

Improving online purchasing decisions through product assessments on shopee marketplace consumers

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Abstract

The purpose of this study is to analyze the factors that influence online purchase decisions on shopee marketplace. The method used is a method of collecting data through a questionnaire that is measured using an interval scale diagram. The sampling method uses a purposive sampling technique with the criteria of consumers who have transacted on shopee's online shopping site from November to December 2021 totaling 96 respondents, namely students of Universitas Pembangunan Panca Budi. This research is a quantitative study using associative strategies using descriptive statistics and structural equation modeling (SEM). The results of this study concluded that: (1) Products have a positive and significant effect on product valuation, (2) Products have a positive and significant effect on online purchasing decisions, (3) Prices have a positive and significant effect on product valuations, (4) Prices have a positive and significant effect on online purchasing decisions, (5) Product assessments have a positive and significant effect on online purchasing decisions, (6) Products have a positive and significant effect on online purchasing decisions through the process product assessment, (7) Price has a positive and significant effect on online purchasing decisions through the product assessment process.

Keywords: Product; Price; Product Valuation; Online Purchasing Decision

1. Introduction

The incredible development of smartphones has made various changes to human life. Initially, smartphones only functioned as sending and receiving messages, calling and receiving calls, and only certain people had them. With the development of time, smartphones are getting more sophisticated, and the price is also not as high as in antiquity. Smartphone manufacturers are also getting smarter so that smartphones can be easily accessed and used. In this day and age, smartphones are not only top up, but also topped up with quotas to get internet access. The Internet is now increasingly widespread and easily accessible.

In this era, people tend to use technology to support their needs, from getting a lot of information, communicating without limits, and even shopping through the internet or online shopping. Especially with the existence of online shopping applications, we can see various kinds of goods and we can buy them using the internet. Starting from food, drinks, bags, clothes, shoes, cosmetics, accessories, smartphones, even heavy items such as cabinets, refrigerators, televisions and others. With the online selling system, it will make it easier for people to carry out purchase activities. People don't need to come to the shops, they just visit online shopping sites or applications and then choose the goods they want to buy.

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Shopee is an application engaged in buying and selling online and can be accessed easily using a smartphone. Shopee comes in the form of an application that makes it easier for users to do online shopping activities without having to bother using a computer device. Simply by using a smartphone, Shopee offers a variety of products, ranging from fashion products, and electronics to products for daily needs. Shopee is one of the online buying and selling sites that is ranked second based on data published by CNN Indonesia.

Before buying a product, consumers will look at the product reviews that have been given by previous buyers. Customer assessments are often used as considerations for making purchase decisions in the marketplace. A product review is a report in a media where someone gives an opinion on the service or product purchased. A review from a customer means that it has the meaning of an opinion from someone who has received a service or product from transaction activities. From the product reviews we can see the assessment of consumers who have already bought the product both positive and negative. On Shopee consumers can give ratings in the form of 1-5 stars (from very bad to very good) and can display photos and comments. This is very helpful for consumers who want to buy products by looking at reviews from previous buyers first. There are cases that the products that are aired and received by consumers are not appropriate or even bad. This can reduce the level of consumer satisfaction and consumers are reluctant to shop at the online store in the future.

In addition, Shopee also offers different payment methods. Starting from payments using credit or debit cards, bank transfers, installments, pay-in-place or Cash on Delivery (COD), payments through Alfamart or Indomaret, and so on. Consumers can choose the payment method as desired. In the Shopee application, we will find many stores. But not all stores sell goods under the original brand. Sometimes a store sells imitations under well-known brands. These imitation products usually have poor quality and fake so that the price sold is relatively much cheaper than the original goods. With the price listed in the Shopee application accompanied by product reviews, consumers will consider the product to be purchased and use the payment method provided. Purchase decisions according to [1] states that purchasing decisions are the process by which individuals seek, select, buy, use, and dispose of goods and services to meet their needs and fulfill their desires. A purchasing decision is a process of making a purchase decision that includes determining what to buy or not to make a purchase. Based on the description above, the author is interested in conducting research to find out the influence of prices, product reviews, and payment methods on consumers' purchasing decisions in shopping online through the Shopee application.

1.1. Literature Review

1.1.1. Purchasing Decision

According to [2] Purchasing decisions are actions from consumers to want to buy or not to the product. In carrying out the purchase intention, consumers can form five sub-decisions, namely brand, distribution, quantity, time, and payment method.

1.1.2. Product Assessment

A product rating is a collection of Buyer's assessments & reviews on a particular product after the order has been completed [3]. Product assessments are used to measure Shoppers' satisfaction with their purchases and shopping experiences in shopee stores. Product Assessment provides an important reference for potential Buyers. Product ratings can also serve as a benchmark for potential Buyers who want to know if the product meets their expectations [4]. Product ratings have a scale of 1 to 5 stars, with 5 stars being the best. Buyers can view product ratings on the search results page or product detail page.

1.1.3. Product

Definition of product according to [2] is everything that can be offered to the market to get attention, purchased, used, or consumed that can satisfy a desire or need. Conceptually, the product is a subjective understanding of the producer of something that can be offered as an effort to achieve organizational goals through the fulfillment of consumer needs and activities, in accordance with the competence and capacity of the organization and the purchasing power of the market. In addition, the product can also be defined as the perception of consumers described by producers through their production. Products are seen as important by consumers and are used as the basis for making purchasing decisions.

1.1.4. Price

Price is an amount of money that consumers must pay to get a product or service. In business life, price is one of the important factors affecting the marketing of a product. High and low prices are always the main concern of consumers

when they are looking for a product. So that the price offered becomes a special consideration, before they decide to buy goods or use a service. Meanwhile, according to [5] price is the amount of money and goods needed to acquire some combination of another goods and its accompanying services. The above understanding contains that price is an amount of money spent to obtain goods and services needed by a consumer.

Aims and Hypotheses

The purpose of this study is to see the influence of products, prices and product assessments both directly and indirectly on online purchase decisions on the shopee application on students of Universitas Pembangunan Panca Budi who have shopped on the shopee application. Based on the above objectives, a hypothesis can be compiled as follows.

- H1: The product has a positive and significant effect on product valuation.
- H2: Products have a positive and significant effect on online purchasing decisions.
- H3: Price has a positive and significant effect on product valuation.
- H4: Price has a positive and significant effect on online purchasing decisions.
- H5: Product valuation has a positive and significant effect on online purchasing decisions.
- H6: Products have a positive and significant effect on online purchasing decisions through product assessments.
- H7: Price has a positive and significant effect on online purchasing decisions through product assessment.

For more details on the frame of thought in the study can be seen in Figure 1 below.

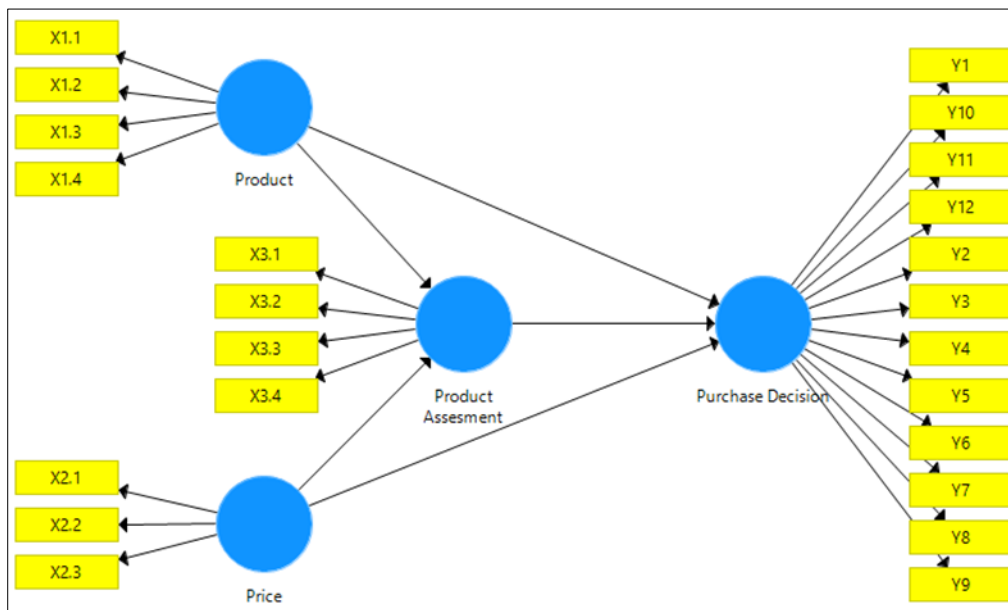


Figure 1 Conceptual Framework

2. Material and methods

This study used descriptive and verifiable methods. The population in this study were consumers of the shopee application, namely students of Universitas Pembangunan Panca Budi. The sample taken was 96 people taken from zikmund's formula because the population is unknown. The sampling technique used in this study used purposive sampling technique. Purposive sampling is a technique of determining samples with certain considerations [5]. The data analysis method used in this study is a statistical analysis method using a Smart PLS Software computer application using the Structural Model Modeling (SEM) equation.

3. Results

3.1. Characteristics of Respondents

Respondents came from students of Universitas Pembangunan Panca Budi who had shopped on the Shopee application in the period of October – November 2021, with various characteristics such as gender, age, and class. For the more

dominant gender, the female sex is 76.04%. For ages with the majority between 21 and 23 years of age. Students are dominated by the class of 2019. For more details can be seen in the following table.

Table 1 Respondent Characteristics

No.	Respondents Profile	Frekuensi	Percentage
Gender			
1.	Male	23	23.96%
	Female	73	76.04%
Total		96	100%
Age			
2.	Between 18 to 20 years	21	21.88%
	Between 21 to 23 years	58	60.42%
	Between 24 to 26 years	13	13.54%
	Between 27 to 29 years	4	4.17%
Total		96	100%
School Year			
3.	2017	2	2.1%
	2018	29	30.2%
	2019	52	54.2%
	2020	5	5.2%
	2021	8	8.3%
Total		96	100%

Source: Processed Data, 2022

3.2. Evaluation of Measurement Model (Outer Model)

Table 2 Validity and Reliability

Measurement items	Factor loading
Product (CR = 0.865; AVE = 0.620)	
X1.1	0.916
X1.2	0.672
X1.3	0.817
X1.4	0.723
Price (CR = 0.873; AVE = 0.696)	
X2.1	0.835
X2.2	0.862
X2.3	0.806
Price (CR = 0.856; AVE = 0.599)	
X3.1	0.826
X3.2	0.819
X3.3	0.684
X3.4	0.758

Measurement items	Factor loading
Purchasing Decision (CR = 0.958; AVE = 0.657)	
Y1	0.760
Y10	0.845
Y11	0.720
Y12	0.788
Y2	0.833
Y3	0.796
Y4	0.855
Y5	0.894
Y6	0.796
Y7	0.840
Y8	0.796
Y9	0.789

Source: Output Smart PLS, 2022

Evaluation of the measurement model (outer model) includes an assessment of the validity and reliability of each indicator against its latent variables. The validity test can be done by looking at the validity indicator indicated by the loading factor value ≥ 0.7 the indicator is said to be valid. Based on the loading factor values in table 2, all loading factor values > 0.7 so that all indicators are valid.

Reliability test is a coefficient value that indicates the level of data consistency. The reliability test value can be seen in the Composite Reliability (CR), and Average Variance Extracted (AVE) values. The following table 2 shows for all variables with Composite Reliability (CR) values, and Average Variance Extracted (AVE) of the entire construct above 0.7. The Composite Reliability value of all variables is also above 0.7. The Average Variance Extracted (AVE) value of all variables is above 0.5.

3.3. Direct and Indirect Effect

Table 3 Direct and Indirect Effect

	Original Sample	Standard Deviation	T Statistics	P Values
Price -> Product Assessment	0.421	0.109	3.863	0.000
Price -> Purchasing Decision	0.349	0.095	3.667	0.000
Product -> Product Assessment	0.494	0.109	4.525	0.000
Product -> Purchasing Decision	0.383	0.097	3.952	0.000
Product Assessment -> Purchasing Decision	0.257	0.084	3.050	0.002
Price -> Product Assessment -> Purchasing Decision	0.108	0.044	2.476	0.014
Product -> Product Assessment -> Purchasing Decision	0.127	0.054	2.366	0.018

Source: Output Smart PLS, 2022

Table 3 above shows that the price has a positive and significant influence on the valuation of products with a path coefficient value of 0.421 and a significant with a p-value of 0.000, less than 0.05. Thus, the proposed hypothesis (H1) is accepted. The price has a positive and significant influence on purchasing decisions with a path coefficient value of 0.349 and a significant with a p-value of 0.000, less than 0.05. Thus, the proposed hypothesis (H2) is accepted. The product has a positive and significant influence on the valuation of the product with a path coefficient value of 0.494 and a significant with a p-value of 0.000, less than 0.05. Thus, the proposed hypothesis (H3) is accepted. The product has a positive and significant influence on purchasing decisions with a path coefficient value of 0.383 and a significant with a p-value of 0.000, less than 0.05. Thus, the proposed hypothesis (H4) is accepted. Product assessment has a positive and

significant influence on purchasing decisions with a path coefficient value of 0.257 and a significant p-value of 0.002, less than 0.05. Thus, the proposed hypothesis (H5) is accepted. The price has a positive and significant effect on purchasing decisions through product valuation with a path coefficient value of 0.108 and significantly with a p-value of 0.014, less than 0.05. Thus, the proposed hypothesis (H6) is accepted. The product has a positive and significant effect on purchasing decisions through product valuation with a path coefficient value of 0.127 and a significant p-value of 0.018, less than 0.05. Thus, the proposed hypothesis (H7) is accepted.

4. Discussion

4.1. The Effect of Product Quality on Product Assessment

The first hypothesis states that product quality has a positive and significant effect on product assessment. This is indicated by a statistical t-value of 4.525 which is greater than the t-table value (1.96) and a P-Value value of 0.000 which is smaller than 0.05, this means that the first hypothesis is proven and accepted. This means that the better the quality of the product, the better it will also increase the assessment of a product. In any shopping good quality of products will satisfy the hearts of consumers. This satisfaction will be shown in the form of reviews that have been provided in shopping applications such as shopee. This research is in line with the results of the research conducted by [6].

4.2. The Effect of Product on Purchasing Decisions

The second hypothesis states that product has a positive and significant effect on online purchasing decisions. This is indicated by a statistical t-value of 3.952 which is greater than the table-value (1.96) and a P-Value value of 0.000 which is smaller than 0.05, this means that the second hypothesis is proven and accepted. This means that the better the product assessment, the more it will drive online purchasing decisions. Product has a positive and significant effect on purchasing decisions, meaning that product quality needs to be improved because it has a positive and significant effect on online purchase decisions on shoope consumers at Universitas Pembangunan Panca Budi. The higher the quality value of the product, the higher the online purchase decision will be. Product quality can be improved in various ways, such as: identifying consumer needs, establishing effective communication, managing demand well, utilizing feedback from customers, quality control for all products, conducting reviews for product suppliers and observing competitors [6]. The research is in line with the research conducted by [7]–[10], who find that a good product will result in a purchase decision.

4.3. The Effect of Price on Product Valuation

The third hypothesis states that the price has a positive and significant effect on the valuation of the product. This is indicated by a statistical t-value of 3.863 which is greater than the table-value (1.96) and a P-Value value of 0.000 which is smaller than 0.05, this means that the third hypothesis is proven and accepted. This means that the better the price, the more it will also increase the valuation of a product. The price that is in accordance with the wishes of consumers, of course, makes consumers satisfied and satisfaction will be shown in the form of reviews, namely the place provided by the application where each consumer can write down his experience. This research is in accordance with the research [6].

4.4. The Effect of Price on Online Purchasing Decisions

The fourth hypothesis states that price has a positive and significant effect on online purchasing decisions. This is indicated by a statistical t-value of 3.667 which is greater than the table-value (1.96) and a P-Value value of 0.000 which is smaller than 0.05, this means that the fourth hypothesis is proven and accepted. This means the better the price it will also improve online purchasing decisions. The results of this study are in line with the research carried out by [6], which states the price greatly influences shopping decisions.

4.5. The Effect of Product Valuation on Purchasing Decisions

The fifth hypothesis states that product valuation has a positive and significant effect on online purchasing decisions. This is indicated by a statistical t-value of 3.050 which is greater than the table-value (1.96) and a P-Value value of 0.002 which is smaller than 0.05, this means that the fifth hypothesis is proved and accepted. This means that the better the product assessment, the more it will drive online purchasing decisions. Thus product valuation has a positive and significant effect on online purchasing decisions. In theory, it is explained that one of the factors that influence purchasing decisions is social factors, social factors include reference groups also in the form of word of mouth marketing. According to Kotler, the word of mouth marketing will greatly affect the purchase decision process [1]. Product assessments include reviews or online consumer reviews, including word of mouth marketing. Product

assessment provides a reference and becomes a benchmark for potential buyers who want to know whether the product meets their expectations. Based on research that has been carried out, it can be seen that this theory is proven against Shopee consumers in students of Universitas Pembangunan Panca Budi in Medan. The results of this study are in line with previous research that examined the assessment of products on online purchasing decisions, such as research conducted by [11]–[15].

4.6. The Effect of Product Quality on Online Purchasing Decisions

The sixth hypothesis states that product quality has a positive and significant effect on online purchasing decisions. This is indicated by a statistical t-value of 3.952 which is greater than the table-value (1.96) and a P-Value value of 0.000 which is smaller than 0.05, this means that the sixth hypothesis is proved and accepted. This means that the better the quality of the product, the more it will also improve online purchasing decisions. This research is in line with the research conducted by [10], [13], [16], determines that product quality will influence online purchasing decisions.

4.7. The Effect of Price on Online Purchasing Decisions

The seventh hypothesis states that price has a positive and significant effect on online purchasing decisions. This is indicated by a statistical t-value of 3.667 which is greater than the table-value (1.96) and a P-Value value of 0.000 which is smaller than 0.05, this means that the seventh hypothesis is proven and accepted. This means the better the price it will also improve online purchasing decisions. Research in line with the Research conducted by [7], [9], [10], [13], [15], [17], [18].

5. Conclusion

Based on the discussion above, it can be concluded that product quality and price have a positive and significant effect on online purchase decisions on Shoope consumers both directly and through product assessments. Products have a greater influence than price on online shopping decisions. Likewise, the influence directly is greater when compared to decisions through path analysis. Here it is clear that consumers are more concerned with quality products and price suitability before making decisions in shopping on the Shopee application. If the product and price are deemed suitable by consumers, consumers will immediately go shopping without caring about the assessment of products from previous consumers.

Compliance with ethical standards

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Disclosure of conflict of interest

Our research team declares that there is no conflict of interest in publishing the results of this study.

Statement of informed consent

Informed consent was obtained from all individual participants included in the study.

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