

The Influence of Online Customer Review and Price on Purchase Decision Through Shopee in Covid-19 Period (Survey of Shopee Customers in Bandung in 2020)

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ABSTRACT

This research has a purpose to explain impact of online customer review and price variables on purchase decision of Shopee marketplace buyer in Bandung. Research Methods use descriptive verification approach, and 100 Shopee user were sampled using multiple regression analysis assisted by SPSS 25 software. Primary data from this research were obtained from questionnaires. At the same time, secondary data is obtained through notes and publications and literature. Based on outcome of the research, that there was an influence between the variables of online customer review and price on purchase decision at Shopee marketplace buyer in Bandung. However, the influence of the online customer review variable does not indicate high impact on purchase decision, but price variable influence significantly influence the Bandung buyers to do buying action in Shopee marketplace (purchase decision). Good price will help online seller or online store have a good competitive advantage to attract the market.

Keywords

Online customer review, price, purchase decision

Introduction

In the modern era as it is today the development of technology continues to accompany in various fields. Indonesian society, in particular, has now practiced and utilized the development of technology, where the people of Indonesia are now easier and faster in carrying out their daily activities. As in exchanging information, conducting transactions, and various other activities, the Association of Indonesian Internet Service Providers (APJII) notes that the number of Internet users in the country ranges from 196 million in 2019-2020 and an estimated number of people in early 2021 could reach 225 million users. The Association of Internet Service Providers (APJII) states that 32.19% of Indonesians use the internet in the economic sector by selling online, resulting in a growing presence of marketplaces in Indonesia. Coupled with the COVID-19 pandemic situation that forces Indonesians to do Physical Distancing, so that not a few consumer purchasing behaviors also change from direct or offline purchases to online purchases.

The marketplace is a virtual marketplace, where it becomes a place where buyers and sellers meet to make transactions. More and more diverse names of players engaged in the marketplace in

Indonesia, such as Lazada, Tokopedia, Bukalapak, Blibli, and Shopee. According to Exabytes, the rapid growth of the marketplace is caused by changes in consumer behavior that meet daily needs by shopping online, especially in times of Large-Scale Social Restrictions (PSBB). Although many marketplaces are present in Indonesia, it does not only make Indonesians can directly use or can directly purchase products on the marketplace, because consumers need some information before deciding to use the marketplace, namely information such as Online Customer Review and prices offered.

In marketing theory, price is one of the important factors that influence the marketing of a product, so that the price offered becomes a special consideration before consumers decide to buy goods or services. Dharmmesta and Irawan (2008), write that there are several objectives in pricing, namely increasing sales, maintaining and improving market share, price stability, achieving investment capture targets, achieving maximum profit, hence, to successfully market a product, each company must be able to set the price appropriately.

In online shopping activities, consumers need to find more information about the products they want to buy to minimize the negative impact

obtained. One of the ways that can be used to get that information is to look at reviews or reviews and see ratings or ratings on an online store. Online Customer Review is a form of electronic word of mouth (eWOM). According to Khammash (2008), online customer review can be understood as one of the media consumers see reviews from other consumers of a product, the company's services.

The rise of marketplaces in Indonesia makes research on, online customer reviews and prices is important to do. This is to ensure that the purchasing decision process can run as expected by customers, and by knowing the factors that influence customer decisions, companies and business people can gain important knowledge to implement better marketing strategies, especially on marketplaces in Indonesia. But it does not close the possibility that Online Customer Reviews and pricing are not the single most important features that determine purchasing decisions on customers. This study aims to find out the influence of online customer review prices on purchasing decisions on marketplaces in Indonesia. With this research, researchers are confident that they can provide an idea of how the decision process of purchasing customers online today and can be used to determine the strategy on the online marketplace from the findings obtained in this study.

Based on the background of the above problems, this research is proposed to examine the extent of the influence of online customer reviews and prices on purchasing decisions. The formulation of problems in this study is, (1) The influence of online customer reviews on purchasing decisions on Shopee marketplaces, (2) The effect of prices on purchasing decisions on Shopee marketplaces, (3) The influence of online customer reviews and prices on purchasing decisions on Shopee marketplaces.

Theoretical Studies

Online Customer Review

Reviews are part of the Electronic Word of Mouth (eWOM), which is a person's direct opinion and a review of a person based on experience. A review

is one of the several factors that influence purchasing decisions, indicating that one can take the number of reviews as an indicator of the popularity of a product or the value of a product that will affect the desire to buy a product. But not necessarily more reviews and ratings mean the product will be bought by customers. Many factors are the reason for the interest in buying a product for customers.

According to the theory of Mo et al. (2015), online customer reviews (OCRs) is a review given by consumers related to information from the evaluation of a product on various aspects, with this information consumer can get the quality of the products sought from reviews and experiences written by consumers who have purchased products from online sellers.

Also, according to Sutanto and Aprianingsih (2016) stated that online consumer review is one form of electronic word of mouth and can be said to be a new marketing communication and can influence and play a role in the purchasing decision process. Information obtained from online consumer reviews can be used to identify and evaluate the products consumers need.

From the definition above, it can be concluded that online customer review is information and customer assessment of a product to influence purchasing decisions in purchasing a product.

Chen et al. (2015) in their journal examined the influence of eWOM on consumer purchasing decisions by taking case studies from United Kingdom (UK) consumers in online holiday planning. Specifically, Chen et al researched the influence of online consumer reviews as a form of eWOM communication. The data analysis reveals that there are three main dimensions with eight sublimations that form eWOM in the consumer purchasing decision-making process, among others, Motivation, Source, and Content.

Price

Kotler and Armstrong (2016) stated that: "price the only element in the marketing mix that produces revenue, all other elements represent cost". Price is the only element of the marketing

mix that generates revenue, while the other elements represent cost. Price is also the most flexible element of the marketing mix. Unlike product features and commitment to channels, prices can be changed quickly. But at the same time, price is the number one problem faced by marketing executives. The problem that is often faced is that companies too quickly reduce prices for sales to increase rather than convince buyers that their products are more valuable at high prices.

Purchasing decisions are based on how consumers consider the price and the current actual price they are considering, not the stated price of the marketer. Customers may have a price value below the threshold where prices lower than that limit are of poor quality or unacceptable quality, as well as an upper limit of prices where prices higher than that limit are considered excessive and not worth the money spent (Kotler & Keller, 2016).

According to Kotler and Armstrong (2012) in Akmal (2019) explained four sizes characterize the price, are: affordability of price, price conformity with product quality, price conformity with benefits, and price according to ability or purchasing power.

Purchase Decision

According to Kotler and Keller (2016) explained that smart companies strive to understand the behavior of the purchasing decision process in full conducted by customers or consumers, in this case, all forms of consumer experience through marketing research have developed a form of purchasing decision process model.

According to Kotler in Tjiptono (2012), consumer desperation in making purchases is a collection of several decisions. Kotler stated that when a consumer makes a purchase decision, 4 components make the structure of the purchase decision, namely Brand Choice, Dealer Choice, Purchase Timing, and Payment Method.

Research Conceptual Framework

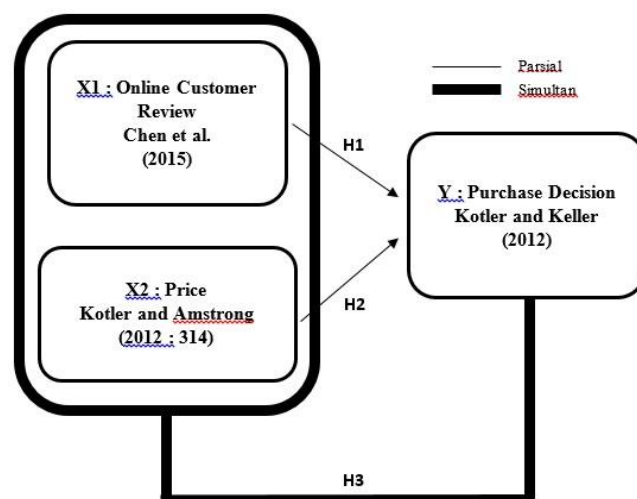


Figure 1. Conceptual framework

Hypothesis Development

The Influence of Online Customer Review on Purchase Decisions on Shopee Marketplace

According to Kamila (2019), there is a relationship between Online Customer Review and Purchasing Decision. This indicates that the Purchase Decision is strongly influenced by the Online Customer Review obtained. Reducing negative valuation responses and improving positive valuation responses can increase purchasing decisions in a product that ultimately increases the number of sales.

H1. Online Customer Review affects Purchase Decisions on Shopee Marketplace

The Influence of Price on Purchase Decisions on Shopee Marketplace

The effect of price on purchasing decisions on Shopee marketplace. Prices offered by Shopee marketplace vary greatly, from the cheapest price to the most expensive price. Various products of the same type and brand have different prices. In Shopee marketplace, there are also imported products with cheaper prices than the products offered in Indonesia. Therefore, price is also one of the most important factors before someone makes a purchase decision.

H2. Online Customer Review affects Purchase Decisions on Shopee Marketplace

The Influence of Online Customer Review and Price on Purchase Decisions on Shopee Marketplace

Reviews are part of the Electronic Word of Mouth (eWOM), which is a person's direct opinion and a review of a person based on experience. According to the theory of Mo et al. (2015), online customer reviews (OCRs) is a review given by consumers related to information from the evaluation of a product on various aspects, with this information consumer can get the quality of the products sought from reviews and experiences written by consumers who have purchased products from online sellers. Price is also one of the important factors in purchasing decisions. Ultimately prospective buyers will consider the review factor and price before making a purchase decision.

H3. Online Customer Review affects Purchase Decisions on Shopee Marketplace

Methodology

This research was conducted with a quantitative approach. In this study, 100 samples were selected consisting of Shopee marketplace application users in Bandung. The sampling method used is the Nonprobability Sampling technique. The primary data used in this study were data collected through questionnaires. Meanwhile, secondary data is collected from several journal publications and textbooks. The data analysis used is a descriptive analysis by adopting several linear regression analysis techniques using SPSS25 software.

Results and Discussion

Data from the responses of 100 respondents indicated that the results were obtained as follows:

Table 1. Profile of respondents

Respondent Profile		Percentage
Gender	Male	58%
	Woman	42%
Age	<20 years	5%
	21 - 25 years	75%
	26 - 30 years	12%
	31-35 years	5%
	> 35 years	3%
	SD	0%
Education	SMP	0%
	SMA	23%
	Higher Learning	77%
Job	Student	56%
	Workers	31%
	PNS	7%
Monthly Income	<1 million	12%
	1-3 million	31%
	3-5 million	35%
	5-7 million	5%
	>7 million	17%

Data processed: 2020

Based on the table above, it was found that there are more men than women by 58%. Based on the age of the respondents, the age in the range of 20 to 25 years is more than 75%, this indicates that this age is the productive age. As for education, the average respondent has a college education level with a gain of 77%, based on employment, the student rate has the highest percentage gain of 56% and for monthly income, the average percentage is 3 to 5 million with a gain of 75%.

Validity test

The validity test of each variable is shown in. Table 2, which shows that each statement is valid.

Table 2. Validity test

Variable	Sub Variables	Statement	Count R	Table R	Information
Online Customer Review	Motivation	Q1	0,651	0,3	Valid
		Q2	0,645	0,3	Valid
		Q3	0,536	0,3	Valid
	Source	Q4	0,728	0,3	Valid
		Q5	0,786	0,3	Valid
		Q6	0,677	0,3	Valid
	Content	Q7	0,781	0,3	Valid
		Q8	0,778	0,3	Valid
		Q9	0,662	0,3	Valid

Price	Price Affordability	Q10	0,888	0,3	Valid
	Price Conformity With Product Quality	Q11	0,877	0,3	Valid
	Price Conformity With Benefits	Q12	0,925	0,3	Valid
	Price in Accordance With the Ability or Purchasing Power of Consumers	Q13	0,82	0,3	Valid
Purchase Decision	Brand Choice	Q14	0,71	0,3	Valid
		Q15	0,789	0,3	Valid
	Dealer Choice	Q16	0,728	0,3	Valid
		Q17	0,885	0,3	Valid
	Purchase Timing	Q18	0,646	0,3	Valid
		Q19	0,727	0,3	Valid
	Payment Method	Q20	0,762	0,3	Valid

Data processed: 2020

Reliability test

The reliability test on each variable shows that the statement items are reliable.

Table 3. Reliability test

Variable	Cronbach Alpha (>0,60)	Information
Online Customer Review	0,686	Reliable
Price	0,655	Reliable
Purchase Decision	0,660	Reliable

Data processed: 2020

Table 3 shows that the value of Cronbach's Alpha test reliability variable X1 is 0.686, variable X2 is 0.655 and variable Y is 0.660. According to Ghozali (2011), if the value of Cronbach's Alpha is greater than 0.6, then the instrument of this research is said to be reliable. And if Cronbach's Alpha is smaller than 0.6, then the instrument of this study is said to be not reliable. The reliability test results of variables X1, X2, and variable Y showed numbers greater than 0.6, namely 0.686, 0.655, and 0.660. Thus, the results of reliability tests in this study are reliable.

Table 5. Determination coefficient test

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,444 ^a	,197	,181	2,65818

a. Predictors: (Constant), Total_X2, Total_X1

Table 4 shows the value of the Adjusted R Square of 0.197. This result means that there is an influence of 19.7% conflict of interest, leadership style on job satisfaction.

Multicollinearity Test

Based on the results of calculations using SPSS 25, it can be seen that the value shows that there is no problem in terms of multicollinearity between the variables, this can be seen in the table below

Table 4. Multicollinearity

		Coefficients ^a					
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics
		B	Std. Error	Beta			
1	(Constant)	13.957	2.903		4.808	.000	
	Total_X1	.061	.072	.081	.846	.400	.913
	Total_X2	.540	.124	.413	4.342	.000	.913

a. Dependent Variable: Total_Y

Data processed: 2020

Determination Coefficient Test

Conformity Test (F test)

The Conformity test uses the F statistical test on the research model $Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$ by using the help of the SPSS 25 for Windows application, the results are obtained as shown in the table. From the table F test results obtained F count of 11,911

with a significance level of 0.000. Because the significance value obtained is $0.000 < 0.05$, it can be concluded that the model has met the Conformity requirements. Thus, the model is ready to use.

Table 6. Goodness of fit test results

ANOVA ^a					
Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	168.318	2	84.159	11.911	,000 ^b
Residual	685,392	97	7.066		
Total	853,710	99			

a. Dependent Variable: Total_Y

a. Predictors: (Constant), Total_X2, Total_X1

Multiple Regression Analysis

Based on the calculation results obtained from the questionnaire using SPSS 25, it can be seen that

the test results of multiple regression analysis can be seen in the table below:

Table 7. Multiple regression analysis

Coefficients ^a					
		Unstandardized Coefficients		Standardized Coefficients	
Model		B	Std. Error	Beta	t
1	(Constant)	13,957	2,903		4,808
	Total_X1	,061	,072	,081	,846
	Total_X2	,540	,124	,413	4,342

Data processed: 2020

Based on the results of the calculation, the value of the constant (a) is 13.957 and the value of online customer review (X1) variable is 0.321 and the value of the price (X2) variable is 0.540. That way, the regression equation is obtained as follows:

$$Y = 13,957 + 0,061X_1 + 0,540X_2$$

This shows that online customer review (X1) has an effect on purchase decision but not significant impact. Conversely, price variable (X2) have a positive effect and significant influence on customer purchase decision (Y).

Kolmogorov-Smirnov Normality Test

The normality test is used to determine whether the data in the study is normally distributed or not.

Table 8. Kolmogorov-Smirnov Normality test results

One-Sample Kolmogorov-Smirnov test		
		Unstandardized Residual
N		100
Normal Parameters ^{a,b}	Mean	,0000000
	Std. Deviation	2,63118871
Most Extreme Differences	Absolute	,065
	Positive	,060
	Negative	-,065
Test Statistic		,065

Asymp. Sig. (2-tailed)

,200^{c,d}

Data processed: 2020

Based on Table 10, the Kolmogorov-Smirnov normality test shows a significance value of $0.200 > 0.05$. So, it can be concluded that the data is normally distributed.

Discussion

1. From the results of F test, it can be seen that the value of count is $19.911 > F$ table is 3.090, it means the two independent variables, online customer review (X1) and price (X2) have a significant effect on purchase decision (Y).
2. From the results of multiple regression tests, the following equation is obtained:

$$Y = 13,957 + 0,061X_1 + 0,540X_2$$

Meaning

- a. By the result of F test shows that Purchase Decision (Y) of Shopee marketplace buyer will be 13,957, which amount is not influenced by the variable of online customer review (X1) and price (X2). However, this amount is influenced by other variables outside the model.
- b. Variable online customer review (X1) has an impact on purchase decision (Y) of Shopee marketplace by 6.1%. Even though online customer review (X1) will not significantly influence Shopee marketplace buyer to make decision of buying.
- c. Price (X2) is variable has an influence of 54% on purchase decision (Y) of Shopee marketplace buyer and also have a significant impact to influence to make decision of buying. It shows us that Shopee buyer in Bandung have a price oriented mindset when make purchase decision.

Conclusion

1. Based on the results of the F test it can be seen that the two independent variables X_1 (online customer review) and X_2 (Price) has a significant influence simultaneously on Y (Purchase Decision).

2. While the results of multiple regression tests, it shows us in partial X_1 (online customer review) have impact but not significant.
3. X_2 (Price) has a significant impact to influence purchase decision (Y) of Shopee marketplace buyer in Bandung.

In general, Shopee Marketplace buyer in Bandung have a high demand to do online buying and this situation contain a good opportunity for entrepreneur to be able develop their online shop or online store. Price should be the main focus compared to others variable, because the market is paying attention to cheap goods. This variable will help a lot new seller to build competitive advantage in market competition.

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