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The Influence of Online Customer Reviews, Prices, and Sales Promotions on Buying Interests in the Tokopedia Marketplace

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ABSTRACT

In early 2020, Indonesia was affected by the COVID-19 Pandemic; this increased the habits of Indonesian people shopping online through marketplaces such as Tokopedia, Shopee, Lazada and so on. Marketplaces are competing to provide attractive offers during the Pandemic. The value of shopping transactions at Shopee is 40%, Tokopedia is 30%, and Lazada is 16%. It is known that Shopee is the most popular marketplace for Indonesians at the peak of Harbolnas 2021 compared to Tokopedia. This study aims to determine the effect of online customer reviews, prices and sales promotions on purchase intention at Tokopedia. The population of this research is Tokopedia users in Indonesia, with a total sample of 174 respondents. The method used is quantitative, and the data is processed using SmartPLS 3.2.9 software. The results of this study indicate that the OCR variable, price and sales promotion have a positive effect on purchase intention. The independent variable that has the most dominant influence on the dependent variable of purchase intention is the online customer review factor.

INTRODUCTION

Indonesia in early 2020, the COVID-19 Pandemic occurred, which had an impact on people's activities and the economy in Indonesia; this required people to follow the PSBB (Pembatasan Sosial Berskala Besar) policy, which people stopped doing activities outside the home for a while. The PSBB also had an impact on several economic sectors in Indonesia. This is because Indonesian people are active at home during the Pandemic. The long quarantine period has reduced people's activities outside the home. The habit of online shopping started many years ago. Some people prefer going to physical stores to buy their needs; others prefer online shopping. The prohibition of leaving the house and social distancing means that people can only shop in the only way, namely

online shopping. This situation forces more and more people to make online transactions through marketplaces. In Indonesia, several marketplaces exist, such as Tokopedia, Shopee, Lazada, Bukalapak, Blibli, and JD-ID, among others. Marketplaces compete to provide attractive offers so that the number of visitors and users increases. Competition between marketplaces is heating up. Based on a survey conducted by Ipsos Indonesia JD.ID, and others. Marketplaces compete to provide attractive offers so that the number of visitors and users increases. Competition between marketplaces is heating up. Based on a survey conducted by Ipsos Indonesia JD.ID, and others. Marketplaces are competing to provide attractive offers so that the number of visitors and users increases. Competition between marketplaces is heating up. Based on a survey conducted by Ipsos Indonesia (Burhan, 2022), a research company from France, shows that Shopee is the most widely used e-commerce in Indonesia. The survey was conducted online or online by involving 1,000 respondents aged between 18-35 years, where the survey was conducted in tier 1, tier 2 and tier 3 cities. Ipsos Indonesia uses 4 (four) indicators in assessing it, name brand used most often (BUMO), top of mind, consumer penetration, and transaction value. Of the four indicators, the result was that Shopee was in the first place, beating Tokopedia in second and Lazada in third. There is a top-of-mind indicator, 54% of respondents rate Shopee as the most memorable e-commerce. Then Tokopedia (27%) and Lazada (12%). For market penetration, 41% of respondents choose Shopee. Then Tokopedia (34%) and Lazada (16%). Meanwhile, for the transaction value, Shopee is 40%, Tokopedia is 30% and Lazada is 16%. Ipsos assesses that Shopee is the marketplace most in demand and used by Indonesian people at the peak of Harbolnas 2021. 60% of respondents chose Shopee during the peak day of Harbolnas. Then Tokopedia (26%) and Lazada (11%) (Burhan, 2022). The data in Figure 1 shows the average monthly Shopee website visitors from the first quarter of 2020 to the third quarter of 2021, sourced from databoxes (Jayani, 2021):

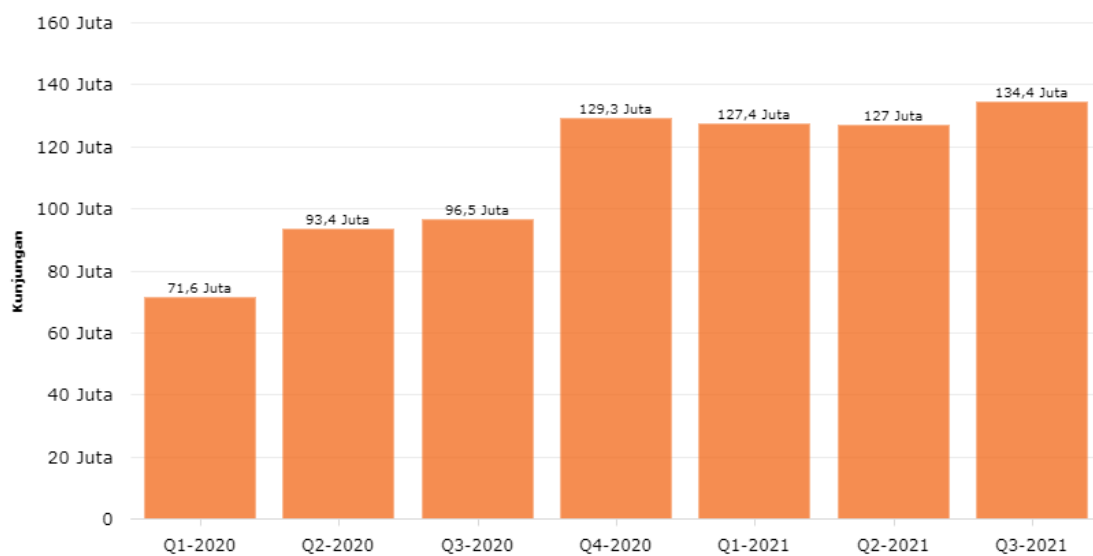


Figure 1. Average Monthly Shopee Web Visitors (Quarter I 2020 – Quarter III 2021)

Source: (Jayani, 2021)

The large and increasing number of visitors will indirectly affect the increase in transactions on the marketplace. Based on this, some factors influence consumer buying interest in shopping online, namely prices, sales promotions, product performance expectations, customer reviews, ratings and online tracking. (Alalwan, 2020). Based on the factors influencing consumer buying interest, this research focuses on Online Customer Reviews (OCR), prices, and sales promotions.

OCR is included in the Electronic Word of Mouth (E-WOM) section in the form of opinions or candid reviews from consumers who have purchased or used the product.(Dhadak and Huseynov, 2020). OCR is important when shopping online because consumers need help seeing, touching and trying the product they want to buy; this makes it difficult for them to find the right product(Daroch et al., 2021). The prices of products offered online are of great concern to consumers because there are consumers who have difficulty making transactions online, are afraid of receiving goods that do not match the order and receive products whose quality does not match the price offered. (Mesatania, 2022). Sales promotions are also important in buying interest of consumers shopping online because consumers tend to spend their time paying attention to and waiting for promotions on online shopping platforms, such as coupons, product discounts, free shipping and other vouchers that consumers can claim and use before buying. the product they need(Bacay et al. 2022). Related to this, there is research conducted byDwidienawati et al. (2020). It is known that online customer reviews have little effect on purchase intention. Other research conducted byWidiyanto and Wibowo (2021)It is known that price does not significantly affect buying interest. Based on the explanation of this background, the researcher is interested in conducting research titled "The Influence of Online Customer Reviews, Prices, and Sales Promotions on buying interest in the Tokopedia Marketplace".

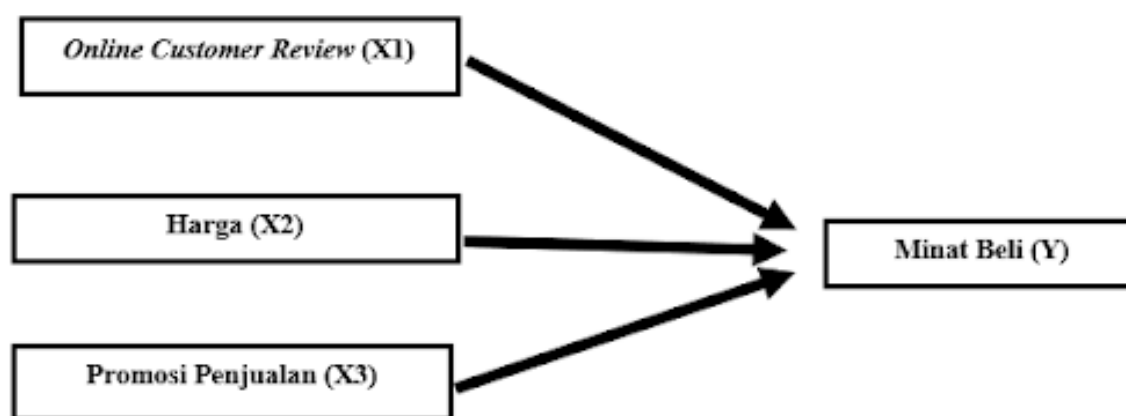


Figure 2. Research Model

Source: Primary Data Processed, 2022

Online Customer Review has a significant influence on consumer buying behaviour. It has become an essential source of information for consumers, influencing around 20-50% of online purchasing decisions(Thakur, 2018). OCR is included in the Electronic Word Of Mouth (E-wom) section in the form of opinions or candid reviews from consumers who have purchased or used the product(Dhadak & Huseynov, 2020). The dimensions of online customer review variables are Source Credibility, Review Quality, Review Quantity, and Review Valence(Sutanto & Aprianingsih, 2016).

According to Kotler and Keller (2016), In a narrow sense, price is the amount billed for a product or service; more broadly, price is the sum of all values customers provide to benefit from having or using a product or service. There are 4 (four) dimensions of the price, according to Pasharibu et al. (2018), including affordability of prices, price suitability with product quality, price suitability with benefits, and price competitiveness.

Kotler & Armstrong (2014)also describes sales promotions as short-term incentives to attract consumer attention to products and increase the purchase or sale of an item or service. Promotional activities in this sales promotion include giving coupons, sales, contests, exhibitions

and others. The dimensions of the sales promotion variable are frequency, promotion quality, price discounts, and product displays(Amanah & Pelawi, 2015).

Kotler & Armstrong (2016). Consumer buying interest is the behaviour of consumers who desire to buy or have the urge to buy a product based on experience in choosing, using and consuming or even wanting a product or based on consumer references. The dimensions of the buying interest variable are transactional interest, referential interest, preferential interest, and explorative interest(Japarianto & Adelia, 2020).

RESEARCH METHODS

The research population is Tokopedia marketplace users in Indonesia. This type of research is quantitative, using a Likert scale. The test equipment used is the outer model test to measure validity and reliability, the inner model, the mediation test and the hypothesis test. The sampling technique uses a purposive sampling technique with the criteria for a sample of respondents using the Tokopedia application; the sample is obtained through the Hair formula(Hair et al., 2014, p. 176)of 174 samples, with the data collection method using an online questionnaire through the Google Form. The technique used to analyze is SEM with SmartPLS version 3.2.9. (Sugiyono, 2021).

RESULTS AND DISCUSSION

Outer Model (Measurement Model)

In this model, two measurements are used: the Validity Test and the Reliability Test. Following are the results of data analysis *outperform* models *convergent validity* and *discriminant validity*, as well as both reliability tests:

Table 1. Validity Test (Convergent Validity dan Discriminant Validity)

Variable	Indicator	Outer Loadings	AVE	Information
Online Customer Review (X1)	X1.1	0,851	0,509	Valid
	X1.2	0,872		Valid
	X1.3	0,778		Valid
	X1.4	0,848		Valid
	X1.5	0,768		Valid
	X1.6	0,743		Valid
	X1.7	0,795		Valid
	X1.8	0,714		Valid
	X1.9	0,725		Valid
	X1.10	0,758		Valid
	X1.11	0,780		Valid
Price (X2)	X1.12	0,742	0,647	Valid
	X2.1	1,000		Valid
	X2.2	1,000		Valid
	X2.3	1,000		Valid
Sales Promotion (X3)	X2.4	1,000	0,584	Valid
	X3.1	1,000		Valid
	X3.2	0,885		Valid
	X3.3	0,835		Valid
	X3.4	0,784		Valid

Variable	Indicator	Outer Loadings	AVE	Information
Buying Interest (Y)	X3.5	0,860	0,526	Valid
	X3.6	0,845		Valid
	X3.7	1,000		Valid
	Y1	0,850		Valid
	Y2	0,834		Valid
	Y3	0,862		Valid
	Y4	0,881		Valid
	Y5	0,810		Valid
	Y6	0,858		Valid
Y7	0,863	Valid		
Y8	0,884	Valid		

Source: Primary Data Processed, 2022

Based on Table 1 of the validity test results, it was found that all statement items in the questionnaire were declared valid because the first validity test of convergent validity stated that the value of each outer loading was more significant than 0.70 as well as the second validity test, namely Discriminant Validity has seen from all independent variables above the Average Variance Extracted (AVE) value of greater than 0.50 so that all questionnaires are declared valid.

Table 2. Composite Reliability Test and Cronbach's Alpha

Variabel	Composite Reliability	Cronbach's Alpha	Keterangan
Online Customer Review (X1)	0.891	0.867	Reliabel
Price (X2)	0.818	0.818	Reliabel
Sales Promotion (X3)	0.880	0.907	Reliabel
Buying Interest (Y)	0.898	0.87	Reliabel

Source: Primary Data Processed, 2022

Based on Table 2, the reliability test results stated that all instruments were reliable because each variable stated that the value of composite reliability and Cronbach's alpha was above 0.70.

Inner Model (Structural Model)

Inner model is used to guess the causal relationship between variables. The inner model consists of 2 (two) tests, namely the R-Square test and the hypothesis test. The following is a picture of the inner model in this study:



Figure 3. Structural Models

Source: SmartPLS version 3.2.9., 2022

Table 3. R-Square Test

Variable	R Square	R Square Adjusted
Buying Interest (Y)	0,642	0,635

Source: Primary Data Processed, 2022

The R-Square test in table 3 states that the purchase intention variable has an R-Square of 0.642 and an Adjusted R-Square of 0.635, so the X1 variable has a moderate effect.

Table 4. Hypothesis Testing

Final Result	T Statistik	P Values	Keterangan
Online Customer Reviews(X1) -> Interest to Buy (Y)	4,526	0,000	Berpengaruh Positif
Online Customer Reviews(X1) -> Source Credibility	30,578	0,000	Berpengaruh Positif
Online Customer Reviews(X1) -> Review Quality	35,790	0,000	Berpengaruh Positif

<i>Final Result</i>	<i>T Statistik</i>	<i>P Values</i>	<i>Keterangan</i>
<i>Online Customer Reviews(X1) -> Review Quantity</i>	30,032	0,000	Berpengaruh Positif
<i>Online Customer Reviews(X1) -> Review Valence</i>	19,056	0,000	Berpengaruh Positif
Price (X2) -> Purchase Intention (Y)	2,224	0,027	Berpengaruh Positif
Price (X2) -> Price Affordability	23,137	0,000	Berpengaruh Positif
Price (X2) -> Price conformity with product quality	30,446	0,000	Berpengaruh Positif
Price (X2) -> Price Compatibility with Benefits	34,437	0,000	Berpengaruh Positif
Price (X2) -> Price Competitiveness	18,047	0,000	Berpengaruh Positif
Sales Promotion (X3) -> Purchase Intention (Y)	3,464	0,001	Berpengaruh Positif
Sales Promotion (X3) -> Frequency	26,433	0,000	Berpengaruh Positif
Sales Promotion (X3) -> Promotion Quality	49,459	0,000	Berpengaruh Positif
Sales Promotion (X3) -> Discounts	47,546	0,000	Berpengaruh Positif
Sales Promotion (X3) -> Product Display	21,364	0,000	Berpengaruh Positif

Source: SmartPLS version 3.2.9., 2022

Based on Table 4, it is stated that online customer reviews, prices, and sales promotions have a positive effect on purchase intention because the t-statistic value is above the t-table, and the P-values are below 0.05.

Hypothesis 1: Online customer review variable on purchase intention

It was concluded that the online customer review variable affected purchase intention, with a t count of 4.526, with the most significant dimension being review quality, 35.79%. Because the products offered on the Tokopedia marketplace are diverse and competitive, the presence of reviews provided by other consumers is an influential factor in buying interest. The most significant indicator is the reviews given to products on Tokopedia that are relevant to the search for information by respondents, with a yield of 35.9%. This shows that consumers feel that the results of information searches carried out for products on Tokopedia are relevant to the quality of reviews given by previous consumers. This is supported by research Mulyono (2021), which states that Online Customer Reviews & Ratings influence buying interest.

Hypothesis 2: Price variable on buying interest

It was concluded that the price variable positively affected purchase intention, with a t count of 2.224, with the most significant dimension being 34.4%, namely the suitability of price and benefits. This means that consumers' buying interest in the Tokopedia marketplace is influenced by the price offered and the benefits obtained after buying a product. This is supported by research conducted by Hoang (2020), which states that price affects buying interest.

Hypothesis 3: Sales promotion variable on buying interest

Concluded that the sales promotion variable also has a positive effect on purchase intention, with t count 3,464, with the most significant dimension being 49.4%, namely promotion quality. Because the promotions provided by the marketplace have a better quality which their consumers have felt themselves. In the indicators, it is stated that the most significant indicator is the quality of promotions provided by Tokopedia, meaning that the offers offered have many advantages or benefits for consumers, with a yield of 53.3%. This shows that the product received by consumers is as expected. This is supported by research conducted by Bhatti (2018), which states that sales promotion affects purchase intention.

CONCLUSION

Based on the results of this study, it was found that sales promotions influenced buying interest in the Tokopedia marketplace, so Tokopedia needed to maintain and pay attention to providing sales promotions to consumers to attract buying interest. Then, in terms of price, it is also one factor that influences consumer buying interest in making transactions on the Tokopedia marketplace because consumers feel that the price of the product offered is in accordance with the benefits to be received. Online customer reviews provided by previous consumers can assist consumers in determining buying interest. Therefore, Tokopedia needs to encourage consumers to consistently provide relevant reviews of the products they have received. The strategy that Tokopedia can implement to encourage this is by providing stimulus in the form of bonuses, such as points that consumers can use when making payments in the form of price discounts or product discounts on the next transaction. Tokopedia's main competitor, Shopee, has implemented this strategy. These suggestions can be implemented so that the ranking of Tokopedia users in Indonesia can rise to the first position. Future research can add variables likely to influence consumer buying interest in Tokopedia to increase consumer buying interest in Tokopedia further. Tokopedia's main competitor, Shopee, has implemented this strategy. Hopefully, these suggestions can be implemented so that the ranking of Tokopedia users in Indonesia can rise to the first position. Future research can add variables likely to influence consumer buying interest in Tokopedia to further increase consumer buying interest in Tokopedia. Tokopedia's main competitor, Shopee, has implemented this strategy. Hopefully, these suggestions can be implemented so that the ranking of Tokopedia users in Indonesia can rise to the first position. Future research can add variables likely to influence consumer buying interest in Tokopedia to increase consumer buying interest in Tokopedia further.

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