the story to prompt higher customer purchase intention (Schmidt & Steenkamp, 2019; Steenkamp et al., 2003). Thus, the result of this study has similarities with the results of studies conducted by Kim et al. (2018); Lundqvist et al. (2013); Paharia et al. (2011); Tsai (2020).

Storytelling should be presented interestingly and engagingly to the audiences or consumers. One of the ways to immerse consumers’ ownership into the story, marketers need to form a collaboration to consumers to create a value co-creation. By using storytelling that is linked to value co-creation, it is expected the collaboration between
brand communities on the platform will proceed well. Marketers share their stories collaboratively through image and text-based input. Brand narratives created through storytelling can increase the value of togetherness (Üçok Hughes et al., 2016). The results of this study indicate that storytelling is related to the product and its connection with consumers. It supports the results of other studies. For example, a study by (Concepción et al., 2017) on storytelling related to value co-creation revealed that storytelling delivered by trained marketing personnel and equipped with intentioning story material proved to have a desired effect on value co-creation. This finding is supported by Hansen (2017). The studies by Concepción et al., (2017) and Üçok Hughes et al. (2016) also showed that storytelling is important in creating value co-creation with customers.

One of the collaboration forms between the company and customers is creating innovative products (Prahalad & Ramaswamy, 2004). As revealed by Chen et al., (2017); Fu et al., (2017); Sarmah et al., (2018) product innovation is directly able to increase people's purchase intention. Aligned with those researches, this study also indicates that product innovation has a significant effect on purchase intention with a t value of 0.300 higher than 0.05 or a t value of 4.946 higher than 1.96.

Innovation, both in terms of process and product, will improve the company’s ability to create quality products. High product quality will increase the value of cooperation between producers and customers (Hartini, 2012). Previous research by Chen et al., (2017) and Indriastuti (2019) stated that product innovation affects the creation of shared value (value co-creation). The results of this study indicated that product innovation had a significant effect on the value co-creation with a t value of 0.170 higher than 0.05 or 3.652 higher than 1.96. The same findings were also found by Indriastuti (2019); Kanten & Yaslioglu (2012); Killa (2014); O’Cass & Ngo (2012); Sok et al., (2013); Voelpel et al. (2006); Yaşlıoğlu et al. (2013).

The business's ability to innovate plays an important role and further will accelerate the formation of value co-creation (Spohrer & Maglio, 2008). Value co-creation is a collaborative activity between producers and consumers in the development of new products to create valuable products for consumers (Van Klyton et al., 2022). Value co-creation can increase purchase intention, previous studies found (Bai, 2018). The results of this study indicated that the value co-creation is proven to have a significant effect on purchase intention with a t value of 0.531 higher than 0.05 or a t value of 4.792 higher than 1.96.
Value co-creation in this study is positioned as a mediating variable, with the focus on whether this variable is able to bridge the storytelling process and directly affect purchase intention. Value co-creation becomes important if storytelling is unable to increase purchase intention as found by Delgado-Ballester & Munuera-Alemán, (2005); Kao, (2019b); Lim & Childs, (2020b), which state that storytelling has no effect on people's purchase intention. Meanwhile, other research argues that storytelling has a significant effect on value co-creation Hansen (2017); Üçok Hughes et al. (2016) and value co-creation has a significant effect on purchase intention (Bai, 2018). Results of this study indicate that value co-creation is positive and significant in mediating storytelling on purchase intention with a t-value of 5.127 which is higher than the standard 1.96.

Results of this study also showed a significantly positive relationship between product innovation with purchase intention, which is in line with the research of Chen et al. (2017); and Indriastuti (2019). This study also found a significantly positive association between value co-creation with purchase intention, in line with Bai (2018b). The results of statistical calculations showed that value co-creation is significant in mediating the effect of product innovation on purchase intention with a t value of 2.861 which is higher than 1.96.

Nowadays, marketers are increasingly involving customer’s insight and their behavior to create innovative products that matter (Cova et al., 2011). Consumer involvement also drives a company's innovation capability in creating new products (Leclercq et al., 2017). The creation of shared value can fulfill the missing link in the innovation process that frequently occur between business and consumers (Bstieler et al., 2018). Furthermore, various efforts to reduce or even eliminate inequality and to provide sustainable cosmetic product has been made by many market leader to create an emphatic brand in the mind of customers. In another way, it also can be done through community empowerment, especially for underprivileged groups or farmers who have recently turned into non-farmers because farming is no longer a viable livelihood to meet daily needs (Sumodiningrat, 1999).

This study found that empowerment has been able to provide this reinforcement when storytelling seeks to increase purchase intention. Storytelling that contains farmer empowerment can strengthen its influence on purchase intentions, because of consumer empathy for empowering farmers. Innovation that involves consumers will produce
innovative products (Lee et al., 2012). Community and consumer involvement can strengthen brand positioning, create innovative products, and even to establish new markets (Romero dan Molina, 2011; Arnould, 2014; Scaraboto, 2015; Peñaloza dan Mish, 2011 Martin dan Schouten, 2014). It will have an impact on increasing demand for natural cosmetics and natural raw materials from farmers in the future.

5 CONCLUSION

The purpose of this research is to examine the purchase intention of natural cosmetics in Indonesia. The result shows storytelling is proven to be able to increase people's purchase intention toward the use of natural cosmetic products and it is also proven to affect the value co-creation process. New product innovations are proven to have a significant effect on the purchase intention and value co-creation process. Value co-creation is proven to be able to increase purchase intention and also able to mediate storytelling and product innovation to increase purchase intention. Finally, farmer empowerment has been able to provide reinforcement when storytelling seeks to increase purchase intention. Therefore, these findings can be used as a marketing strategy for natural cosmetic products by utilizing value co-creation to create a competitive advantage to increase consumer purchase intention.
REFERENCES


